



Downtown Improvement Board
Regular Monthly Meeting
Tuesday January 20th, 2026, 7:30
AGENDA

- I. Call to Order
 - a. Remarks from Chairman
- II. Recurring Agenda
 - a. Meeting was properly noticed.
 - b. *Approval of the proposed meeting agenda for January 20th, 2026
 - c. Approval of the minutes from the Audit meeting of the DIB on December 9th, 2025
 - d. *Approval of the minutes from the regular meeting of the DIB on December 16th, 2025
 - e. Review of the December Financials Year To Date
- III. On-Going Business
 - a. PPD Report – Sergeant Ghigliotty
 - b. Spotless Report – Labarian Turner
 - c. Marketing Report – Caron Sjoberg
 - d. Palafox Market – Cailin Feagles
 - e. The New Palafox Project Update – Walker Wilson
- IV. Old Business
- V. New Business
 - a. Palafox Assistance Program Overview – Mort O’Sullivan
 - b. *2024/2025 DIB Audit
 - c. *Accounting Services Selection- Bids attached
 - d. *Jefferson Alleyway repainting project- Bids attached
 - e. *Portland Loo Satisfaction Survey Button- Bids attached
 - f. *PPD Overtime Agreement
 - g. Parklet & Outdoor Furniture Discussion
 - h. Jefferson Garage Alleyway Beautification Discussion – Nathan Holler or Walker Wilson
- VIII. Public Comment
- IX. Adjournment

Next meeting – February 17th, 2026
(*) = approval item



Downtown Improvement Board
Audit Meeting
Tuesday December 9th, 2025, 1:15
AGENDA

Attendance: Chris McKean, Chairman, Nathan Holler, William Merrill, Sara Papantonio, Rafael Simpson, Allison Patton, Mike Kohler, Walker Wilson, Executive Director, Cailin Feagles, Director of Operations & Events

- I. Call to Order
 - a. The meeting is called to order at 1:18 PM.
- II. Recurring Agenda
 - a. Mr. Walker Wilson confirms the meeting is properly noticed.
 - b. The meeting agenda for December 9th, 2025, is motioned, seconded, and unanimously approved.
- III. New Business
 - a. 2024/2025 DIB Audit
 - The audit findings included some discrepancies in our budget and the financials provided by our accounting office. Some of these issues were caused by the accounting office incorrectly inputting information. It is thought that some of the errors could have been caused by the change in budget after the changes occurred with the CRA TIF. All spending has been accounted for but was not properly inputted in the financials by accounting firm
 - Moving forward, if there are ever any changes in the budget, an amended budget must be submitted within 60 days of the closing of the fiscal year. The board discusses having a mid-year check-in to see if an amended budget should be submitted.
 - Walker Wilson is putting together an internal process to track financials closer to be able to detect errors throughout the year.
 - The board will be looking for a new firm for accounting services and would like a presence at future board meetings with the new firm.
 - Walker Wilson to collect quotes for a new accounting firm with a goal start date of January 1st.
 - Walker Wilson to draft a letter to the current accounting firm.
 - Management's response to finalize the audit is due by the end of January.
- VIII. Public Comment
- IX. Adjournment

Next meeting – December 9th, 2025
(*) = approval item



**Downtown Improvement Board
Regular Monthly Meeting**

Tuesday December 16th, 2025, 7:30

AGENDA

Attendance: Chris McKean, Chairman, William Merrill, Rafael Simpson, Allison Patton, Walker Wilson, Executive Director, Cailin Feagles, Director of Operations and Events

I. Call to Order

- a. The meeting is called to order at 7:34 AM

II. Recurring Agenda

- a. Mr. Walker Wilson confirmed the meeting is properly noticed.
- b. The proposed meeting agenda for December 16th, 2025 is motioned by William Merrill, seconded by Rafael Simpson, and unanimously approved.
- c. The minutes of the regular meeting held on November 18th, 2025 are motioned, seconded, and unanimously approved.
- d. The November financials are motioned, seconded, and unanimously approved.
 - Palafox Market revenue continues to be over budget due to Holiday Market fees.
 - Expenses are overall down for the month.
 - Walker Wilson and Cailin Feagles monitoring a rolling P&L in order to compare monthly financials to our records.
 - There is a motion to send a letter to the Mayor notifying of the audit and steps that are put into action on ways to avoid any future mistakes.

III. On-Going Business

- a. PPD Report
 - The Jefferson Street parking garage continues to be monitored.
 - This is Sergeant Sloan's last meeting with us. Sergeant Ghigliotty will be taking over for future meetings.
- b. Spotless Report
 - No report.
 - Walker Wilson to talk to Labarian about any changes in the schedule once the Portland Loo is on-site to see who will be monitoring the bathroom and unlocking and locking it.
- c. Marketing Report
 - All I Want campaign launched on Nov 5th (flyers, QR code, coasters, sidewalk decals, press releases)
 - Economic Development campaign ended in November. Ideaworks will provide campaign breakdown soon.
 - Foo Foo Fest project, Afterburn, is still up.
 - The City of Pensacola weekend trolley ends on New Years Eve.

- Press Release to come out when the new restroom is ready in MLK Jr. Plaza.
- d. Palafox Market
 - The Holiday Market has been very successful and will end on December 17th. Santa will visit the market four times in December at Holiday Market and Saturdays Palafox Market.
 - Applications will close for the last quarter of the market year during the first week of January.

IV. Old Business

- a. *Friends of Downtown Debt Forgiveness - \$19,780.07
 - There is a motion to forgive \$5,000 and FOD to work on a plan to get the remainder paid off overtime. Motion is seconded and unanimously approved.

V. New Business

- a. *The New Palafox Marketing Plan
 - There will be a monthly budget put aside for this project.
 - A page will be added to the current Downtown Pensacola website to link to the New Palafox website.
 - The construction fencing has been designed and sent to print.
 - There will be regular meetings to keep business owners informed on the progress of the project.
 - The city has hired a public engagement coordinator for this project.
- b. *Yiftee Gift Card Contract Approval
 - Motioned, seconded, and unanimously approved.
- c. *Pedestrian Counter Hardware - \$1,100 Gateway, Sim-card Verizon (\$20-\$45/Month)
 - Revisit at future meeting.
- d. Accounting Services Update- Walker Wilson
 - Walker Wilson getting quotes for accounting services to present to the board in January.
- e. Jefferson Garage Alleyway Beautification Discussion – Nathan Holler or Walker Wilson
 - Business owners looking into getting the alleyway may be gated for limited hours and access will be given to business owners.
 - Plans to revitalize the area include repainting and replanting the planters in the alleyway.
- f. All I Want Update- Walker Wilson
 - All I Want campaign will run through Wednesday, December 17th and winner will be selected.

VIII. Public Comment

IX. Adjournment

- Meeting is adjourned at 9:17 AM

Next meeting – January 20th, 2026
(*) = approval item

3001 Compactor - Waste Service		Budgeted	\$ 68,375.00
10/1/2025	Republic Services	3001	\$ 7,012.79
11/1/2025	Republic Services	3001	\$ 5,969.52
12/1/2025	Republic Services	3001	\$ 6,258.18
1/1/2026	Republic Services	3001	\$ 7,682.79
		Total	\$ 26,923.28
		Balance	\$ 41,451.72

3002 Compactor Lease		Budgeted	\$ 10.00
		3002	
		Total	\$ -
		Balance	\$ 10.00

3004 Compactor Security Fees		Budgeted	\$ 1,650.00
10/1/2025	COX (WASTE)	3004	\$ 128.94
11/1/2025	COX (WASTE)	3004	\$ 128.94
12/1/2025	COX (WASTE)	3004	\$ 128.94
12/15/2025	Ring Waste Co-Op	3004	\$ 99.98
1/1/2026	COX (WASTE)	3004	\$ 128.94
		Total	\$ 615.74
		Balance	\$ 1,034.26

3007 Compactor - Electric		Budgeted	\$ 495.00
10/1/2025	FPL (WASTE)	3007	\$ 39.15
11/1/2025	FPL (WASTE)	3007	\$ 40.20
12/1/2025	FPL (WASTE)	3007	\$ 41.58
11/1/2025	FPL (WASTE)	3007	\$ 41.04
		Total	\$ 161.97
		Balance	\$ 333.03

5001 Salaries, Benefits & Taxes		Budgeted	\$ 131,635.12
10/7/2025	Intuit Payroll S Quickbooks	5001	\$ 3,384.68
10/21/2025	Intuit Payroll S Quickbooks	5001	\$ 3,132.85
10/27/2025	Intuit Payroll S Quickbooks	5001	\$ 1.03
10/27/2025	Intuit Payroll S Quickbooks	5001	\$ 842.76
11/4/2025	Intuit Payroll S Quickbooks	5001	\$ 3,132.84
11/18/2025	Intuit Payroll S Quickbooks	5001	\$ 3,384.68
		Total	\$ 13,878.84
		Balance	\$ 117,756.28

5004 Insurance Expense - Other		Budgeted	\$ -
		5004	
		Total	\$ -

Balance	\$ -
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5005 Workers Comp Insurance		Budgeted	\$ 500.00
		5005	
		Total	\$ -
		Balance	\$ 500.00

5006 Board Meetings		Budgeted	\$ 250.00
		5006	
		Total	\$ -
		Balance	\$ 250.00

5007 Annual Meeting		Budgeted	\$ 250.00
		5007	
		Total	\$ -
		Balance	\$ 250.00

5009 Bank Charges		Budgeted	\$ 340.00
11/20/2025	Return Deposit ITE	5005	\$ 9.00
		Total	\$ 9.00
		Balance	\$ 331.00

5012 Office Rent		Budgeted	\$ 17,460.00
10/1/2025	Empire (Parking)	5012	\$45.00
10/1/2025	Empire (Rent)	5012	\$1,274.85
11/1/2025	Empire (Parking)	5012	\$45.00
11/1/2025	Empire (Rent)	5012	\$1,274.85
12/1/2025	Empire (Parking)	5012	\$45.00
1/1/2026	Empire (Parking)	5012	\$45.00
1/1/2026	Empire (Rent)	5012	\$1,274.85
12/1/2025	Empire (Rent)	5012	\$1,274.85
		Total	\$5,279.40
		Balance	\$ 12,180.60

5013 Office Supplies			\$ 1,500.00
10/1/2025	Kentwood Springs	5013	\$ 54.01
10/15/2025	Target	5013	\$ 547.26
10/25/2025	AJs	5013	\$ 2.67
12/1/2025	Kentwood Springs	5013	\$ 100.05
12/15/2025	Kentwood Springs	5013	\$ 74.07
		Total	\$ 778.06
		Balance	\$ 721.94

5014 Office Equipment/Software		Budgeted	\$ 3,000.00
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10/1/2025	CPC Technologies	5014	\$ 72.35
10/15/2025	CIT	5014	\$ 108.76
10/15/2025	Great American Financial	5014	\$ 171.02
11/2/2025	Amazon	5014	\$ 666.54
11/4/2025	CPC Technologies	5014	\$ 72.35
11/15/2025	CIT	5014	\$ 108.76
11/15/2025	Great American Financial	5014	\$ 171.02
12/1/2025	CPC Technologies	5014	\$ 153.25
12/15/2025	Great American Financial	5014	\$ 202.07
12/15/2025	CIT	5014	\$ 108.76
1/1/2025	CPC Technologies	5014	\$ 72.35
		Total	\$ 1,907.23
		Balance	\$ 1,092.77

5015 - Postage		Budgeted	\$ 200.00
		5015	\$ -
		Total	\$ -
		Balance	\$ 200.00

5016 Telecommunications		Budgeted	\$ 3,500.00
10/1/2025	Verizon	5016	\$ 153.72
10/15/2025	Cox Communications (Office)	5016	\$ 220.83
11/1/2025	Verizon	5016	\$ 154.56
11/15/2025	Cox Communications (Office)	5016	\$ 220.83
12/1/2025	Verizon	5016	\$ 154.56
12/15/2025	Cox Communications (Office)	5016	\$ 220.83
1/1/2026	Verizon	5016	\$ 154.56
		Total	\$ 1,279.89
		Balance	\$ 2,220.11

5018 Website Hosting		Budgeted	\$ 6,500.00
10/1/2025	Appleyard CH 14955	5018	\$ 1,500.00
12/15/2025	Good Works	5018	\$ 400.00
		Total	\$ 1,900.00
		Balance	\$ 4,600.00

5019 Computer Support/Email Leasing		Budgeted	\$ 2,500.00
10/15/2025	Appraver (INV#)	5019	\$ 135.80
10/15/2025	Adobe Acrobat DC Subscription	5019	\$ 19.99
10/15/2025	Mailchimp	5019	\$ 179.35
11/15/2025	Appraver (INV#)	5019	\$ 135.80
11/15/2025	Adobe Acrobat DC Subscription	5019	\$ 19.99
11/15/2025	Mailchimp Subscription	5019	\$ 179.35
12/15/2025	Appraver (INV#)	5019	\$ 135.80

12/15/2025	Adobe Acrobat DC Subscription	5019	\$ 19.99
12/15/2025	Mailchimp	5019	\$ 179.35
		Total	\$ 1,005.42
		Balance	\$ 1,494.58

5020 Dues, Subscription, Publications		Budgeted	\$ 4,000.00
10/15/2025	Florida Commerce	5020	\$ 175.00
10/15/2025	PNJ	5020	\$ 19.99
11/15/2025	InWeekly	5020	\$ 2,730.00
11/15/2025	PNJ	5020	\$ 19.99
12/15/2025	PNJ	5020	\$ 19.99
		Total	\$ 2,964.97
		Balance	\$ 1,035.03

5021 Travel Entertainment & Education		Budgeted	\$ 2,000.00
11/1/2024	Ride Electric	5021	\$ 322.49
		Total	\$ 322.49
		Balance	\$ 1,677.51

5023 Marketing Consultants		Budgeted	\$ 90,000.00
10/1/2025	Ideaworks (DIB)	5023	\$ 7,052.50
11/1/2025	Ideaworks (DIB)	5023	\$ 6,157.59
11/1/2025	Ideaworks (Construction)	5023	\$ 3,312.50
11/15/2025	Ideaworks (Construction)	5023	\$ 1,843.75
11/15/2025	Ideaworks (DIB)	5023	\$ 7,888.00
		Total	\$ 26,254.34
		Balance	\$ 63,745.66

5024 Bookkeeping		Budgeted	\$ 19,500.00
10/15/2025	Baniakas	5024	\$ 860.00
11/15/2025	Baniakas	5024	\$ 880.00
12/1/2025	Baniakas	5024	\$ 420.00
		Total	\$ 2,160.00
		Balance	\$ 17,340.00

5025 Audit		Budgeted	\$ 15,000.00
1/1/2026	Warren Averett	5025	\$ 5,229.80
		Total	\$ 5,229.80
		Balance	\$ 9,770.20

5026 Legal Counsel		Budgeted	\$ 3,000.00
10/21/2025	QPWB	5026	\$ 220.00
11/15/2025	QPWB	5026	\$ 140.00
		Total	\$ 360.00

Balance	\$ 2,640.00
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5027 Economic Development		Budgeted	\$ 135,135.03
10/1/2025	ECUA	5027	\$ 368.05
10/1/2025	Ideaworks (All I Want)	5027	\$ 1,031.25
10/15/2025	Amazon	5027	\$ 75.24
11/1/2025	ECUA	5027	\$ 368.05
11/1/2025	Winterfest- Five Flags Trolley	5027	\$ 2,750.00
11/1/2025	Ideaworks (Economic Development)	5027	\$ 5,875.00
11/1/2025	Ideaworks (All I Want)	5027	\$ 6,077.00
11/15/2025	SHOPS ON PALAFOX Reimbursement	5027	\$ 4,470.79
11/15/2025	Ideaworks (Economic Development)	5027	\$ 6,187.50
11/15/2025	Ideaworks (All I Want)	5027	\$ 995.00
12/1/2025	Winterfest- Five Flags Trolley	5027	\$ 2,750.00
12/1/2025	ECUA	5027	\$ 242.99
12/15/2025	Perennial- All I Want Prize	5027	\$ 100.00
12/15/2025	Iron - All I Want Prize	5027	\$ 120.00
1/1/2026	Pyro Shows	5027	\$ 4,250.00
		Total	\$ 35,660.87
		Balance	\$ 99,474.16

5029 Donation to Friends of Downtown		Budgeted	\$ 85,000.00
		5029	\$ -
		Total	\$ -
		Balance	\$ 85,000.00

5030 Liability Insurance		Budgeted	\$ 17,916.00
11/15/2025	Check #15016	5030	\$ 17,916.00
		Total	\$ 17,916.00
		Balance	\$ -

5227 PPD Security		Budgeted	\$ 60,000.00
10/15/2025	City of Pensacola PPD	5227	\$ 15,000.00
10/15/2025	PPD Gallery Night	5227	\$ 800.00
11/1/2025	PPD Road Closure	5227	\$ 400.00
11/1/2025	PPD Road Closure	5227	\$ 1,000.00
11/15/2025	PPD Road Closure	5227	\$ 750.00
11/15/2025	PPD Road Closure	5227	\$ 250.00
12/1/2025	PPD Gallery Night	5227	\$ 800.00
1/1/2025	PPD Gallery Night	5227	\$ 800.00
		Total	\$ 19,800.00
		Balance	\$ 40,200.00

6000 Palafox Market		Budgeted	\$ 260,000.00
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10/1/2025	Spotless Logistics	6018	\$ 3,677.21
10/4/2025	EMTS Palafox Market	6012	\$ 400.00
10/4/2025	PPD PM MLK	6012	\$ 200.00
10/4/2025	PPD PM FP	6012	\$ 200.00
10/7/2025	Intuit Payroll S Quickbooks	6001	\$ 2,340.42
10/11/2025	PPD PM MLK	6012	\$ 200.00
10/11/2025	PPD PM FP	6012	\$ 200.00
10/11/2025	EMTS Palafox Market	6012	\$ 400.00
10/15/2025	Alethia Artistry Face Painting	6000	\$ 250.00
10/15/2025	Amazon	6000	\$ 37.07
10/15/2025	Carlee Norman	6001	\$ 800.00
10/15/2025	Boyetts PM	6004	\$ 1,160.00
10/15/2025	Ideaworks (Palafox Market)	6007	\$ 2,437.50
10/18/2025	PPD PM MLK	6012	\$ 200.00
10/18/2025	PPD PM FP	6012	\$ 200.00
10/18/2025	EMTS Palafox Market	6012	\$ 400.00
10/21/2025	Intuit Payroll S Quickbooks	6001	\$ 2,166.28
10/25/2025	PPD PM MLK	6012	\$ 200.00
10/25/2025	PPD PM FP	6012	\$ 200.00
10/25/2025	EMTS Palafox Market	6012	\$ 400.00
10/27/2025	Intuit Payroll S Quickbooks	6001	\$ 0.72
10/27/2025	Intuit Payroll S Quickbooks	6001	\$ 582.74
11/1/2025	Big Rhino	6000	\$ 3,083.00
11/1/2025	Carlee Norman	6001	\$ 800.00
11/1/2025	City of Pensacola Parks-Permit	6003	\$ 1,000.00
11/1/2025	PPD PM MLK	6012	\$ 200.00
11/1/2025	PPD PM FP	6012	\$ 200.00
11/1/2025	EMTS Palafox Market	6012	\$ 400.00
11/1/2025	Spotless Logistics	6018	\$ 3,677.21
11/4/2025	Intuit Payroll S Quickbooks	6001	\$ 2,166.28
11/5/2025	PPD Holiday Lighting	6012	\$ 600.00
11/5/2025	EMTs Holiday Lighting	6012	\$ 400.00
11/8/2025	PPD PM MLK	6012	\$ 200.00
11/8/2025	PPD PM FP	6012	\$ 200.00
11/8/2025	EMTS Palafox Market	6012	\$ 400.00
11/15/2025	Boyetts PM	6004	\$ 1,160.00
11/15/2025	Ideaworks (Palafox Market)	6007	\$ 3,109.83
11/15/2025	PPD PM MLK	6012	\$ 200.00
11/15/2025	PPD PM FP	6012	\$ 200.00
11/15/2025	EMTS Palafox Market	6012	\$ 400.00
11/18/2025	Intuit Payroll S Quickbooks	6001	\$ 2,340.42
11/19/2025	EMTS Holiday Market	6012	\$ 400.00
11/19/2025	PPD Holiday Market	6012	\$ 200.00
11/22/2025	EMTS Palafox Market	6012	\$ 400.00

11/22/2025	PPD PM MLK	6012	\$ 200.00
11/22/2025	PPD PM FP	6012	\$ 200.00
11/26/2025	PPD Holiday Market	6012	\$ 200.00
11/26/2025	EMTS Holiday Market	6012	\$ 400.00
11/29/2025	EMTS Palafox Market	6012	\$ 400.00
11/29/2025	PPD PM MLK	6012	\$ 200.00
11/29/2025	PPD PM FP	6012	\$ 200.00
12/1/2025	Carlee Norman	6001	\$ 800.00
12/1/2025	Spotless Logistics	6018	\$ 3,677.21
12/3/2025	EMTS Holiday Market	6012	\$ 400.00
12/3/2026	PPD Holiday Market	6012	\$ 200.00
12/6/2025	EMTS Palafox Market	6012	\$ 400.00
12/6/2026	PPD PM MLK	6012	\$ 200.00
12/6/2025	PPD PM FP	6012	\$ 200.00
12/10/2025	PPD Holiday Market	6012	\$ 200.00
12/10/2025	EMTs Holiday Market	6012	\$ 400.00
12/13/2025	PPD PM MLK	6012	\$ 200.00
12/13/2025	EMTS Palafox Market	6012	\$ 400.00
12/15/2025	Boyetts PM	6004	\$ 2,168.14
12/15/2025	Carlee Norman	6001	\$ 800.00
12/15/2025	Pensacola Hardware	6000	\$ 115.18
12/17/2025	EMT Holiday Market	6012	\$ 400.00
12/17/2025	PPD Holiday Market	6012	\$ 200.00
12/20/2025	EMTS Palafox Market	6012	\$ 400.00
12/20/2025	PPD PM MLK	6012	\$ 200.00
12/20/2025	PPD PM FP	6012	\$ 200.00
12/27/2025	EMTS Palafox Market	6012	\$ 400.00
12/27/2025	PPD PM MLK	6012	\$ 200.00
1/1/2026	Santa Steve	6000	\$ 1,800.00
1/1/2026	Carlee Norman	6001	\$ 1,600.00
1/3/2026	EMTS Palafox Market	6012	\$ 400.00
1/3/2026	PPD PM MLK	6012	\$ 200.00
1/1/2026	Spotless	6012	\$ 3,677.21
		Total	\$ 60,026.43
		Balance	\$ 199,973.57

7000 Ambassador Program		Budgeted	\$ 247,560.85
10/1/2025	Spotless Logistics	7000	\$ 20,837.54
11/1/2025	Spotless Logistics	7000	\$ 20,837.54
12/1/2025	Spotless Logistics	7000	\$ 20,837.54
1/1/2026	Spotless Logistics	7000	\$ 20,837.54
		Total	\$ 83,350.16
		Balance	\$ 164,210.69

Marketing Highlights December 2025



PROJECT LIST



GRAPHIC DESIGN+PRODUCTION

- “All I Want” Videos (Rusted Arrow, Bodacious, Wine Bar, Autumn Blackledge, V. Paul’s, Indigeaux, Dog House, Odd Colony, Parlor Doughnuts)
- Website Update: Board page, home page
- “All I Want” daily promo administration
- Downtown Business Directory; outreach to businesses
- Parking info, hotels, points of interest plots for Explorers Guide
- New Palafox Communication Strategy (continued)
- November marketing report and analytics
- Marketing Meetings / Board Meeting
- Downtown Deals website page
- The New Palafox communication meetings
- Downtown gift card design
- Downtown Map + Explorers Guide production
- “SUPPORT PALAFOX” sticker



SOCIAL MEDIA

- Instagram and Facebook account management
- Daily monitoring and response
- Instagram Stories promoting merchants
- Respond to Google Reviews
- Highlight Reels
- Palafox Market Vendor Group
- “All I Want” Reels
- Downtown content research & copywriting



SPECIAL EVENTS PROMOTION

- Rusty Relic event PR
- December Gallery Night
- Last-Minute Shop Local
- Weekend Roundups
- Holiday Market
- “All I Want” holiday promotion
- Holiday openings downtown roundup
- The New Palafox Construction
- Media coverage clips
- Christmas Parade
- NYE Roundup
- Retail roundup for holiday shopping
- Downtown Gift Cards
- Video shorts for construction posts



DIGITAL PROJECTS

- “All I Want” website data download and add all opt-ins to MailChimp database
- Vendor survey
- Economic Development digital campaign results
- Business directory downtownpensacola.com
- API Google Maps troubleshooting (business listings)
- Last Minute Holiday Gift Guide on website
- Website plugin updates and renewals

WEBSITE SEARCHES

3.27K

Clicks to Website

160K

Impressions on Google

1.06K

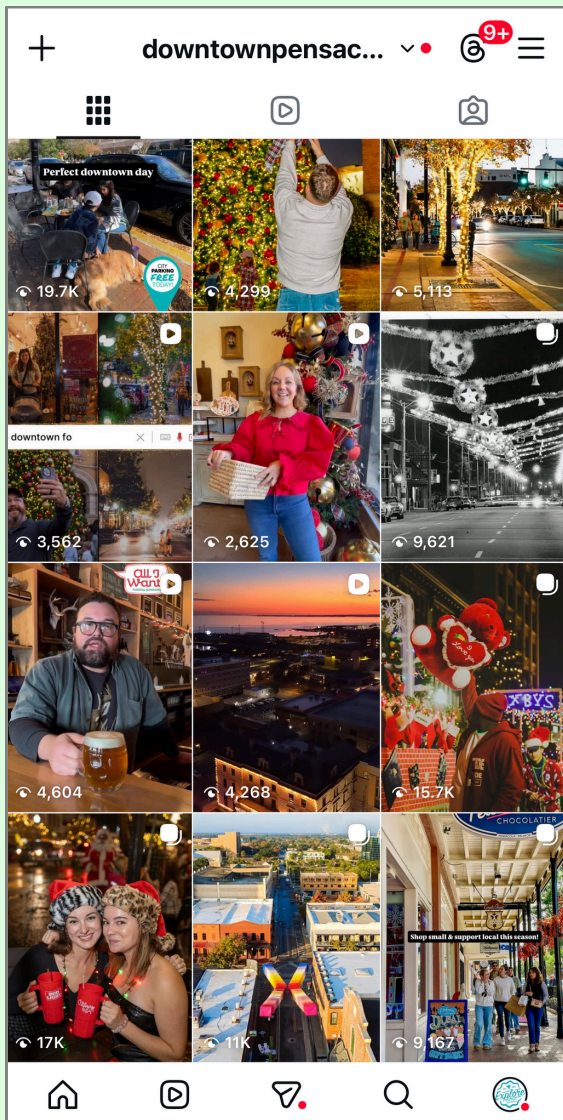
Top Performing Page:
Palafox Market



@downtownpensacola



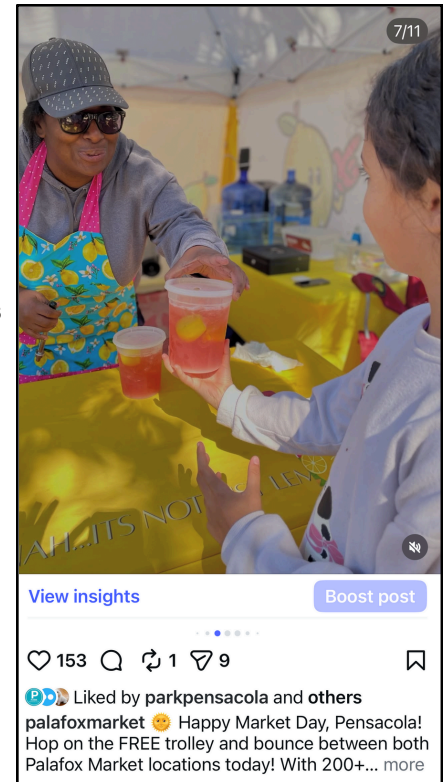
100.2K TOTAL FACEBOOK FOLLOWERS
49.5K TOTAL INSTAGRAM FOLLOWERS
512 NEW FACEBOOK FOLLOWERS
450 NEW INSTAGRAM FOLLOWERS
253.7K TOTAL INSTAGRAM VIEWS
567.5K TOTAL FACEBOOK VIEWS
170 DT BUSINESS STORIES
68.4K INSTAGRAM REACH
3.3K FACEBOOK REACH



PALAFox MARKET INSTAGRAM

Follow @palafoxmarket

119K Views
1.5K Interactions
181 Posts + Stories
2 Video Reels
13.7K Followers
326 New Followers



PALAFox MARKET PROJECT LIST

- 2026 PALAFox MARKET PROMOTION PLAN
- INSTAGRAM ACCOUNT MONITORING, CONTENT, ENGAGEMENT, RESPONSE
- MARKET PHOTOGRAPHY SOUTH & NORTH
- HOLIDAY MARKET NEWS RELEASE AND MEDIA
- VIDEO REELS (2)
- SANTA AT THE MARKET PR & SOCIAL
- 10 POSTS + 173 STORIES
- GOOGLE REVIEWS / RESPONSE
- VENDOR FB GROUP SUPPORT
- MARDI GRAS MARKET RESEARCH/PLANNING
- VIDEO PRODUCTION SOUTH + NORTH MARKETS
- PALAFox MARKET VENDOR SURVEY
- HOLIDAY MARKET PHOTOGRAPHY
- FACEBOOK EVENT SCAMMER PATROL
- FREE SATURDAY TROLLEY PROMOTION
- CONSTRUCTION INFORMATION RE MARKETS
- CORRECTION TO THE CITY'S NEW PALAFox PAGE
- PROMOTION PLANNING EASTER MARKET, OTHER SPECIAL MARKET DAYS FOR 2025

Palafox Assistance Program (PAP)
(Reimagine Palafox construction period support)

Quint Studer has volunteered to offer financial support to businesses during the Reimagine Palafox construction period in the form of non-interest bearing loans to businesses on Palafox Street that are impacted by the construction.

He has asked Mort O'Sullivan to administer the program. The essence of the program is to make loans for the loss of gross profit (sales minus cost of sales) during the construction period in order to ease cash flow burdens. The loans will bear no interest. They will be due and payable in full on the date two years after the re-opening of Palafox at the conclusion of the road construction. The program will be administered in the strictest of confidence and Mort will provide a non-disclosure agreement to prospective borrowers when they submit the required financial information needed for consideration of the loan. He and he alone will see and know the information submitted by a potential or actual borrower. Quint has asked to not have any knowledge of borrowers' financial data and will be prohibited under the non-disclosure agreement.

At the conclusion of each month, submit your financial statements for that month along with a 24 month history of your financial statements showing each month from January 2024 through December 2025.

The financial statements will be analyzed and if a loss is measured (when comparing the income statement to prior periods). then loan funds will be disbursed as quickly as possible. This process will occur each month during construction. Instead of waiting for the conclusion of construction to measure your losses, this process will be more helpful on a timely basis.

You may contact Mort O'Sullivan any time with questions.

Mort O'Sullivan

850-572-1403

mortosullivan3@gmail.com

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DOWNTOWN IMPROVEMENT BOARD

(A COMPONENT UNIT OF THE CITY OF PENSACOLA)

FINANCIAL STATEMENTS

SEPTEMBER 30, 2025

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DOWNTOWN IMPROVEMENT BOARD
(A COMPONENT UNIT OF THE CITY OF PENSACOLA)
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SEPTEMBER 30, 2025

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INDEPENDENT AUDITORS' REPORT

To the Board of Directors
Downtown Improvement Board

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities and the general fund of the Pensacola Downtown Improvement Board (the Board), a component unit of the City of Pensacola, as of and for the year ended September 30, 2025, and the related notes to the financial statements, which collectively comprise the Board's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and the general fund of the Board as of September 30, 2025, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Board and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Board's ability to continue as a going concern for 12 months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal control. Misstatements are considered material if there

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is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Board's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Board's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings and certain internal control related matters that we identified during the audit.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information be presented to supplement the basic financial statements. Such information is the responsibility of management and although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion nor provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion nor provide any assurance.

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Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated December 30, 2025, on our consideration of the Board's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Board's internal control over financial reporting and compliance.

Pensacola, Florida
December 30, 2025

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DOWNTOWN IMPROVEMENT BOARD
(A COMPONENT UNIT OF THE CITY OF PENSACOLA)
MANAGEMENT'S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2025

General Information

The Pensacola Downtown Improvement Board (the Board) was created in 1972 by action of the State of Florida. It is governed by the Florida Statutes and follows the accounting standards promulgated by the Governmental Accounting Standards Board. Most of the revenues received by the Board emanate from an additional tax levy on properties within the boundaries initially established by the governing body of the City of Pensacola (the City). A five-member board of directors appointed by the Mayor and confirmed by the Pensacola City Council governs the Board. This entity meets the criteria of a component unit and will be included in the financial statements of the City.

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the Board's financial statements. Please read the information presented here in conjunction with the financial statements and notes to the financial statements that follow this section.

The Statement of Net Position presents information on all of the Board's assets and liabilities, with reported net position being the amount assets exceed liabilities. This statement combines and consolidates the governmental fund's current financial resources (short-term spendable resources) with capital assets and long-term obligations. Over time, increases or decreases in net position may serve as a useful indicator of the financial position of the Board.

The Statement of Activities presents information showing how the Board's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flow in future fiscal periods.

The notes to the financial statements provide additional information that is essential to a full understanding of the data provided in the financial statements.

Capital Assets and Long-Term Debt

The Board's investments in capital assets as of September 30, 2025, amounts to approximately \$90,000 (net of accumulated depreciation). This investment in capital assets includes improvements and equipment. Additional information on the capital assets of the Board can be found in Note 3 of this report.

At the end of the current fiscal year, the Board did not have any outstanding debt.

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DOWNTOWN IMPROVEMENT BOARD
(A COMPONENT UNIT OF THE CITY OF PENSACOLA)
MANAGEMENT'S DISCUSSION AND ANALYSIS – CONTINUED
SEPTEMBER 30, 2025

Financial Analysis

The following condensed information comes from the financial statements of the last two years:

	Governmental Activities	
	2025	2024
Assets		
Current and other assets	\$ 181,238	\$ 324,497
Capital assets	89,826	98,465
Total assets	271,064	422,962
Liabilities		
Other liabilities	65,467	57,947
Long-term liabilities	5,938	3,095
Total liabilities	71,405	61,042
Net Position		
Net investment		
in capital assets	89,826	98,465
Unrestricted	109,833	263,455
Total net position	\$ 199,659	\$ 361,920
Revenues		
Charges for services	\$ 308,580	\$ 310,026
Operating grants	628,759	574,070
Other	9,122	14,685
Ad valorem taxes	814,525	751,455
Total revenues	1,760,986	1,650,236
Expenses		
General government	1,923,247	1,733,879
Total expenses	1,923,247	1,733,879
Change in net position	\$ (162,261)	\$ (83,643)

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DOWNTOWN IMPROVEMENT BOARD
(A COMPONENT UNIT OF THE CITY OF PENSACOLA)
MANAGEMENT'S DISCUSSION AND ANALYSIS – CONTINUED
SEPTEMBER 30, 2025

Financial Analysis – Continued

General Fund revenues experienced an increase of approximately \$110,000 due to increases in revenues from increased ad valorem taxes received on new construction in the Downtown area, as well as additional program revenues for the increase in vendors and events provided from the Palafox Market and other program services. General Fund expenditures increased approximately \$189,000 due to increases in support and marketing for events in the Downtown area.

Budgetary Highlights

The Board's budget for the year ended September 30, 2025, reflects the continuing advancement of strategies intended to eliminate blight and promote capital investment, business attraction, retention, and expansion within Downtown Pensacola. Significant expenditures were incurred to advance the Board's mission and support efforts to attract more tourists and nonresident visitors to the downtown area.

Overall, General Fund expenditures exceeded the final budget by approximately \$150,000, while General Fund revenues were below budgeted expectations by approximately \$700. This variance resulted in noncompliance with Section 129.07, Florida Statutes, which prohibits expenditures in excess of appropriations. This issue is discussed further in Compliance Finding 2025-002 in the accompanying schedule of findings and responses. The Board is evaluating corrective measures to strengthen budget monitoring and ensure timely amendments to prevent future overexpenditures.

Economic Forecast

Tourism is continuing to increase throughout the local market which continues to help fuel the growth in retail, hospitality and entertainment venues. Many of the indicators for economic growth appear to be in place downtown, which should result in continued increases in real estate values.

Request for Information

This financial report is designed to provide a general overview of the Board's finances for interested parties. Questions concerning any of the information provided in this report or requests for additional information should be addressed to:

Walker Wilson, Executive Director
Downtown Improvement Board
226 South Palafox Place, Suite 106
Pensacola, Florida 32502

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BASIC FINANCIAL STATEMENTS

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DOWNTOWN IMPROVEMENT BOARD
(A COMPONENT UNIT OF THE CITY OF PENSACOLA)
STATEMENT OF NET POSITION
SEPTEMBER 30, 2025

	<u>Governmental Activities</u>
ASSETS	
Current assets	
Cash	\$ 156,960
Accounts receivable - related party	19,940
Prepaid items	<u>4,338</u>
Total current assets	181,238
Noncurrent assets	
Depreciable capital assets, net of depreciation	<u>89,826</u>
TOTAL ASSETS	<u>271,064</u>
LIABILITIES	
Current liabilities	
Accounts payable	45,467
Due to City of Pensacola	15,000
Unearned revenues	<u>5,000</u>
Total current liabilities	65,467
Noncurrent liabilities	
Compensated absences	<u>5,938</u>
TOTAL LIABILITIES	<u>71,405</u>
NET POSITION	
Net investment in capital assets	89,826
Unrestricted	<u>109,833</u>
TOTAL NET POSITION	<u><u>\$ 199,659</u></u>

See notes to the financial statements.

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OWN TOWN IMPROVEMENT BOARD
(A COMPONENT UNIT OF THE CITY OF PENSACOLA)
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED SEPTEMBER 30, 2025

Function/ Program	Expenses	Program Revenues		Net (Expense) Revenue and Changes in Net Position
		Charges for Services	Operating Grants and Contributions	Governmental Activities
Governmental Activities				
General government	\$ 1,923,247	\$ 308,580	\$ 628,759	\$ (985,908)
Total	<u>\$ 1,923,247</u>	<u>\$ 308,580</u>	<u>\$ 628,759</u>	(985,908)
General Revenues				
Ad valorem taxes				814,525
Other				<u>9,122</u>
Total general revenues				<u>823,647</u>
Change in net position				(162,261)
Net position, beginning of year				<u>361,920</u>
Net position, end of year				<u>\$ 199,659</u>

See notes to the financial statements.

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DOWNTOWN IMPROVEMENT BOARD
(A COMPONENT UNIT OF THE CITY OF PENSACOLA)
BALANCE SHEET – GENERAL FUND
SEPTEMBER 30, 2025

ASSETS

CURRENT ASSETS

Cash	\$	156,960
Accounts receivable – related party		19,940
Prepaid items		<u>4,338</u>

TOTAL ASSETS

\$ 181,238

LIABILITIES AND FUND BALANCE

CURRENT LIABILITIES

Accounts payable and accrued expenses	\$	45,467
Due to City of Pensacola		15,000
Unearned revenues		<u>5,000</u>

TOTAL LIABILITIES

65,467

FUND BALANCE

Nonspendable		4,338
Unassigned		<u>111,433</u>

Total fund balance

115,771

TOTAL LIABILITIES AND FUND BALANCE

\$ 181,238

See notes to the financial statements.

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DOWNTOWN IMPROVEMENT BOARD
(A COMPONENT UNIT OF THE CITY OF PENSACOLA)
RECONCILIATION OF THE GENERAL FUND BALANCE SHEET
TO THE STATEMENT OF NET POSITION
SEPTEMBER 30, 2025

TOTAL FUND BALANCE – GENERAL FUND	\$ 115,771
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Amounts reported for governmental activities in the statement of net position are different because:

Capital assets, net of accumulated depreciation, used in governmental activities, are not financial resources, and therefore, are not reported in the General Fund.	89,826
---	--------

The liability for compensated absences is not expected to be paid using expendable available resources, and therefore, is not reported as a liability in the General Fund.	<u>(5,938)</u>
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TOTAL NET POSITION FOR GOVERNMENTAL ACTIVITIES – STATEMENT OF NET POSITION	<u>\$ 199,659</u>
---	--------------------------

See notes to the financial statements.

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DOWNTOWN IMPROVEMENT BOARD
(A COMPONENT UNIT OF THE CITY OF PENSACOLA)
STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE – GENERAL FUND
FOR THE YEAR ENDED SEPTEMBER 30, 2025

REVENUES

Ad valorem taxes	\$ 814,525
Operating grant	628,759
Charges for services	308,580
Other	<u>9,122</u>

Total revenues	1,760,986
----------------	-----------

EXPENDITURES

General government	1,909,295
Capital outlay	<u>2,470</u>

Total expenditures	<u>1,911,765</u>
--------------------	------------------

NET CHANGE IN FUND BALANCE	(150,779)
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FUND BALANCE, BEGINNING OF YEAR	<u>266,550</u>
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FUND BALANCE, END OF YEAR	<u><u>\$ 115,771</u></u>
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See notes to the financial statements.

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DOWNTOWN IMPROVEMENT BOARD
(A COMPONENT UNIT OF THE CITY OF PENSACOLA)
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE OF THE GENERAL FUND TO THE
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED SEPTEMBER 30, 2025

NET CHANGE IN FUND BALANCE – GENERAL FUND \$ (150,779)

Amounts reported for governmental activities in the statement of activities are different because:

Capital outlays are reported in the General Fund as expenditures. However, in the statement of activities, the cost of those assets is depreciated over their estimated useful lives.

Expenditures for capital assets	2,470
Less current year depreciation	(11,109)

In the statement of activities, the cost of compensated absences is measured by the amount earned during the year, while in the General Fund, expenditures are recognized based on the amount paid. This is the amount by which compensated absences earned exceeds the amount paid in the current year.

(2,843)

**CHANGE IN NET POSITION FOR GOVERNMENTAL
ACTIVITIES – STATEMENT OF ACTIVITIES**

\$ (162,261)

See notes to the financial statements.

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DOWNTOWN IMPROVEMENT BOARD
(A COMPONENT UNIT OF THE CITY OF PENSACOLA)
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2025

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND DESCRIPTION OF ORGANIZATION

The financial statements of the Board have been prepared in accordance with generally accepted accounting principles (GAAP) as applied to local governments. The Governmental Accounting Standards Board (GASB) is the standard-setting body for governmental accounting and financial reporting. The significant accounting and reporting policies and practices used by the Board are described below.

Defining the Report Entity

The Downtown Improvement Board (the Board) was created in April 1972 by Chapter 72-655, Laws of Florida, for the purpose of physically, economically and socially revitalizing Downtown Pensacola. It has been constituted as a public body and an agency of the City of Pensacola (the City), as a dependent special district. The Mayor of the City appoints, and the City Council approves, the five-member Board. In addition, the City Council approves the budget for the Board, including the proposed millage rate. Accordingly, this entity meets the criteria of a component unit and will be included in the financial statements of the City.

In July 2017, the Downtown Pensacola Alliance, Inc. (Alliance) was created by the Board to provide leadership, planning and promotion of Downtown Pensacola. The five members of the Alliance's Board of Directors are comprised of the Board's Board of Directors; therefore, the Board can influence significant control over the Alliance. Currently, the Board has operational responsibility for the Alliance.

Although this entity meets the criteria of a blended component unit, there was no financial activity in the current year and no balances are included in these financial statements.

Measurement Focus, Basis of Accounting and Financial Statement Presentation

The Board's basic financial statements include both government-wide (based on the Board as a whole) and fund financial statements.

The government-wide statements report revenues and expenses using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned, and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Ad valorem tax revenues are recognized in the year for which they are levied, while grants are recognized when grantor eligibility requirements are met, and contribution revenue is recognized when a donor makes an unconditional promise to give. Program revenues are those directly associated with functions, such as charges for services and grants and contributions. The net cost by function is normally covered by general revenue (ad valorem taxes, interest income, etc.). The Board does not allocate indirect costs.

Governmental fund financial statements report revenues and expenses using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized when they are both measurable and available. Available means collectible within the current period or soon enough thereafter to pay current liabilities. The Board considers revenues to be available if they are collected within 60 days of the end of the fiscal year. Expenditures are recorded when the related fund liability is incurred.

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DOWNTOWN IMPROVEMENT BOARD
(A COMPONENT UNIT OF THE CITY OF PENSACOLA)
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2025

Major revenue sources susceptible to accrual include ad valorem taxes. In general, other revenues are recognized when cash is received.

Major Fund Types

The Board reports the following major governmental fund:

General Fund: The General Fund is the primary operating fund of the Board. The General Fund includes assessments for downtown development and promotional programs.

Cash and Cash Equivalents

The Board defines cash and cash equivalents as cash held at depositories and cash on hand for operating purposes and those investments, which are short term and highly liquid. Generally, those investments have original maturities of three months or less. There were no cash equivalents at September 30, 2025.

Accounts Receivable

All receivables are reported at their gross value and where appropriate, are reduced by the estimated portion that is expected to be uncollectible. Bad debts in the General Fund are recorded by the direct write-off method.

Prepaid Items

Payments made to vendors for services that will benefit periods beyond September 30, 2025, are recorded as prepaid items in both the government-wide and General Fund financial statements. The Board accounts for insurance premiums using the consumption method resulting in a prepaid insurance asset in the General Fund.

Capital Assets

The Board's capital assets with useful lives of more than one year are stated at historical cost and reported in the government-wide financial statements. These assets are capitalized beginning with cost of \$300 or more. Donated assets are stated at estimated acquisition value on the date donated. The costs of normal maintenance and repairs that do not add to the asset value or materially extend useful lives are not capitalized. When capital assets are disposed, the cost and applicable accumulated depreciation are removed from the respective accounts, and the resulting gain or loss is recorded in operations. Depreciation on all assets is provided on the straight-line basis over the following estimated useful lives:

Improvements	39 years
Equipment	5-10 years
Furniture and fixtures	5 years

Unearned Revenue

Unearned revenue represents amounts collected before revenue recognition criteria have been met.

Compensated Absences

The Board records a compensated absences liability for leave that 1) can be carried forward to future reporting periods; 2) was earned based on service that the employee has already provided; and 3) is

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DOWNTOWN IMPROVEMENT BOARD
(A COMPONENT UNIT OF THE CITY OF PENSACOLA)
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2025

more likely than not to be used, paid, or otherwise settled with the Board. The compensated absences liability is measured using the pay rates in effect as of the financial statement date, including directly and incrementally associated salary-related employer taxes and benefits. Changes to pay rates will be recognized in future periods as those changes occur. The Board uses a first-in, first-out (FIFO) flow assumption for calculating the portion of the liability due within one year.

Fund Balances

GASB 54, *Fund Balance Reporting and Governmental Fund Type Definitions* establishes categories for reporting fund balance classifications based primarily on the extent to which a government is bound to observe constraints imposed upon the use of the resources reported in the governmental funds. Consequently, in the General Fund financial statements, fund balances are classified as follows:

Nonspendable – Amounts that cannot be spent either because they are in a nonspendable form or because they are legally or contractually required to be maintained intact. Nonspendable amounts consist of prepaid expenses at year end.

Restricted – Amounts that can only be spent for specific purposes because of the City Charter, the City Code, state or federal laws or externally imposed conditions by grantors or creditors.

Committed – Amounts that can only be spent for specific purposes determined by a formal action by the Board.

Assigned – Amounts that are designated by the Board for a particular purpose but are not spendable until a budget ordinance is passed or there is a majority vote approval (for capital projects or debt service) by the Board.

Unassigned – All amounts not included in other classifications.

Net Position

The government-wide financial statements utilize a net position presentation. Net position is categorized as net investment in capital assets, restricted and unrestricted.

Net investment in capital assets is intended to reflect the portion of the net position which is associated with capital assets less outstanding capital assets related debt.

Restricted net position are assets (generated from revenues and debt proceeds), which are not accessible for general use because of third-party (statutory, debt covenant or granting agency) limitations.

Unrestricted net position represents all other net position.

Use of Estimates

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, and disclosure of contingent assets and liabilities, at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

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DOWNTOWN IMPROVEMENT BOARD
(A COMPONENT UNIT OF THE CITY OF PENSACOLA)
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2025

Change in Accounting Principle

Effective October 1, 2024, the Board adopted the provisions of GASB Statement No. 101, *Compensated Absences* (GASB 101). This pronouncement establishes a unified model for recognition and measurement of liabilities associated with compensated absences, including vacation, sick leave and other paid time off. GASB 101 is expected to result in a liability for compensated absences that more appropriately reflects when a government incurs an obligation and can be applied consistently to different types of leave offered by governmental employers.

As part of the implementation process, the Board has evaluated whether leave is more likely than not to be used for time off or otherwise paid in cash or settled through noncash means by assessing relevant factors, such as the Board's employment policies related to compensated absences; historical information about the use, payment, or forfeiture of compensated absences; and known information that would indicate that historical information may not be representative of future trends or patterns. GASB 101 was retroactively implemented and had no effect on fund balance or net position previously presented.

2. CASH

At September 30, 2025, the banks reported deposits of approximately \$188,000, all of which were held by financial institutions designated as a "qualified public depository" by the State Treasurer. All deposits were fully insured through a combination of federal depository insurance and participation of the financial institution in the multiple financial institution collateral pool as specified in Chapter 280, Florida Statutes.

3. CAPITAL ASSETS

A schedule of the capital asset activity for the year ended September 30, 2025, is as follows:

	<u>2024</u>	<u>Additions</u>	<u>Deletions</u>	<u>2025</u>
GOVERNMENTAL ACTIVITIES				
Furniture, fixtures and equipment	\$ 176,204	\$ 2,470	\$ -	\$ 178,674
Leasehold improvements	72,745	-	-	72,745
Website	10,850	-	-	10,850
Total cost	259,799	2,470	-	262,269
Less accumulated depreciation	(161,334)	(11,109)	-	(172,443)
CAPITAL ASSETS, NET	<u>\$ 98,465</u>	<u>\$ (8,639)</u>	<u>\$ -</u>	<u>\$ 89,826</u>

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DOWNTOWN IMPROVEMENT BOARD
(A COMPONENT UNIT OF THE CITY OF PENSACOLA)
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2025

4. LONG-TERM LIABILITIES

Changes in long-term liabilities were as follows:

	2024	Additions	Reductions	2025	Amounts Due Within One Year
Governmental activities:					
Compensated absences	\$ 3,095	\$ 2,843	\$ -	\$ 5,938	\$ -
Total	<u>\$ 3,095</u>	<u>\$ 2,843</u>	<u>\$ -</u>	<u>\$ 5,938</u>	<u>\$ -</u>

5. RISK MANAGEMENT PROGRAMS

The Board carries commercial insurance for all risks of loss, including property, general liability and worker's compensation. There were no material reductions in insurance coverage from the prior fiscal year, nor did settlements exceed coverage for any of the past three fiscal years.

6. DEFINED CONTRIBUTION PLAN

The Board sponsors a defined contribution pension plan (the Plan) organized under Internal Revenue Code Section 403(b). The Plan covers full-time employees who are not of retirement age. Normal retirement under the Plan is age 65, and there is not an early retirement option under this Plan. Employer contributions for the Plan are based on 7.65% of a participating employee's gross wage. Employees are 100% vested in employer contributions upon entry into the Plan, with no minimum service requirement for entry into the Plan. For the fiscal year ended September 30, 2025, the amount of the employer's pension contribution was approximately \$12,500.

7. CONTRIBUTION TO CITY OF PENSACOLA

In 2022, the Board entered into an interlocal agreement with the City to contribute \$211,475 for the City's project to construct two restroom facilities within the Martin Luther King, Jr. Plaza in the District. During the fiscal year, the Board contributed approximately \$47,000 to the City for this project in accordance with this agreement which satisfies the remaining commitment under this agreement.

8. RELATED PARTY TRANSACTION

The Executive Director of the Board serves as the President of another organization, Friends of Downtown Pensacola, Inc. During the year ended September 30, 2025, the Board budgeted and contributed \$85,000 to this organization to support the lighting program in the District. As of

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DOWNTOWN IMPROVEMENT BOARD
(A COMPONENT UNIT OF THE CITY OF PENSACOLA)
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2025

September 30, 2025, this organization owes the Board approximately \$20,000 for expenses of the organization that were paid by the Board. There are no formal repayment terms.

9. BUDGETARY COMPLIANCE

Florida Statutes require that expenditures not exceed the amounts appropriated in the legally adopted budget. For the fiscal year ended September 30, 2025, General Fund expenditures exceeded appropriations by \$150,122.

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REQUIRED SUPPLEMENTARY INFORMATION

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DOWNTOWN IMPROVEMENT BOARD
(A COMPONENT UNIT OF THE CITY OF PENSACOLA)
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE – BUDGET TO ACTUAL – GENERAL FUND
FOR THE YEAR ENDED SEPTEMBER 30, 2025

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Favorable (Unfavorable)
	Original	Final		
REVENUES				
Ad valorem taxes	\$ 792,504	\$ 792,504	\$ 814,525	\$ 22,021
Operating grant	628,759	628,759	628,759	-
Charges for services	328,380	328,380	308,580	(19,800)
Other	12,000	12,000	9,122	(2,878)
Total revenues	1,761,643	1,761,643	1,760,986	(657)
EXPENDITURES				
General government	1,761,643	1,761,643	1,909,295	(147,652)
Capital outlay	-	-	2,470	(2,470)
Total expenditures	1,761,643	1,761,643	1,911,765	(150,122)
NET CHANGE IN FUND BALANCE	-	-	(150,779)	(150,779)
FUND BALANCE, BEGINNING OF YEAR	-	-	266,550	266,550
FUND BALANCE, END OF YEAR	\$ -	\$ -	\$ 115,771	\$ 115,771

See accompanying notes to the required supplementary information.

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DOWNTOWN IMPROVEMENT BOARD
(A COMPONENT UNIT OF THE CITY OF PENSACOLA)
NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION
SEPTEMBER 30, 2025

BUDGETARY INFORMATION

Budget Policy and Practice

The Board proposes and approves an annual budget for the General Fund in a public meeting and then submits the budget to the City of Pensacola for review. The City Council adopts the annual fiscal year budget. Once approved, the City Council may amend the legally adopted budget when unexpected modifications are required in estimated revenues and appropriations.

Basis of Budgeting

The budget is integrated into the accounting system, and the budgetary data, as presented in the financial statements for the General Fund, compares the expenditures with the amended budget. The budget is presented on the modified accrual basis of accounting.

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INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

To the Board of Directors
Downtown Improvement Board

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to the financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of the governmental activities and the General Fund of the Downtown Improvement Board (the Board), a component unit of the City of Pensacola, as of and for the year ended September 30, 2025, and the related notes to the financial statements, which collectively comprise the Board's basic financial statements, and have issued our report thereon dated December 30, 2025.

Report on Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Board's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Board's internal control. Accordingly, we do not express an opinion on the effectiveness of the Board's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies in internal control, such that there is a reasonable possibility that a material misstatement of the Board's financial statements will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. We consider the deficiency in internal control, described in the accompanying schedule of findings and responses as item 2025-001 that we consider to be a material weakness.

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Report Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Board's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed an instance of noncompliance or other matters that is required to be reported under *Government Auditing Standards* and which is described in the accompanying schedule of findings and responses as item 2025-002.

The District's Response to Findings

Government Auditing Standards requires the auditor to perform limited procedures on the District's response to the findings identified in our audit and described in the accompanying schedule of findings and responses. The District's response was not subjected to the other auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the response.

Purpose of This Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing and not to provide an opinion on the effectiveness of the Board's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Board's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Pensacola, Florida
December 30, 2025

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**INDEPENDENT ACCOUNTANTS' REPORT ON AN EXAMINATION OF
COMPLIANCE REQUIREMENTS IN ACCORDANCE WITH CHAPTER 10.550,
*RULES OF THE AUDITOR GENERAL***

To the Board of Directors
Downtown Improvement Board

We have examined the Downtown Improvement Board's (hereinafter referred to as "the Board"), a component unit of the City of Pensacola, compliance with Florida Statute 218.415 in regard to investments for the year ended September 30, 2025. Management is responsible for the Board's compliance with those requirements. Our responsibility is to express an opinion on the Board's compliance based on our examination.

Our examination was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. Those standards require that we plan and perform the examination to obtain reasonable assurance about whether the Board complied, in all material respects, with the specified requirements referenced above. An examination involves performing procedures to obtain evidence about whether the Board complied with the specified requirements. The nature, timing and extent of the procedures selected depend on our judgment, including an assessment of the risks of material noncompliance, whether due to fraud or error. We believe that the evidence we obtained is sufficient and appropriate to provide a reasonable basis for our opinion.

We are required to be independent and to meet our other ethical responsibilities in accordance with relevant ethical requirements relating to the examination engagement.

Our examination does not provide a legal determination on the Board's compliance with specified requirements.

In our opinion, the Board complied, in all material respects, with the aforementioned requirements for the year ended September 30, 2025.

This report is intended solely for the information and use of the Board and the Auditor General, State of Florida, and is not intended to be and should not be used by anyone other than these specified parties.

Pensacola, Florida
December 30, 2025

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DOWNTOWN IMPROVEMENT BOARD
(A COMPONENT UNIT OF THE CITY OF PENSACOLA)
SCHEDULE OF FINDINGS AND RESPONSES
SEPTEMBER 30, 2025

FINDING 2025-001 – FINANCIAL AND BUDGET REPORTING

Criteria

The District's internal control over financial reporting should be designed to allow for management and employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, a material misstatement on a timely basis.

Condition

The Board of Directors was not aware the District had overspent its adopted budget until subsequent to year end because the financial statements presented by the outsourced accounting function throughout the year were inaccurate. These inaccuracies are attributable to misclassification of transactions between fiscal years, bank reconciliations that did not agree to the general ledger and fund balance amounts that did not reconcile to the prior year audited financial statements.

Cause

There are not layered review processes to identify and correct errors in monthly and year end reporting. This control environment allowed errors to accumulate and remain undetected throughout the year.

Effect

The financial information provided to the management and the Board of Directors by the outsourced accounting function throughout the year was inaccurate. Available funding appeared greater than actual resources, which allowed the Board to make budgetary decisions that were based on incorrect data.

Recommendation

The District should strengthen its internal control structure by implementing additional layers of internal review of financial information provided by the outsourced accounting function.

Management's Response

Management acknowledges the finding and agrees with the recommendation. The Board relied on monthly financial reports prepared by the outsourced accounting firm to evaluate financial performance and make budgetary decisions throughout the fiscal year. After year end, management and the Board became aware that those reports were materially inaccurate due to transaction misclassifications, unreconciled bank balances, and inconsistencies with prior-year audited balances.

The Board understood and intentionally approved spending above budgeted levels in certain programmatic and operational areas in furtherance of the District's mission; however, the Board did not intend, nor knowingly approve, expenditures to the extent ultimately incurred. Accurate and timely financial reporting is critical for informed fiscal oversight and decision-making.

As corrective actions, the Board has decided to change accounting firms, with a new firm to be engaged beginning January 2026. In addition, District staff has implemented enhanced internal control procedures, including the development of a rolling profit and loss (P&L) statement that tracks each individual payment in real time. This rolling P&L is used as an internal checklist to independently verify the accuracy and completeness of monthly financial reports prepared by the accounting firm.

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DOWNTOWN IMPROVEMENT BOARD
(A COMPONENT UNIT OF THE CITY OF PENSACOLA)
SCHEDULE OF FINDINGS AND RESPONSES
SEPTEMBER 30, 2025

Further, the District will require the newly engaged accounting firm to attend Board meetings on a quarterly basis to present financial information in person, respond to questions from the Board, and provide additional transparency into the District's financial position. These measures are intended to strengthen internal oversight, ensure timely detection of reporting errors, and improve the reliability of financial information provided to management and the Board.

Finding 2025-002 – Expenditures In Excess of Budgeted Appropriations

Criteria

Section 129.07, Florida Statutes, requires that expenditures of local governments not exceed the amounts appropriated in the adopted budget.

Condition

The District's General Fund expenditures exceeded the final budget by \$150,122 during the fiscal year ended September 30, 2025.

Cause

Based on the items noted in finding 2025-001, the District did not adequately monitor budgetary performance throughout the year.

Effect

Overspending the adopted budget resulted in noncompliance with Florida Statutes.

Recommendation

Management acknowledges the finding and agrees with the recommendation. As noted in Finding 2025-001, inaccurate monthly financial reports prevented management and the Board from identifying the full extent of budgetary overruns during the fiscal year. While the Board knowingly approved spending above budget in select areas to advance strategic priorities, the Board was not aware that total expenditures had exceeded the legally adopted budget by the amount ultimately reported.

In addition to changing accounting firms effective January 2026 and implementing enhanced real-time financial review procedures, the District is strengthening its budget monitoring and amendment process. The District will require the accounting firm to discuss budget-to-actual performance at each quarterly Board meeting. Further, at a regularly scheduled meeting in June or July of each fiscal year, the accounting firm and management will formally review year-to-date financial performance and advise the Board on whether a budget amendment or resolution should be considered to align the adopted budget with actual expenditures and projections.

These procedures are intended to ensure compliance with Section 129.07, Florida Statutes, and to allow sufficient time for any required budget amendments to be approved in accordance with state and municipal deadlines.

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MANAGEMENT LETTER

To the Board of Directors
Downtown Improvement Board

Report on the Financial Statements

We have audited the financial statements of the Downtown Improvement Board (the Board), a component unit of the City of Pensacola, as of and for the fiscal year ended September 30, 2025, and have issued our report thereon dated December 30, 2025.

Auditors' Responsibility

We conducted our audit in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and Chapter 10.550, *Rules of the Auditor General*.

Other Reporting Requirements

We have issued our Independent Auditors' Report on Internal Control over Financial Reporting and Compliance and on Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*; and Independent Accountants' Report on an examination conducted in accordance with AICPA Professional Standards, AT-C Section 315, regarding compliance requirements in accordance with Chapter 10.550, *Rules of the Auditor General*. Disclosures in those reports, which are dated December 30, 2025, should be considered in conjunction with this management letter.

Prior Audit Findings

Section 10.554(1)(i)1., *Rules of the Auditor General*, requires that we determine whether corrective actions have been taken to address findings and recommendations made in the preceding annual financial audit. There were no findings in the preceding financial audit report.

Official Title and Legal Authority

Section 10.554(1)(i)4., *Rules of the Auditor General*, requires that the name or official title and legal authority for the primary government and each component unit of the reporting entity be disclosed in the management letter, unless disclosed in the notes to the financial statements. The legal authority for the Board is disclosed in Note 1 to the financial statements.

Financial Condition and Management

Sections 10.554(1)(i)5.a. and 10.556(7), *Rules of the Auditor General*, require us to apply appropriate procedures and communicate the results of our determination as to whether or not the Board has met one or more of the conditions described in Section 218.503(1), Florida Statutes, and to identify the specific condition(s) met. In connection with our audit, we determined that the Board did not meet any of the conditions described in 218.503(1), Florida Statutes.

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Pursuant to Sections 10.554(1)(i)5.b. and 10.556(8), *Rules of the Auditor General*, we applied financial condition assessment procedures. It is management's responsibility to monitor the Board's financial condition, and our financial condition assessment was based in part on representations made by management and the review of financial information provided by same.

Section 10.554(1)(i)2., *Rules of the Auditor General*, requires that we communicate any recommendations to improve financial management. In connection with our audit, we did not have any such recommendations.

Property Assessed Clean Energy (PACE) Programs

As required by Section 10.554(1)(i)6.a., *Rules of the Auditor General*, the District did not operate a PACE program authorized pursuant to Section 163.081 or Section 163.082, Florida Statutes, within the District's geographical boundaries during the fiscal year under audit.

Special District Component Units

Section 10.554(1)(i)5.c., *Rules of the Auditor General*, requires, if appropriate, that we communicate the failure of a special district that is a component unit of a county, municipality, or special district, to provide the financial information necessary for proper reporting of the component unit within the audited financial statements of the county, municipality or special district in accordance with Section 218.39(3)(b), Florida Statutes. In connection with our audit, we did not note any special district component units that failed to provide the necessary information for proper reporting in accordance with Section 218.39(3)(b), Florida Statutes.

As required by Section 218.39(3)(c), Florida Statutes, and Section 10.554(1)(i)6, *Rules of the Auditor General*, the District reported:

- a. The total number of District employees compensated in the last pay period of the District's fiscal year as two.
- b. There were no independent contractors to whom nonemployee compensation was paid in the last month of the District's fiscal year.
- c. All compensation earned by or awarded to employees, whether paid or accrued, regardless of contingency as \$164,000
- d. There was no compensation earned by or awarded to nonemployee independent contractors, whether paid or accrued, regardless of contingency.
- e. Each construction project with a total cost of at least \$65,000 approved by the District that is scheduled to begin on or after October 1 of the fiscal year being reported, together with the total expenditures for such project as – No planned projects.
- f. For the budget variance based on the budget adopted under Section 189.016(4), Florida Statutes, before the beginning of the fiscal year being reported if the District amends a final adopted budget under Section 189.016(6), Florida Statutes, see the Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget to Actual as presented in the accompany financial statements.

The specific information reported in the previous paragraph has not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion nor provide any assurance on it.

Additional Matters

Section 10.554(1)(i)3., *Rules of the Auditor General*, requires us to communicate noncompliance with

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provisions of contracts, grant agreements or fraud, waste, or abuse that is likely to have occurred, that has occurred, or is likely to have occurred, that has an effect on the financial statements that is less than material but warrants the attention of those charged with governance. In connection with our audit, we did not note any such findings.

Purpose of This Letter

Our management letter is intended solely for the information and use of the Legislative Auditing Committee, members of the Florida Senate and the Florida House of Representatives, the Florida Auditor General, federal and other granting agencies and applicable management, and is not intended to be, and should not be, used by anyone other than these specified parties.

Pensacola, Florida
December 30, 2025



January 16, 2026

Pensacola Downtown Improvement Board
226 South Palafox Street
Suite 106
Pensacola, FL 32502

Walker Wilson, Executive Director
walkerwilson@downtownpensacola.com

Agreement to Provide Client Accounting Services

This letter confirms the Accounting and Advisory Services for which Pensacola Downtown Improvement Board (“Company” or “you”) has asked Saltmarsh, Cleaveland & Gund (“Saltmarsh” or “we”) to perform, and under the terms, which we have agreed to do that work. Please read this letter carefully because it outlines expectations by both our firm and your organization. The intention of this letter is to confirm your understanding of, and agreement with, both what is included with our services, as well as the limitations of the accounting and advisory services you have asked us to perform. If you have any questions regarding this letter, or believe we have missed or misstated your understanding, please contact Jeff Clark at jeff.clark@saltmarshadvisors.com or call (850) 202-1337 to discuss this letter prior to signing it.

Services To Be Provided:

As agreed, Saltmarsh, will provide accounting and advisory services described in Appendix A.

Additionally, if you have questions and/or concerns regarding your ongoing financial reporting, accounting records, and business management issues, we may provide additional assistance and describe alternatives we are aware of. Our advice and related alternatives will be based on our knowledge, training, and experience, but at all times, the decisions you make are strictly yours, as is the responsibility for the financial records of your company. We encourage you to reflect on our recommendations and implement what you believe is best for your company.

If necessary, we may suggest you contact your attorney, one of our strategic partners with specific expertise, or someone else better suited to assist you. We have no responsibility to oversee the services of any other professionals with whom you engage to provide services.

Please note, under the terms of this engagement letter, we are not engaged to prepare financial statements for third-party use nor perform an Audit, Review, Compilation engagement, or any other form of assurance with respect to your financial statements.

Saltmarsh, in its sole professional judgment, reserves the right to refuse to take any action that could be construed as making management decisions or performing management functions, including determining account codings and approving journal entries and will notify Company of such refusal.

Company Responsibilities

You authorize Saltmarsh to accept instructions from you and/or from the staff you designate for this engagement.

As a condition to perform the services described above, you agree to:

- be responsible for evaluating the adequacy and results of the services performed and accepting responsibility for such services.

- determine all account codings.
- decide which proposed journal entries should be recorded.
- accept responsibility for designing, implementing, and maintaining internal controls over the accounting processes and perform ongoing evaluations of these processes.
- acknowledge that we will use information provided by you to complete our services, without further verification or investigation regarding this information by us.

You agree you are responsible for the proper recordkeeping of transactions in the records, the safekeeping of assets, and the preparation and fair presentation of the financial statements in accordance with the standards that the Company's management has selected, which could be accounting principles generally accepted in the United States of America, the cash basis of accounting, or the income tax basis of accounting. The Company will need to communicate which standard the Company wishes to follow in the recordkeeping of its transactions prior to Saltmarsh beginning its scope of services. In addition, we have no responsibility to identify and communicate deficiencies or material weaknesses in your internal control as part of this engagement.

You are responsible for making staff available during our ongoing work with you, provide timely responses to questions and calls for decisions, and devote the resources necessary to achieve the objectives of the engagement. If the information you provide is not submitted in a timely manner or is incomplete or unusable, we reserve the right to charge additional fees and expenses for services required to correct the problem and/or update your accounting records upon receipt of past-due information. If this occurs, we will contact you to discuss the matter and the anticipated delay in performing our services. We reserve the right to suspend or terminate our work. Upon suspension or termination, we will use commercially reasonable efforts to transfer information in our possession that the Company is entitled to per the AICPA Code of Professional Conduct to the Company or its designated representative.

Because we will rely on Company and its management to discharge the forgoing responsibilities, the Company holds harmless and releases Saltmarsh., its shareholders and employees from all claims, liabilities, losses, and costs arising in circumstances where there has been a knowing misrepresentation by a member of the Company's management, which has caused, in any respect, Saltmarsh's inability to discover such matters should they exist. This provision shall survive the termination of this arrangement for services.

Hardware and Software Warranties

During the course of the engagement, we may recommend the purchase and installation of computer or technological hardware, software, communications, or services by your company. Warranties, to the extent they exist, are provided only by the manufacturer/developer/vendor of those computer or software products. We will do our best to provide appropriate recommendations when available, but the final decision and responsibility to purchase any computer or software products is at your sole discretion.

Computer Consulting Limitations

We have a basic understanding of computer hardware, but our area of expertise is in accounting software and related integrated applications. We do not have the skill set to work on your network, computer hardware, Windows configuration, mapping of drives or any other computer related issues. We advise that you maintain an ongoing relationship with a qualified IT professional and/or company to ensure that you have assistance available when technology needs arise. This includes your obligation to ensure that you have access to the internet to work with the software solutions and other "cloud-based" applications that we will use as a core part of the services we provide to you.

Your Investment

Your financial investment in your ongoing services with us as well as the scope of our services with you is outlined in this agreement. If the volume of ongoing transaction processing, the complexity of the services you request, or other matters change relating to the services we are providing to you, we will communicate any related change in our fees to you.

Requests for Additional Services

We want to ensure that you are never surprised by the price for any service we provide. Therefore, we have adopted a “Service Order” Policy. If you request that we provide services beyond those outlined in this agreement we will be happy to provide you with a “Service Order” outlining the scope of that request, our fees, and anticipated timeline for those services. Although we strive to meet your needs, we reserve the right to decline a request for additional services that are outside the scope of services we provide, our expertise or for any other reason. A “Service Order Request” form will be provided upon request. Any such requests will be considered addendums to this agreement.

Legally Required Services

In the event that we are required to respond to a subpoena, court order or other legal process to produce documents and/or testimony relative to information we obtained and/or prepared during the course of this engagement, you agree to compensate us at our standard hourly rates at the time the services are performed. We will request a retainer payment in advance of the services being performed, as well as ongoing replenishments of the retainer. You also agree to reimburse us for all out-of-pocket expenses incurred in that regard.

Confidentiality

Saltmarsh agrees to take reasonable steps to protect all confidential Information and to use the confidential Information only in connection with performing the services hereunder. For purposes of this agreement, confidential Information shall mean any and all information which is private and not in the public domain about Company that is provided, obtained, or produced in connection with the services in written, oral, digital or other tangible form, including, without limitation, all information furnished at any time relating to Company business, customers, intellectual property, processes, strategies, all portions of any analyses, compilations, data, studies, or other documents prepared by the Saltmarsh that contain or are based on any furnished information or that reflect its review of such information, and any and all information concerning Company plans and activities, ideas, projects, software, methodologies, processes, tools, experience, customers and suppliers, financial information, and any other information, which ought reasonably under the circumstances to be considered confidential (the “confidential Information”). Saltmarsh agrees to take reasonable steps necessary to ensure that the confidentiality of the confidential Information is maintained and that such confidential Information is protected from unauthorized disclosure, but not to a greater extent than Company itself uses to protect confidential Information. Without limiting the generality of the foregoing, Saltmarsh shall not disclose confidential Information to any party outside its organization, without the prior written approval of the Company. Saltmarsh represents that, as a matter of policy, it informs its personnel concerning maintaining the confidentiality of client information. The parties hereto agree that equitable relief, including injunctive relief and specific performance, shall be available in the event of any breach of the provisions of this agreement. Such remedies shall not be deemed to be the exclusive remedies for a breach of this agreement but shall be in addition to all other remedies available at law or equity.

You assume all responsibility relating to adherence to privacy and disclosure requirements relating to the use and sharing of information in your industry.

You acknowledge that the proprietary information, documents, materials, management techniques, and other intellectual property we use are a material source of the services we perform and that these were developed prior to our association with you. Any new forms, software, documents, or intellectual property we develop in this engagement for your use shall belong to us, and you shall have the limited right to use them solely within your business. All report templates, manuals, forms, checklists, questionnaires, letters, agreements (including this one), and other documents, which we make available to you, are confidential and proprietary to us. Any and all new documents created as a result of this engagement will automatically become our property. Neither you, nor any of your agents, will copy, electronically store, reproduce, or make available to anyone other than your personnel any such documents. This agreement will apply to all materials whether in digital or “hard copy” format.

Third Party Disclosure and the use of Third-Party Services

Unless you indicate otherwise, you consent to and authorize our firm to transmit confidential information that you provide to us to third parties to facilitate delivering our services to you. Examples of such transmissions may include, but are not

limited to, the access to your contact information by members of our team (independent contractors such as consultants, administrative assistants, or third-party developers), transfer of accounting information and other data files via the internet, online back-up services, web site developer and hosting services (for newsletter and order processing), or a credit card processing company. We only work with established companies that we believe to be reputable and that have demonstrated their commitment to safeguarding your data. As the paid provider of professional services, our firm remains responsible for exercising reasonable care in providing such services, and our work product will be subjected to our firm's customary quality control procedures. Please feel free to inquire if you would like additional information regarding the transmission of confidential information to entities outside the firm.

Record Retention

During the course of our work with you, we will use one or more third party applications (including internet-based application providers) to provide portions of our services to you. This may include online filing of your Accounts Payable or other business documents. By signing this agreement, you confirm that you understand the services being provided and agree that Saltmarsh is not liable for record retention, or any other aspect of the services provided by these third parties, even if we absorb the cost (in part or in full) of a third-party service as a benefit to you. You at all times assume responsibility for a decision to maintain hard copies of your original documents or to limit your document retention to the digital copies stored by the web application.

It is our policy to keep our electronic and work paper files electronically for seven years, unless otherwise required by tax or other regulatory agencies. All work papers and miscellaneous report copies that we are not required to retain are discarded at the conclusion of the engagement. At the end of seven years electronic files may be erased.

In the unlikely event that we do obtain any hard copy documents from you, all original paper documents provided by you will be returned to you promptly as our work is complete. We do not keep copies of all documents. It is your responsibility to safeguard your documents in case of future need. We may occasionally keep some copies we deem necessary for our work.

Our workpapers are the property of our firm and will be maintained by us in accordance with our firm's record retention policy and any applicable legal and regulatory requirements. Our workpapers are not a substitute for your own records and do not mitigate your record retention obligations under any applicable laws or regulations. Our policies require that we maintain workpapers for seven years. Catastrophic events or physical deterioration may result in damage to or destruction of our firm's records, causing the records to be unavailable before the expiration of the retention period as stated in our record retention policy.

If our engagement with you ends for any reason, you will have the option to continue any third-party subscription-based services at your expense (in some cases we may have absorbed the cost of these services during our work with you). You agree to complete the transfer of services to your name and assume responsibility for payment within 10 days of the end of our work with you. Our "end date" will be defined as the 11th business day following the date shown on the email or letter of termination/resignation transmitted by either party. You understand that if you do not assume responsibility for these services they may be cancelled. Additional fees may apply if you elect to restore those services (if that option is available from the service provider) or request copies (digital or hard copy) of records from the third-party provider.

Company Representative

During the term of this Agreement, the Company will designate a senior level individual who will be authorized to act as the Company's primary contact for dealing with us under this Agreement and who will have the power and authority to make decisions with respect to the actions of Saltmarsh under this Agreement. In performing our obligations under this Agreement, we will be relying upon any instructions, authorizations, approvals, or other information provided to us by the Company's Representative.

Email Communication

Saltmarsh disclaims and waives, and you release Saltmarsh from, any and all liability for the interception or unintentional disclosure of email transmissions or for the unauthorized use or failed delivery of emails transmitted or received by Saltmarsh in connection with the services we are being engaged to perform under this Agreement.

External Computing Options

If, at your request, Saltmarsh agrees to use certain external commercial services, including but not limited to services for cloud storage, remote control, and/or file sharing options (collectively “external computing options”), that are outside of Saltmarsh’s standard security protocol, you acknowledge that such external computing options may be associated with heightened security and privacy risks. Accordingly, Saltmarsh disclaims and waives, and you release Saltmarsh from any and all liability arising out of or related to the use of such external computing options.

Termination of Services

Either party may terminate this agreement by providing written notice to the other party.

You understand and agree that we may withdraw from the present engagement at any time for any reason at our sole discretion. In particular, you agree that if you fail to provide the requested information or pay for services for this engagement on the agreed upon schedule, we either may discontinue performing services for you until all outstanding balances are paid and/or may withdraw from the engagement ten days after the mailing of written notice to you at the same address to which statements are sent.

If our work is suspended due to lack of payment and we later receive payment from you along with your request that we resume services, we may provide you with an updated timeline for completion of any past due work. We are under no obligation to resume services. You understand that this may result in significant delays in processing.

We reserve the right to terminate our work immediately if, during the course of our services, we become aware of any matters that would compromise our professional or legal standing in any way, either in fact or based on confirmed or potential public perception.

Any dispute regarding billed amounts must be submitted in writing within 10 days of the invoice date; email is acceptable. No amounts may be disputed after that 10-day period.

You may elect to terminate this agreement by providing Saltmarsh with 30 days written notice. In the event that services are terminated, you assume responsibility for the transfer of any third-party vendor services as described earlier in this agreement.

If our work is suspended or terminated as provided herein, you agree that we will not be responsible for your failure to meet government and other deadlines, for any penalties or interest that may be assessed against you resulting from your failure to meet such deadlines, and for any other damages, including consequential damages.

Independent Contractor Status

Saltmarsh will perform the services solely as an independent contractor under this Agreement and not as the Company’s employee. The parties are not partners or joint venturers, and this Agreement shall not be deemed to have created any such association or relationship between the parties. Neither party will represent itself to be an employee of the other party or attempt to bind the other party to any agreement, oral or written. Except to the extent that the Company may cause coverage under its professional malpractice or other business liability insurance to be extended to Saltmarsh, Saltmarsh will not be entitled to any benefits that the Company makes available to any of its employees and the Company will not withhold from compensation under this Agreement any income, social security, or other taxes.

Standards of Performance

Saltmarsh warrants that the services will be performed in a professional and workmanlike manner. Saltmarsh will materially comply with all applicable laws, rules, regulations, and industry standards in performing the services. Notwithstanding any provision of this Agreement to the contrary: (a) Saltmarsh will not be responsible for detecting errors, fraud or illegal acts that may exist in the Company's books, records or operations (provided, however, that Saltmarsh will inform the appropriate level of management of the Company of any material errors or evidence of fraud or possible illegal acts that come to the attention of Saltmarsh and (b) Saltmarsh will have no responsibility to identify or communicate significant deficiencies or material weaknesses in the Company's internal controls as part of its engagement. However, if matters identified in (a) and/or (b) arise during the ordinary course of the engagement, Saltmarsh will communicate their findings to the Company.

Advice

The Company acknowledges that the services to be rendered by Saltmarsh involve matters of professional judgment as to which reasonable people may disagree. Accordingly, Saltmarsh will not be liable for any advice given to the Company or its affiliates under this Agreement other than for any advice not given in good faith or which involves intentional misconduct, in which case Saltmarsh will be liable solely to the extent that the Company or its affiliates have relied upon such advice to its or their detriment.

Force Majeure

No party shall be liable to any other party for any damages caused by delays beyond its reasonable control, including, without limitation, those delays occasioned by fire, strike, labor dispute, acts of the other party, acts of any common carrier, telephone network, acts of the power supply company or its networks, restrictions by civil or military authorities, acts of nature, or unforeseen transportation failures. In the event of any such delay, the hindered party shall promptly notify the other parties and, upon the giving of such notice, the period of time for performance of obligations hereunder affected by such delays will be extended by the same period of time as the delay.

Indemnification

The Company shall defend, indemnify, and hold Saltmarsh and its affiliates harmless from and against all claims asserted by a third party (or parties) and related damages, losses, or expenses, including, but not limited, to attorneys' fees arising out of or resulting from any and all acts or omissions of the Company or its affiliates.

Limitation on Liability

Notwithstanding the foregoing, Saltmarsh's maximum liability hereunder for any reason shall be limited to the aggregate amount of the fees paid by the Company to Saltmarsh for the twelve months immediately preceding the date of the claim, except to the extent finally determined to have resulted from the gross negligence or willful misconduct of Saltmarsh. UNDER NO CIRCUMSTANCES SHALL SALTMARSH BE LIABLE FOR ANY SPECIAL, INDIRECT, INCIDENTAL, PUNITIVE, EXEMPLARY, OR CONSEQUENTIAL LOSS OR DAMAGE RELATING TO THIS AGREEMENT. This limitation on liability provision shall apply to the fullest extent of the law, whether in contract, statute, tort, or otherwise.

No Hire

The Company shall not employ or divert any employee or independent contractor of Saltmarsh. The obligations imposed by this paragraph shall survive the termination of this Agreement and continue for a period of one year following such termination. As liquidated damages for any breach of the obligations imposed by this paragraph, the Company shall pay to Saltmarsh an amount equal to 100% of the annual salary of any employee at the time of such breach.

Amendment

This Agreement may be amended, modified, or supplemented from time to time by a writing signed by the parties.

Third-Party Rights

No provision of this Agreement shall in any way inure to the benefit of any third person (including the public at large) so as to make any such person a third-party beneficiary of this Agreement or of any one or more of the terms hereof, or otherwise give rise to any cause of action in any person not a party hereto.

Severability

If any provision of this Agreement, as applied to any party or to any circumstances, shall be found by a court of competent jurisdiction to be void, invalid, or unenforceable, the same shall in no way affect any other provision of this Agreement, the application of any such provision in any other circumstances, or the validity or enforceability of this Agreement.

Entire Agreement

This Agreement contains the entire understanding of the parties hereto relating to the subject matter of this Agreement and supersedes all prior and collateral agreements, understandings, statements, and negotiations of the parties.

Governing Law

This Agreement shall be governed by and construed in accordance with the laws of the State of Florida without regard to any laws that might otherwise govern under applicable principles of conflicts of laws.

Dispute Resolution

You agree that any dispute (other than our efforts to collect an outstanding invoice) that may arise regarding the meaning, performance or enforcement of this engagement or any prior engagement that we have performed for you, will, prior to resorting to litigation, be submitted to mediation, and that the parties will engage in the mediation process in good faith once a written request to mediate has been given by any party to the engagement. The results of any such mediation shall be binding only upon the agreement of each party to be bound. The costs of any mediation proceeding shall be shared equally by the participating parties. In the event litigation brought against us is unsuccessful, you will be responsible for the expenses incurred by our firm.

Fees

Fees are addressed in an attached appendix.

Timing

The timing of our work is critical to the success of the engagement. Scheduling is a critical part of our service model and if for some reason you do not provide information to us within your designated window, we cannot guarantee delivery in a timely manner. All vendor invoices will be sent to a dedicated email address and all other documents will be sent electronically to our portal or email address. We have agreed that you will provide us with all your documents by the 15th of every trailing month. We should finish your engagement by the end (except for weekends and holidays) of every trailing month.

From time to time, we will have questions about your account and/or transactions. It is very important that you respond to us within 48 hours so that we may keep you on schedule. If you do not provide the information in a timely manner, we will leave small items open for the next month. However, if you do not respond within this timeframe and it prevents us from completing our work on a monthly basis there will be a 20% additional charge to complete the monthly work.

Closing Date

As part of our service, we will put a closing date in your QuickBooks. These closing dates prevent anyone from changing the periods we have completed. If you change transactions in a closed period, you may incur additional charges for us to review the changed periods.

On-Site Services

We have many ways of working with you remotely. This includes, but is not limited to, Remote Access through Microsoft Teams, Remote Accounting Solutions, document exchange via web-portal, etc. We prefer to work remotely for three reasons:

1. We can schedule an appointment with you much more quickly.
2. It is a more cost-effective alternative for you than paying the trip charge; and
3. We are more readily available to you and our other clients to answer questions as they arise.

For these and many other reasons that benefit you as our client, our Accounting and Advisory Services are provided in a virtual environment and are not available on-site.

Miscellaneous

This Agreement is intended to cover only the services specified herein, although we look forward to many more years of service to your Company. This engagement is a separate and discrete event, and any future services will be covered by a separate agreement to provide services.

Whenever possible, each provision of this Agreement shall be interpreted in such a manner as to be effective and valid under applicable laws, regulations, or published interpretations, but if any provision of this Agreement shall be deemed prohibited, invalid, or otherwise unenforceable for any reason under such applicable laws, regulations, or published interpretations, such provisions shall be ineffective only to the extent of such prohibition, invalidity, or unenforceability and such revised provision shall be made a part of this Agreement as if it was specifically set forth herein. Furthermore, the provisions of the foregoing sentence shall not invalidate the remainder of such provision or the other provisions of this Agreement.

We believe the foregoing correctly sets forth our understanding; however, if you have any questions, please let us know. If you find the foregoing arrangements acceptable, please acknowledge this by signing and returning to us a copy of this Agreement and retaining a copy for your files.

Very sincerely yours,



Jeff Clark, Director, Client Accounting & Advisory Services
Saltmarsh, Cleaveland & Gund

Acknowledged: Pensacola Downtown Improvement Board

By:

Date:



Appendix A Services to Be Provided

The services listed below will be provided to Pensacola Downtown Improvement Board.

Type of Service – One-Time Onboarding & Implementation Review	Notes
Ensure we have obtained an up to date/current master copy of QBDT file, review for accuracy and reasonableness for 2025. Includes general cleanup and discussion of any problem areas identified by Saltmarsh team. Determine best approach to allow for QB file sharing (e.g. RightNetworks or file share.)	
Assess current electronic bill pay. Evaluate bill.com for AP processing as appropriate.	
Review bank and credit card integrations, if any, and assess best practice going forward.	
Meetings with DIB personnel to ensure new processes are understood, documented as appropriate, and responsibilities aligned.	
Assess need/timing of migration from QBDT to QBO. (Formative discussion only. Actual effort to be determined and priced separately at a future date.)	
Type of Service – Full Monthly Client Accounting and Advisory Services - Accrual Basis	Frequency/Notes
Cash: Periodic download of bank transactions (frequency TBD), code transactions, add vendors, match transactions to existing transactions and reconcile accounts. DIB to categorize deposits to revenue.	2 accounts
Accounts Receivable: DIB staff will process invoices, monitor A/R and address collections. Saltmarsh will reconcile to financial statements and detailed aging report.	
Fixed Assets: Add new fixed assets and remove those disposed. Depreciation will be based on a monthly estimate then trued at fiscal year-end.	
Accounts Payable: Weekly processing of invoices, posting of invoices to accounts payable, coding to the chart of accounts. Review of aging reports, review of unapplied payments and obsolete outstanding transactions. DIB staff will continue to approve payments, process any manual check payments required, and assist with identification of Palafox Market related transactions. (Process to be reviewed and changes, if any, recommended during onboarding phase.)	20 - 25 bills per month (est)
Credit Cards: Monthly download of credit card transactions, code transactions, add vendors, match transactions to existing transactions and reconcile accounts.	1 account
Balance Sheet General: Review balance sheet and profit/loss accounts and compare prior periods. Address any noted anomalies with DIB staff.	
Payroll: Regular payroll processing will be completed by DIB staff (initiate payroll process and add/remove employees.) Saltmarsh to ensure all payroll and payroll taxes are coded properly to general ledger. (Process to be reviewed and changes, if any, recommended during the onboarding phase.)	
Monthly Journal Entries: Book prepaids, insurance, depreciation and other JE's as required.	
Monthly meeting to discuss financial statements and address any questions. Financial statements will be printed from QBDT and provided accordingly in advance of the monthly Board Meeting (Third Tuesday of the month.)	
Preparation and filing of annual 1099s as needed.	

Fees

Your financial investment in your ongoing services with us as well as the scope of our services with you is outlined in this agreement. You will be billed for a one-time onboarding fee between \$2,500 and \$3,500.

Monthly fees starting with January 2026 month end close will be billed for recurring services performed. We anticipate monthly fees will be \$1,100 - \$1,300 per month – amount to be finalized upon completion of the onboarding process.

Any work outside the scope of this letter will require an amendment to this agreement. We will provide an addendum letter and determine any new fees as appropriate. Monthly Fees do not include 1099 preparation.

We will bill \$150 set up plus \$35 per 1099 to prepare your annual 1099s. If we do not have a W-9/correct data in QuickBooks, there will be a \$50 per vendor charge for missing information.



TM

FRAZIER & DEETER

DOWNTOWN IMPROVEMENT BOARD

Client Accounting & Advisory Services

December 17, 2025

FIRM PROFILE

Frazier & Deeter (FD) was built to bring a different kind of energy to accounting and advisory: one rooted in relationships, driven by follow-through and grounded in results.

More than four decades later, that mindset still drives us. FD is among the fastest-growing accounting and advisory firms in the United States, with a Top 50 ranking and offices in the US, UK and India. We serve clients across industries and borders, pairing the scale of a global firm with the accessibility of a true partner. What sets us apart isn't just what we know, it's how we listen, respond and show up for our clients.

Our services span tax, audit*, and a wide offering of advisory solutions, and we believe technical expertise is table stakes. As a firm registered with the PCAOB, AICPA and IIA, we stay closely connected to the standards shaping our profession—a reflection of our commitment to excellence, accountability and what's next.

With our dedicated, professional staff, we provide services to clients in a variety of industries with specialization in the following:

- Non-Profit
- Government Contracting
- Technology, Media, & Communications
- State and Local Government
- Information Technology
- Manufacturing
- Private Equity
- Biotechnology and Life Sciences
- Construction
- Consumer Retail & Food Services
- Real Estate
- Professional Services
- Healthcare
- Hospitality

FD has a long history of providing tax, audit* and advisory services to a wide variety of clients. Our services are built to flex with your needs, from compliance to transformation, across industries and borders.

*****Frazier & Deeter" is the brand name under which Frazier & Deeter, LLC and Frazier & Deeter Advisory, LLC and its subsidiary entities provide professional services. Frazier & Deeter, LLC and Frazier & Deeter Advisory, LLC, (and its subsidiary entities) practice as an alternative practice structure in accordance with the AICPA Code of Professional Conduct and applicable law, regulations and professional standards. Frazier & Deeter, LLC is a US licensed independent public accounting firm that provides attest services to its clients. Frazier & Deeter Advisory, LLC and its subsidiary entities provide tax and business consulting services to their clients. Frazier & Deeter Advisory, LLC and its subsidiary entities are not licensed US CPA firms.***

Continuing Professional Education

We believe it is important that as a firm we help our staff succeed personally and professionally. We set high standards for our people because we believe our clients deserve the very best. Our professional staff obtains extensive continuing professional education that meets or exceeds the industry requirements in order to stay informed of the current developments within their respective fields. This includes continuing professional education within the accounting field, but often additional education that supports the industries we serve.



Firm Technology

We utilize industry leading software and tools for accounting, audit and assurance engagements and tax engagements. Our team has technical experience in a variety of client accounting tools, such as those commonly used in certain industries. In order to provide the best recommendations, we remain agnostic in our approach to provide consultation that fits each client's needs and budgets.

Staff Continuity

Because of our reputation and corporate culture, we are able to hire the best and the brightest and also maintain an extremely low employee turnover rate, which provides consistency for our clients. We strive to maintain staff continuity from year to year to maximize audit efficiency; however, from time to time circumstances arise either from internal promotions or scheduling conflicts that will require an adjustment to the team. To minimize the impact, it is our goal to keep the most tenured engagement members in place because of their level of significant direct interaction with clients. When employees are promoted, we continue to strive to keep engagement team continuity by realigning responsibilities, e.g. staff gets promoted to senior on team, senior gets promoted to supervisor on team, and supervisor gets promoted to manager on team.

We believe our low turnover rate is based on making good hiring decisions, training our staff well, providing challenging work, offering a successful career path, working with quality clients and providing the right corporate culture.

Summary of Service Offerings

AUDIT AND ASSURANCE SERVICES*

- Audits, compilations & reviews*
- Technical accounting & financial reporting*
- Lease accounting (842)*
- Revenue recognition (606)*
- International audits*
- IFRS*
- Statutory audits*
- EBP audits; benefits & compensation advisory*

TAX ADVISORY SERVICES

- Individual tax
- Corporate tax
- State & local tax (SALT)
- Federal credits & incentives
 - R&D credits
 - Energy credits & incentives
- International tax
- Wealth planning
 - High-net-worth
 - Estate planning/succession

ADVISORY & CONSULTING

- Strategy & transformation consulting
- Enterprise risk assessment
- Policy & procedure development
- Customer experience
- Process improvement
- Employee experience & human capital M&A
 - Change management

- Change management

GOVERNANCE, RISK & COMPLIANCE

- HITRUST® & HIPAA
- SOC® 1, 2, 3*
- ESG supply chain compliance*
- PCI DSS
- Cybersecurity
- IPO & SOX readiness
- Data privacy & fraud investigation
- Internal audit & controls advisory
- IT governance

TECHNOLOGY & DATA

- Solution & system selection
- Data management
- Analytics
- Artificial intelligence & automation
- Third-party management

CFO ADVISORY

- Transaction readiness & support
- Finance advisory (operations & processes)
- Finance transformation
- Board & audit committee advisory

DISPUTE & LITIGATION SUPPORT

- Forensic accounting
- Marital dissolution
- Tax dispute resolution

BUSINESS VALUATIONS

OUTSOURCED ACCOUNTING SERVICES

PAYROLL SERVICES

HR CONSULTING SERVICES

- Strategic HR Communication
- Employee Handbook Development
- Properly categorizing employee types
- Employee Law Consulting
- Providing timely human resources communications
- Benchmarking compensation and benefit trends
- Delivering employee benefit support
- Employee Payroll & Benefits
- Overseeing benefit enrollments and departures

WEALTH MANAGEMENT

- Retirement Planning
- Insurance and Risk Management Vehicles
- Succession Planning and Transfer of Ownership
- Ongoing Tax Advisory and Mitigation
- Asset Management to Achieve Your Financial Goals

STAFF QUALIFICATIONS AND EXPERIENCE

As a highly credentialed, award-winning firm, we are registered with the PCAOB, AICPA, and IIA, and are a charter member of the AICPA Employee Benefit Plan Audit Quality Center. Our professionals contribute directly to the accounting profession through service on standard-setting boards and have unmatched access to technical expertise. Our partners serve on:

AICPA's Auditing Standards Board (ASB), which serves the public interest by developing comprehensive auditing and attestation standards.

AICPA's Technical Issues Committee (TIC), which represents the views of local firms and their privately-owned clients in the standard-setting process.

FASB's Private Company Council (PCC), which is the advisory body to the Financial Accounting Standards Board that advises on alternatives within GAAP to address the needs of users of private company financial statements.

Financial Reporting Executive Committee (FinRec), which has the ultimate purpose of serving public interest by improving financial reporting.

YOUR ENGAGEMENT TEAM



Ryan Campbell, CPA, CGMA, CVA, MAcc

Office Managing Partner, Frazier & Deeter Advisory, LLC

ryan.campbell@frazierdeeter.com

Ryan Campbell is the Office Managing Partner in Pensacola. He earned his Master of Accountancy in 2004 from the University of Alabama in Huntsville. In 2003, Ryan earned his Bachelor of Science in Business Administration–Accounting and graduated summa cum laude from Troy State University. He has over 20 years of experience in public accounting. In addition to expanding Frazier & Deeter's client base in Pensacola, Ryan provides quality consulting services, including CFO and outsourced accounting services, business valuation, and advisory and accounting support. He also offers individual tax preparation and planning for high-net-worth individuals. Ryan represents the firm at various speaking engagements, such as webinars and conferences, to provide industry insight for clients and other firms. His industry focus includes construction, government contracting, manufacturing, professional services, and real estate.

Ryan serves as the Treasurer for the Pensacola Country Club and is a graduate of the Emerging Leaders, Upstream Academy. **Ryan's dedication to his clients allows business owners to feel supported through difficult decisions by providing them with the most accurate industry knowledge and guidance.**



Fanny Starzmann, MBA, MAcc

Supervisor, Frazier & Deeter Advisory, LLC

fanny.starzmann@frazierdeeter.com

Fanny is a Supervisor in the Tax Advisory Services department. She started her public accounting career when she joined the firm in 2020. Fanny earned her Bachelor of Science degree in Business Administration in 2016. In 2018, Fanny earned a Master of Business Administration degree. In December 2022, she earned a Master of Professional Accountancy with a Specialization in Taxation. Fanny earned her degrees from the University of West Florida. Fanny worked for the University of West Florida in the Center for Financial Literacy before she decided to go back to school to study Accounting and pursue a degree in Professional Accountancy.

Fanny is an active member of the American Institute of Certified Public Accountants (AICPA) and the Florida Institute of Certified Public Accountants (FICPA).

YOUR ENGAGEMENT TEAM



Brian McBroom, CPA, CIA

Manager, Frazier & Deeter Advisory, LLC

brian.mcbroom@frazierdeeter.com

Brian McBroom, CPA, CIA, is a Manager in the Pensacola, Florida office, bringing extensive expertise in tax preparation, business advisory services, financial management, and internal controls. He holds a Bachelor of Science in Accounting and a Master of Business Administration with an emphasis in Accounting from Tennessee Technological University.

With a career spanning both public and private sectors, Brian has held executive leadership roles in financial management, non-profit organizations, economic development, and consulting. His experience includes strategic oversight in tax compliance, grant administration, financial reporting, and operational efficiency, successfully leading teams and managing multi-million-dollar budgets. Additionally, Brian has worked extensively with corporate finance, QuickBooks services, and human resources consulting, further strengthening his ability to support businesses in financial and operational decision-making.

His diverse background, analytical expertise, and leadership skills make him a valuable resource in providing high-level accounting and advisory solutions.

APPROACH TO YOUR NEEDS

Client Accounting & Advisory Solutions

The Client Accounting & Advisory Solutions department will utilize a team approach to ensure all tasks are performed to our high standards while leveraging staff to establish efficient services for your business. All tasks will be performed in accordance with Generally Accepted Accounting Principles (GAAP).

BUSINESS CONSULTING SERVICES

- CFO and controller services
- Outsourced accounting services
- Business valuation services
- Merger and acquisition services
- Business planning and advisory services
- Deferred compensation
- ESOP planning and advisory services



Tax Returns and Tax Advisory Services

The Tax Advisory Services group employs a dedicated service team to promote staff continuity and a point of contact familiar with the intricacies of your business.

We will analyze the company's previous year's federal tax return and any applicable state tax returns in accordance with the Internal Revenue Code of the United States and the specific tax law of state taxing authorities, as applicable. Tax laws are ever-changing and evolving; our team is committed to monitoring these changes on a continual basis and leveraging our resources to keep you up-to-date on developments that could impact your business. If necessary, we will amend prior federal and state tax returns.

PLANNING PHASE

- Joint audit and tax planning meeting with key personnel
- Define scope of services
- Introduce Tax PBC List to collect information
- Ascertain relevant operational federal and state tax implications
- Identify potential tax incentives and applicable credits
- Analyze state nexus determinations
- Define expectations for current year tax return engagement

PREPARATION PHASE

- Data accumulation of Tax PBC List items
- Conduct follow-up questions with key personnel
- Provide timely updates on progress

DELIVERY PHASE

- Communicate on expectations and timing for delivery
- Confirm extension filing or timely tax payments ahead of deadlines
- Set goals for delivery

FEE SCHEDULE

Description	Subtotal
Cost Proposal for Client Accounting & Advisory Services	
<i>Please select the service options that best meet your needs by checking the corresponding boxes. As you make your selections, the total cost will be automatically updated in the table.</i>	
<input type="checkbox"/> Option 1 Monthly bank reconciliations and oversight. Monthly financials and meeting with the board.	\$1,000
<input type="checkbox"/> Option 2 Includes option 1 and maintaining bill payment process and payroll.	\$2,500
<input type="checkbox"/> Option 3 Includes option 1 and option 2, along with invoicing for Palafox Market	\$3,000
<input type="checkbox"/> Annual Tax Returns Preparation of federal and state tax returns for three entities billed at \$1,500 each.	\$4,500
Additional Items Other assistance will be provided at our standard hourly rates and can be discussed before starting the project. Additional support to include, but not limited to, budgeting, software support, training, and audit support.	
One-Time Fees	
<i>*This service is a one-time set-up fee and will not be recurring*</i>	
QuickBooks Conversion, Set-up or Bill Software, and Staff Training	\$2,500
TOTAL	\$2,500

COMMITMENT TO CLIENT SERVICE STANDARDS

At the firm of Frazier & Deeter, we understand that our priority is always to provide exceptional service to our clients and we promise to:

- Be professional and courteous in communications, taking care to use proper grammar and spelling
- Respond to all communications within one business day, including acknowledgment of received information
- Use the firm standard email signature to ensure continuity
- Be cognizant of our office space, knowing a client or other visitor may be on the premises at any time and will conduct ourselves accordingly to protect client information
- Be prepared, arrive timely, participate, and be proactive in all meetings
- Work in conjunction with other members of assigned service teams to deliver quality work products
- Approach all projects with a sense of urgency, complete them in a timely and efficient manner, and maintain ultimate focus on the client, not just statutory deadlines
- Use only secure forms of communication as determined by our IT firm standards when sending or receiving confidential information
- Protect client's confidential information, being sure to only share information with the appropriate members of the client's staff; be diligent of our surroundings, do not discuss client information outside of the firm including public settings or with members of our family
- Eliminate uncertainty or misunderstandings to the best of our ability, following-up verbal discussions with a written email to confirm items discussed, and ask for clarification on directions when ambiguity exists
- Meet, and strive to exceed, agreed upon work product delivery, communicating fluctuations to senior management and clients
- Clearly communicate detailed delivery instructions of client information
- Take ownership of the client experience, knowing that individual contribution is a piece of the larger product and our commitment to client service does not end with a single assigned task

NEXT STEPS

Review the Proposal

Please take time to carefully review this proposal, including the terms and conditions outlined above. We want to ensure you feel completely comfortable and confident with the information presented.

Questions or Clarifications

If you have any questions or would like to discuss any part of the proposal, feel free to contact me at 256-533-7044 or kami.minor@frazierdeeter.com.

Approval to Proceed

When you're ready to move forward, please sign below. After signing, you will automatically receive an email with a copy of the finalized proposal for your records.

Engagement Letter

Upon acceptance of the proposal, we will send a formal engagement letter. This document will outline the scope of services, key timelines, and data requirements for each phase of the engagement. Please review it carefully once received.

Project Kickoff

After we receive your signed engagement letter, a member of our team will reach out to officially kick off the engagement process.

We appreciate the opportunity to be of service to Downtown Improvement Board.

Frazier & Deeter

A handwritten signature in cursive script that reads 'Kami Minor'.
2025-12-17 15:32:23 (AST)

Kami Minor, *Director of Field Marketing*

Downtown Improvement Board

A handwritten signature in cursive script that reads 'Walker Wilson'.
SIGNATURE
Walker Wilson

Walker Wilson, Director

Walker, We offer to re-coat the terracotta colored concrete in the parking garage alley and add our concrete colored StreetBond to the other concrete area as you have drawn. Our price for this is \$34,300.

Per our conversations you will have the area power washed prior to our arrival. We will apply StreetBond primer to the newly coated areas before applying concrete colored StreetBond.

This will take us 5 or 6 days to complete. As before we will cone off the area where we are working 1/2 side at a time.

Let me know if this is in budget. Pricing per square foot is about 12% higher than in 2019 when we first did this work. I hope we get to work with you on this.

Thanks,
Paul Black
CrossRoads Decorative
Pavement



P.O.Box 1552
Pensacola, FL 32591-1552
Phone: 850-430-4307
Fax: 850-430-4308

Construction Company, Inc.

General Contractors

Project Managers

Consultants

January 15, 2026

Mr. Walker Wilson
Executive Director
Pensacola Downtown Improvement Board
226 South Palafox Street, Suite 106
Pensacola, FL 32502

RE: Pensacola Alleyway

Mr. Wilson,

We are in receipt of your email dated January 15, 2026. Per your request, we have developed this estimate to recoat the alleyway between the shops and Jefferson Street parking garage.

Our estimate for the work is approximately \$49,000.00. See our breakdown, attached. There could be circumstances that may increase or decrease this value depending on the final scope desired for the work. This value can be considered a fair estimate for the work as described.

We trust this information is helpful to you. Please contact us if you have any questions or need further information.

Sincerely,

A handwritten signature in black ink, appearing to read "G. Biggs", is written over a horizontal line.

George A. Biggs
President

Enclosure

Description: Clean and repaint sidewalks

Total

Re: Pensacola Alleyway Quote



PPS_LLC <pavingprintsolutions@gmail.com>
To Walker Wilson

Reply

Reply All

Forward

Thu 1/15/2026 6:28 PM

If there are problems with how this message is displayed, click here to view it in a web browser.

Good evening Walker,

Thank you for your patience, and I apologize for the delay.

After receiving the project information and reviewing the plans and site photos, we propose the following scope of work to ensure a successful outcome:

Scope of Work

- 1. Power wash all existing surfaces
- 2. Apply primer to the concrete base
- 3. Install StreetBond 120 coating in Terra Cotta

The total project area is approximately **4,000 square feet**. Any changes in square footage will be reflected in the final pricing.

Estimated Project Duration: 1.5 weeks

Proposed Start Date: February 2

Total Project Cost: \$28,000

If you have any questions or would like additional clarification regarding the process, please feel free to contact me. We look forward to the opportunity to work with you.

Sincerely,

Gil Santos

Project Manager - Stamped Asphalt Division

732.354.6369. [Pavingprintsolutions@gmail.com](mailto:pavingprintsolutions@gmail.com)

M/WBE Certified - Public works certified

GAF Certified - Stamped Asphalt certified

- New Jersey - New York - Florida

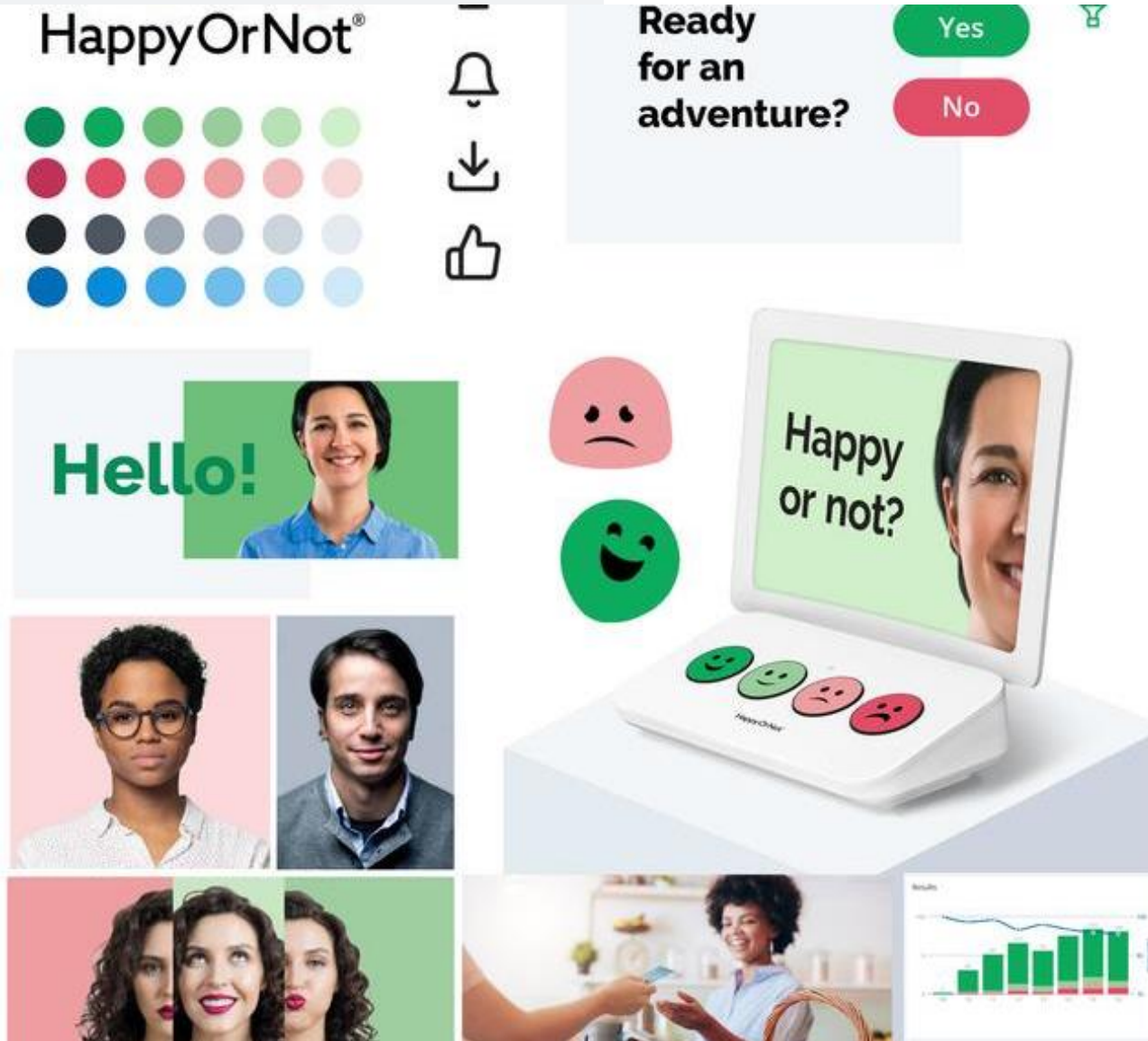




Improve resident experiences with actionable insights

Becca Montiero
Regional Sales Director
Becca.Montiero@happy-or-not.com

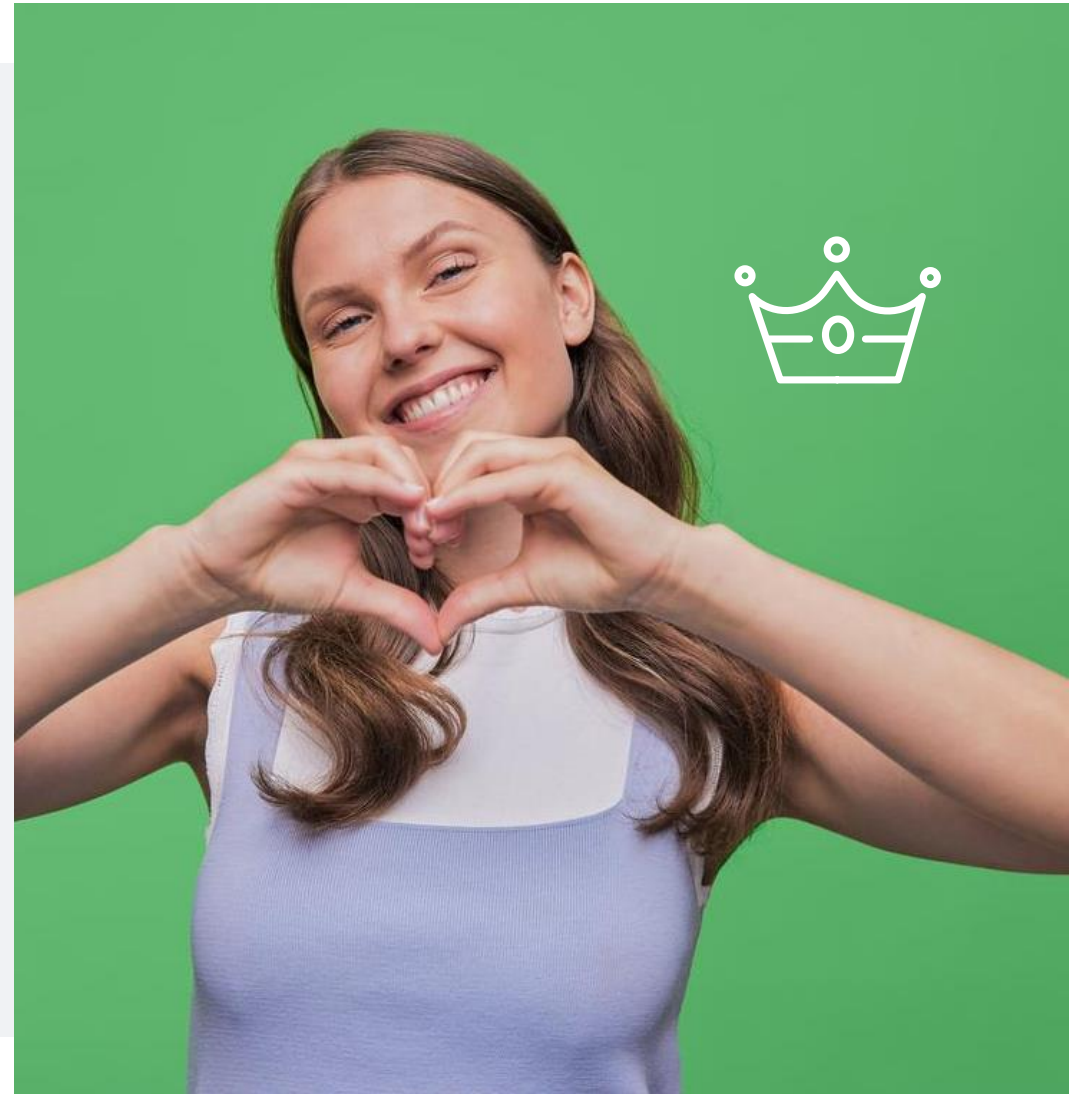
772-775-4042



Going beyond making citizens happy

Better customer experience can help every agency have quantifiable impact on the outcomes that matter, including achieving the mission, managing to budget, mitigating risk, improving employee morale, and (most important) strengthening public trust.

Source: McKinsey



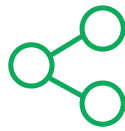
Your benefits



Get feedback
from citizens



Find out issues
and how people
feel



Engage your
team and
improve



Avoid laborious
email surveys
and save time



87%



7%



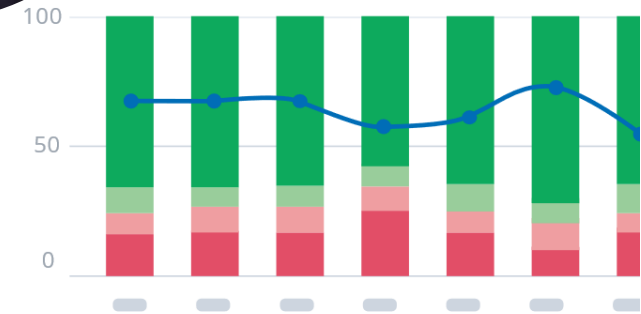
2%



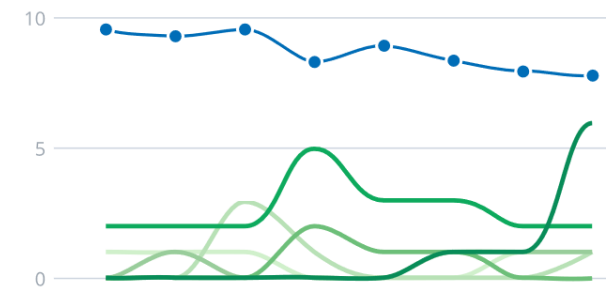
4%

65,476 responses

Distribution



Highlights



Case Georges River Council



Ensure residents
feel heard and
valued, and part
of the community



Track the
customer
experience across
all service points



Test changes and
measure their
impact on the
customer
experience



Make strategic
decisions based
on customer
insights



Georges River Council wanted a data-driven approach to improving the customer experience. They look to improve service across community and cultural service points, civic center customer service points, and the early learning centres.



Eye-opening feedback rather than assumptions



Improve services based on customers' needs and pain points



Provide consistent experiences across all locations



HappyOrNot has helped us reach our goal of making it easy for customers to interact with the council. We're building trust with our residents and with our customers, showing that we do listen and we do care.

Daniel Propoggia, Customer Service Coordinator

[Read Their Story](#)



Using CX insights to make strategic decisions at Georges River Council

"The strategy from the beginning was that the customer experience would not just be the domain and responsibility of the customer service team. It was the responsibility of every single staff member across the organization. When staff, managers, and our executive team all have access to real-time data that tells them how our services are performing, every person feels like they own the customer experience."

Rebekah Schulz

Director of Community and Culture, Georges River Council

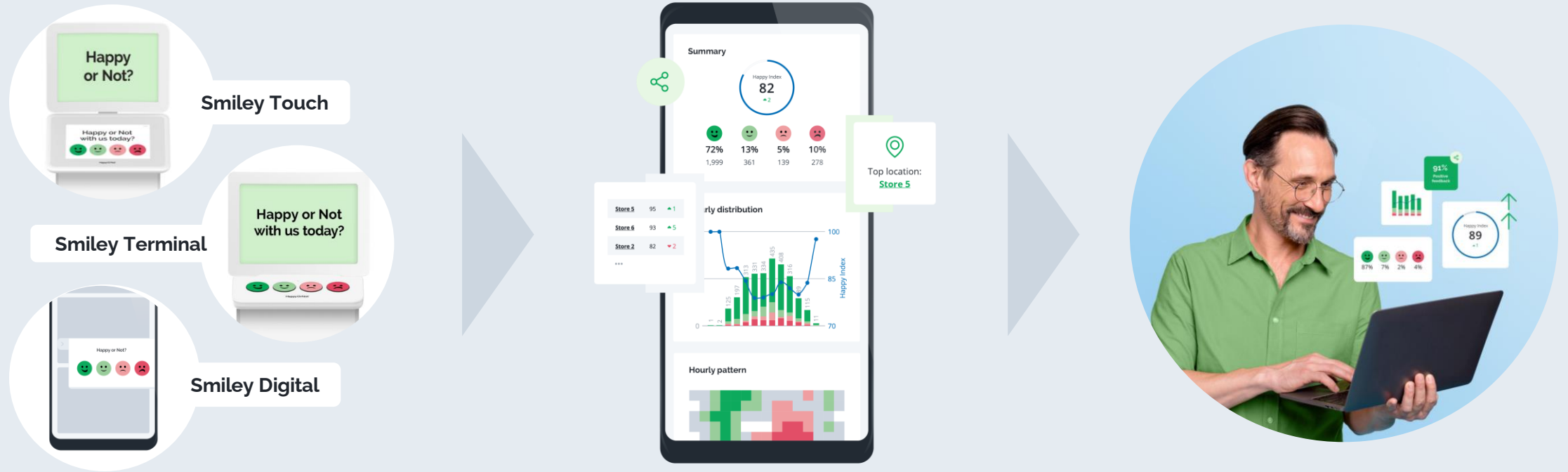
Public services, Australia

Our solution

Why HappyOrNot is the right
Solution for your City



The HappyOrNot solution



Smileys

Collect lots of in-the-moment feedback from all touch points

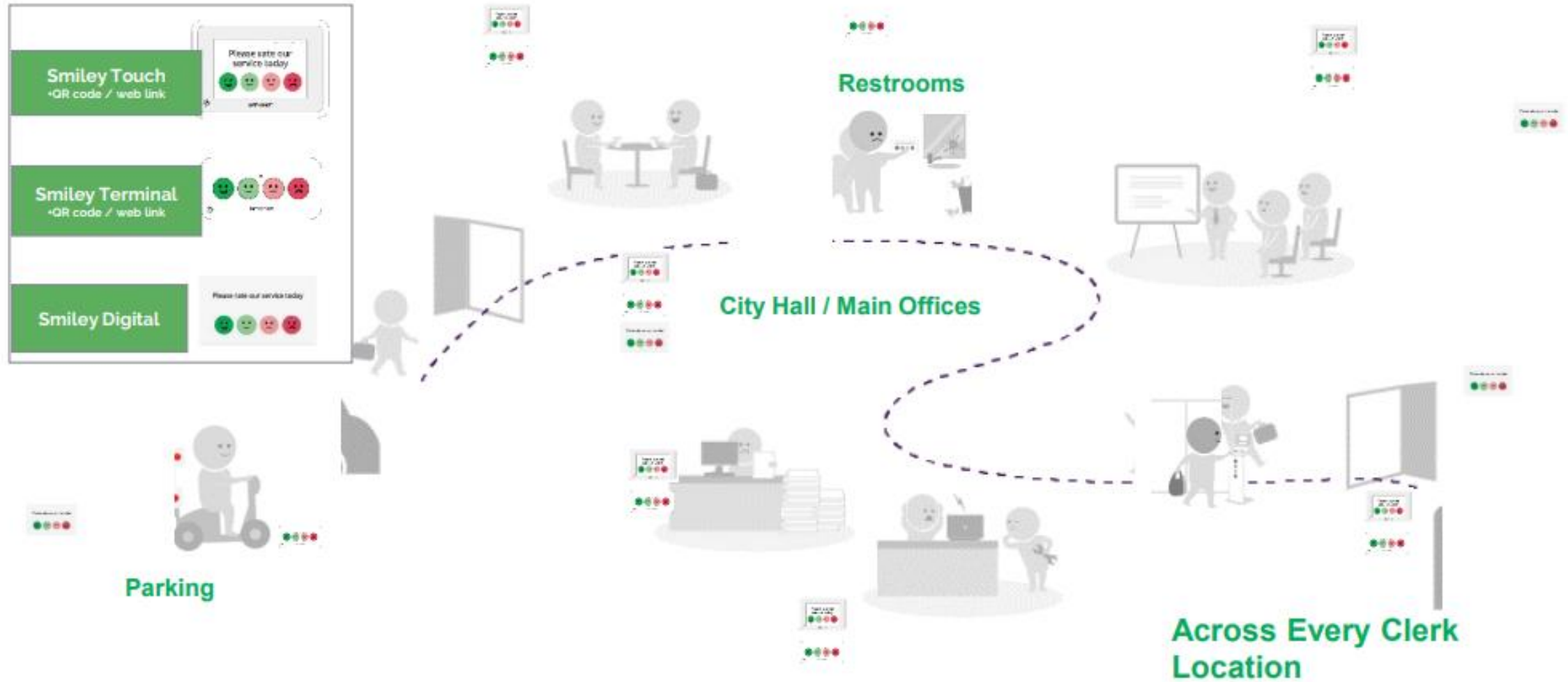
Analytics

Understand the feedback results and act on data

Services

Learn best practices or let experts run the solution for you

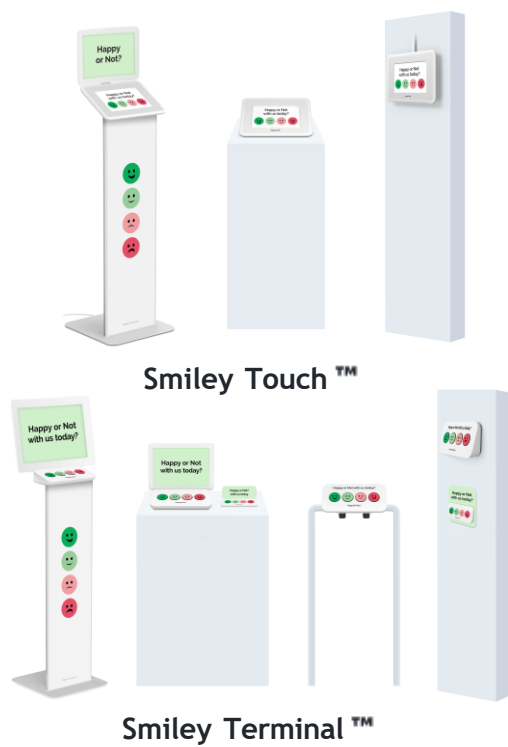
Engage across touchpoints



The Extended Smiley Family

Smiley Kiosks

From physical trigger to physical survey



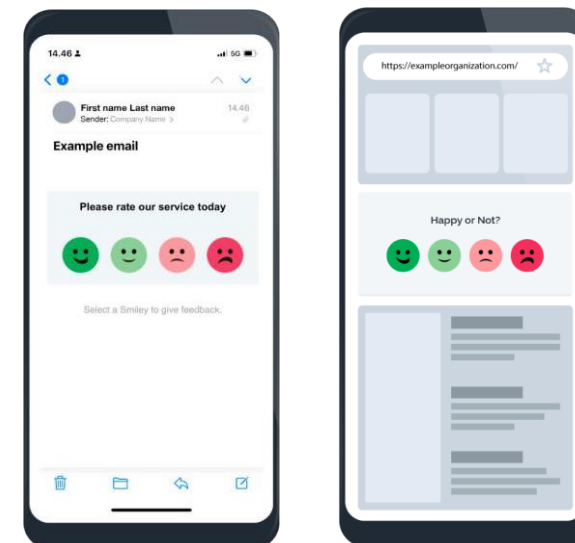
Smiley Sign

From physical trigger to digital survey



Smiley Digital™

From digital trigger to digital survey



Smiley Touch

- The most frictionless solution to get instant feedback with root causes
- More insights from open comments
- Real-time data over cellular network, WiFi also possible
- Ready out-of-the-box, automatic cloud updates
- Branding and customization options available
- Available in Stand, Wall and Table versions
- More choices can lead to even higher response rates



Discover the WHY



Smiley Terminalß

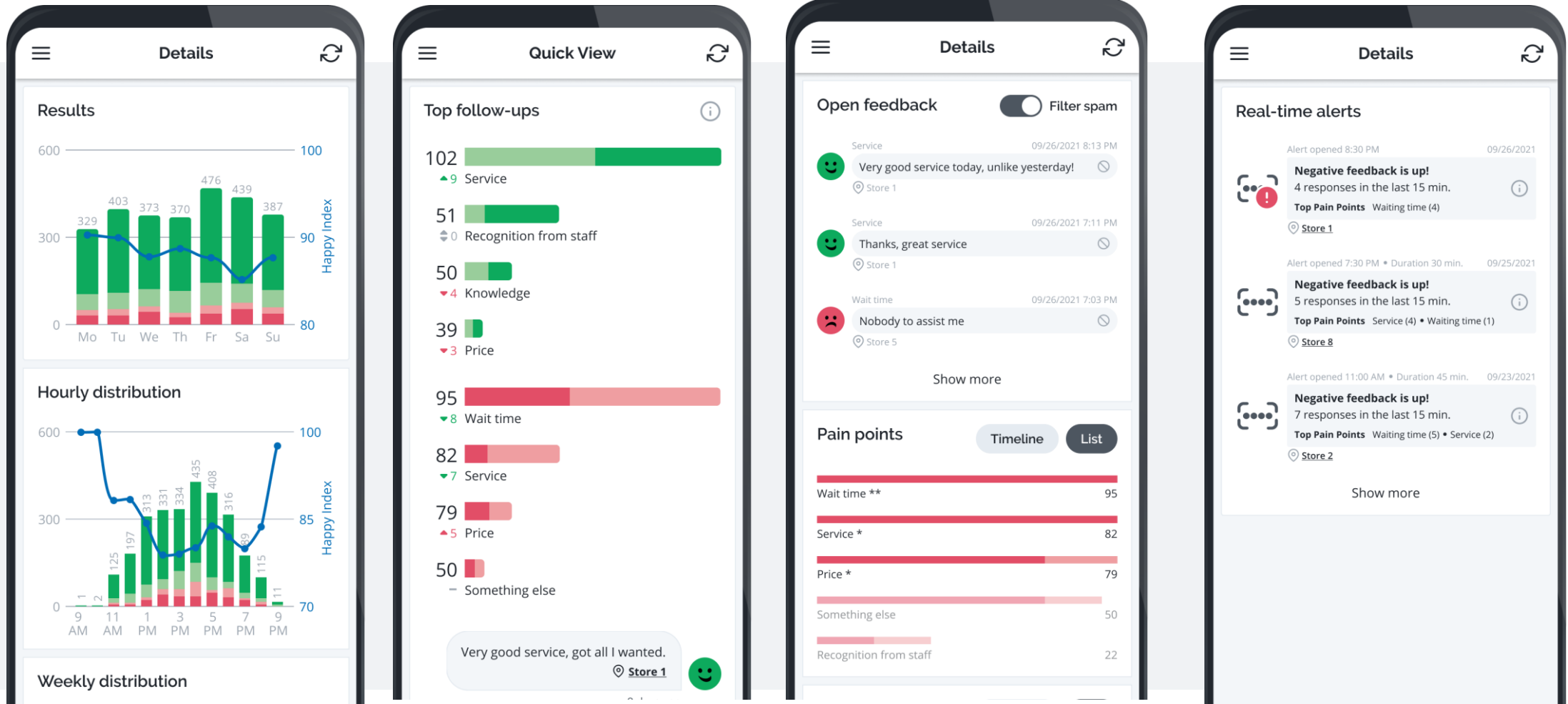
- Quick, easy and engaging way to collect maximum instant feedback to a single question with statistically significant response rates
- Cellular real-time data with even 3 years of battery life
- Ready out-of-the-box
- Branding and customization options available
- Available in Stand, Wall, Table, Rail and Mini versions
- More choices can lead to even higher response rates

Touch
Antimicrobial
buttons



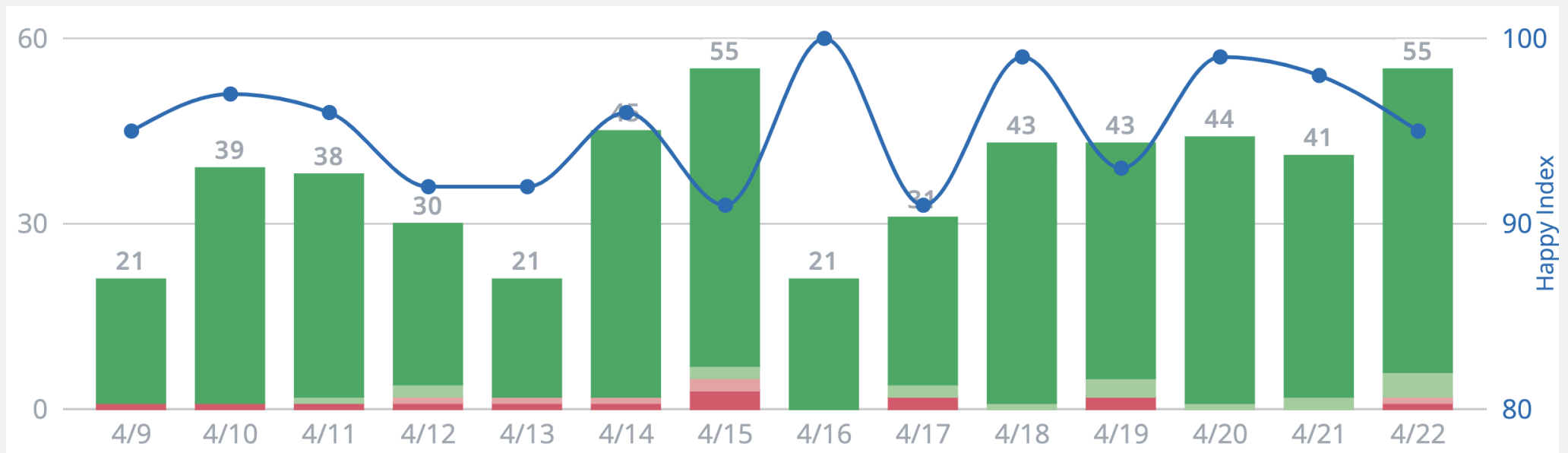
HappyOrNot Analytics

The engine that drives HappyOrNot functionality



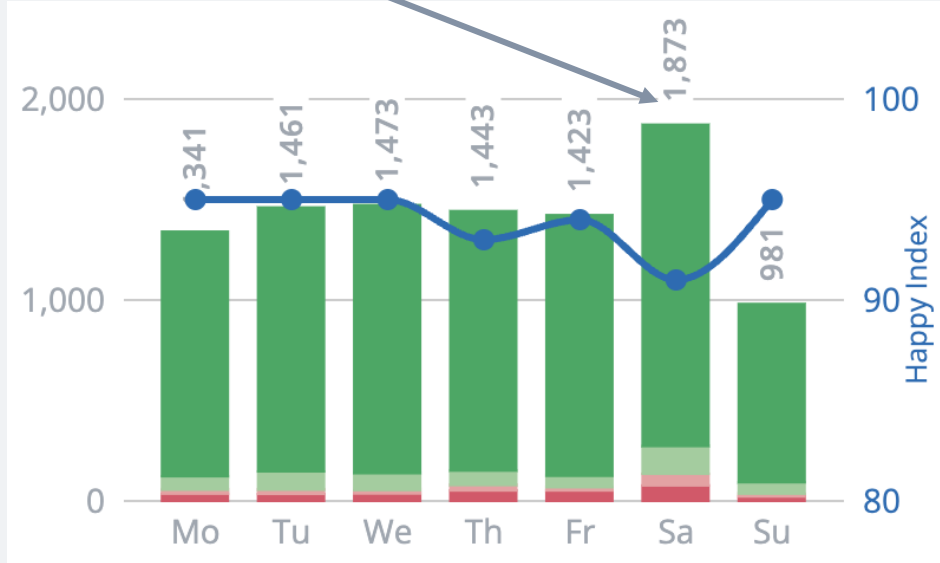
See the “what”

How was your experience today?

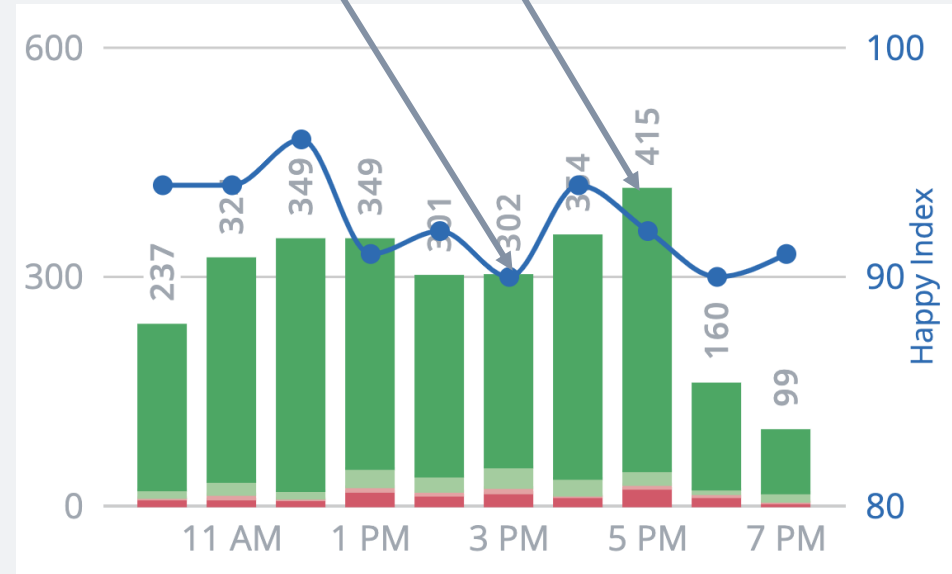


See the “when”

Pay attention to Saturdays –
Lots of footfall, lowest satisfaction



Pay attention to 3 PM – lowest satisfaction
Pay attention to 5 PM – heaviest footfall



Open feedback

- 

[Whitney Ranch Rec Center 0017](#) 03/30/2024 2:17 PM

wow so amazing

1. Customer Service / Staff
- 

[Whitney Ranch Rec Center 0017](#) 03/30/2024 2:16 PM

need cool ac on for karate

1. Building / Pools / Venue
- 

[Black Mountain Rec Ctr 0035](#) 03/30/2024 1:54 PM

cool

1. Skip
- 

[Whitney Ranch Rec Center 0017](#) 03/30/2024 1:21 PM

please add another pilates class evening during the week 5:30 would be great

1. Classes / Programs / Leagues
- 

[Whitney Ranch Rec Center 0017](#) 03/30/2024 1:21 PM

Helenw pilates great instructor

1. Classes / Programs / Leagues
- 

[Whitney Ranch Rec Center 0017](#) 03/30/2024 1:04 PM

great

1. Customer Service / Staff
- 

[Special Events 0047](#) 03/30/2024 12:52 PM

amazing!!!

1. Customer Service / Staff

See the “why”

Top follow-ups

384

– Customer Service / Staff **

134

– Building / Pools / Venue *

111

– Classes / Programs / Leag...

58

– Accessibility

27

– Ease of Registration *

24

– Building / Pools / Venue *

23

– Customer Service / Staff *

17

– Accessibility



great facility. it is clean & friendly.

[Heritage Park Aquatics Facility 0020](#)

16 days ago

amazing

[Heritage Park Aquatics Facility 0020](#)

16 days ago



The jogging area was very filthy.

[Multi-gen Rec Ctr 0038](#)

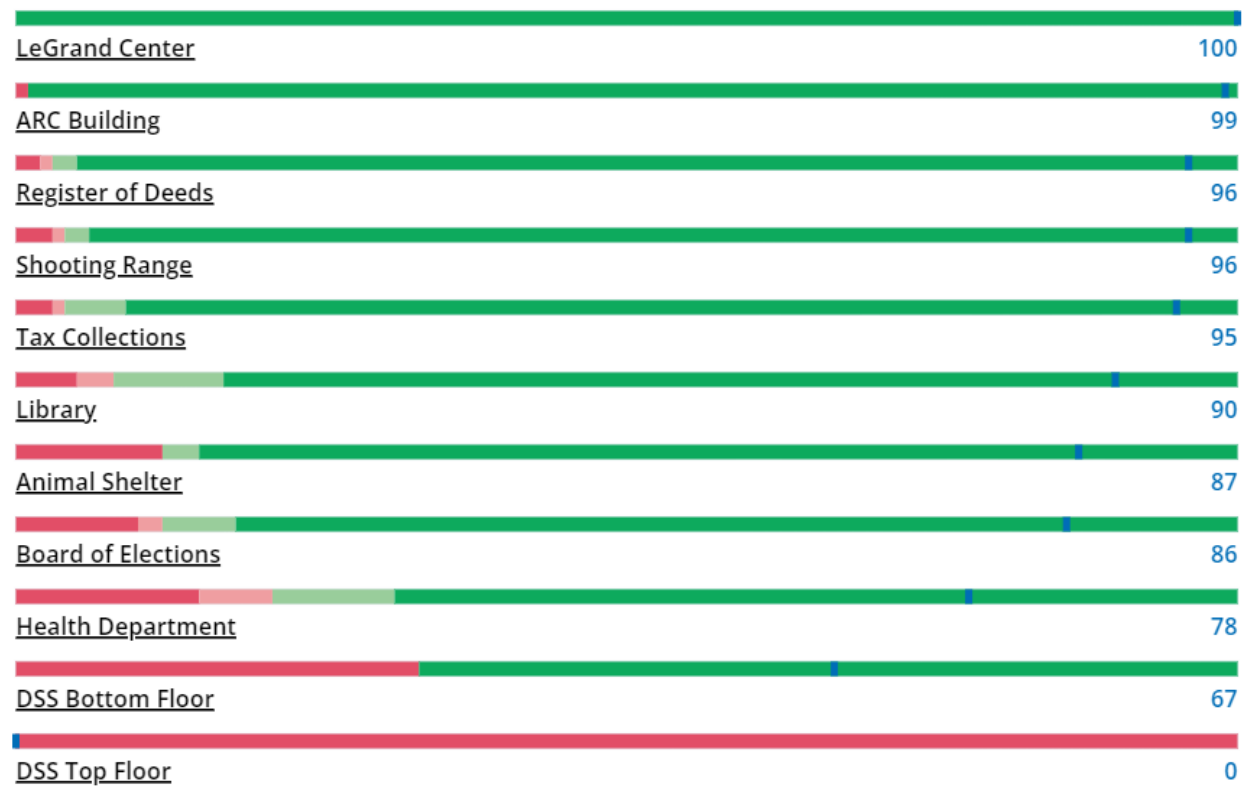
Comparison



Area

Experience Point

Full



See “where”

See the “who”

The main target audience:
Follow satisfaction level closely

The most dissatisfied:
Dig into the details: when, where, why

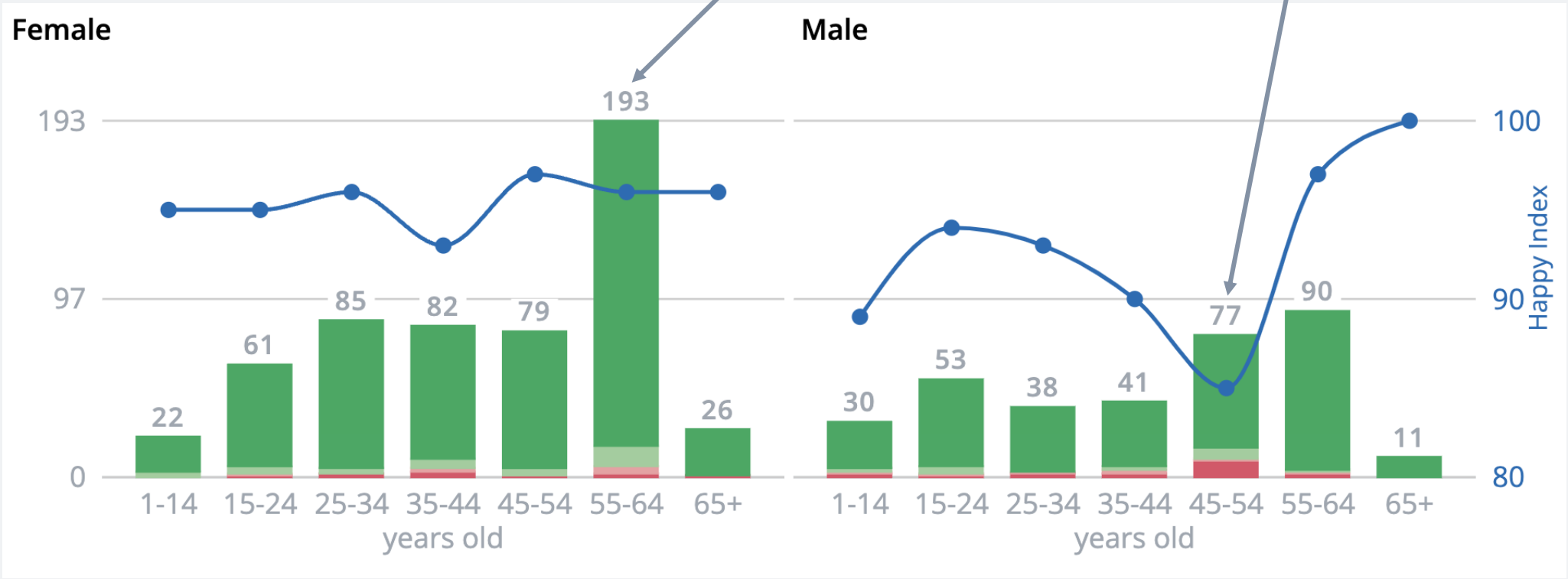




Exhibit A - Order Form

HAPPYORNOT AMERICAS INC.
1500 Gateway Blvd Unit 220
Boynton Beach FL 33426
United States of America

Quote #: Q-111534
Date: Jan-15-2026
Expires On: Feb-14-2026

Address details:

Subscriber (Customer) Legal Address

Pensacola Downtown Improvement Board

Florida
United States
EIN/TaxID:

Subscriber (Customer) Contact Person

Full Name: Walker Wilson
E-mail: walkerwilson@downtownpensacola.com
Phone: 8504851889

Invoice Delivery Address

Pensacola Downtown Improvement Board

FL
United States

Subscription Details:

Subscription Start Date*: Feb-5-2026
Subscription End Date*: Feb-4-2027

Payment Terms: Net 30

Products and Services:

Product	Quantity	Start Date	End Date	Order Term	Type	Annual / Unit Price	Total Price
Service Setup Fee (Smiley Terminal)	1	Feb-5-2026	--	12	One-Time	USD 279.00	USD 279.00
Subscription - HW (Smiley Terminal)	1	Feb-5-2026	Feb-4-2027	12	Annual	USD 76.20	USD 76.20
Subscription - SaaS Essentials (Smiley Terminal)	1	Feb-5-2026	Feb-4-2027	12	Annual	USD 940.20	USD 940.20
Cargo - Region D - Smiley Wall/Rail (Separate address)	1	Feb-5-2026	--	12	One-Time	USD 40.00	USD 40.00
TOTAL:							USD 1,335.40

Recurring Annual Total: USD 1,016.40
OneTime total: USD 319.00
First year total: USD 1,335.40

- *If this Order Form is executed and/or returned to HappyOrNot by Subscriber (Customer) after the Subscription Start Date above, HappyOrNot may adjust the Subscription Start Date and End Date, without increasing the Total Price, based on the date HappyOrNot activates the Service and provided that the total term length does not change.

- HappyOrNot's Fees are exclusive of all taxes, levies, or duties imposed by taxing authorities in connection with any Order Forms. Subscriber (Customer) is responsible for paying all such taxes, levies or duties, excluding only taxes based solely on HappyOrNot's income. If HappyOrNot has the legal obligation to pay or collect taxes for which Subscriber (Customer) is responsible for (e.g., VAT within the territory of European Union or Sales Tax in the USA), the appropriate amount will be invoiced to and paid by Subscriber (Customer) unless Subscriber (Customer) provides HappyOrNot with a valid tax exemption certificate authorized by the appropriate taxing authority before the invoice is issued.
- Order Form(s), together with Master Subscription Agreement, Addendum(s), Exhibit(s), Appendix(es) and/or SOW (if any), including any other terms referenced therein, or any other Agreement entered into between the Parties, comprises the entire Agreement between Subscriber (Customer) and HappyOrNot regarding the subject matter of this Agreement, and supersedes all prior or contemporaneous negotiations, discussions or agreements, whether written or oral, between the Parties regarding such subject matter, and may only be modified by a written document signed by duly authorized representatives of both Parties.

Signatures:

IN WITNESS WHEREOF, the Parties, through their duly authorized representatives signing below, execute and agree to be legally bound by the terms and conditions contained in this Agreement:

HAPPYORNOT AMERICAS, INC.

SUBSCRIBER

Signature:

Signature:

Name:

Name:

Title:

Title:

Date:

Date:

MASTER SUBSCRIPTION AGREEMENT

1. PARTIES

This Master Subscription Agreement (the “**Agreement**”) shall apply to the provision of Service and Appliance(s) and any other services and related materials, documents and media by HappyOrNot Americas Inc. (the “**HappyOrNot**”), including its respective Affiliates, to the customer (the “**Subscriber**”) identified in the Order Form(s), including its respective Affiliates. HappyOrNot and Subscriber are individually referred to as a “**Party**” and collectively as the “**Parties**”.

2. OWNERSHIP OF SERVICE & SUBSCRIBER DATA

2.1 Ownership and Use of the Service and Appliance(s). The Service, as well as the hardware platform, the data processing infrastructure, the software providing all or part of the functionality of the Service and the Appliance(s), the data processing and telecommunications hardware incorporated into the Appliance(s), and the software providing all or part of the functionality of the Appliance(s), are the property of HappyOrNot and its licensors, and are protected by copyright, patent, trade secret and other intellectual property rights laws. HappyOrNot and its licensors retain any and all right, title, and interest in and to the Service, the Appliance(s) and their underlying functionality (including, without limitation, all Intellectual Property Rights), including all copies, modifications, extensions, and derivative works thereof. Subscriber shall not dismantle or reverse engineer the Appliance(s). Subscriber’s right to use the Service and the Appliance(s) is limited to the rights expressly granted under this Agreement and applicable Order Form(s). All rights not expressly granted to Subscriber are reserved and retained by HappyOrNot and its licensors.

2.2 Ownership and Use of Subscriber Data. All Subscriber Data is the property of Subscriber, and Subscriber retains any and all right, title, and interest in and to the Subscriber Data, including all copies, modifications, extensions and derivative works thereof made by Subscriber. HappyOrNot’s use of Subscriber Data will be limited to providing the Service to Subscriber and otherwise satisfying its obligations under this Agreement; provided however, that nothing in this Clause 2.2 or anywhere else in this Agreement shall prevent HappyOrNot from using Subscriber Data in an aggregated and anonymized manner that does not include personally identifiable information and/or personal information to optimize existing algorithms, features, or functionality, to develop new algorithms, features, or functionality, or otherwise to modify, improve, or enhance the Service, in HappyOrNot’s sole discretion.

3. GRANT OF RIGHTS

Subject to the terms of this Agreement, HappyOrNot hereby grants to Subscriber a non-exclusive, non-perpetual, non-transferable (except as specified in Clause 17.2 (Assignment)), worldwide, royalty-free right and license: (i) to install the Appliance(s) at authorized locations as set forth in applicable Order Form(s), and (ii) to access and use the Service during the Service Term set forth in applicable Order Form(s) in accordance with the limitations of this Agreement and the terms of applicable Order Form(s) (e.g., any transaction volume terms and limitations to particular Subscriber legal entities, business units, projects, brands, products and/or services set forth therein). Subscriber is granted the foregoing right and license to use the Service, as well as any analytics, reports, or other results of the Service provided by HappyOrNot or otherwise in connection with use of the Service, exclusively for Subscriber’s internal business purposes, to optimize its business practices, or to evaluate and modify its internal policies or procedures.

4. SUBSCRIBER RESPONSIBILITIES

4.1 Subscriber’s Responsibility for User Accounts. Subscriber is responsible for all activity occurring under Subscriber’s User accounts (except to the extent any such activity is caused by HappyOrNot), and for complying with all applicable laws and regulations in using the Service and the Appliance(s). Subscriber must: (a) notify HappyOrNot promptly upon becoming aware of any unauthorized use of any Subscriber password or account (or any other breach of security of the Service or any tampering with the Appliance(s)), and (b) notify HappyOrNot promptly upon becoming aware of, and stop, any unauthorized copying, distribution, or other misuse of any aspect of the Service or the software providing its functionality.

4.2 Use Restrictions. Subscriber shall not, without HappyOrNot’s prior written consent, cause or permit: (a) use or other commercial exploitation of any element of the Service or the Appliance(s), except to the extent expressly permitted by this Agreement (Subscriber may allow its own customers to access the functionality or output of the Service, via interfaces, portal applications and the like, solely for Subscriber’s internal business purposes in accordance with applicable Order Form(s)); (b) creation of any modifications or derivative works of the Service, the Appliance(s), or any element or component of either; (c) reverse engineering of the Appliance(s), the Service, or any or all of its functionality; (d) gaining of unauthorized access to components of the Appliance(s) or the Service or its related systems or networks (for example, by impersonation of another user of the Service or provision of false identity information); or (e) interference with or disruption of the integrity or performance of the Service or the data contained therein (for example, via unauthorized benchmark testing or penetration testing). HappyOrNot reserves the right to take all steps reasonably necessary to protect the security, integrity, or availability of the Service (e.g., by temporarily suspending access by anyone who introduces malicious code or attempts to do so), notwithstanding anything to the contrary in this Agreement.

4.3 Internet Access. Subscriber must have Internet access to access the full functionality of the Service.

4.4 Recommended Equipment. HappyOrNot shall not be responsible for problems associated with Subscriber’s access to or use of the Service using equipment not recommended by HappyOrNot and/or unsupported web-browser with out-of-date updates.

5. PRIVACY, DATA PROTECTION, SECURITY, CONTINUITY & SUPPORT

5.1 Compliance with Privacy Laws. HappyOrNot will use Subscriber Data only as permitted by Privacy Laws and this Agreement. Notwithstanding the foregoing, if complying with Privacy Laws would materially change HappyOrNot’s costs or risks in providing the Service (including, without limitation, by requiring HappyOrNot to relocate its data centers, or requiring HappyOrNot to operate in violation of any United States laws), each Party will have the right to terminate the Agreement (including all applicable Order Forms) upon at least thirty (30) days prior written notice to the other Party. In the event of such termination, Subscriber’s sole right and HappyOrNot’s sole obligation will be for HappyOrNot to promptly refund to Subscriber, on a pro rata basis, Fees paid under all Order Forms then in effect that are unused as of the termination effective date.

5.1.1 Data Protection. To the extent Subscriber uses HappyOrNot’s services which require processing of Personal Data (personally identifiable information (PII) and/or personal information), prior to the use of any of such services, HappyOrNot and Subscriber shall execute in writing an **Appendix 1: Standard Contractual Clauses for Controllers and Processors in the EU/EEA** and/or **Appendix 2: Standard Contractual Clauses for Personal Data Transfers from an EU Processor to a Controller Established in a Third Country (Processor-to-Controller Transfers)**.

5.2 Security of the Service. Throughout the term of this Agreement, HappyOrNot will maintain a data security program for the Service that will include reasonable administrative, physical, technical, organizational, and other security measures to protect against unauthorized access to, destruction, loss, unavailability, or alteration of, Subscriber Data processed or stored by the Service. HappyOrNot shall not be responsible or liable for any deletion, correction, damage, destruction, or loss of Subscriber Data that does not arise from a breach of this Agreement by HappyOrNot.

5.3 Business Continuity & Disaster Recovery. HappyOrNot will implement and maintain throughout the term of the Agreement commercially reasonable Business Continuity and Disaster Recovery plans to help ensure availability of the Subscriber Data following any significant interruption or failure of critical business processes or systems affecting the availability of Service.

5.4 Service Level Agreement (SLA). HappyOrNot will provide technical support for the Service in accordance with Service Level Agreement available at www.happy-or-not.com/en/sla/, except otherwise agreed in applicable Order Form(s), Exhibit(s) or Addendum(s) to Agreement, as long as Subscriber is entitled to receive support under applicable Order Form(s) and this Agreement.

6. TERM & TERMINATION

6.1 Effective Date and Term of Agreement. The Agreement shall become effective from the date of its execution by both Subscriber and HappyOrNot (the “**Effective Date**”). The Service will begin on the date specified in the Order Form(s). The Agreement shall continue in effect until all Order Form(s) expire or are terminated in accordance with the Clause 6.5.

6.2 Termination of Agreement and/or Order Form(s) for Convenience. Neither Party will have the right to terminate the Agreement or Order Form(s) without legally valid cause (i.e., “**For Convenience**”). The Agreement will terminate automatically after all Order Form(s) have expired, or by a written notice to the other Party in case of a material breach pursuant to provisions of Clause 6.5.

6.3 Effect of Expiration or Termination of Agreement. Clauses 1, 2, 4.2, 6.3, 6.6, 8, 9, 10, 11, 12, 13, 14, 15, 16 and 17 of the Agreement shall survive any expiration or termination of the Agreement. Any applicable Order Form(s), Addendum(s), Exhibit(s) or Appendix(es) may identify additional terms that will survive any expiration or termination of the Agreement. Regardless of the basis for expiration or termination of the Agreement, HappyOrNot will not be obligated to retain any Subscriber Data for longer than sixty-five (65) days after any such expiration or termination, except longer periods are required by the law.

6.4 Term of Order Form(s). The term of particular Order Form(s) will be set forth therein. The Service will start on the date specified therein and will continue for the initial term specified therein (the “**Initial Service Term**”), except the term of the Order Form(s) is co-termined in accordance with the provisions of Clause 7.2. Unless otherwise set forth in applicable Order Form(s) or Addendum (if any), or unless the Order Form(s) is terminated in accordance with Clause 6.5, upon expiration of the Initial Service Term, the relevant Order Form(s) will renew automatically for a period of one (1) year at a time (the “**Renewal Service Term**”), unless either Party notifies the other Party in writing, at least sixty (60) days (subject to Clause 7.3) prior to the end of the then-current Service Term, that it chooses not to renew. The Initial Service Term and all Renewal Service Terms (if any) are referred to in this Agreement collectively as the “**Service Term**.” The Parties may amend this Agreement and its integral parts upon the Renewal Service Term.

6.5 Termination of Order Form(s) For Cause. If not specified in applicable Order Form(s), Addendum(s) or Appendix(es) to Agreement, which expressly references that Order Form(s) or has direct impact on that Order Form(s), either Party may terminate any Order Form(s) for a material breach (i.e., “**For Cause**”) upon written notice to the other Party, if the other Party fails to cure any material breach thereof within thirty (30) days after receiving reasonably detailed written notice from the other Party alleging the material breach.

6.6 Effect of Termination of Order Form(s). Subject to the exclusive remedy provisions in this Agreement (e.g., clauses regarding Compliance with Privacy Laws, Indemnification, Warranties, Service Levels, Confidentiality, Intellectual Property): (a) if Subscriber terminates Order Form(s) in accordance with Clause 6.5, Subscriber will be entitled to a refund, on a pro rata basis, of Fees paid thereunder that are unused as of the termination

effective date; and (b) if HappyOrNot terminates Order Form(s) in accordance with Clause 6.5, all amounts owed by Subscriber thereunder will become due and payable.

7. ORDER PROCESS, PURCHASE ORDER, ADDITIONAL SERVICE SUBSCRIPTION(S) & CO-TERMINING, AND ADJUSTMENT OF FEES UPON RENEWAL

Subscriber orders the Service from HappyOrNot under this Agreement via one or more Order Forms.

7.1 Purchase Order(s). If for Subscriber's operations it is necessary that a purchase order (the "**Purchase Order**" or the "**PO**") be issued before or after the execution of this Agreement and/or before making payment under this Agreement and/or Order Form(s), Subscriber shall, in due time, provide to HappyOrNot such valid PO conforming to the terms and conditions of this Agreement and/or applicable Order Form(s), in order for Subscriber to meet its payment and other obligations hereunder. In any such case as described in this Clause 7.1, it is Subscriber's sole Responsibility to provide PO to HappyOrNot, and any failure to provide the PO or a refusal to provide the PO shall not release Subscriber from any of its obligation under the Agreement and/or Order Form(s). For avoidance of doubt, the terms and conditions of any PO or any other Subscriber's document, whether attached or referenced, or in any other way incorporated into any such PO or document, regardless of whether it was issued before or after the execution of this Agreement and/or Order Form(s), shall have no applicability or effect on the rights or obligations of the Parties under this Agreement and/or Order Form(s), and are hereby expressly rejected.

7.2 Additional Service Subscription(s) and co-termining. If Subscriber, in addition to existing Service subscription(s) any time during the invoicing year adds new Service subscription(s) via one or more Order Forms, the invoicing of the new Service subscription(s) will be adjusted according to the remaining number of months of that invoicing year. If during the period of existing Service subscription(s), Subscriber upgrades the Appliance(s) model or Service, the existing Service subscription(s) will be terminated, and remaining fees of that invoicing year will be credited to the new Service subscription(s). Upon renewal, the adjustment of fees for all Service subscription(s) of the same Service shall be according to the weighted average and in accordance with the provisions of clause 7.3.

7.3 Adjustment of Fees Upon Renewal. HappyOrNot reserves the right to adjust the Fees for its Service under one or more Order Forms, effective upon commencement of the next renewal service term of the relevant Order Form(s), based on the average increase in the Consumer Price Index-All Urban Workers (CPI-U) + 2% at the time of the notice, provided however that in no event any such price adjustment shall exceed eight percent (8%). HappyOrNot shall notify the Subscriber in writing at least ninety (90) days before the end of the then-current service term.

8. FEES & PAYMENT

8.1 Payment Details. Subscriber must pay all fees and charges in accordance with the Agreement and each mutually executed Order Form(s) (the "**Fees**"). Annual Fees are invoiced annually upfront upon order, fourteen (14) days net, except otherwise agreed in applicable Order Form(s).

Except to the extent otherwise expressly stated in this Agreement (e.g., in Clause 6.6), or in applicable Order Form(s), Addendum(s) or invoice(s):

- a. all obligations to pay Fees are non-cancelable and non-refundable;
- b. Subscriber must make all payments without setoffs, withholdings, or deductions of any kind, including any charges, which Subscriber's banking institution may charge related to the payment of Fees;
- c. all payments must be in United States dollars (USD), unless otherwise agreed in applicable Order Form(s).

Except to the extent otherwise expressly stated therein, if applicable Order Form(s) provides for payment via credit card or electronic money transfer (e.g., ACH), HappyOrNot is permitted to process such payment on the date of HappyOrNot's invoice.

8.2 Taxes. HappyOrNot's Fees are exclusive of all taxes, levies, or duties imposed by taxing authorities in connection with any Order Form(s). Subscriber is responsible for paying all such taxes, levies, or duties. If HappyOrNot has the legal obligation to pay or collect taxes for which Subscriber is responsible (e.g., Sales Tax), the appropriate amount will be invoiced to and paid by Subscriber unless Subscriber provides HappyOrNot a valid tax exemption certificate authorized by the appropriate taxing authority before the invoice is issued.

8.3 Subscriber Contact Information. Subscriber shall update billing and other contact information within thirty (30) days after any changes, via email to HappyOrNot's Accounts Receivable team at billing@happy-or-not.com.

8.4 Consequences of Non-Payment. If Subscriber fails to pay the Fees under any Order Form(s), then in addition to any other rights HappyOrNot may have under the Agreement, applicable Order Form(s) or applicable law:

- a. Except expressly prohibited by the applicable law, Subscriber will owe HappyOrNot an interest penalty of one and one-half percent (1.5%) per month on any outstanding balance under each delinquent invoice, or the maximum permitted by law (whichever is less);
- b. HappyOrNot will be entitled to recover its reasonable costs of collection; and
- c. HappyOrNot reserves the right to temporarily suspend Subscriber's access to the Service if Subscriber's account remains delinquent for thirty (30) days after receipt of a delinquency notice from HappyOrNot (which may be provided via email to Subscriber's billing contact). Subscriber will continue to incur and owe all applicable Fees irrespective of any such Service suspension due to Subscriber's delinquency.

9. HARDWARE / APPLIANCE(S) TERMS

In addition to the restrictions set forth in Clause 2 above, provision of the Appliance(s) is governed in accordance with Clause 9.1.

9.1 Provision of Appliance(s). Unless specified otherwise in applicable Order Form(s) or Addendum(s) to Agreement, which expressly references that Order Form(s), the Appliance(s) provided to Subscriber under this Agreement are the exclusive property of HappyOrNot (i.e., no transfer of title to Subscriber occurs) and are provided as part of the

Service. HappyOrNot reserves the right to replace the Appliance(s) from time to time at its own discretion free of charge for the Subscriber. Unless specified otherwise in applicable Order Form(s) or Addendum(s), which expressly references that Order Form(s), Subscriber, after the expiry or termination of this Agreement and/or Order Form(s), shall at its own expense return the Appliance(s) to HappyOrNot if so requested by HappyOrNot, or recycle the Appliance(s) according to applicable Subscriber's local laws/regulations and/or practices.

All Appliance(s) provided to Subscriber are ready for use. The Appliance(s) contains a mobile transceiver module for sending and receiving information. The Subscriber is solely responsible, including financially and/or otherwise, for ensuring that the necessary network, data and telecommunication systems which the Appliance(s) Services require (e.g. cellular network signal) are available. Subscriber shall use the Appliance(s) at authorized locations as set forth in applicable Order Form(s) unless otherwise approved by HappyOrNot in advance. Subscriber shall be responsible for all costs associated with a change of location(s).

9.2 Guarantee and Replacement Policy. Guarantee period for the Appliance(s) is the duration of the "**Initial Service Term**", starting from the date the Appliance(s) were delivered to Subscriber (the "**Guarantee Period**"). The Guarantee period does not cover the "**Renewal Service Term**". Subscriber shall, depending on the Appliance(s)' model, be responsible for changing the batteries after a span of six (6) months from the date of delivery of the Appliance(s) or connecting the charger to a power outlet and, if required, acquiring and installing new batteries at Subscriber's expense. The Subscriber shall be responsible for replacing the SIM card (provided and/or authorized by HappyOrNot) when requested to do so by HappyOrNot.

The Subscriber shall operate all Appliance(s) only indoors and with due care. The Subscriber shall keep the Appliance(s) clean. The Subscriber shall not open the Appliance(s) or tamper with it in any way unless otherwise instructed by HappyOrNot.

If the Appliance(s) breaks during the Guarantee Period, HappyOrNot will replace the broken Appliance(s) free of charge, provided it has been used in accordance with the Appliance's requirements and HappyOrNot's instructions (the "**Guarantee**"). Subscriber shall use only original HappyOrNot supplied equipment, including spare parts. If the Appliance(s) is broken due to inappropriate use, poor maintenance, or any other contributory negligence by the Subscriber or Subscriber's client(s) or stolen, HappyOrNot will replace the broken/stolen Appliance(s) and Subscriber shall bear all costs (in accordance with then-current price list) associated with the setup and delivery of new Appliance(s). HappyOrNot shall not be liable for any unauthorized use of the Appliance(s) or spare parts, and such unauthorized use, which causes any harm or disruption of the Appliance(s) or Services, shall deprive Subscriber of the Guarantee.

9.3 Specific terms applicable to the "Smiley Digital" product. Each subscribed item is represented by a Smiley Digital token. Activation depends on the selected type of Smiley Digital product. For "**Smiley Digital Pop-up**" and "**Smiley Digital Embed Web**", Subscriber receives a JavaScript code, which Subscriber shall use for implementing the survey on the designated website. The script must not be edited or changed in any way and must be included and implemented on the Subscriber's website in the form provided by HappyOrNot. The "**Smiley Digital**" panel dimension, look, feel and position on Subscriber's web page shall not be changed or customized, without an express written permission from HappyOrNot. For "**Smiley Digital Embed Email**", an image with four Smileys is delivered. Alternatively, Subscriber can implement raw html code to generate the Email image. The "Smiley Digital" image's dimension, look and feel, shall not be changed or customized without an express written permission from HappyOrNot. For "**Smiley Digital Solo**", the product consists of a QR code and a short URL that is delivered to Subscriber for implementation of a survey in a physical or digital touch point.

Subscriber must order the package(s) with the appropriate number of tokens. It is the sole responsibility, financially and otherwise, of Subscriber to ensure that the Smiley Digital products are correctly deployed and installed according to HappyOrNot's installation instructions. Upon the expiration or termination of the Agreement and/or relevant Order Form(s), the Subscriber shall promptly remove all Smiley Digital panels.

9.4 Delivery. Delivery of any tangible goods is FCA Turku, Finland (Incoterms® 2020). Shipping fees are quoted based on Subscriber's delivery location. The Subscriber shall be responsible for the assembly of Appliance(s) according to the manual provided with it.

10. THIRD-PARTY INTERACTIONS

To the extent use of the Service requires use of any third-party products or services (e.g., Oracle Java, Adobe Acrobat, Amazon Web Services, and/or a Web browser), HappyOrNot does not make any representations or warranties regarding any such third-party products or services, and in no event will HappyOrNot have any liability whatsoever in connection therewith.

11. MANAGED SERVICE

If Subscriber wishes to purchase additional service, e.g., tailor-made training, guidance, implementation, integration support etc. (the "**Managed Service**") from HappyOrNot relating to the Service, Subscriber shall order the Managed Service via Order Form(s) either immediately with the Service or at a later stage.

12. WARRANTIES & DISCLAIMERS

12.1 HappyOrNot represents and warrants that the Service will perform substantially in accordance with the relevant product data sheet(s) found at www.happy-or-not.com and Service Level Agreement found at www.happy-or-not.com/en/sla/ under normal use and circumstances. If HappyOrNot breaches any warranties in this Clause 12.1, Subscriber's exclusive remedy and HappyOrNot's sole obligation will be for HappyOrNot to make commercially reasonable efforts to correct the non-conformity or, if HappyOrNot is unable to correct the non-conformity within thirty (30) days after receipt of Subscriber's written notice regarding the non-conformity, for Subscriber to terminate applicable Order Form(s) and receive a refund, on a pro rata basis, of Fees paid under such Order Form(s) that are unused as of the termination effective date.

12.2 WARRANTY DISCLAIMERS. EXCEPT TO THE EXTENT EXPRESSLY STATED IN THIS

AGREEMENT: (A) HAPPYORNOT AND ITS LICENSORS MAKE NO REPRESENTATIONS OR WARRANTIES OF ANY KIND, WHETHER EXPRESS, STATUTORY, OR IMPLIED (IN FACT OR BY OPERATION OF LAW), REGARDING THE SERVICE, THE APPLIANCE(S) OR ANY MATTER WHATSOEVER; AND (B) HAPPYORNOT AND ITS LICENSORS DO NOT WARRANT THAT THE SERVICE, THE APPLIANCE(S) ARE OR WILL BE ERROR-FREE, MEET SUBSCRIBER'S REQUIREMENTS, OR BE TIMELY OR SECURE. HAPPYORNOT AND ITS LICENSORS EXPRESSLY DISCLAIM ALL IMPLIED WARRANTIES OF MERCHANTABILITY, FITNESS FOR A PARTICULAR PURPOSE, AND NON-INFRINGEMENT WITH RESPECT TO THE SERVICE, THE APPLIANCE(S) AND SUBSCRIBER HAS NO RIGHT TO MAKE OR PASS ON TO ANY THIRD-PARTY ANY REPRESENTATION OR WARRANTY BY HAPPYORNOT.

13. INDEMNIFICATION

13.1 By HappyOrNot. HappyOrNot shall defend Subscriber and will indemnify and hold the Subscriber harmless from and against any claims asserted by a third-party based on an allegation that use of the Service in accordance with the Agreement and applicable Order Form(s) infringes a copyright in any country or a patent of the USA, a member state of the European Union, Canada, or Australia (collectively, the "Claims"). In case of such Claim(s) HappyOrNot will promptly and at its own expense: (i) obtain for Subscriber the right to continue using the Service in accordance with this Agreement and applicable Order Form(s); (ii) modify the item(s) in question to no longer be infringing; or (iii) replace such item(s) with a non-infringing functional equivalent. If, after all commercially reasonable efforts, HappyOrNot determines in good faith that options (i), (ii) and (iii) are not feasible, HappyOrNot will remove the infringing item(s) from the Service and refund to Subscriber on a pro rata basis Fees paid by Subscriber for such infringing element(s) that are unused as of the removal date.

For avoidance of doubt, HappyOrNot will have no obligation or liability for any Claim(s) under this clause or anywhere else in this Agreement and/or Order Form(s) to the extent arising from: (i) combination, operation, or use of the Service and/or the Appliance(s) in direct contradiction with the provisions of the Agreement or use with any product, device, spare part, software, or service not supplied by HappyOrNot to the extent that the combination, operation, or use creates the infringement; (ii) the unauthorized alteration or modification by Subscriber of the Service and/or the Appliance(s); or (iii) HappyOrNot's compliance with Subscriber's designs, specifications, requests, or instructions in providing Service or Managed Service to the extent the Claim is based on such compliance.

13.2 By Subscriber. Except where explicitly prohibited by the applicable law, Subscriber shall defend, indemnify, and hold harmless HappyOrNot, its Affiliates, officers, directors and employees from and against any claims asserted by a third-party based on a breach by Subscriber of Clause 4 (Subscriber Responsibilities) of this Agreement. Subscriber shall also defend, indemnify and hold harmless HappyOrNot, its Affiliates, officers, directors and employees by paying all damages, costs and expenses (including reasonable legal fees and costs) finally awarded by a court of competent jurisdiction or agreed in a written settlement agreement signed by Subscriber and/or its Affiliates, arising out of the third-party claims described in this clause.

13.3 Requirements for Indemnification. Each Party's respective defense and indemnity obligations under Clauses 13.1 and 13.2 are contingent upon the indemnified Party: (a) promptly giving notice of the third-party's claim to the defending/indemnifying Party once the claim is known; (b) except where explicitly prohibited by the applicable law, giving the defending/indemnifying Party exclusive and sole control of the defense and settlement of the claim, and not compromising or settling the claim without the defending/indemnifying Party's approval (though the defending/indemnifying Party must not settle such claim unless the settlement unconditionally releases the other Party of all liability and does not adversely affect the other Party's business or service in a material manner); and (c) providing appropriate information and reasonable cooperation to the defending/indemnifying Party in connection with the claim. The foregoing are the defending/indemnifying Party's sole obligations, and the indemnified Party's exclusive remedies with respect to indemnification and the matters addressed in this Clause 13.

14. LIMITATION OF LIABILITY

TO THE MAXIMUM EXTENT PERMITTED BY THE APPLICABLE LAW:

14.1 EXCEPT FOR SUMS DUE TO HAPPYORNOT UNDER APPLICABLE ORDER FORM(S), AND EXCEPT WITH RESPECT TO: (A) SUBSCRIBER'S OBLIGATIONS UNDER CLAUSE 4, (B) EACH PARTY'S OBLIGATIONS UNDER CLAUSE 13, NEITHER PARTY'S TOTAL AGGREGATE LIABILITY ARISING FROM OR RELATING TO THE AGREEMENT, EXCEPT FOR CLAUSE 14.3, WILL EXCEED THE AMOUNTS ACTUALLY PAID BY AND/OR DUE FROM SUBSCRIBER IN THE 12-MONTH PERIOD IMMEDIATELY PRECEDING THE EVENT GIVING RISE TO SUCH LIABILITY;

14.2 IN NO EVENT, EXCEPT AS PROVIDED IN CLAUSE 14.3, WILL EITHER PARTY BE LIABLE FOR ANY INDIRECT, PUNITIVE OR CONSEQUENTIAL DAMAGES OF ANY KIND (INCLUDING, WITHOUT LIMITATION, LOSS OF REVENUE, PROFITS, USE, DATA OR OTHER ECONOMIC ADVANTAGE) ARISING OUT OF, OR IN ANY WAY CONNECTED WITH THE AGREEMENT, REGARDLESS OF CAUSE;

14.3 EXCEPT WHERE EXPLICITLY PROHIBITED BY THE APPLICABLE LAW, LIMITATION OF LIABILITY SET FORTH IN CLAUSES 14.1 AND 14.2 ABOVE SHALL NOT APPLY TO LIABILITY AND DAMAGES RESULTING FROM EITHER PARTY'S GROSS NEGLIGENCE AND/OR WILLFUL MISCONDUCT WITH RESPECT TO OBLIGATIONS UNDER CLAUSE 2, CLAUSE 3, CLAUSE 4, CLAUSE 15 AND CLAUSE 16.

15. CONFIDENTIALITY

15.1 Definition. As used in this Agreement, the "Confidential Information" means information and materials provided by the disclosing Party (the "Discloser") to the Party receiving such information or materials (the "Recipient") that: (a) are identified as confidential at the time of disclosure, or (b) a reasonable person in the relevant industries should understand to be confidential based on the nature of the information and materials, and all other relevant factors. For avoidance of doubt, Subscriber's Confidential Information includes, without limitation, Subscriber's non-public business plans; and HappyOrNot's Confidential Information includes, without limitation, pricing terms offered under any Order Form(s), except as provided in Clause 15.4 (ii), HappyOrNot's non-public business plans, all non-public aspects of HappyOrNot's technology pertaining to the Service and the

Appliance(s) (including the Service and the Appliance(s)), and the results of any evaluation of the Service performed by or on behalf of Subscriber for purposes of monitoring its availability, performance or functionality, or for any other benchmarking or competitive purposes.

15.2 Purpose. Recipient must not use any of Discloser's Confidential Information for any purpose other than carrying out of Recipient's obligations or exercising its rights under this Agreement (the "Purpose").

15.3 Permitted Disclosures and Obligations. The Recipient must not disclose to any third-party any Confidential Information, other than to Recipient's Affiliates, contractors and consultants who: (a) need to know such information in order to fulfill the Purpose, and (b) are bound by confidentiality obligations substantially similar to Recipient's under this Agreement (each Party is fully responsible for its respective Affiliates', contractors' and consultants' compliance with this Agreement). Recipient must treat all Discloser's Confidential Information with the same degree of care the Recipient gives to its own Confidential Information, but not less than reasonable care. Neither Party may disclose publicly the existence or nature of any negotiations or other communications between the Parties without prior written consent of the other Party. Recipient and its Affiliates, contractors and consultants who receive Confidential Information hereunder must: (i) not use any such Confidential Information to compete with Discloser or in any other way except as reasonably necessary for the Purpose; (ii) not reverse engineer, disassemble or decompile any prototypes, software, or other tangible objects received from Discloser under this Agreement that embody Confidential Information; (iii) promptly notify Discloser of any unauthorized use or disclosure of its Confidential Information of which Recipient becomes aware; and (iv) reasonably assist Discloser in remedying any such unauthorized use or disclosure.

15.4 Exclusions. Recipient's obligations under Clause 15 do not apply to Discloser's Confidential Information that Recipient can evidentially prove: (a) is or becomes part of the public domain through no fault of Recipient or Recipient's Affiliates, contractors or consultants; (b) is rightfully in Recipient's possession free of any confidentiality obligation; (c) was independently developed by Recipient (which is documented by evidence) without using any Discloser Confidential Information; or (d) is communicated to Recipient by an unaffiliated third-party free of confidentiality obligation. Disclosure by Recipient of Confidential Information: (i) in response to a valid order or other legal process issued by a court or other governmental body having jurisdiction, (ii) as otherwise required by law, or (iii) necessary to establish the rights of either Party, will not breach this Agreement if, to the extent legally permitted, Recipient gives prompt notice and reasonable cooperation to Discloser so Discloser may seek to prevent or limit such disclosure.

15.5 Destruction of Confidential Information. Promptly after any request by Discloser, Recipient will: (a) destroy or return to Discloser all Confidential Information and materials in Recipient's possession or control, and (b) upon written request by Discloser, confirm such return/destruction in writing; provided, however, that the Recipient may retain electronic copies of any computer records or electronic files containing any Discloser's Confidential Information that have been created pursuant to Recipient's standard, commercially reasonable archiving and backup practices, as long as Recipient continues to comply with this Agreement with respect to such electronic backup copies for so long as such Confidential Information is retained.

15.6 Confidentiality Period. Recipient's obligations with respect to Discloser's Confidential Information under Clause 15 will remain in effect for the term of the Agreement and for three (3) years after any expiration or termination of the Agreement, provided, however, that Recipient's obligations under the Agreement will continue to apply to Confidential Information that qualifies as a trade secret under applicable law for as long as it so qualifies and has been identified as such by Discloser.

16. INTELLECTUAL PROPERTY

16.1 Ownership. As between Subscriber and HappyOrNot, HappyOrNot is the exclusive owner of, and shall retain, all right, title, and interest in and to all Intellectual Property Rights associated with, incorporated into or embodied in, or otherwise related to or arising from the Service and the Appliance(s); further, ownership rights shall vest in HappyOrNot, and HappyOrNot shall retain all right, title, and interest in and to all Intellectual Property Rights related to all works, deliverables, designs, inventions, know-how, software, techniques, trade secrets, work product, and any other materials provided to Subscriber as part of the Service, and any derivative works thereof, excluding any incorporated Confidential Information provided by Subscriber.

17. GENERAL

17.1 Governing Law. The Agreement, Addendum(s), Exhibit(s), applicable Order Form(s) and/or Statement of Work (the "SOW") (if any), including any other terms referenced therein, shall be governed by Delaware law and controlling United States federal law, without regard to the conflicts of law provisions of any jurisdiction. With respect to any action instituted in any way relating to this Agreement, Addendum(s), Exhibit(s), applicable Order Form(s) and/or SOW, the Parties accept the exclusive jurisdiction of the state or federal courts in and for Delaware, and agree that venue shall lie exclusively in the courts in Wilmington, DE. The Parties expressly and irrevocably waive the right to proceed in any other jurisdiction or forum, and hereby expressly and irrevocably waive any objections to jurisdiction and venue as set forth in this Clause 17.1. Notwithstanding the foregoing or any other provision of this Agreement to the contrary, either Party may seek to enjoin a breach of the Confidentiality provisions set forth in Clause 15 of this Agreement and of the Intellectual Property set forth in Clause 16 of this Agreement in any court of competent jurisdiction. The Service is a service, not a good, and is not subject to the Uniform Commercial Code, the Uniform Computer Information Transactions Act or the United Nations Convention on the International Sale of Goods.

Any possible claims, disputes and controversies arising out of the Agreement, Addendum(s), Exhibit(s), applicable Order Form(s) and/or SOW (if any), including any other terms referenced therein, shall be primarily negotiated and settled between the Parties. Should the Parties fail to settle within thirty (30) days, as of either Party's written request for amicable settlement negotiations, or any other mutually agreed extension period of amicable settlement negotiations, any dispute, controversy or claim arising out of or

relating to this Agreement, or the breach, termination or validity thereof, shall be resolved by the court.

17.2 Assignment. Neither Party may assign, sublicense, or otherwise transfer (by operation of law or otherwise) the Agreement, or any of its rights or obligations under the Agreement, to any third-party without prior written consent of the other Party, which consent shall not be unreasonably withheld, delayed, or conditioned. However, either Party may assign or otherwise transfer the Agreement, along with all associated Order Forms (and all its rights and obligations thereunder) to: (a) a successor-in-interest in connection with a merger, acquisition, reorganization, a sale of most or all of its assets, or other change of control, or to (b) its Affiliate. In case of such permitted transfer, this Agreement, along with all associated Order Form(s), shall bind and inure to the benefit of the Parties and their respective permitted successors and transferees.

17.3 Force Majeure. If either Party is prevented from performing, or is unable to perform, any of its obligations under the Agreement due to any cause beyond its reasonable control, e.g., war, riots, labor unrest, fire, earthquake, flood, hurricane, epidemic, pandemic or other natural disasters and acts of God, major Internet service failures or delays, and denial of service attacks (collectively, the “**Force Majeure**”), the affected Party’s performance will be excused for the resulting period of delay or inability to perform. The affected Party must, however: (a) give the other Party prompt written notice of the nature and expected duration of such Force Majeure, (b) use commercially reasonable efforts to mitigate the delay and other effects, (c) periodically notify the other Party of significant changes in the status of the Force Majeure, and (d) notify the other Party promptly when the Force Majeure ends.

17.4 Marketing. Except expressly prohibited by the law, HappyOrNot may use Subscriber’s name and logo on HappyOrNot’s website and marketing materials solely to identify Subscriber as HappyOrNot’s customer (without revealing any details about the Parties’ relationship or the Agreement).

17.5 Insurance. Each Party will maintain sufficient insurance coverage to adequately cover its respective obligations under this Agreement. Upon request, each Party will provide to the other Party a copy of its current certificate of insurance evidencing such coverage.

17.6 Independent Contractors. The Parties are independent contracting parties. Neither Party has or will hold itself out as having any right or authority to incur any obligation on behalf of the other Party.

17.7 Notices. All legal notices (e.g., notice of termination of this Agreement and/or Order Form(s) based on an alleged material breach) required under this Agreement must be delivered to the other Party in writing: (a) in person, (b) by nationally recognized overnight delivery service, or (c) by certified U.S. mail (requiring signature) to the other Party’s corporate headquarters, with **Attention: Legal Department**, and with a mandatory copy sent to email address: legal@happy-or-not.com. With respect to all other notices, Subscriber may email HappyOrNot at support@happy-or-not.com, and HappyOrNot may email Subscriber’s billing contact identified on applicable Order Form(s). Either Party may change its notice address by giving a written notice to the other Party immediately upon such change, but not later than thirty (30) days.

17.8 Amendment; Modification; Waiver. The Agreement may only be amended, modified, or supplemented by a mutual written agreement/addendum/exhibit/SOW etc. between the Parties. No waiver by any Party of any of the provisions hereof shall be effective unless explicitly set forth in writing and signed by the Party so waiving. Except as otherwise set forth in this Agreement, no failure to exercise, or delay in exercising of any rights, remedy, power, or privilege arising from this Agreement shall operate or be construed as a waiver thereof; nor shall any single or partial exercise of any right, remedy, power, or privilege hereunder preclude any other or further exercise thereof or the exercise of any other right, remedy, power, or privilege.

17.9 Severability. If any term or provision of the Agreement is invalid, illegal, or unenforceable in any jurisdiction, such invalidity, illegality, or unenforceability shall not affect any other term or provision of the Agreement or invalidate or render unenforceable

such term or provision in any other jurisdiction. The Parties shall negotiate in good faith to modify such term or provision so as to effect the original intent of the Parties.

17.10 Entire Agreement. The Agreement, together with Addendum(s), Exhibit(s), Appendix(es), applicable Order Form(s) and/or SOW (if any), including any other terms referenced in any of these documents, comprises the entire agreement between Subscriber and HappyOrNot regarding the subject matter of the Agreement, and supersedes all prior or contemporaneous negotiations, discussions or agreements, whether written or oral, and may only be modified by a document/instrument signed by duly authorized representatives of both Parties.

18. DEFINITIONS

The following definitions are used in this Agreement:

“**Affiliate**” means a company, corporation, individual, partnership or other legal entity that directly or indirectly controls, is controlled by, or is under common control with a Party to the Agreement. For purposes of this definition, “control” means direct or indirect ownership or control of more than fifty percent (50%) of the voting interests of the subject entity.

“**Appliance**” means a hardware (feedback device) installed and operated at authorized location to be determined by Subscriber and authorized by HappyOrNot that is operative exclusively to collect Subscriber Data for use in connection with the Service and to transmit such Subscriber Data to the Platform (defined below).

“**Content**” means the audio and visual information, documentation, software, products and services contained in or made available via the Service and/or Appliance(s), other than Subscriber Data and Subscriber Confidential Information.

“**HappyOrNot**” means the Service provider, HappyOrNot Americas Inc. (TIN/Federal Tax ID 46-3013514), a company duly registered under the laws of state of Delaware, USA, having its principal place of business at 1500 Gateway Blvd Suite 220 Boynton Beach, FL 33426, United States; AND HappyOrNot Ltd. (Business ID 2260302-1), a company duly registered under the laws of Finland, having its principal place of business at Åkerlundinkatu 11 C, 33100 Tampere, Finland.

“**Intellectual Property Rights**” means patents, trade names, trademarks, designs, utility models, copyrights (including, but not limited to catalogue rights and sui generis database rights), internet domains, trade secrets, know-how, source code, object code, computer programs including software implementations of algorithms, models and methodologies and any other intellectual property in any jurisdiction, including in each case applications and licenses related to these.

“**Privacy Laws**” means all applicable national and international laws and regulations (including, but not limited to California Privacy Rights Act of 2020 (CPRA), EU General Data Protection Regulation 2016/679) regarding data privacy, storing, processing and transmission of personal data that apply to HappyOrNot’s provision of Services to Subscriber.

“**Privacy Policy**” means HappyOrNot’s privacy policy available at www.happy-or-not.com/en/privacy-policy/, as may be amended from time to time.

“**Service**” means HappyOrNot’s business management, marketing assistance, customer and employee satisfaction feedback service solutions, embodied in or enabled by a Software as a Service (SaaS) platform, to which Subscriber is provided access to in accordance with the license granted in Clause 3 (the “**Platform**”). Service also includes all of the Platform’s constituent components, including Appliance(s) and functionality, as well as all Content and HappyOrNot’s technology pertaining to the Service and the Appliance(s) associated with or facilitating operation of the Platform.

“**Subscriber Data**” means data, information, or material received by the Service from Subscriber or Subscriber’s Users in the course of accessing or using the Service.

“**User(s)**” means Subscriber’s customers, clients, employees, representatives, consultants, contractors and agents who have been authorized by Subscriber to use the Service.

IN WITNESS WHEREOF, the Parties, through their duly authorized representatives signing below, execute and agree to be legally bound by the terms and conditions contained in this Agreement:

HAPPYORNOT AMERICAS INC.

By: _____

Name: _____

Title: _____

Date: _____

SUBSCRIBER:

By: _____

Name: _____

Title: _____

Date: _____

Cum evaluați curățenia din toaleta aceasta?

How do you rate cleanliness in this toilet?

Foarte mulțumit



Excellent

Acceptabil



Acceptable

Nemulțumit



Poor



Walker Wilson

From: Andrejs Gavrilovs <ag@sensmax.eu>
Sent: Friday, January 16, 2026 3:02 AM
To: Walker Wilson
Cc: Zenija F
Subject: Re: Device: SensMax L3 Customer Survey Button
Attachments: loyalty-button-sensmax.jpg

Hello Walker,

Thank you for your message. Yes, this is a very typical use case for our customer survey buttons, and we can offer a simple and reliable solution for public restrooms.

Recommended solution
SensMax L3 Pro customer survey button with online reporting.

This setup allows visitors to press a button (bad, medium, good) and immediately record their feedback in response to a printed question (some customers print the question on a wall sticker and fix the button under it). Results are visible online as a daily summary.

How the system works (short)
The L3 Pro button is installed inside the restroom (wall-mounted or on a small stand).
Each button press is recorded and sent wirelessly to the SMX Pro gateway.
The gateway uploads data to the SensWeb online portal.
You can see live results, daily summaries, and trends over time.

Battery life ~2 years.

Proposed commercial offer (end-user prices, EUR, excl. VAT & delivery)

Product	Description	Qty	Unit EUR	Total EUR
SensMax L3 Pro	Customer survey button (battery-powered)	1	143	143
SensMax SMX Pro	Data gateway (LAN / Wi-Fi)	1	234	234
SensWeb Basic	Online reporting portal, daily reports	1	Included	0

Total hardware: 377 EUR

To finalize the offer and make sure the setup fits your needs, could you please confirm:

- How many restrooms will need survey buttons?
- Is internet (LAN or Wi-Fi) available near the restroom for the gateway?

Once I have this information, I can confirm the final configuration and pricing.

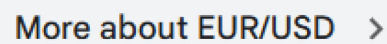
437.29 United States Dollar

377

Euro ▼

437.29

United States Dollar ▼



Feedback

MEMORANDUM OF UNDERSTANDING
BETWEEN CITY OF
PENSACOLA, FLORIDA
AND
DOWNTOWN IMPROVEMENT BOARD

THIS MEMORANDUM OF UNDERSTANDING (“MOU”) is made effective as of the 1st day of October, 2025 by and between the City of Pensacola, a Florida municipal corporation (hereinafter referred to as the “City”), with administrative offices located at 222 West Main Street, Pensacola, Florida 32502 and the Pensacola Downtown Improvement Board, a public body corporate and politic of the State of Florida (hereinafter referred to as the “DIB”), with administrative offices at 226 South Palafox Street, Suite 106, Pensacola, Florida 32502 (each being at times referred to as a “party” or, collectively, as “parties”).

WITNESSETH:

WHEREAS the DIB was created through an act of the Legislature of the State of Florida for the purpose of correcting blight, preserving and enhancing property values, encouraging and facilitating economic development, attracting and retaining commercial and residential investment, beautifying Downtown Pensacola, and marketing and promoting Downtown Pensacola to attract more customers, clients, residents, and other users of Downtown Pensacola; and

WHEREAS Ordinance 47-72 sets out the location and boundaries of the taxing district in the downtown area in the City of Pensacola, Escambia County, Florida (hereinafter referred to as the “DIB District”); and

WHEREAS the Pensacola Downtown Improvement Board Act authorizes the DIB to enter into agreements with other governmental agencies or public bodies; and

WHEREAS, the DIB wishes to address and improve issues faced in the DIB District that include, without limitation, vehicle noise, safety in the Jefferson Street parking garage, and late-night security following events (collectively, the “Security Enhancements”); and

WHEREAS the DIB does not have nor exercise police powers nor employ police officers as needed to undertake the Security Enhancements; and

WHEREAS, the City employs sworn law enforcement officers who have the police power and the ability to assist the DIB by focusing resources upon the Security Enhancements in an effort to improve the health, safety and welfare of the DIB District and its inhabitants; and the City and

the DIB are willing to cooperate and provide assistance to each other and, to the extent permitted by law, all in such means and manner as will promote the rehabilitation and redevelopment of the DIB District, benefit the local economy, and be of substantial benefit to the DIB and the City by jointly undertaking Security Enhancements within the DIB District;

WHEREAS the parties desire to enter into this MOU setting forth the terms, conditions and responsibilities of a coordinated and collective effort to improve and facilitate redevelopment in the DIB District through Security Enhancements; and

WHEREAS the parties have determined that such an agreement to accomplish the purposes as set forth herein involves appropriate public expenditures to accomplish important public purposes.

NOW, THEREFORE, in consideration of the mutual terms and conditions, promises, covenants and payments hereinafter set forth, the receipt and sufficiency of which is hereby acknowledged, the parties agree as follows:

Article 1: Purpose

1.1 Purpose

The recitals contained in the preamble of this MOU are declared to be true and correct and are hereby incorporated into this MOU. It is also the purpose of this MOU to define and delineate the responsibilities and obligations of the parties to this MOU, and to express the desire of the parties to cooperate to accomplish the purposes and expectations of this MOU.

Article 2: Project

2.1 Description.

The DIB shall and hereby does engage the City, at the DIB's expense, to provide extra-duty police officers to implement the Security Enhancements (the "Project"). The overtime officers contemplated by the Project will be provided at the times, dates and locations in the DIB District as reasonably requested in advance by the DIB, subject in all respects to officer availability and any other constraints or limitations of the City.

The City, in consultation and cooperation with the DIB, shall be responsible for and shall oversee administration of the Project.

2.2 DIB Payments.

The parties mutually acknowledge and agree that for any given fiscal year (October 1st through September 30th) the DIB will spend at least \$75,000 on the Project as described in Section 2.1. Project payments shall be made directly to the City's police extra-duty police officers participating in the Project in accordance with Pensacola Police Department's then-existing extra-duty policy or as otherwise directed by the City by written notice to the DIB. The DIB shall deliver monthly statements to the City, detailing the amounts paid towards the Project in the immediately preceding calendar month. In the event the combined total of all documented amounts paid by DIB for the fiscal year is less than \$75,000, then DIB shall deliver a supplemental payment to the City within 30 days following conclusion of the fiscal year in the amount of the difference between the combined total of all documented amounts paid by DIB in the just-ended fiscal year and \$75,000.

Article 3: General Provisions

3.1 Term and Termination.

(a) This MOU shall remain in place until terminated, but for no longer than three (3) years from its inception.

(b) This MOU may be terminated by either party for convenience at any time.

3.2 Headings.

Headings and subtitles used throughout this MOU are for the purpose of convenience only, and no heading or subtitle shall modify or be used to interpret the text of any section.

3.3 Survival.

All other provisions, which by their inherent character, sense, and context are intended to survive termination of this MOU, shall survive the termination of this MOU.

3.4 Governing Law.

This MOU shall be governed by and construed in accordance with the laws of the State of Florida, and the parties stipulate that venue, for any matter, which is the subject of this MOU shall be in the City of Escambia.

3.5 Severability.

The invalidity or non-enforceability of any portion or provision of this MOU shall not affect the validity or enforceability of any other portion or provision. Any invalid or unenforceable portion or provision shall be deemed severed from this MOU and the balance hereof shall be construed to enforce as if this MOU did not contain such invalid or unenforceable portion of provision.

3.6 Further Documents.

The parties shall execute and deliver all documents and perform further actions that may be reasonably necessary to effectuate the provisions of this MOU.

3.7 No Waiver.

The failure of a party to insist upon the strict performance of the terms and conditions hereof shall not constitute or be construed as a waiver or relinquishment of any other provision or of either party's right to thereafter enforce the same in accordance with this MOU.

3.8 Notices.

All notices required or made pursuant to this MOU by either party to the other shall be in writing and delivered by hand or by United States Postal Service, first class mail, postage prepaid, return receipt requested, addressed to the following:

TO THE DIB:
Executive Director
226 South Palafox Street, Suite 106
Pensacola, FL 32502

TO THE CITY:
City Administrator
222 West Main Street
Pensacola, FL 32502

Either party may change its above-noted address by giving written notice to the other party in accordance with the requirements of this section.

3.9 Termination of Prior MOU.

The parties hereto are parties to that certain Memorandum of Understanding between the City of Pensacola, Florida and the Downtown Improvement Board dated July 7, 2023 ("Prior MOU"). The parties agree that, upon execution of this MOU, the prior MOU is and shall automatically be terminated and of no further force or effect.

3.10 Liability

The parties hereto, their respective elected officials, officers, and employees shall not be deemed to assume any liability for the acts, omissions, or negligence of the other party. The City and DIB, as public agencies of the State of Florida as defined in §768.28, Florida Statutes, agree to be fully responsible for their individual negligent acts or omissions or tortious acts which result in claims or suits against the other party and agree to be fully liable for any damages caused by said acts or omissions. Nothing herein is intended to serve as a waiver of sovereign immunity, and nothing herein shall be construed as consent by either party to be sued by third parties in any matter arising out of this MOU.

[Separate signature pages follow.]

IN WITNESS WHEREOF, the parties hereto have made and executed this MOU effective as of the date set forth above.

CITY OF PENSACOLA, FLORIDA

D.C. Reeves, Mayor

Attest:

**PENSACOLA DOWNTOWN
IMPROVEMENT BOARD**

City Clerk

Sign: _____

Print: _____

Approved as to substance:

Title: _____

Chief of Police

Attest:

Secretary

Approved as to form:

City Attorney

Signature page – MOU