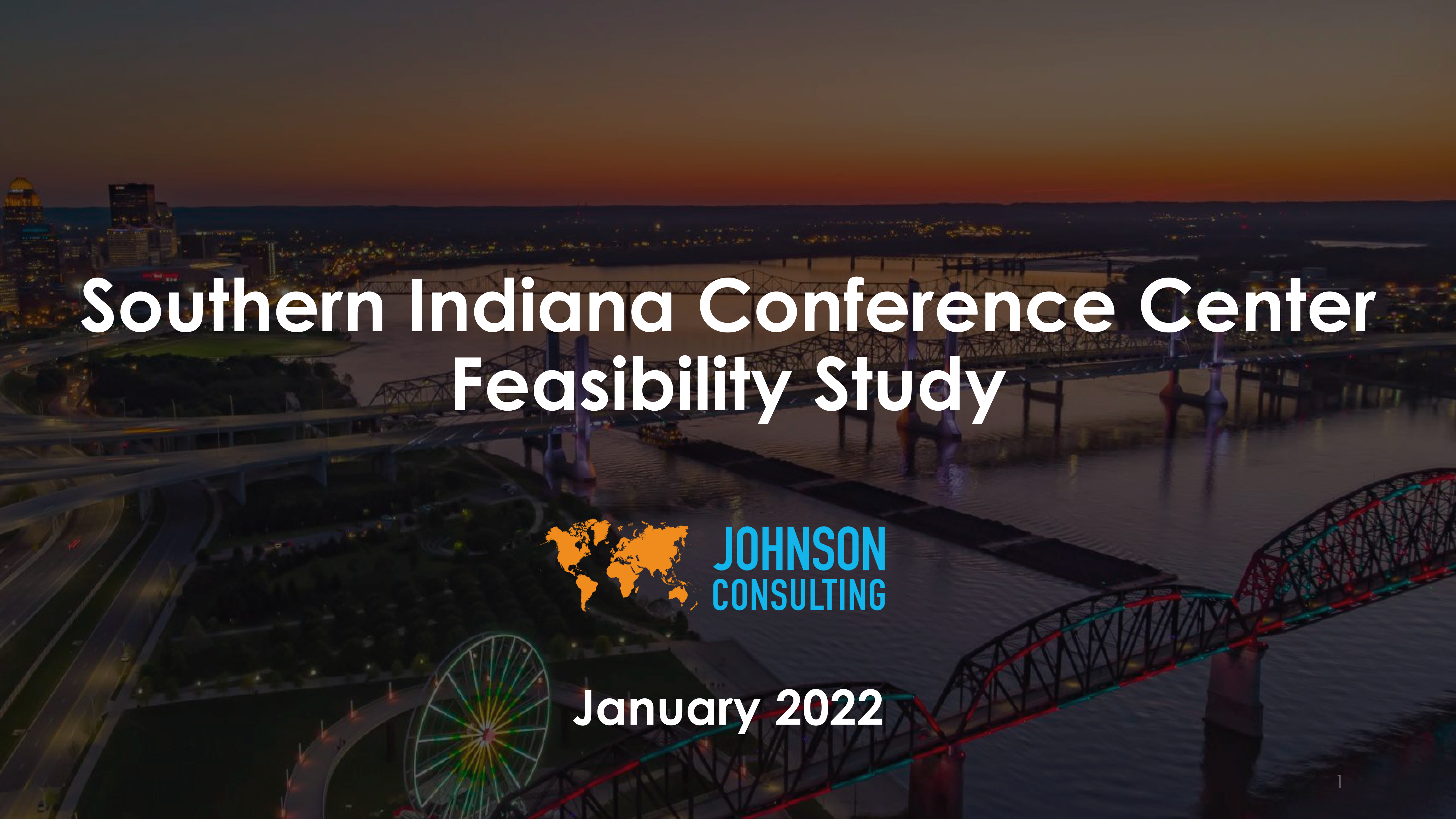

Southern Indiana Conference Center Feasibility Study

JOHNSON CONSULTING

January 2022

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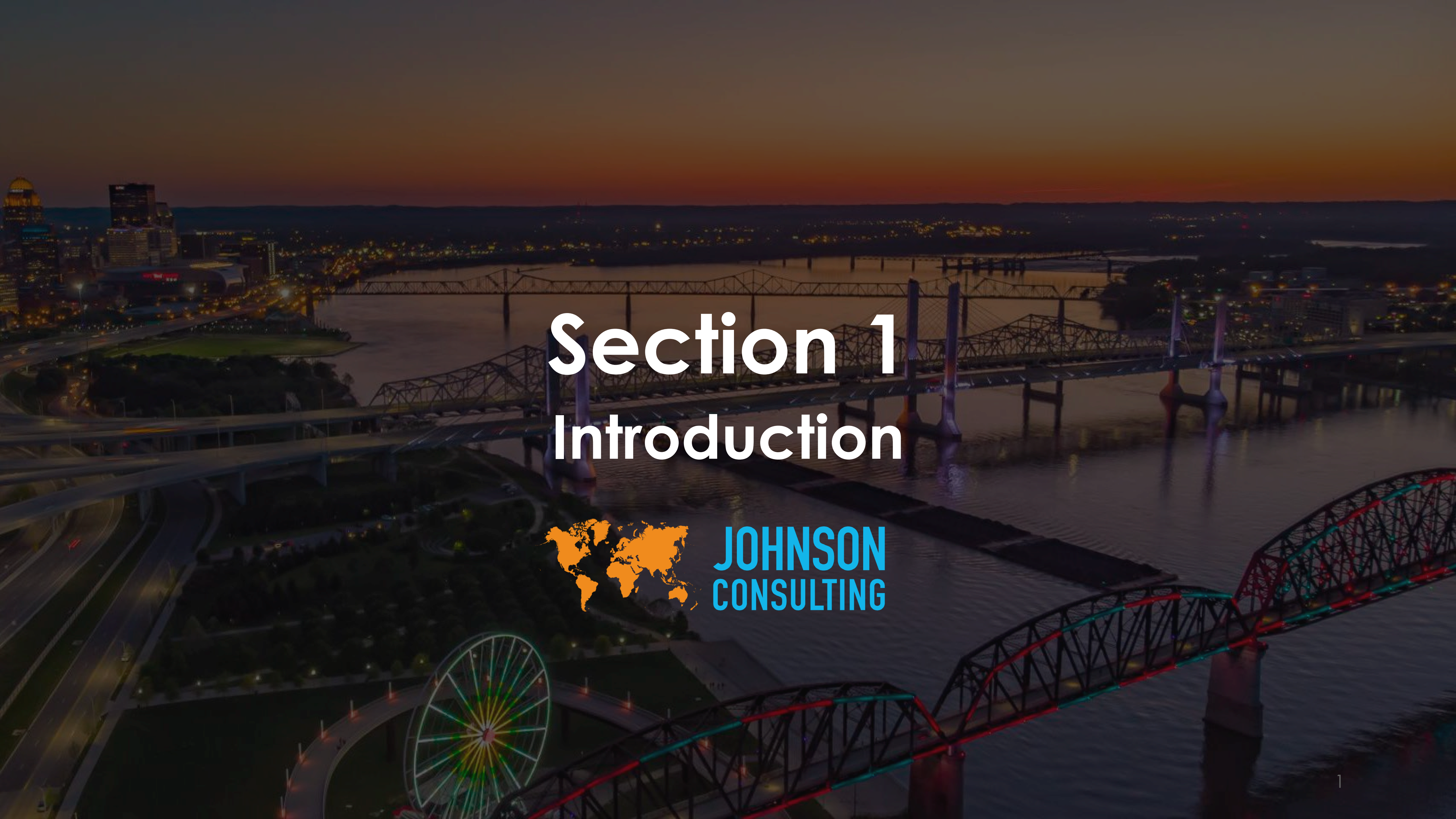


Section 1

Introduction

JOHNSON CONSULTING

Introduction

Transmittal Letter

Re: Conference Center Feasibility Study & Market Analysis

Dear Mr. Epperson,

C.H. Johnson Consulting, Inc. (Johnson Consulting) is pleased to submit this report to you regarding the market analysis and feasibility study for the proposed conference center in Southern Indiana. Pursuant to our engagement, this report provides an analysis of the economic, demographic, and market characteristics of Clark and Floyd Counties, as well as the broader region; outlines current trends within the conference and convention industries; identifies and analyzes key characteristics of regional and comparable facilities; summarizes key observations from interviews with stakeholders; and provides preliminary facility programming recommendations.

Johnson Consulting has no responsibility to update this report for events and circumstances occurring after the date of this report. The findings presented herein reflect analyses of primary and secondary sources of information. Johnson Consulting used sources deemed to be reliable, but cannot guarantee their accuracy. Moreover, some of the estimates and analyses presented in this study are based on trends and assumptions, which can result in differences between the projected results and the actual results. Because events and circumstances frequently do not occur as expected, those differences may be material. This report is intended for the clients' internal use and cannot be used for project underwriting purposes without Johnson Consulting's written consent.

We have enjoyed serving you on this engagement and look forward to providing you with continuing service.

Sincerely,

DRAFT

C.H. Johnson Consulting, Inc.

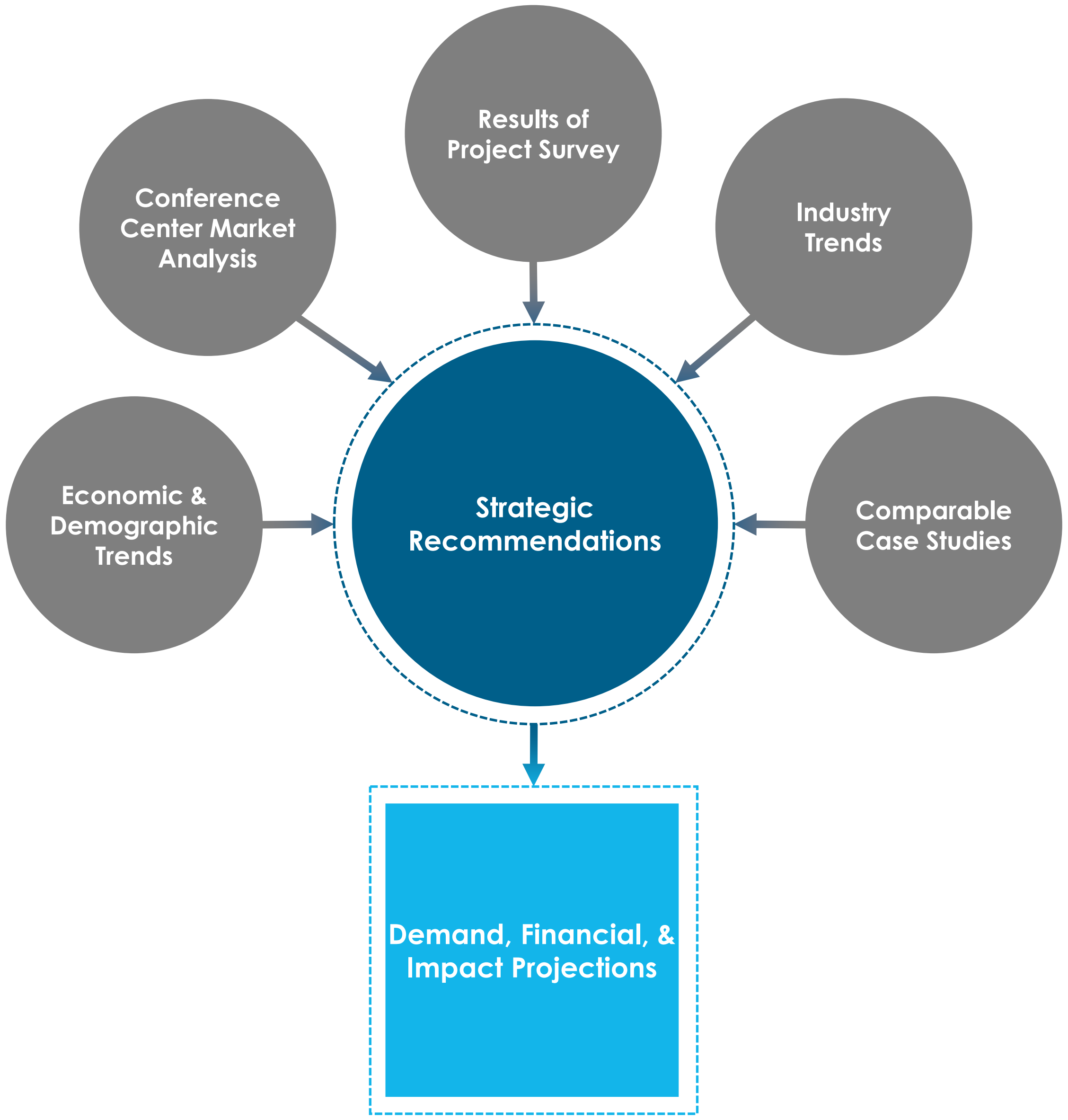
Introduction

Study Introduction & Methodology

Johnson Consulting was retained by Clark-Floyd Counties Convention & Tourism Bureau to conduct a market and economic impact study for the proposed conference center in Southern Indiana. The study aims to foster the ability of the Clark-Floyd Counties Convention & Tourism Bureau, area hotels and businesses, and other local partner organizations to make informed decisions regarding the development and operation of a conference center. The proposal document submitted to Clark-Floyd Counties Convention & Tourism Bureau by Johnson Consulting outlines a detailed scope of services for the study. Broadly, the objective of this study is to answer the following questions:

- What is the market's potential capacity to support a conference center?
- What are the trends in the broader conference and meetings industry?
- How will the facility operate from a demand and financial perspective?
- What economic and fiscal impacts could be generated by the facility?
- Which funding mechanisms, partnerships, or deal structures could be strategically employed to optimize the facility's development and operation?

In order to answer the questions above, Johnson Consulting developed and executed a comprehensive methodology for the study, which is illustrated by the figure on the right. The observations, analysis, and conclusions of the study will be presented throughout the remaining sections of this report.



Section 2

Economic & Demographic Trends

Economic & Demographic Trends

Overview

Clark and Floyd Counties, collectively marketed as a destination known as Southern Indiana, are situated just across the Ohio River from Louisville. The Louisville MSA is located along Interstate 65 which runs north toward Indianapolis and south toward Nashville. Several other interstates pass by, including Interstate 64 which runs east toward Lexington and west toward St. Louis, and Interstate 71 which runs northeast toward Cincinnati. The area is circumnavigated by the Interstate 265 ring road.

Clark and Floyd Counties were established in 1801 and 1819, respectively. Clark County occupies 376 square miles of land to the northeast of bordering Floyd County, which occupies 149 square miles. The largest city and seat of Clark County is Jeffersonville, Indiana, while the largest city and seat of Floyd County is New Albany, Indiana.

Clark and Floyd Counties are served by the Transit Authority of River City (TARC), which operates various local bus routes that connect to popular destinations throughout the Louisville area. Bus routes that serve Clark and Floyd Counties directly include routes 22, 72, and 65, making stops at demand generators like Indiana University Southeast, Floyd Memorial Hospital, Downtown New Albany, Green Tree Mall, and Clarksville. Louisville International Airport is located 8 miles south of the Clark and Floyd County boundaries – approximately a 10-minute drive.

The figure to the right presents a map of Clark and Floyd Counties in relation to the encompassing Louisville metropolitan area, as well as the rest of Indiana and Kentucky.

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Economic & Demographic Trends

Population

Large and growing population bases are a critical component of ensuring the success of conference centers. Rotating events are attracted to facilities located in amenity-rich markets with larger populations, and larger populations equate to more potential "drive-to" attendees and locally-based event demand.

In 2020, the population of Clark County was 118,893 and the population of Floyd County was 79,023. The greater Louisville MSA had a population of over 1.2 million. Between 2000 and 2025, the average annual growth rates projected for Clark County, Floyd County, and the Louisville MSA are 1.00%, 0.55%, and 0.79%, respectively, indicating that relative to state and national averages, Clark County is expected to grow more rapidly, Floyd County is expected to grow more slowly, and the Louisville MSA is expected grow at the national pace. Large population bases are crucial in supporting both conference centers, and healthy growth rates are beneficial for ensuring future success. The figure to the right presents population data for these geographies for 2000 – 2025.

Air Traffic

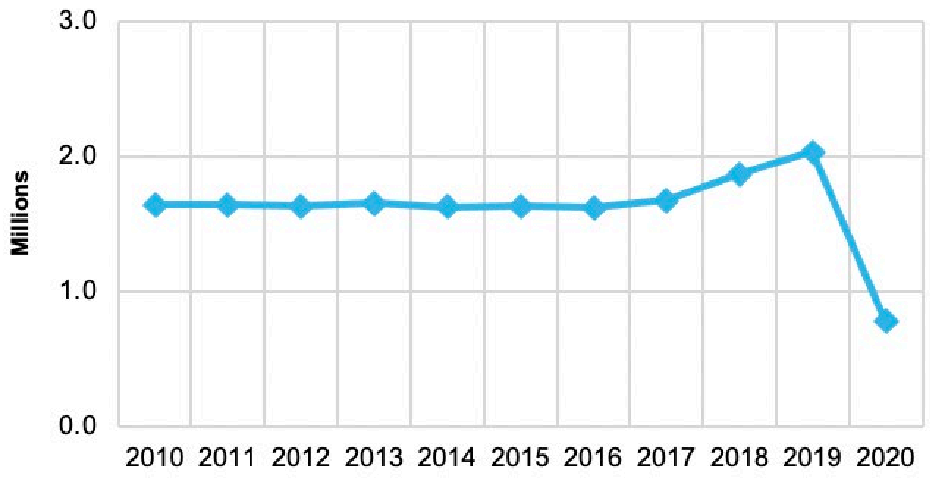
The figure to the right displays enplanement data for Louisville Muhammad Ali International Airport. As shown, airport passenger numbers were stable from 2010-2017 and increasing in 2018 and 2019. This upward trend was ultimately halted by COVID-19 but is an indicator of a growing economy. The market surpassed 2 million enplanements in 2019, and it is expected for that level of demand to be restored.

Population

	2000	2010	2020	2025	CAGR
United States	281,421,906	308,745,538	333,793,107	346,021,282	0.8%
Indiana	6,080,485	6,483,802	6,808,577	6,982,252	0.6%
Kentucky	4,041,769	4,339,367	4,596,869	4,703,976	0.6%
Louisville MSA	**1,090,027**	**1,202,718**	**1,283,286**	**1,325,690**	**0.8%**
Clark County, IN	**96,472**	**110,232**	**118,893**	**123,697**	**1.0%**
Floyd County, IN	**70,823**	**74,578**	**79,023**	**81,177**	**0.5%**

Sources: Esri, Johnson Consulting

Louisville (SDF) Total Airport Passengers per Year



Sources: Bureau of Transportation Statistics, Johnson Consulting

Economic & Demographic Trends

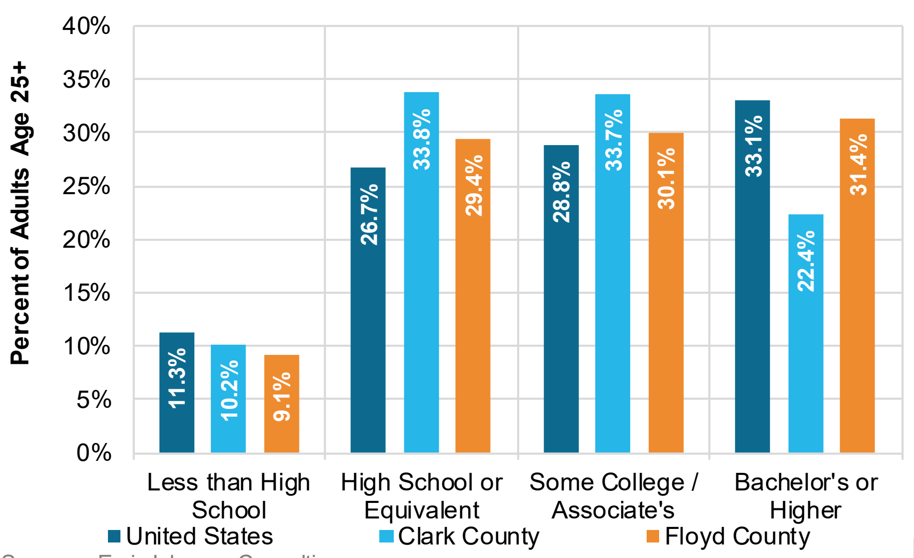
Education & Income

Education and income, although not strict predictors of conference center performance, are important market attributes for benchmarking the level of conventions, conferences, and meetings activity. Markets with higher educational attainment and income levels are more likely to have a robust economic base and healthy education system, which are key components of ensuring long-term growth and resiliency. Well educated, high income markets have a significant advantage when it comes to attracting new businesses, and are also more likely to have the nightlife, retail, and tourism scenes that appeal to event planners.

Southern Indiana residents have educational attainment levels that are comparable to that throughout Kentucky and Indiana, but lower relative to the national average. 22.4% of Clark County residents and 31.4% of Floyd County residents have a bachelor's degree or higher, compared to 27.6% of Hoosiers, 25.4% of Kentuckians, and 33.1% of all Americans. Southern Indiana performs better in terms of the share of the population that has not completed high school. The share of Clark County residents who have not completed high school is 10.2%, while that of Floyd County is 9.1%, which are lower than both state and national averages. The top right figure illustrates educational attainment among residents of Southern Indiana.

As shown in the bottom right figure, in 2020, the median household income in Clark and Floyd Counties was $57,192 and $67,236, respectively, while that of the Louisville MSA was $58,980. For comparison, the median household income in Indiana and Kentucky was $56,021 and 50,617, respectively, while that of the U.S. as a whole was $62,203. Between 2020 and 2025, the median household income in Clark and Floyd Counties is projected to increase by an average annual rate of 1.24% and 1.53%, respectively. Residents with higher incomes are more likely to attend events at the proposed conference facility, and will have more money to spend for these events. That being said, it is important to make programming affordable and accessible to residents of all income levels.

Educational Attainment



Sources: Esri, Johnson Consulting

Median Household Income

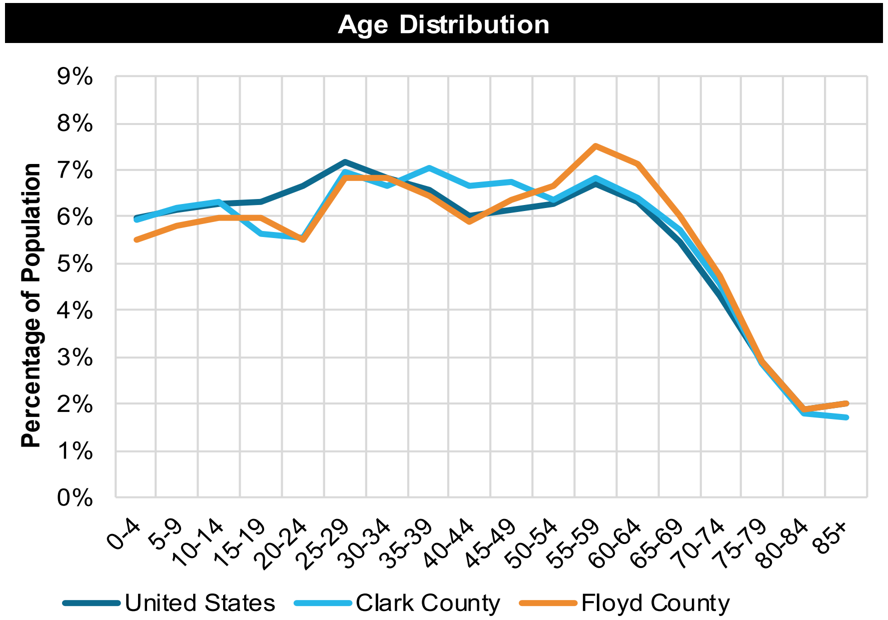
	2020	2025	CAGR
United States	$62,203	$67,325	1.60%
Indiana	$56,021	$59,759	1.30%
Kentucky	$50,617	$53,525	1.12%
Louisville MSA	**$58,980**	**$63,138**	**1.37%**
Clark County, IN	**$57,192**	**$60,812**	**1.24%**
Floyd County, IN	**$67,236**	**$72,537**	**1.53%**

Sources: Esri, Johnson Consulting

Economic & Demographic Trends

Age

Age is another important demographic indicator to consider when evaluating the market. Some markets seek to combat “brain drain,” a phenomenon where primarily college-educated young professionals are leaked to larger metropolitan markets. Other markets seek to attract wealthier retirees, which bring economic spending, leisure time, and philanthropic dollars with them. The conference and meetings segment has events that cater to all ages, ranging from family shows for children, sporting events for younger residents, conferences and conventions for working professionals, and consumer shows that may appeal to older demographics. The key is to achieve a balance that works within the social and economic context of the market. Residents of Clark County, Floyd County, and the Louisville MSA tend to be older, on average, compared to state and national averages. The top right figure shows that Southern Indiana’s age distribution is relatively uniform with the national average, with slightly higher concentrations of individuals between the ages of 50 and 64, and slightly lower concentrations of individuals under the age of 30. This is an important consideration for the proposed conference facility’s programming and advertising.



Sources: Esri, Johnson Consulting

Major Employers

The table on the bottom right displays Southern Indiana's major employers. As shown, the top 3 employers are Amazon, Baptist Health Floyd, and the U.S. Census Bureau. This list represents potential opportunities for partnerships, sponsorships, and advertising at the proposed conference facility

Southern Indiana Major Employers

Employer	Employment
Amazon Fulfillment Services	2,907
Baptist Health Floyd	1,955
U.S. Census Bureau	1,642
Clark Memorial Hospital	1,400
Greater Clark County Schools	1,126
Horseshoe Southern Indiana	1,160
Samtec, Inc.	1,096
New Albany - Floyd County Schools	1,036
Heartland Payment Systems	811
West Clark County Schools	552

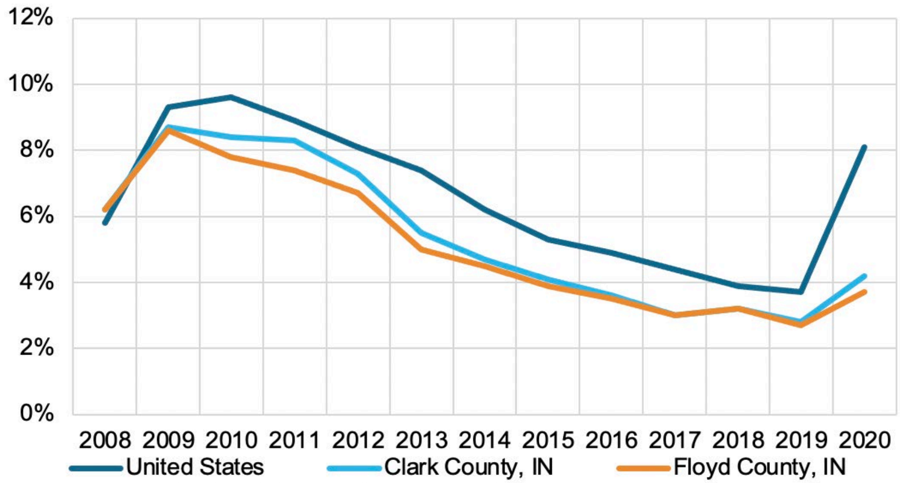
Source: One Southern Indiana, Johnson Consulting

Economic & Demographic Trends

Unemployment

The figure on the right shows the annual unemployment rates for Clark and Floyd Counties relative to the U.S., for the period of 2008 through 2020. As shown, Southern Indiana's unemployment rate tracked below statewide and averages nearly every year, excepting the years 2008-2010, when the economic downtown had a disproportionate and immediate impact on the industries that are most heavily concentrated in Southern Indiana. At the height of the recession, Clark County's unemployment rate peaked at 9.5% in 2010 while Floyd County's peaked at 8.9% In 2018, Clark and Floyd County had unemployment rates of 3.4% and 3.3%, respectively. High unemployment rates are indicative of economic and social distress, while communities with extremely low unemployment rates can have trouble filling jobs due to undersized or underqualified labor pools. Southern Indiana does not appear to be at risk for either of these issues.

Unemployment Rate

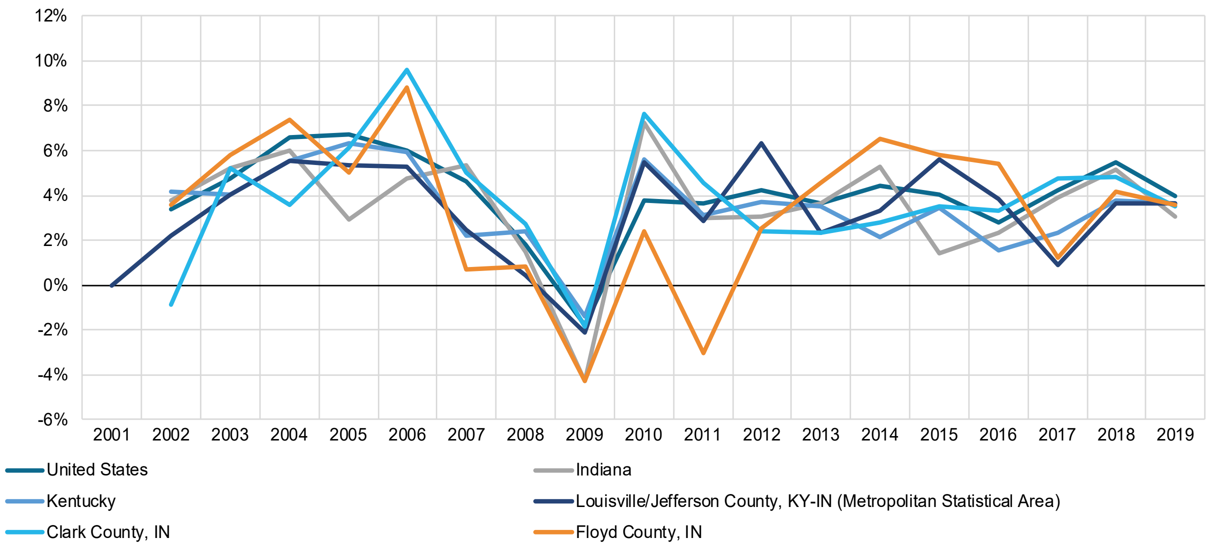


Sources: Bureau of Labor Statistics, Johnson Consulting

Gross Domestic Product

Gross Domestic Product (GDP) measures the total size of a region's economy by quantifying the total value of goods produced and services provided in a given time period. The chart on the right shows the GDP Year-On-Year growth for Indiana and Kentucky relative to that of the U.S. as a whole between 2002 and 2020. As shown, Indiana and Kentucky's GDP seemed to be more severely affected by and slower to recover from the financial crisis. Taking this into account, the GDP growth for Indiana and Kentucky has been comparable to the nation's growth for most years. The impact of the COVID-19 pandemic on the GDP can be seen, with all 3 comparative geographies taking a hit.

Gross Domestic Product Year-On-Year Growth



Sources: Bureau of Economic Analysis, Johnson Consulting

Economic & Demographic Trends

Location Quotients by Industry Sector

As of 2020, nearly 86,628 workers are employed by employers within Southern Indiana. The top 5 industries with the most employees are:

- Health Care & Social Assistance
- Retail
- Manufacturing
- Accommodation and Food Services
- Other Services

The table on the right contains a location quotient analysis of the number of employees in Southern Indiana by industry sector relative to that of the U.S. Location quotients of 1 indicate similar relative concentration of that industry in Southern Indiana, while values higher than 1 indicate higher concentrations of that industry, and values lower than 1 indicate lower concentrations of that industry. The location quotient values are color-coded accordingly. As shown, Southern Indiana has a high concentration of industries such as Manufacturing, Transportation & Warehousing, and Other Services. Southern Indiana has a very low concentration of industries such as Utilities, Mining, and Agricultural industries. A market's employment and economic concentrations within certain industries is highly correlated with its ability to attract conferences and events within that industry. Some sectors can be influenced by projects like a new conference or convention center. This venue would add to the hospitality, leisure and arts, and cultural segments and would support the manufacturing businesses that are of high concentration in the market.

Employment Location Quotient by Industry Sector

Sector	Southern Indiana Employment	United States Employment	Location Quotient
Health Care and Social Assistance	15,426	22,216,731	1.2
Retail	12,069	19,586,073	1.1
Manufacturing	11,153	12,206,279	1.6
Accommodation & Food Services	8,612	13,869,519	1.1
Other Services	6,753	8,649,541	1.4
Education	5,718	12,836,307	0.8
Construction	3,766	6,791,202	1.0
Transportation & Warehousing	3,513	3,773,746	1.6
Professional, Scientific, & Technical	3,461	10,225,935	0.6
Wholesale	3,408	6,219,071	1.0
Public Administration	3,370	9,206,951	0.6
Finance & Insurance	2,159	6,009,992	0.6
Real Estate, Rental, & Leasing	1,998	4,097,137	0.8
Administrative & Support	1,694	3,959,393	0.7
Information	1,551	4,000,530	0.7
Arts, Entertainment, & Recreation	1,164	3,869,040	0.5
Unclassified	299	683,536	0.8
Agriculture, Forestry, Fishing, and Hunting	155	685,236	0.4
Management of Companies & Enterprises	133	357,574	0.6
Utilities	132	645,809	0.4
Mining	94	382,073	0.4
Total	**86,628**	**150,271,675**	

Source: Esri, Johnson Consulting

Economic & Demographic Trends

Community & Economic Development

In addition to the aforementioned economic and demographic trends, there is strong evidence of community and economic development momentum in the Southern Indiana area. This activity is comprised of a variety of specific projects that are planned in the short and long term for the market. A few of these projects are summarized below and on the next page.

- **South Clarksville Redevelopment –** This redevelopment plan, conceptualized on the top right, envisions the future of over 300 acres of dormant industrial land along the riverfront, directly across from Downtown Louisville. Plans include a vibrant, town center-style mixed-use development comprised of nearly 800 residential units, over 280,000 square feet of retail and nightlife, a 150-room full-service hotel, and significant public space along the river.

- **Origin Park** – Origin Park is a unique, 600-acre urban park along the north shore of the Ohio River between New Albany and Clarksville. The park is currently undergoing an ambitious, large scale redevelopment effort, including visions of climbing walls, ziplines, walking/biking paths, whitewater rafting, treehouses, event venues, ranger stations, kayaking & paddle boarding, sledding hills, great lawns, natural meadowlands, and more, as shown on the bottom right.

- **Ohio River Greenway** – This 7.5-mile riverside path connects through New Albany, Clarksville, and Jeffersonville. Future plans include landscape and amenity improvements along the trail and eventual extension.

Economic & Demographic Trends

Community & Economic Development

- **River Ridge Commerce Center** – This business and industrial park encompasses over 6,000 acres of land near the intersection of Highway 62 and Interstate 265, as shown on the near right. Currently supporting 60+ companies and 17,500 jobs, this hub is poised to continue to drive growth. This project is set up to be a major success, and the addition of strong public venues would increase business retention and attraction.
- **Jeffersonville 2035 Comprehensive Plan** – The City of Jeffersonville recently completed this plan, which visualizes the magnitude of projects in various stages of planning and development. As shown on the right, the downtown area alone is slated for 12+ projects, in addition to those planned throughout the rest of the community.
- **Charlestown State Park –** A recently completed master plan envisions the future of 5,000 acres of land now designated as Indiana's newest state park. Plans include camping areas, habitat preservation, lodge and event facilities, boat access to the Ohio River, and an outdoor recreational aquatic center.
- **Catapult Central Clarksville (3C)** – This planning effort is still in its early stages but promises to provide a wealth of material for 600 acres of underutilized, big box commercial land in central Clarksville. Deliverables will include a master plan, funding sources, and implementation strategies.

Section 3

Industry Trends

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Industry Trends

Primary Types of Facilities

- **Hotel and Meeting Room Facilities:** Many markets have developed a multipurpose or small convention or conference center complex within or adjacent to a hotel, as a means of improving the lure of the hotel and subsidizing its operations. These facilities, which have been undertaken in markets of varying sizes, are frequently developed through public-private partnerships whereby the public sector may assemble land, build parking, and fund meeting space components as a way to execute a project. Often the various project elements are developed as a joint project, in terms of timing, but in some markets, the public elements have been built first with the hotel coming later.

- **Conference Centers:** These facilities provide a specialized combination of meeting spaces, high-tech amenities, and services in support of training and education initiatives. Most conference centers are operated in conjunction with a hotel, although some are part of a university and a small number operate as standalone venues.

- **Convention Centers:** These facilities combine the meeting capabilities of a conference center with exhibit space. These facilities are designed to meet the broad needs of the Meetings, Incentive, Convention, and Exhibition (M.I.C.E.) industry and primarily serve as economic development enterprises for the community. Their mission is to bring outside visitors and associated spending into the community, although they may also host large locally oriented consumer events

- **Exposition Halls:** These facilities focus exclusively on product and consumer shows that require little meeting space. Pure exposition halls generally exist in markets that have other convention and/or meeting venues available or in situations where the private sector has responded to a lack of supply by developing an inexpensive facility. Fairgrounds also offer facilities that are exposition-oriented.

- **Events Centers:** Events centers, or arenas, are used as multi-purpose facilities to host a wide range of events, from small to mid-size conventions, and trade shows, to sporting events, concerts, and banquets. These facilities typically host many more locally oriented events than dedicated exhibit and ballroom space within convention centers. Events centers also incorporate breakout and meeting rooms, and often have a full commercial kitchen to cater banquet events.

Industry Trends

Types of Events

Conference centers and multipurpose event facilities are, as the name implies, able to accommodate many different types of events. The matrix below categorizes each type of event that can occur in these types of facilities, at the broadest of levels, and describes some of the key characteristics of each event type.

	Conventions & Conferences	Exhibitions & Trade Shows	Meetings & Assemblies	Consumer Shows	Entertainment Events	Sporting Events
Purposes	Networking Education Idea Sharing	Sale of Goods & Services Advertising Networking	Organizational Business Idea Sharing Networking	Sale of Goods & Services Advertising Community Partnerships	Entertainment Arts & Culture Leisure	Tournaments & Competitions Recreation Leisure
Facility Types	Hotels Convention Centers	Hotels Convention Centers Expo Centers Fairgrounds	Hotels Convention Centers Arenas Theaters	Hotels Convention Centers Expo Centers	Arenas & Stadiums Theaters & Amphitheaters Convention Centers	Arenas & Stadiums Convention Centers Sports Complexes
Event Duration	2 - 5 Days	3 - 6 Days	1 - 2 Days	2 - 5 Days	1 - 3 Days	1 - 3 Days
Visitor Stay	2 - 4 Days	1 - 3 Days	1 - 2 Days	1 - 2 Days	1 Day	1 - 2 Days
Visitor Type	Industry Specific	Industry Specific	Organization Specific	General Public	General Public	General Public
Visitor Origin	Mostly Non-Local	Mostly Non-Local	Local & Non-Local	Mostly Local	Mostly Local	Mostly Local
Economic Impact	$$$$$	$$$$$	$$$$	$$$	$$$	$$$

Industry Trends

Types of Event Sponsors

The conference and events industry includes a wide variety of event types that are sponsored by different types of businesses and organizations, including:

Corporations: Business meetings are an integral part of the meetings industry. They represent the majority of meetings held throughout the world, and topics can be as wide-ranging as the industries themselves. For the purposes of this report, corporate meetings will refer to off-site conferences, sales, and incentive meetings, such as the events that are often held at hotels.

Associations: Trade and business associations represent certain industries and strive to keep members informed about current issues related to their industry. Associations sponsor meetings and conventions to serve this educational and informational purpose, and also assist in marketing efforts by holding trade shows where members can display and sell their products.

Educational Institutions: Universities are increasingly recognizing that more continuing education occurs at meetings, rather than in classroom settings, and are becoming an important player in developing and sponsoring continuing education activities and conferences.

Government: All levels of government hold meetings for the purpose of education, discussion of issues, and policy deliberation. In many countries, governments also create and sponsor trade shows in order to support sectors of the economy.

Independent Show Organizers, Incentive Houses, and Publishing Companies: The meetings industry has grown so large that it now supports a growing number of organizations that specialize in the business of producing meeting events. These businesses may work on behalf of corporations and associations, and handle all aspects of a meeting, from booking attendees to event operations.

Social, Military, Education, Religious, Fraternal, and Ethnic (SMERFE) Organizations: These organizations typically sponsor convention or assembly events that are not always business-related and tend to be geared more towards social networking and discussion of issues.

Industry Trends

Nationwide Trends

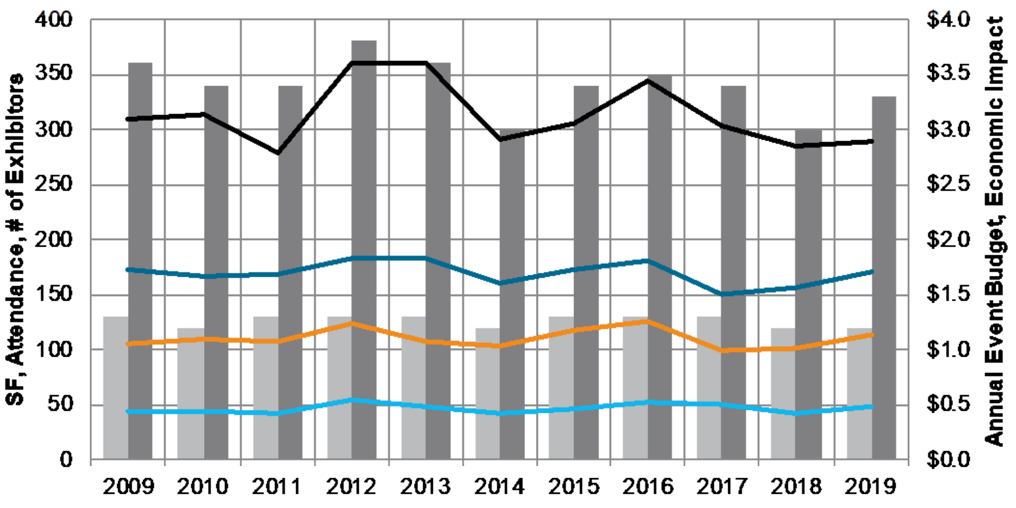
This section provides insight into the nationwide conference and meetings industry, based upon two sources of published data that are widely respected in the industry – 1) Professional Convention Management Association (PCMA), whose members host conferences and meetings across a range of industries, and 2) Center for Exhibition Industry Research (CEIR), which tracks exhibition events.

Over the past decade, the convention, meetings and exhibition industry has demonstrated relative stability across a variety of measures. Data from the PCMA's Meetings Market Survey, shown on the top right, indicates slight increases in the square footage requirements of organizations' largest events and attendance at organizations' largest events. Slight contraction is indicated in the number of exhibitors, total hotel room pickup, annual event budget, and economic impact.

The exhibitions industry has also enjoyed steady growth in recent years, following declines that resulted from nationwide economic conditions. In 2018, the exhibition industry finally once again entered an expansion phase that surpassed its previous peak. This data is supported by the Center for Exhibition Industry Research's (CEIR) Index Report for the exhibition industry, which is summarized on the bottom right. Exhibitions are defined as events with at least 3,000 net square feet of exhibit space and 10 or more exhibitors. This report compiles data from over 600 events that occurred in North America, representing 14 industry sectors.

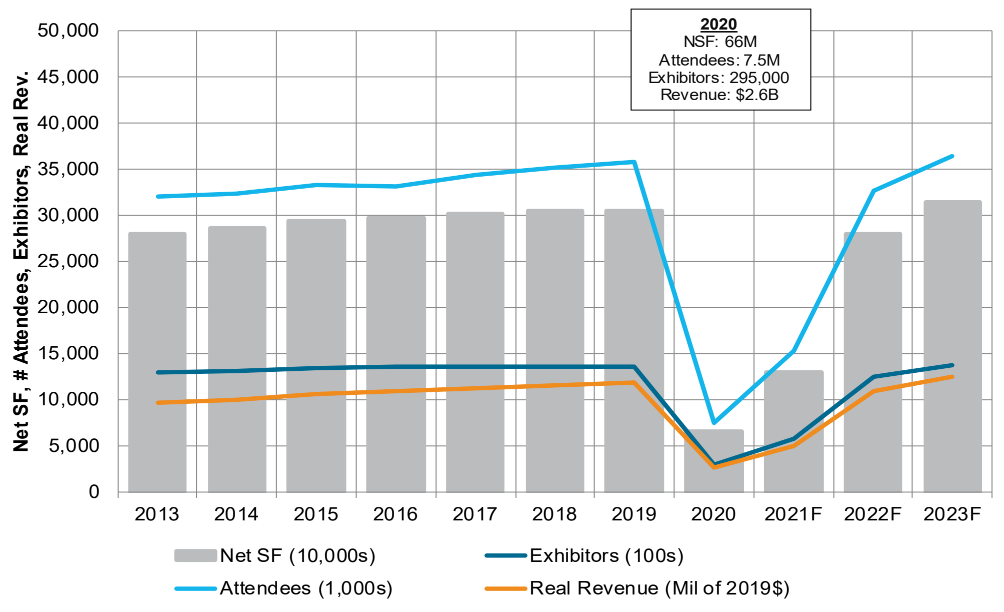
The 2021 CEIR Index Report indicates a drastic decline across all index indicators in 2020 – net square foot declined by 78.3%, exhibitors by 78.4%, attendees by 79%, and real revenues by 78.2%, for an overall index decline of 78.5%. According to the index, 2021-2023 are anticipated to represent recovery years, with the overall index increasing by 97.5% in 2021 and 115.5% in 2022.

Conference & Meetings Industry Trends



Sources: PCMA, Johnson Consulting

Exhibition Industry Trends



Sources: 2021 CEIR Index Report, Johnson Consulting

Industry Trends

Nationwide Trends – COVID-19 Impact

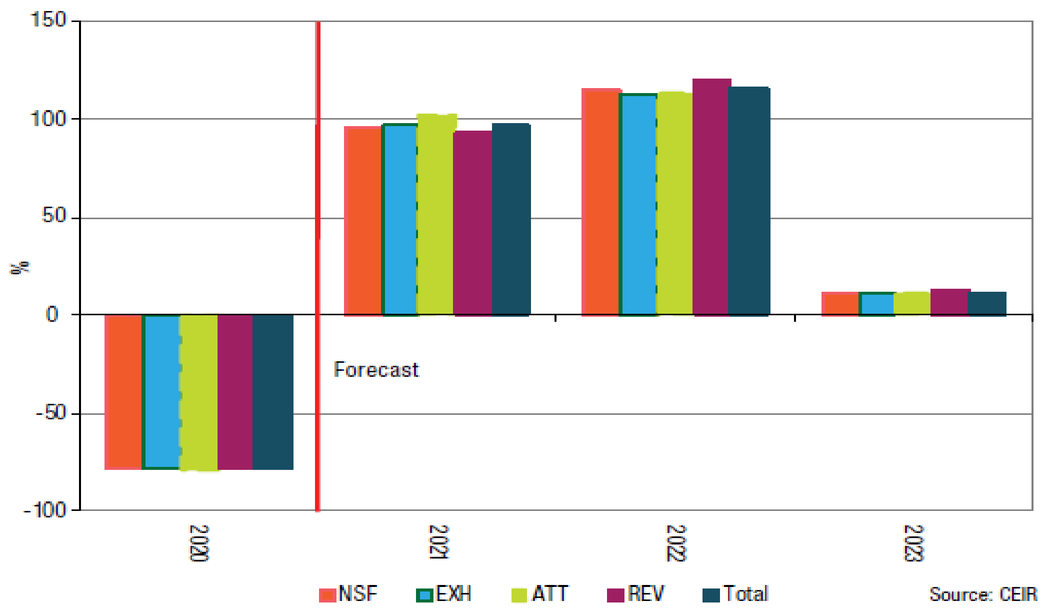
The 2021 CEIR Index Report offered the following insights into the future of the exhibition industry:

- **Full recovery by 2023:** CEIR asserts that, "strong underlying macroeconomic factors should lay a firm foundation for the industry as exhibitions re-open". In the best-case scenario, the exhibition industry will fully recover by mid-2022; worst case scenario, the exhibition industry will not fully recover until 2024. The cancellation rate will continue to be a critical determining factor in exhibition performance, as it was in 2020. By 2023, the impact of COVID-19 should largely diminish – the CEIR Total Index is expected to exceed the pre-pandemic level by 2.5%.

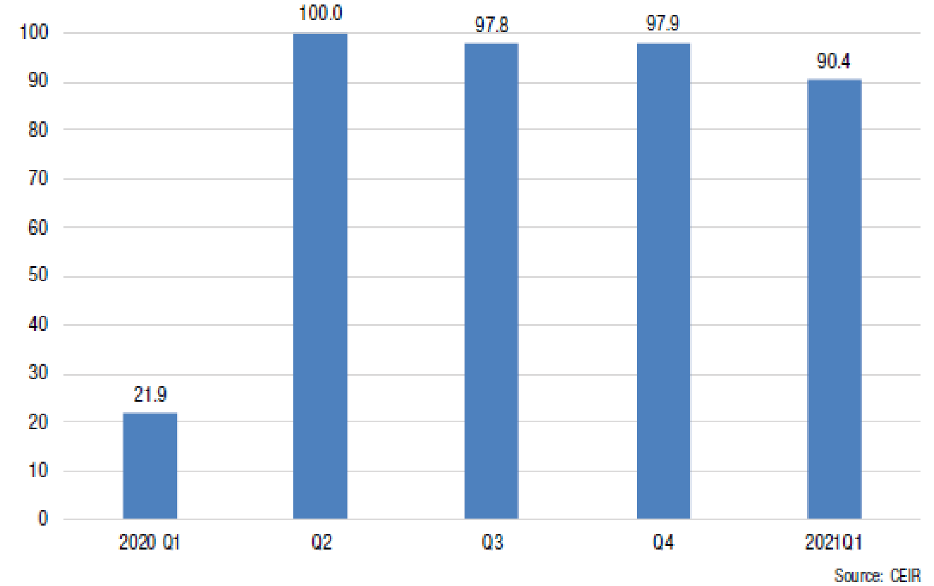
- **ID, FD, and GS to lead the recovery:** In 2023, the top three performing sectors are expected to be Industrial/ Heavy Manufacturing (ID), Food (FD), and Discretionary Consumer Goods and Services (GS), while the bottom three sectors are expected to be Education (ED), Consumer Goods and Retail Trade (CG), and Business Services (BZ).

- **Variants continue to be a wildcard:** With recent surges in Delta, and concerns about a surge of Omicron, the immediate exhibition industry recovery is still uncertain. These surges influence both the cancellation rate, as well as the performance of completed events. However, with the widespread vaccination effort, and the more recent booster shot roll-out, there is optimism that the Omicron variant will not be as economically destructive as previous variants.

CEIR Index for the Overall Industry, 2020-2023
Percent Change



Cancellation Rate of In-Person Events, Q1 2020-Q1 2021
Percent



Industry Trends

Nationwide Trends – COVID-19 Impact

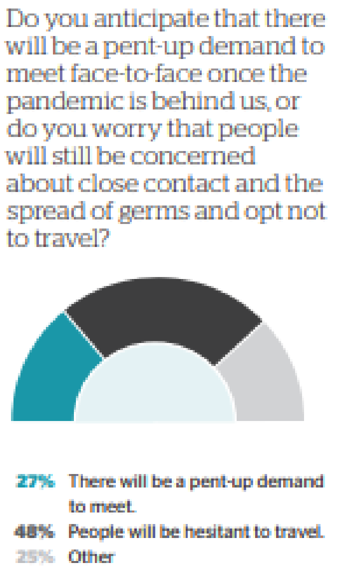
PCMA offered the following insights gathered in its 2020 COVID-19 Survey, and in its more recent COVID-19 Recovery Dashboard Survey from September 2021:

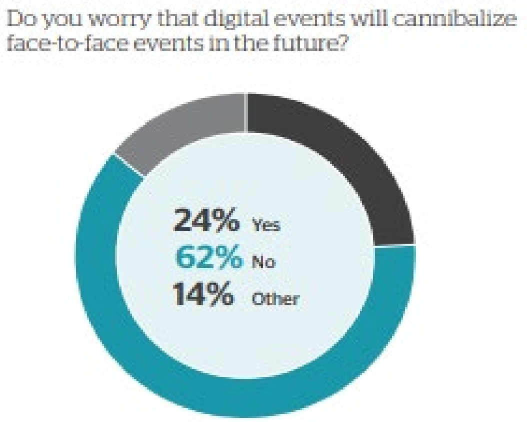
- **Return of face-to-face (F2F) events:** In the 2020 survey of event planners, PCMA found that, by a wide margin, respondents believed that virtual events would not cannibalize F2F events. This is an optimistic outlook, even as planners reported they were otherwise concerned about the time horizon for return to "normal" events.

- **Pent-up demand for F2F events:** In the 2020 survey of event planners, PCMA found that respondents were somewhat divided on people's comfort with travel for events. Roughly a third of respondents believe there is pent-up demand to meet, while nearly half of respondents noted that people are still hesitant to travel. One quarter of respondents marked "Other", and the vast majority of those respondents said there would be a combination of both. These people argued that, as much as planners want to return to "normal", their travel is largely dependent on vaccination, and sanitary practices and protocols at events. Since conventions have returned and vaccines have rolled out, the widespread enthusiasm for large events indicates that there is significant pent-up demand in this industry, but that people are now having to weigh the dangers of the new, potentially more contagious variants.

- **Planners growing less anxious, more resilient:** Between surveys conducted by PCMA in August 2021 and September 2021, planners and suppliers indicated that they felt less anxious about the future of events. More planners in September 2021 indicated that they think it's necessary to develop soft skills – including resilience in times of crisis – to succeed professionally in an economic recovery.

- **Planners tired of "wait and see":** Between August and September 2021, the proportion of planners who said they were canceling their F2F event in the coming months due to the Delta variant more than doubled – from 11% to 23%. However, the number of planners who indicated they were moving forward with a F2F event in Fall 2021 also increased. This attitude can be summed up as, "Enough already." Many planners are tired of the "wait and see" approach that characterized 2020 and much of 2021.





Industry Trends

The Future of Meetings & Events

The preceding slides have established that the conference and events segment bounces back from hard times like September 11 and the 2008 recession, as will happen with the recovery from the pandemic. The period from now until full recovery provides an opportunity for planning and development for meeting venues that will help aid in the economic recovery and create jobs and trade – an extremely important element of a market's overall tourism strategy. Moving forward into the future, this segment will be presented with new challenges and opportunities. The Professional Convention Management Association (PCMA) and Marriott International released a report establishing 5 overarching trends that will define the future of the industry, as follows:

Emotional Intelligence: Designing with the end-user in mind. Meetings and events will need to move past reactive adjustments to adopt a proactive approach to personalized experiences, understanding the needs of participants before they arrive.

Orchestrated Serendipity: Engineering and embracing the unexpected for more meaningful moments. Experiences must embrace freedom and surprise, freeing consumers from the constant constraint of schedules or agendas. By embracing the unexpected, we can engage participants and leave a lasting impression.

Multimodal Design: Designing for adaptation and iteration. Every event has a unique objective and audience, and a space must reflect each event's specific personality and needs. Space is critical to any event and should be designed to adapt to the ways that participants will engage.

Bigger than Oneself: Acting on a meaningful message. You can't just provide content anymore. Every event must have a message. Participants want to understand what's important to a business, and experience events that deliver that message down to the smallest detail.

Clear Sense of Place: Leveraging geography for deeper enrichment. The most memorable events celebrate local surrounding, enriching visitors, exposing them to the local culture, and connecting them with the community to increase engagement.

Events and facilities that harness these trends will be well-situated for success in the years to come.

Implications

The meetings and events industry, like any, is subject to the expansion and contraction of the national and global economies. Greater Louisville's economy is booming and many features are supportive of meeting facilities. While the industry suffered during the most recent economic recession at the end of the last decade, it has since rebounded to pre-recession levels and in many respects, has served as a catalyst for economic recovery and growth. In order to gauge likely future conditions in the marketplace, it is important to consider the current position in the business cycle and the broader outlook for the economy. Of the 4 stages of the business cycle – 1) Recession; 2) Trough; 3) Expansion; and 4) Peak – the Federal Reserve indicated that the U.S. economy started 2020 in the expansion stage, but the pandemic caused a major economic disruption. While the outlook for the future of events remains uncertain, there are positive signs of recovery, albeit along an elongated curve.

Indeed, the convention, meetings and exhibition industry plays a critical role in providing stability and propelling economies forward even as business and economic cycles fluctuate. The industry is a driver of global innovation with an enormous economic impact and convention centers will continue to serve as venues for the exchange of knowledge, culture, and capital – a defining component of economic innovation. The industry is also directly reflective of supply chain health, and is deeply affected by logistics disruptions; when bottlenecks occur, the events industry is heavily impacted. Accordingly, convention centers and other types of meeting and event venues should be viewed as strategic investments in the future of our communities.

There are millions of events and performances happening annually throughout North America and around the world in the meetings, events, and performing arts industries. Despite being mature industries, these markets have enjoyed stability and modest growth over the past decade, which is evidenced by the data published by PCMA, CEIR, Pollstar, and Americans for the Arts. This data indicates long-term stability across many indicators that measure events, event budgets, ticket sales, attendance, and revenue, and forecasts rebounds to be made once the COVID-19 pandemic subsides. While it is difficult to forecast when this could occur, the facilities recommended within this report would not be opening their doors within the next 2 years at a minimum, given the significant time that would be required to navigate the financing, planning, design, and construction phases of development.

Southern Indiana is well-positioned to capitalize on the long-term health of these industries by making strategic investments in facilities to host these activities. These facilities would certainly provide a public amenity to the existing Southern Indiana community, and could also attract regional and national activity, generate significant economic and fiscal impacts, and catalyze future growth in the community.

Section 4

Conference Center Market Analysis

JOHNSON CONSULTING

Conference Center Market Analysis

Event Facility Inventory

Southern Indiana and the adjacent Downtown Louisville submarket has developed facilities to accommodate meetings, conferences, and other multi-purpose events. These facilities are the most important factor in determining a destination's ability to accommodate local event demand and attract demand from within Indiana, Kentucky, and throughout the rest the U.S.

The table on the right inventories existing event facilities within the Southern Indiana and Downtown Louisville submarkets, including facilities with a minimum of 5,000 square feet of total event space. As shown, there are 25 event facilities totaling to over 1.8 million square feet of event space.

Although this report focuses on the Southern Indiana portion of the market specifically, it's important to consider existing inventory in certain areas of the Louisville market as well, as these properties represent potential competition for any additional facilities that would be developed in Southern Indiana. Our research concludes that there is a major shortage in high quality, large capacity conference venues on the north side of the Ohio River.

Event Facility Inventory

Facility	Location	Type	Year Built	# of Hotel Rooms	Largest Meeting Space (SF)	Total Meeting Space (SF)
Kentucky Exposition Center	Louisville	Convention Center	1956		971,585	1,070,553
Kentucky International Convention Center	Louisville	Convention Center	1977		204,169	305,169
Galt House Hotel - Trademark by Wyndham	Louisville	Hotel	1972	1,239	23,330	110,609
Omni Louisville	Louisville	Hotel	2018	612	20,361	42,345
Marriott Louisville Downtown	Louisville	Hotel	2005	620	20,072	40,708
Caesars Southern Indiana	Elizabeth	Convention Center	1998	503	14,000	24,852
Hyatt Regency Louisville	Louisville	Hotel	1978	393	14,500	21,828
Hilton The Seelbach Louisville	Louisville	Hotel	1905	308	10,614	21,800
Huber's Plantation Hall	Borden	Event Center	1998		7,200	21,554
The Brown Hotel	Louisville	Hotel	1920	293	4,337	16,522
Radisson Hotel Louisville North	Clarksville	Hotel	1969	353	4,620	15,694
The Refinery	Jeffersonville	Event Center	1880		7,000	13,000
Joe Huber Family Farm & Restaurant	Borden	Room Rental	1968		7,000	12,000
Embassy Suites by Hilton Louisville Downtown	Louisville	Hotel	2015	304	4,929	11,904
Hotel Louisville Downtown	Louisville	Hotel	1963	197	4,982	11,000
Knights of Columbus New Albany	New Albany	Event Center	1900		7,875	10,875
Franklin Farms Event Venue	Marysville	Room Rental	1945		8,150	8,150
The Grand	New Albany	Event Center	1909		7,500	7,500
Sheraton Hotel Louisville Riverside	Jeffersonville	Hotel	1972	180	3,600	7,472
Autograph Collection Hotel Distil	Louisville	Hotel	2019	205	4,830	7,434
MOXY Louisville Downtown	Louisville	Hotel	2019	110	4,830	7,434
Hilton Garden Inn Louisville Downtown	Louisville	Hotel	2014	162	4,408	6,104
300 Spring	Jeffersonville	Event Center	2004		6,000	6,000
Floyd County Fairgrounds - Newlin Hall	New Albany	Event Center			6,000	6,000
Griffin Recreation Center	New Albany	Room Rental	1939	2,019	5,625	5,625
Total				**7,498**	**1,377,517**	**1,812,132**

Sources: CoStar, Facilities, Johnson Consulting

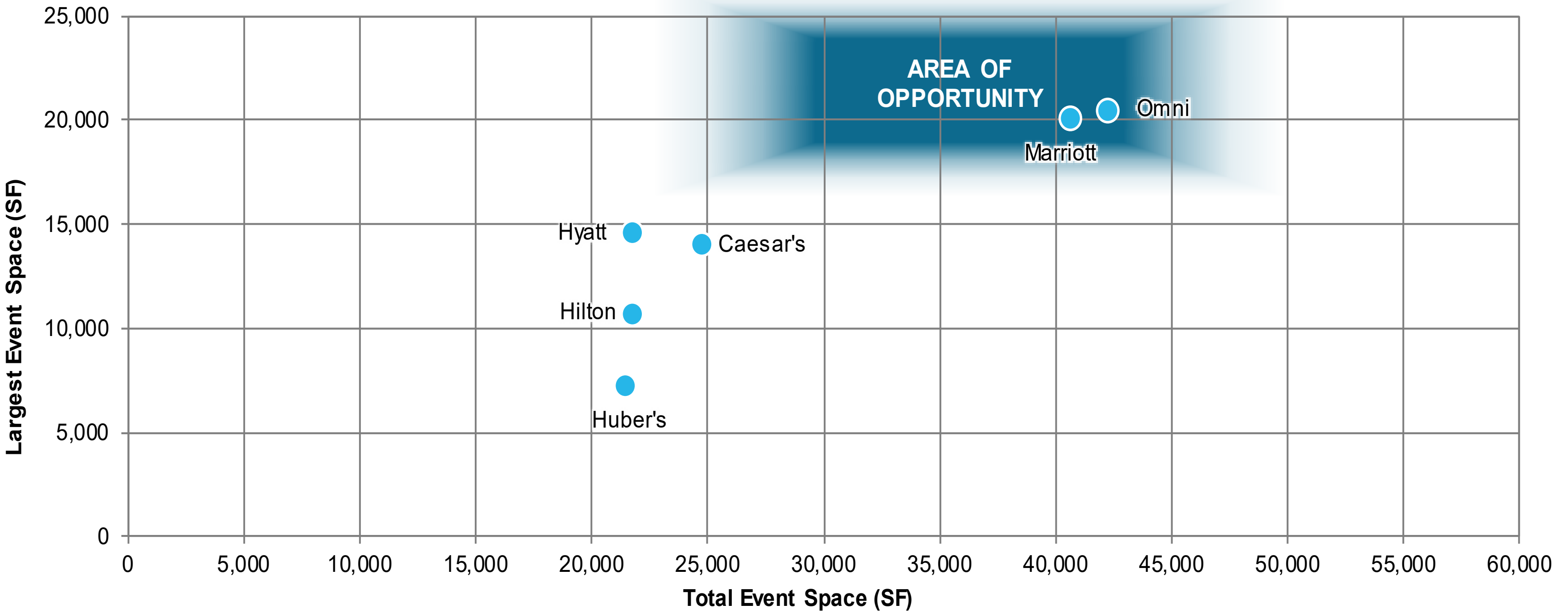
Conference Center Market Analysis

Area of Opportunity Analysis

From a regional facility perspective, the market currently has two very large facilities (the KY Expo and the KICC), and three Louisville hotels with ballrooms of about 20,000 SF each, plus meeting rooms. On the Indiana side of the river, the two largest event venues are Huber's and Caesar's, both of which are located well outside of the primary cities in SoIN. These spaces are also not up to convention and tradeshow standards, and do not provide enough capacity for the largest events This results in a transfer of events from Indiana to Kentucky. It is also of note that the only venue with 30,000-50,000 SF of contiguous ballroom space in the SoIN region is the 40,000 SF ballroom at KICC.

The table and chart at right highlight the largest event facilities in the region. This shortlist was derived from the full event facility inventory, shown in the previous slide. As shown in the Area of Opportunity chart, event facilities on the Indiana side of the river are primarily around 20,000 SF.

Southern Indiana Event Facility Area of Opportunity



Venue	Largest Event Space (SF)	Total Event Space (SF)
Kentucky Exposition Center**	971,585	1,070,553
Kentucky International Convention Center**	204,169	305,169
Galt House Hotel - Trademark by Wyndham**	23,330	110,609
Omni Louisville	20,361	42,345
Marriott Louisville Downtown	20,072	40,708
Caesars Southern Indiana	14,000	24,852
Hyatt Regency Louisville	14,500	21,828
Hilton The Seelbach Louisville	10,614	21,800
Huber's Plantation Hall	7,200	21,554

Source: Pollstar, Relevant Facilities, Johnson Consulting

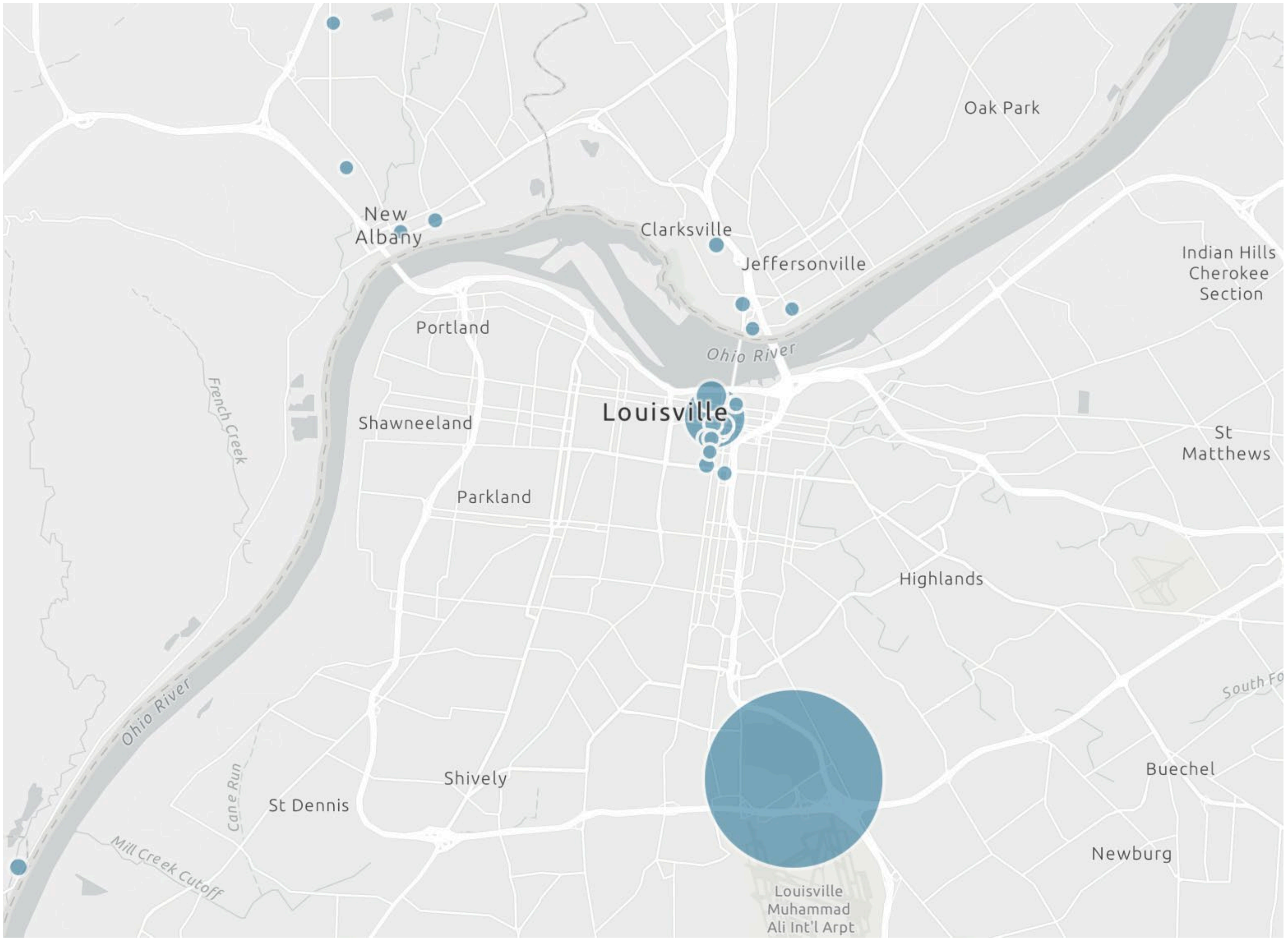
***Note: These much larger facilities have been ommitted from the chart for visual ease.*

Conference Center Market Analysis

Event Facility Map

The map on the right shows the inventory of event facilities, with each circle sized according to the facility's total square footage of event space. As shown, most of the largest event facilities are concentrated in Downtown Louisville. The largest facilities by far are the Kentucky Exposition Center and the Kentucky International Convention Center, the only two facilities capable of accommodating true "top tier" national and international conventions, exhibitions, trade shows, and other types of large, high-impact events. These events require hundreds of thousands of square feet of space. This segment of demand is beyond what is envisioned for Southern Indiana.

The next tier of facilities includes a cluster of large, Downtown Louisville hotels with high-quality ballroom and meeting room space, as well as Caesar's Southern Indiana. These facilities typically host smaller conventions, conferences, and other moderate-impact events that can be accommodated in facilities with tens of thousands of square feet of space. This is the primary demand segment where Southern Indiana fails to compete currently, which it could begin to penetrate with the addition of a conference center-type facility of a similar quality and size. The largest existing facilities within Southern Indiana – Huber's, the Radisson, and The Refinery – are subpar in some combination of factors including amount of space, quality of facilities, proximity to attractions and amenities, and/or proximity to hotel accommodations.



Conference Center Market Analysis

Targeted Event Facility Inventory

These top event facilities represent primary competitors for any additional event facility that would be constructed in Southern Indiana, including the conference center-type facility envisioned for this study. The table below dives a bit deeper in profiling these primary competitors, including images and additional information regarding these facilities.

Targeted Event Facility Inventory

	Kentucky International Convention Center	Kentucky Exposition Center	Galt House Hotel - Trademark by Wyndham	Omni Louisville	Marriott Louisville Downtown	Caesars Southern Indiana	Hyatt Regency Louisville
							
Owner Management & Operation	Kentucky Venues	Kentucky Venues	Trademark Collection by Wyndham AJS Management	Omni Hotels & Resorts	Marriott International	Caesars Entertainment	Hyatt
Year Built (Renovated)	1977 (2018)	1956 (2007)	1972 (2020)	2018	2005 (2017)	2019	1978 (2012)
Hotel Rooms	-	-	1,239	612	620	503	393
Exhibit Space (SF)	204,169	971,585	-	-	-	-	-
Ballroom Space (SF)	39,690	-	51,876	30,546	30,056	14,000	14,500
Meeting Room Space (SF)	61,310	98,968	58,733	11,799	10,652	10,852	7,328
Total Event Space (SF)	305,169	1,070,553	110,609	42,345	40,708	24,852	21,828
Other Spaces	165 seat conference theater	Two 39,000 sq ft arenas, one 600 seat auditorium	16,069 sq ft of balcony, mezzanine, pooldeck	-	-	-	-

Source: Relevant Facilities, Johnson Consulting

Conference Center Market Analysis

Hotel Inventory

Along with Event Facilities, Hotels are another key component of a successful destination for meetings and events. Hotels provide a place to stay for non-local attendees, in addition to provide event space itself. The availability, affordability, and quality of hotel accommodations in close proximity to an event location are key considerations for event planners.

Data from CoStar, an independent hospitality and real estate research firm whose statistics are widely used in the industry, indicates that within the Southern Indiana and Downtown Louisville submarket, there are 69 hotel properties totaling to 9,489 rooms. Although this report focuses on the Southern Indiana portion of the market specifically, it's important to consider existing inventory in certain areas of the Louisville market as well, as these properties represent potential competition for any additional inventory that would get added in Southern Indiana.

The table on the right shows these existing hotel properties, including all properties with at least 100 rooms for brevity. As shown, the largest of these hotels are all located in Downtown Louisville, with the largest hotel within Southern Indiana itself being the Radisson in Clarksville with 353 rooms.

Hotel Inventory

Hotel	Location	Class	Year Built (Renovated)	# of Rooms
Galt House Hotel - Trademark by Wyndham	Louisville	Upper Midscale	1972 (2021)	1,239
Marriott Louisville Downtown	Louisville	Upper Upscale	2005 (2017)	620
Omni Louisville	Louisville	Upper Upscale	2018	612
Hyatt Regency Louisville	Louisville	Upper Upscale	1978 (2012)	393
Radisson Hotel Louisville North	Clarksville	Upscale	1969	353
Hilton The Seelbach Louisville	Louisville	Upper Upscale	1905	308
Embassy Suites Louisville Downtown	Louisville	Upper Upscale	2015	304
The Brown Hotel	Louisville	Luxury	1920 (2020)	293
Autograph Collection Hotel Distil	Louisville	Upper Upscale	2019	205
SpringHill Suites Louisville Downtown	Louisville	Upscale	2008	198
Hotel Louisville Downtown	Louisville	Economy	1963	197
Sheraton Hotel Louisville Riverside	Jeffersonville	Upper Upscale	1972 (2016)	180
aloft Hotel Louisville Downtown	Louisville	Upscale	2015	175
Hampton Inn Louisville Downtown	Louisville	Upper Midscale	1971 (2017)	173
Hilton Garden Inn Louisville Downtown	Louisville	Upscale	2014	162
AC Hotels by Marriott Louisville Downtown	Louisville	Upscale	2018	156
Clarksville Inn	Clarksville	Economy	1963	147
Holiday Inn Express	Louisville	Upper Midscale	2016	145
Residence Inn Louisville Downtown	Louisville	Upscale	2005	140
Courtyard Louisville Downtown	Louisville	Upscale	1965	140
Fairfield Inn & Suites Louisville Downtown	Louisville	Upper Midscale	1963	140
Clarion Inn Louisville	Louisville	Upper Midscale	1989	136
Homewood Suites by Hilton Louisville Downtown	Louisville	Upscale	2018	133
Hampton by Hilton	New Albany	Upper Midscale	1972	128
WoodSpring Suites Louisville Clarksville	Clarksville	Economy	2007	121
Hampton by Hilton	Clarksville	Upper Midscale	1998	119
Suburban Extended Stay Hotel Louisville North	Clarksville	Economy	2009	117
MOXY Louisville Downtown	Louisville	Upper Midscale	2019	110
Home2 Suites by Hilton	Clarksville	Upper Midscale	2018	106
Hilton Home2 Suites	Clarksville		2018	105
Candlewood Suites Louisville North	Clarksville	Midscale	2009	104
Best Western Green Tree Inn	Clarksville	Midscale	1976	101
Home2 Suites by Hilton	Louisville	Upper Midscale	2017	100
Total (including smaller hotels not shown)				**9,489**

Sources: CoStar, Johnson Consulting

Conference Center Market Analysis

Hotel Pipeline

In addition to the existing hotel inventory, it's important to consider hotels that are proposed, in planning, or under construction in the Southern Indiana and Downtown Louisville submarkets. Although it is not likely that all of these projects will come to fruition, many will, and would represent competition for any future hotels planned as a component of the envisioned conference center project in Southern Indiana.

As shown on the table on the right, there are a total of 3,082 rooms in some stage of the development pipeline within this area. Again, the largest of these properties are all in Downtown Louisville – the largest within Southern Indiana being the 140-room aloft Hotel in Clarksville.

Only a few of the larger properties will have meeting space, and only one property, the Aloft, will have conference space in Indiana. As such, demand development on the Indiana side of the border is essential.

Hotel Pipeline

Hotel	Location	Class	Phase	Opening	Number of Rooms
Westin Louisville Convention Center	Louisville	Upper Upscale	Final Planning	2025	759
Kentucky Medical Center Hotel	Louisville		Final Planning	2023	250
Unnamed Hotel @ S 5th St	Louisville		Proposed		200
Hotel Indigo	Louisville	Upper Upscale	Final Planning	2022	187
Compass Hotel by Margaritaville	Louisville		Proposed	2023	150
aloft Hotel Clarksville	Clarksville	Upscale	Final Planning	2023	140
Tempo by Hilton	Louisville	Upscale	Final Planning	2022	131
Tempo by Hilton	Louisville	Upscale	Under Construction	2021	130
Cambria Hotels Louisville Downtown	Louisville	Upscale	Under Construction	2021	128
Bunkhouse NuLu Hotel	Louisville		Proposed	2023	122
Unnamed Hotel @ The Landmark	Louisville	Upscale	Proposed	2023	120
TownePlace Suites	Louisville	Upper Midscale	Under Construction	2021	120
Hilton Garden Inn	Jeffersonville	Upscale	Under Construction	2022	114
Hilton Garden Inn Jeffersonville	Jeffersonville	Upscale	Under Construction	2022	114
Avid Louisville N Jeffersonville	Jeffersonville	Midscale	Proposed	2023	98
Tru by Hilton Clarksville	Clarksville	Midscale	Proposed	2024	90
Comfort Inn & Suites Jeffersonville	Jeffersonville	Upper Midscale	Under Construction	2023	80
Unnamed Hotel @ Baxter Avenue	Louisville	Upper Upscale	Proposed	2022	69
Hensley Hotel and Bar	Louisville	Upscale	Proposed		40
Mainstay Suites Jeffersonville	Jeffersonville	Midscale	Under Construction	2023	40
Total					**3,082**

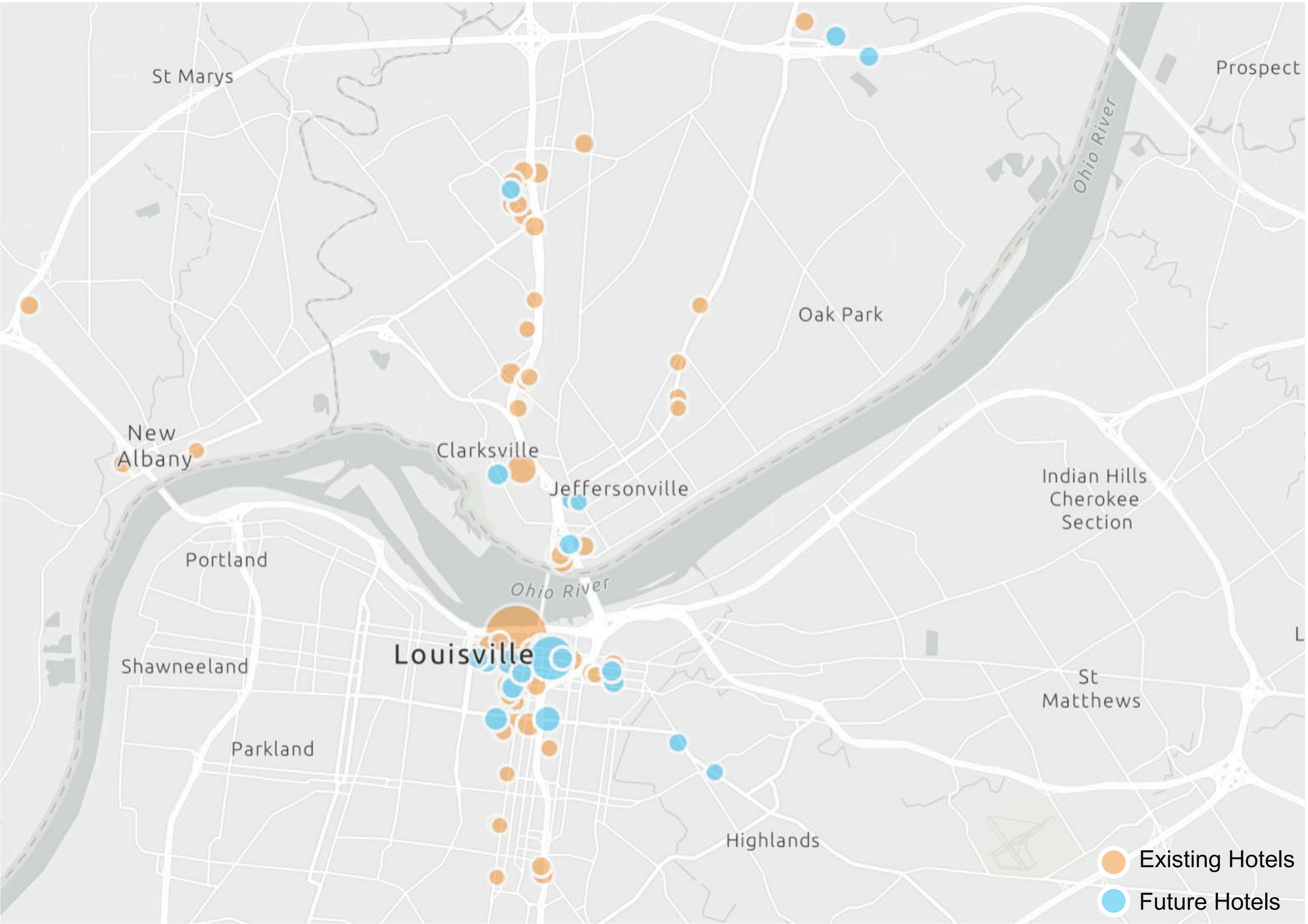
Sources: CoStar, Johnson Consulting

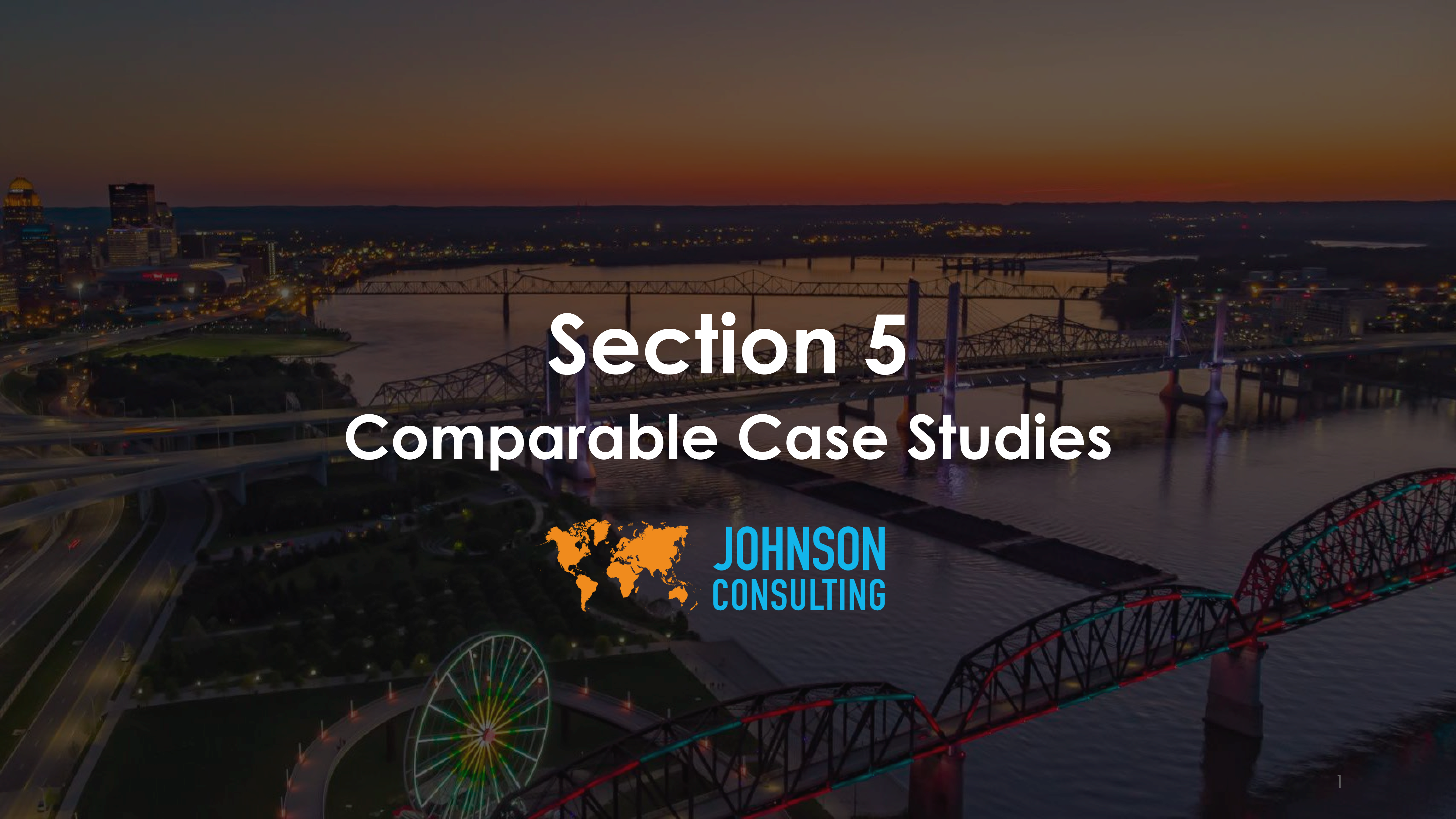
Conference Center Market Analysis

Hotel Map

A map of the existing and pipeline hotel inventories presented on the previous two pages is shown on the right. Existing hotels are shown in orange, future hotels are shown in blue, and the size of the circle corresponds to the number of rooms for each hotel.

This map confirms the observation that much of the larger hotel stock is concentrated in Downtown Louisville. It also reveals that the bulk of Southern Indiana's hotel inventory is located along the Interstate 65 corridor. A new conference center facility in Southern Indiana should be strategically located within proximity to existing and/or future hotels. In defining proximity, "walking distance" (typically considered to be a maximum of 0.25 - 0.50 miles) would be ideal in order to make the facility as competitive with facilities in Downtown Louisville and the rest of the market and region as possible.





Section 5

Comparable Case Studies

JOHNSON CONSULTING

Comparable Case Studies

In order to illustrate the potential for the proposed conference center in Southern Indiana, Johnson Consulting compiled information about 6 comparable case studies that have taken place in the United States, as summarized below. Although they take various forms in terms of ownership, management, cost responsibility, and revenue sharing, these case studies show the potential for these types of partnerships to yield favorable results for all parties involved. The case studies are described in greater detail in the following pages.

Southern Indiana Case Studies

	Northern Kentucky Convention Center	Chesapeake Conference Center	Gateway Center	St. Charles Convention Center	Grand Wayne Convention Center	Century Center
Location	Covington, KY	Chesapeake, VA	Collinsville, IL	St. Charles, MO	Ft. Wayne, IN	South Bend, IN
Metropolitan Area Population	2,254,459	1,800,524	2,843,258	2,843,258	421,149	328,878
Within 1/2 Mile						
Population	3,356	1,471	266	5,850	2,311	2,611
Daytime Population	7,851	4,509	2,391	4,772	14,569	9,099
Retail, Nightlife, & Entertainment Sales	$117,626	$347,236	$164,615	$30,735	$208,869	$59,277
Hotel Rooms	897	996	852	660	756	618
Within 1 Mile						
Population	11,729	5,802	2,110	18,706	14,586	11,517
Daytime Population	57,261	13,046	4,303	18,895	26,561	22,520
Retail, Nightlife, & Entertainment Sales	$289,128	$814,667	$211,526	$269,462	$298,930	$123,580
Hotel Rooms	5,096	2,163	852	1,706	756	628
Facility						
Owner	Northern Kentucky Convention Center Corporation	City of Chesapeake	City of Collinsville	City of St. Charles	Allen County Fort Wayne Capital Improvements Board	City of South Bend
Management & Operation		VenuWorks		Spectra		ASM Worldwide
Year Built (Renovated)	1998	1997	2006	2005	2005	1977
Exhibit Space (SF)	46,200	20,000	24,945	35,700	51,680	41,640
Ballroom Space (SF)	17,500		18,300	16,200	16,000	11,606
Meeting Room Space (SF)	13,288	3,183	4,786	8,032	10,938	17,698
Total Event Space (SF)	76,988	23,183	48,031	59,932	78,618	70,944
Other Spaces	400 seat auditorium	-	-	-	-	2 theaters
Footprint (Acres)	4.7	1.4	2.4	2.7	5.2	2.3
Demand						
Number of Events Per Year		336	300	193	315	
Attendance Per Year		76,614		322,134		
Financials						
Operating Revenue			$1,434,043	$7,892,525	$1,446,745	$3,268,026
Operating Expenses			$2,320,563	$7,779,820	$3,877,214	$4,354,926
Net Operating Income			($886,520)	$112,705	($2,430,469)	($1,086,900)

Source: Relevant Facilities, Esri, Johnson Consulting

Comparable Case Studies

Northern Kentucky Convention Center

The Northern Kentucky Convention Center (NKCC), pictured on the above right, is along the banks of the Ohio River, in Covington, Kentucky. The NKCC, which was designed as a multi-purpose event center, opened in 1998. The NKCC is owned and operated by the Northern Kentucky Convention Center Corporation. The NKCC facility compromises over 76,000 SF of leasable event space, which includes 46,200 SF of exhibit hall space, 17,500 SF of ballroom space, and 13,288 SF of meeting room space. The center is directly connected to the Marriott at RiverCenter. A feasibility study has been conducted regarding the expansion of the Center, which is estimated to generate between $1.2 million and $1.5 million annually.

The NKCC competes with the Southern Indiana due to its geographic proximity, as it is within a 2-hour drive time. Additionally, it is within only a two-hour drive of the Louisville International Airport (SDF). It also has the advantage of being in a larger host metropolitan area, and having several hotels located close to the facility.

Comparable Case Studies

Chesapeake Conference Center

Chesapeake Conference Center (CCC), pictured on the right, is centrally located in the heart of Hampton Roads and is just 15 minutes from Norfolk International Airport. The center is a premier, full-service banquet, conference, and meeting center. The CCC opened in 1997 and is owned by the City of Chesapeake and operated by VenuWorks. The CCC comprises 23,138 SF of leasable exhibit, ballroom and meeting space. The CCC has 20,000 SF of exhibit hall and ballroom space, and 3,000 SF of meeting space. Additionally, the CCC is within the proximity of nine hotels within easy walking distance

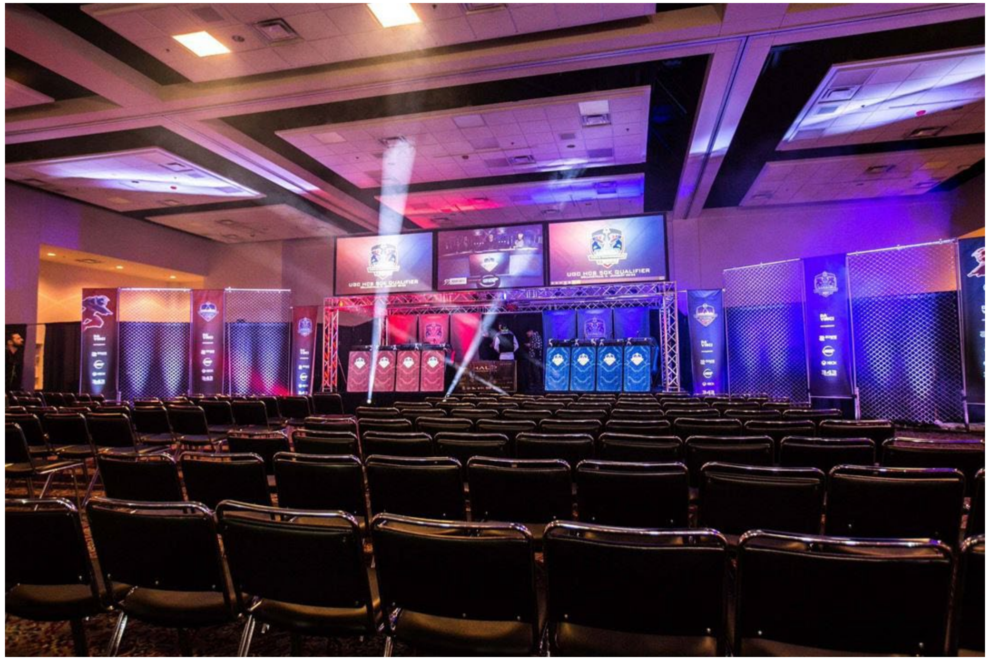
In 2019, the CCC hosted 336 events and attracted 76,614 attendees. With this many annual events and reputation as an ideal venue for mid-size events, CCC is similar to what is being envisioned in Southern Indiana.

Comparable Case Studies

Gateway Convention Center

Located in downtown Collinsville, Illinois, the Gateway Convention Center (GCC), pictured on the above right, is 20 minutes from downtown St. Louis. The GCC opened in the 1990's and underwent two expansions after 1995. In 2006, the center had its third expansion, adding more than 45,000 SF. The GCC is and owned and operated by the City of Collinsville. The GCC comprises over 48,000 SF of leasable event space. The breakdown of the event space is as follows: 24,945 SF of total exhibit space 18,300 SF of total ballroom space and 4,786 SF of total meeting room space. The GCC hosts over 300 events annually including, consumer shows, trade shows, public events, concerts, sporting events, and eSports tournaments.

In 2019, the GCC reported $1.4 million in revenues and $2.3 million in expenses, resulting in a net operating loss of eight hundred and eighty six thousand dollars. The GCC also benefits from its location within the Collinsville Hospitality District, offering over 900 hotel rooms and 20 restaurants, serving to increase visitation to the venue.



Comparable Case Studies

St. Charles Convention Center

The St. Charles Convention Center (SCCC), pictured on the above right, opened in 2005 and is located in St. Charles, MO. The Center is approximately 15 minutes from the St. Louis International Airport and hosts events varying from large consumer shows to dance competitions, conventions to small corporate events. The SCCC is owned by the City of St. Charles and operated by the Spectra. The SCCC comprises 59,932 SF of leasable exhibit and meeting space, with 35,700 SF of exhibit hall space, 16,200 SF of ballroom space, and 8,032 SF of meeting space. In 2019, the SCCC reported 193 event days, which attracted 322,134 attendees. Immediately adjacent to the convention center is a 250 room Embassy Suites Hotel.

In 2019, the SCCC reported $7.9 million in revenues and $7.8 million in expenses, resulting in an overall operating income of one hundred and twelve thousand dollars. The gross revenue for 2019 was lower than 2018, but this was the ninth year in a row Spectra operated the Center as a net profit. Additionally, the SCCC drew guests to over 26,000 hotel rooms in 2019.

Comparable Case Studies

Grand Wayne Convention Center

Located in Fort Wayne, Indiana, the Grand Wayne Convention Center (GWCC), pictured on the above right, opened in 1985 and underwent a $30 million renovation and expansion that was completed in 2005. The expansion became the foundation for downtown development, including a minor league baseball stadium, a Marriott, and parking garage. The GWCC is owned and operated by Allen County Fort Wayne Capital Improvements Board. The GWCC comprises 78,618 SF of multi-purpose event space, with 51,680 SF of exhibit hall space, 16,000 SF of ballroom space, and 10,938 SF of meeting space. The Center is conveniently located adjacent to the Botanical Gardens, Historic Embassy Theatre, Parkview Field, and extensive Allen County Public Library.

Over 2019, the GWCC has reported an average of 315 events and reported $1.4 million in revenues and $3.9 million in expenses, resulting in a net operating deficit of ($2,430,469).

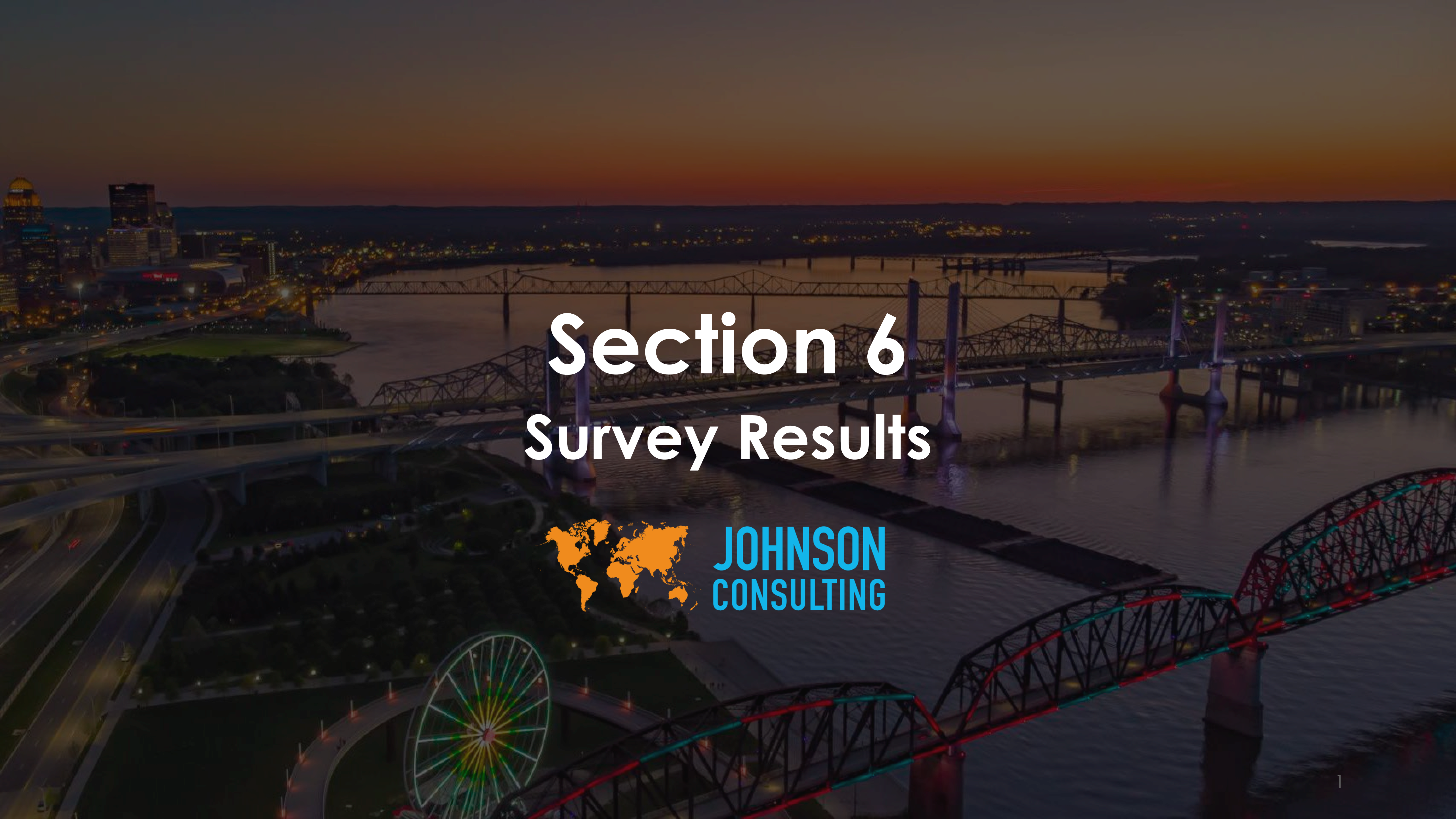
The GWCC competes with Southern Indiana due to its geographic proximity, as it is within a 4-hour drive time. Additionally, it is within only a 15-minute drive of the Fort Wayne International Airport. However, the GWCC is in a smaller host metropolitan area, making Southern Indiana more attractive in that regard.

Comparable Case Studies

Century Center

Located in downtown South Bend, Indiana, the Century Center, pictured on the above right, overlooks the St. Joseph river. The Century Center opened in 1977 and is considering an $80 million expansion plan that would double convention space and add a 200-room hotel to the grounds. The Center is owned by the City of South Bend and operated by ASM Worldwide. The Century Center comprises 41,640 SF of multi-purpose event space, with the largest space being a 24,500 SF exhibit hall. The Center also has 11,606 SF of ballroom space, 17,698 SF of meeting space, and two theaters including the Bendix Esports Arena. A DoubleTree hotel is connected to the Century Center via a skywalk. The University of Notre Dame, Studebaker Museum, and College Football Hall of Fame are within three miles of the center.

In 2019, the Century reported $3.3 million in revenues and $4.4 million in expenses, resulting in a net operating deficit of ($1,086,900). Similar to Grand Wayne, the Century Center is about 4 hours from Southern Indiana, making it a competitor. However, Southern Indiana has the advantage of being in a larger metropolitan area.



Section 6

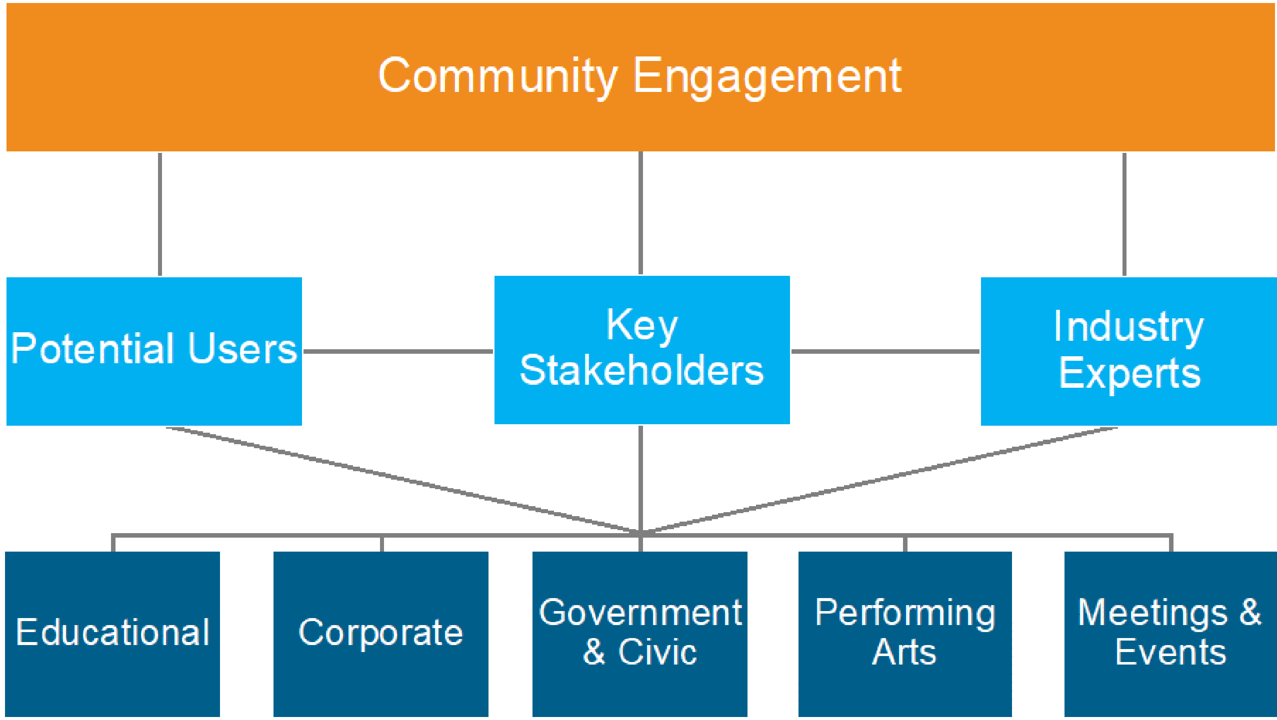
Survey Results

JOHNSON CONSULTING

Community Engagement Overview

Introduction

The engagement of community stakeholders in Southern Indiana was emphasized as a priority of this study from the outset. As with any project of this magnitude, it is crucially important to engage with a wide variety of individuals and organizations throughout the community in order to foster a sense of buy-in and inform the study's observations, conclusions, and recommendations. The Consulting Team engaged the community via two methods: individual interviews conducted in person or via Zoom, and online surveys. The following subsections expand on these methods of engagement and outline the findings of each.



Community Engagement Overview

These entities interviewed represent a broad spectrum of community leaders and representatives of the educational, corporate, civic, performing arts, and meetings and events sectors that are familiar with Southern Indiana and its demand, infrastructure, political dynamics, history, and community culture.

The following entities were engaged through interviews or focus groups:

- **Bliss Events and Co.**
- **Fehr Event Group**
- **Floyd County**
- **Floyd Memorial Foundation**
- **Indiana University Southeast**
- **Ivy Tech Community College Foundation Sellersburg**
- **OneSouthern Indiana Chamber & Economic Development**
- **SoIN Tourism**
- **Town of Clarksville**

Community Engagement Takeaways

SOUTHERN INDIANA…

- Has lost a significant amount of business and tax revenue to neighboring states and counties due to the area not having a conference or convention center to hold large meetings and events. Several stakeholders expressed "lost business" to Louisville and other surrounding areas due to the lack in adequate event space.
- Benefits from its location in the fast-growing metropolitan Louisville market, a growing city that attracts major employers, tourists, and large-scale events. The proximity to a large population can provide market opportunity that might go unnoticed in a larger city.
- Has enticing development incentives, including an expedited permitting process and a large Urban Enterprise Zone. This zone is only 15% occupied and has the room and incentives to attract new industry or allow for existing companies to grow in the area.

THIS PROJECT COULD…

- Enable Southern Indiana to compete for state, regional and national conventions and meetings. Increase tax revenues generated as a result of conventions, conferences, and other large events.
- Allow Southern Indiana to stand out as an attractive space for gatherings and events. This could promote new economic stimulus on the Indiana side of the border, and help strengthen the business operations and connectivity between Indiana and Kentucky.
- Drive industrial growth in the area by creating a space for trade shows, association events, and other commerce driven meetings to showcase Southern Indiana as a strong player in the marketplace.

Community Engagement Takeaways, Cont'd

SOUTHERN INDIANA…

- Is in need of quality hotel supply around the County – including in Louisville, Clarksville, New Albany, and Jeffersonville. However, most of the operating hotels do not include much space for meetings and large events.
- Has a large population who still views the region as predominantly "rural" outside of the major cities and towns. This attitude can sometimes slow down or hinder large scale development and growth.
- Has been struggling to attract and keep skilled labor, especially in the construction and development industries. This has slowed down growth due to a lack in resources to fulfill housing demands for the region.

THIS PROJECT COULD…

- Bring more out-of-town visitors into Southern Indiana, which would be beneficial for existing hotel properties throughout the region. New community amenities developed in a convention center district would serve hotels, and vice versa.
- Help shape the perception of the region moving forward by confirming that Southern Indiana is a growing and vibrant community. This attitude in turn can snowball new business, increased growth, and larger resident participation within the more urban areas.
- Be an invaluable amenity for all community residents, throughout the region. Businesses and other professional organizations will be able to utilize the space for attracting skilled labor and showcasing industry strengths.

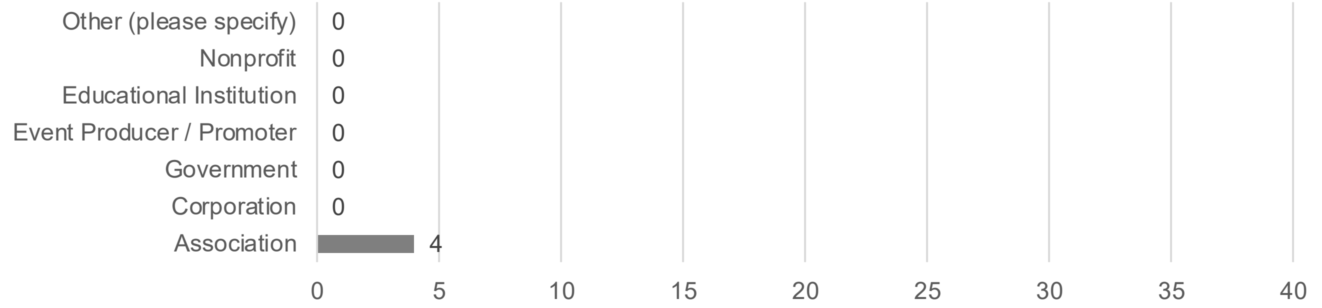
Project Survey

In an effort to gauge the potential for locally and regionally driven event demand that could be accommodated in a new conference center, Johnson Consulting worked with the Clark-Floyd Counties Convention & Tourism Bureau to conduct a survey of association & event industry leaders and stakeholders. With the help of the area CVB, Johnson Consulting distributed three, very similar surveys – one to the American Society of Association Executives (ASAE) members, another to Meeting Planners International (MPI) members, and the other to local Chamber of Commerce (CoC) members. Each survey was between 11 and 13 questions, and was distributed to all individuals via email.

The survey to ASAE members garnered 4 responses, while the survey to MPI members garnered 10 responses, and the survey to CoC members garnered 29 responses. The ASAE and MPI member survey response rates were on the lower side. However, when taken together, these three surveys represent a relatively sizable share of events stakeholders in the region. The following pages will summarize the results of the survey, question by question for each survey.

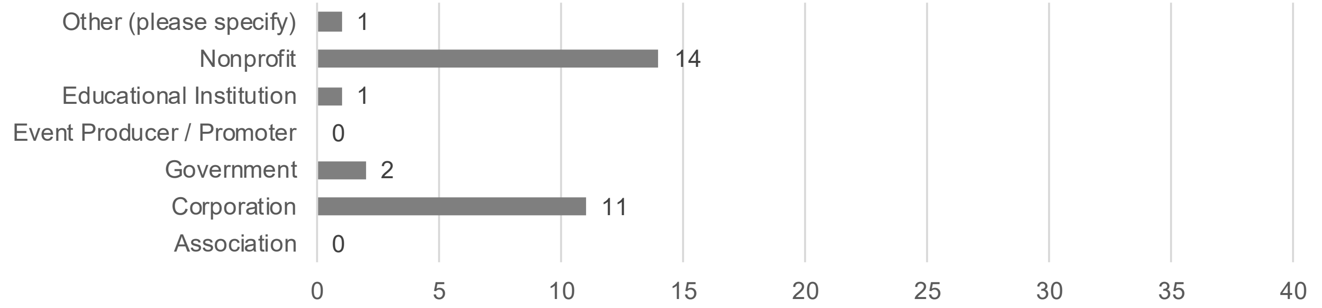
As shown at right, respondents of surveys were mixed in terms of the organizations they represent, allowing for representation from a variety of perspectives. Chamber of Commerce members were disproportionately corporation and non-profit stakeholders, while ASAE and MPI members were largely from associations and corporations.

ASAE: What type of organization do you represent?



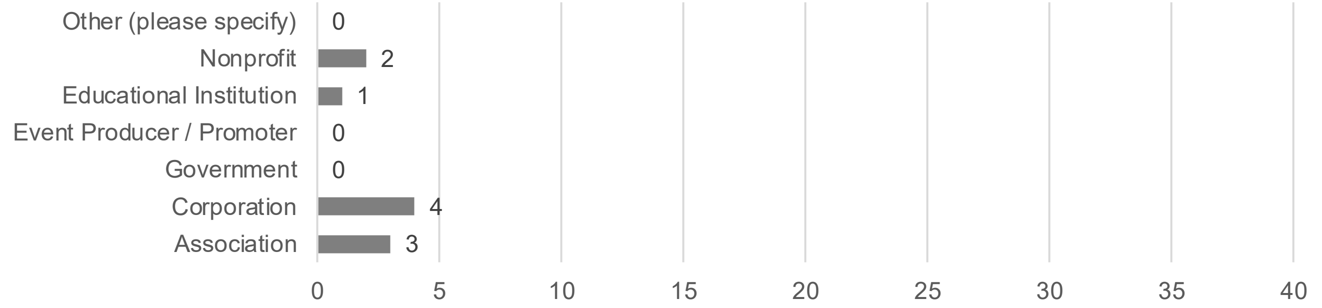
Source: Johnson Consulting

CoC: What type of organization do you represent?



Source: Johnson Consulting

MPI: What type of organization do you represent?

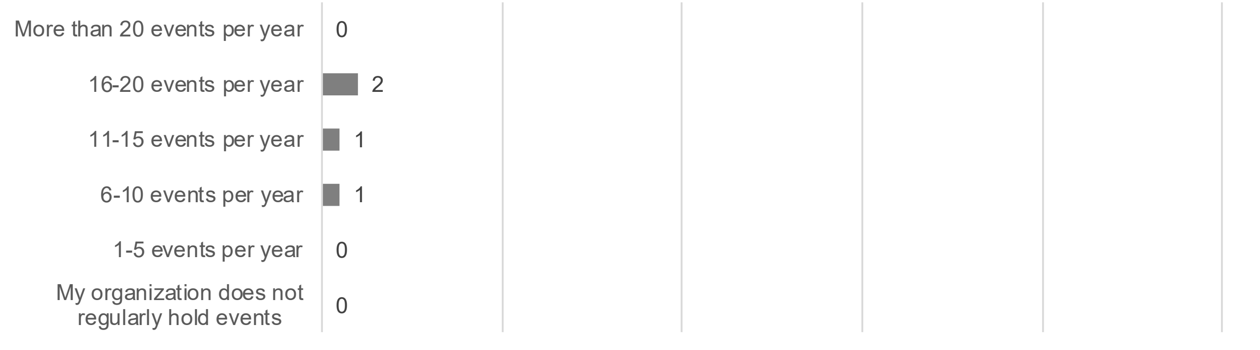


Source: Johnson Consulting

Project Survey - Respondents

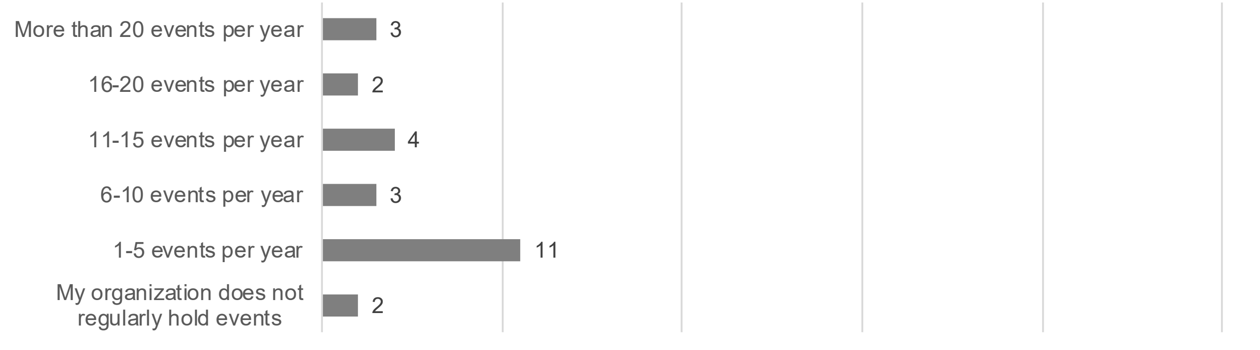
Survey respondents were asked questions regarding the frequency of events. As shown at the middle right, CoC members indicated that their organizations held a few events per year (1-5). ASAE and MPI member responses were a bit across the board – largely, either on the low end (1-5 events per year) or the high end (16-20 events per year).

ASAE: How many events does your organization hold per year?



Source: Johnson Consulting

CoC: How many events does your organization hold per year?



Source: Johnson Consulting

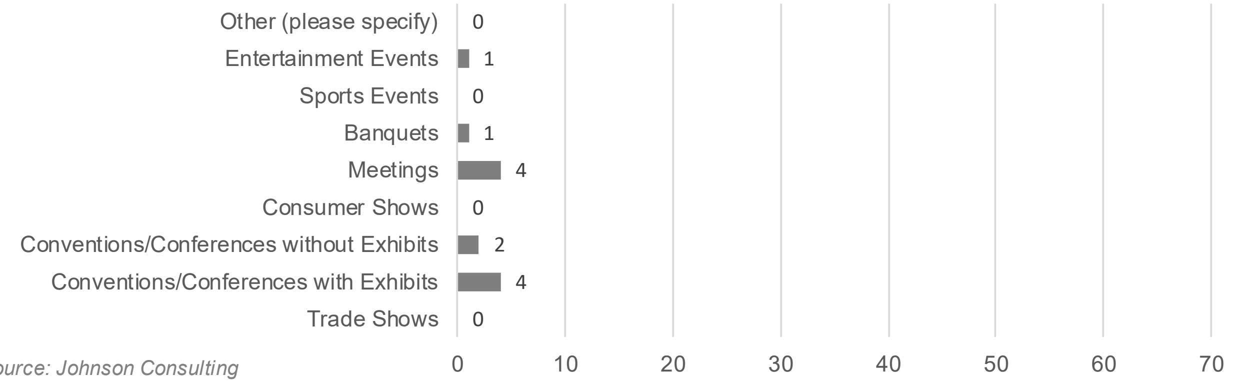
MPI: How many events does your organization hold per year?

Source: Johnson Consulting

Project Survey – Event Types

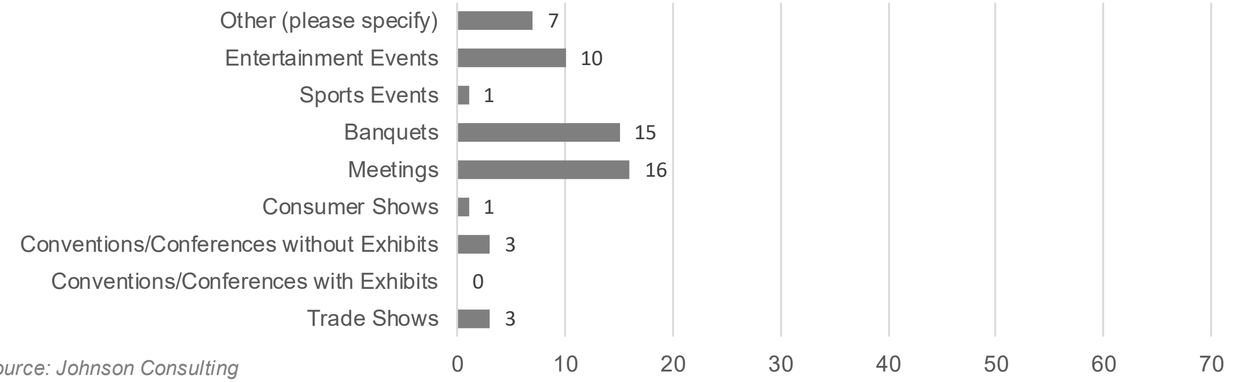
Survey respondents were then asked about the types of events that their organizations typically hold. As shown in the middle figure, CoC members' organizations largely held meetings and banquets. ASAE and MPI members' organizations largely held meetings, banquets, and conventions/ conferences with exhibits. These responses are reflective of the scope of the organizations. CoC members are primarily local in their scope, and hold smaller scale events within the local community, while ASAE and MPI members are more likely to hold and attend events with national reach.

ASAE: What type(s) of events does your organization hold? Select all that apply.



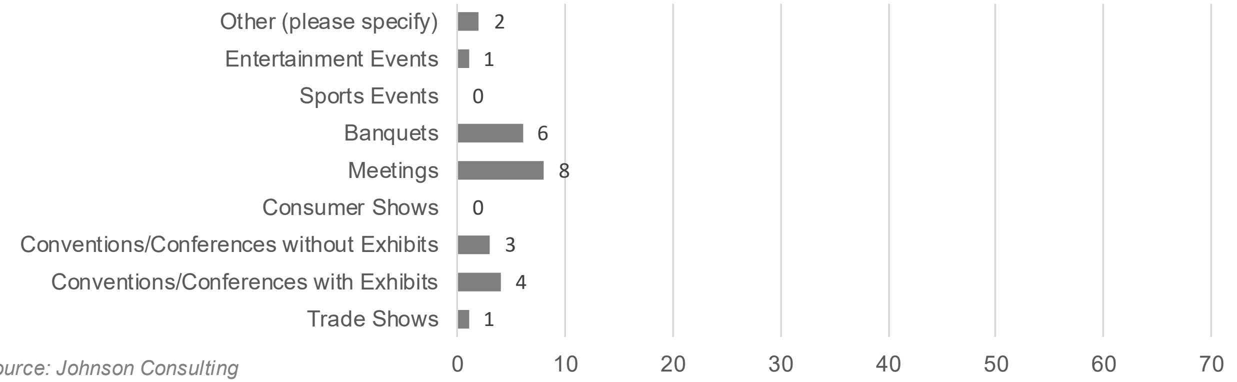
Source: Johnson Consulting

CoC: What type(s) of events does your organization hold? Select all that apply.



Source: Johnson Consulting

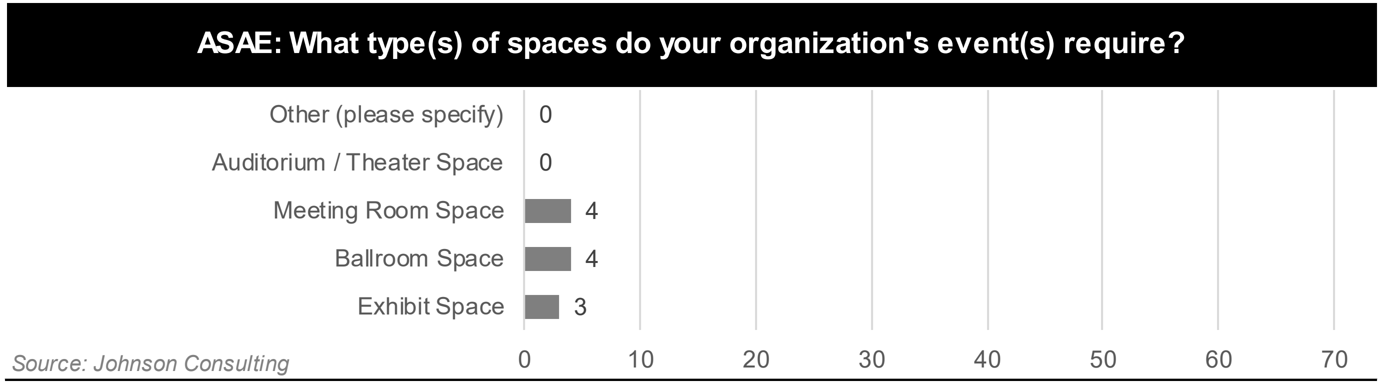
MPI: What type(s) of events does your organization hold? Select all that apply.

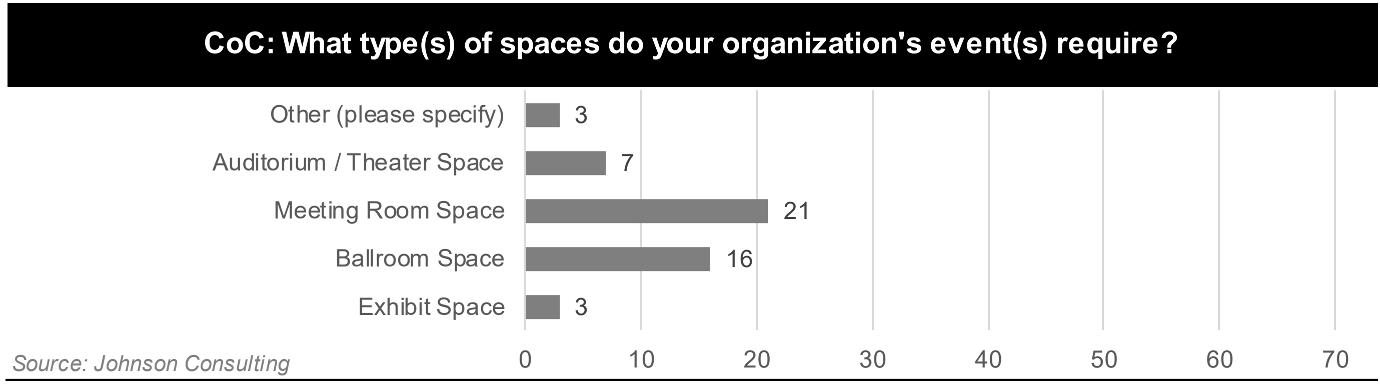


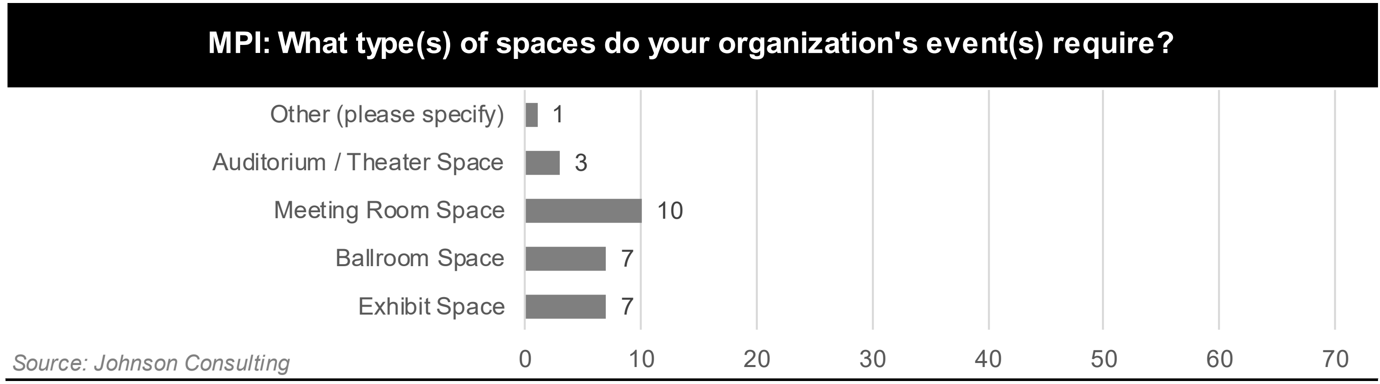
Source: Johnson Consulting

Project Survey – Facilities Used

Across all three groups, members indicated that meeting room space, ballroom space, and exhibit space were the spaces that their organizations required most frequently for their events. CoC members did indicate needing auditorium/ theater space as well for their local programming. “Other” spaces that were needed by the groups included banquet/ dinner event space, breakout rooms for smaller groups, and campground space.



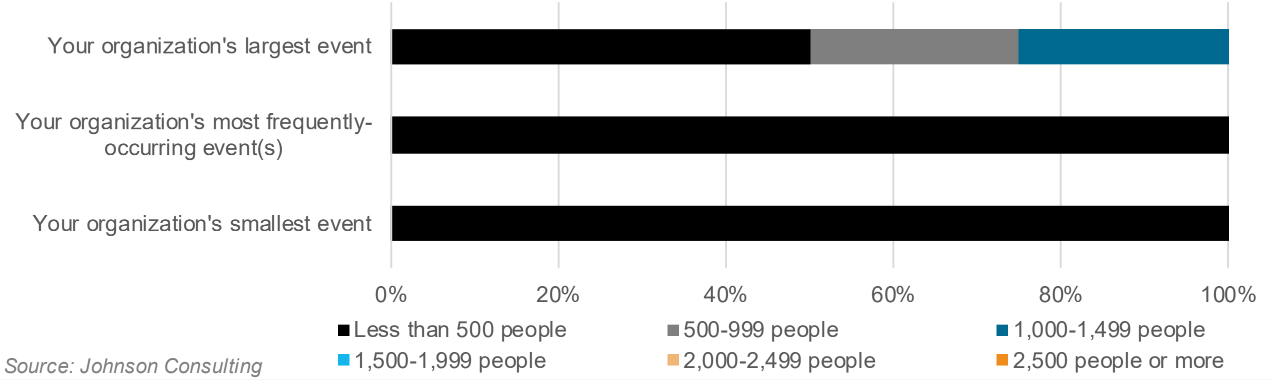




Project Survey – Group Size

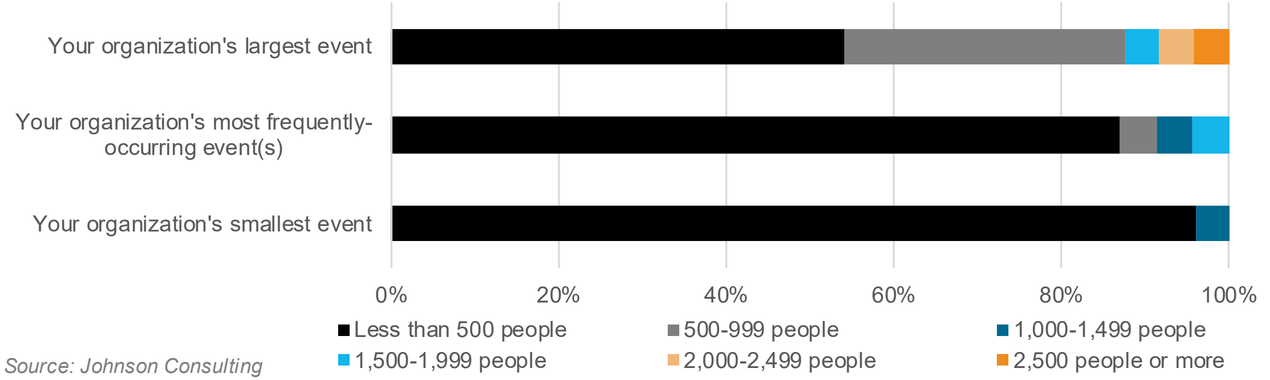
Respondents across the three surveys were then asked how many people typically attend their organization's smallest, largest, and most frequently-occurring events. As shown right, respondents across all surveys largely indicated that their events were under 500 people. However, MPI respondents indicated that their largest events had, on average, 1,000-1,500 people. ASAE respondents also indicated that they had a sizable number of large events with 1,000-1,500 people. CoC respondents indicated that their events were predominately under 500 people.

ASAE: On average, how many people attend your organization's events?



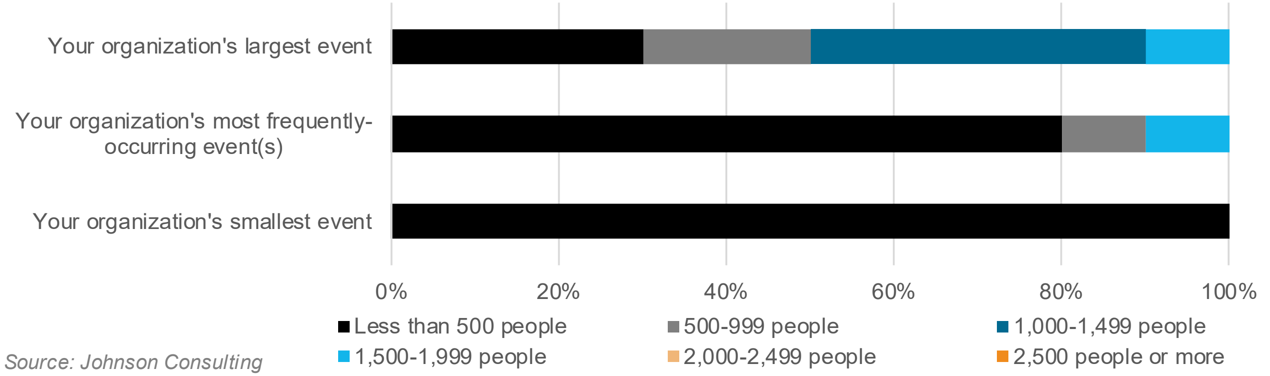
Source: Johnson Consulting

CoC: On average, how many people attend your organization's events?



Source: Johnson Consulting

MPI: On average, how many people attend your organization's events?

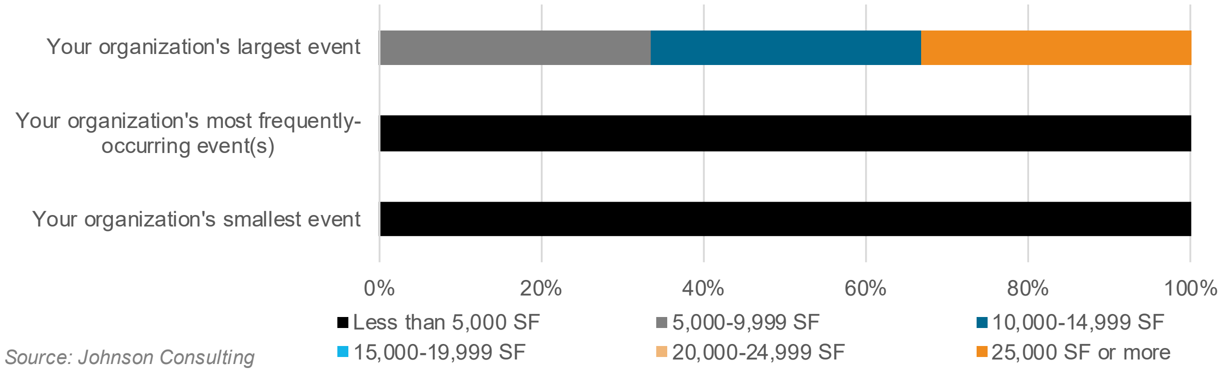


Source: Johnson Consulting

Project Survey – Space Needed

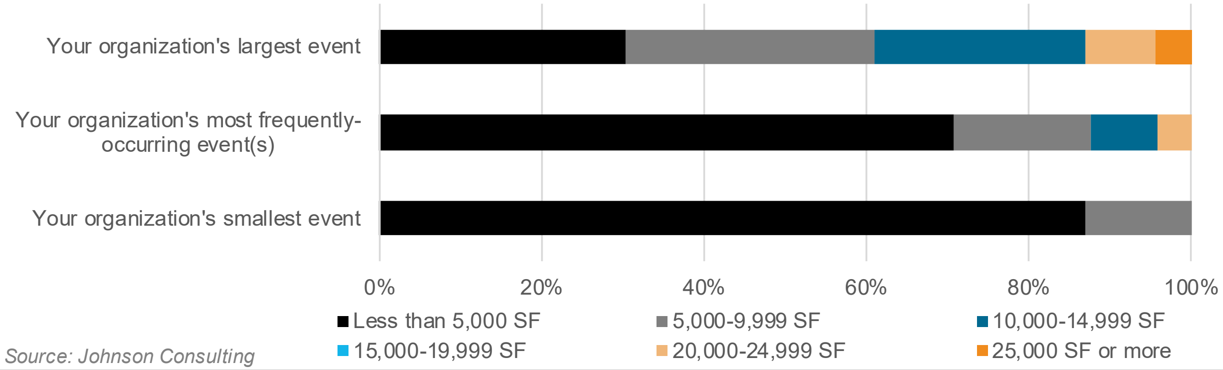
Respondents across the three surveys were then asked what square footage is typically required for respondents' organization's events. All organizations indicated that less than 5,000 SF is sufficient for their smallest events. For the other two categories (largest and most frequently occurring events), respondents were more split. For organizations' largest events, ASAE and MPI members indicated that 20,000-25,000 SF or more is usually needed, while CoC members stated that 5,000-9,999 SF is needed. For most frequently occurring events, ASAE and CoC members indicated that less than 5,000 SF is needed, while MPI members indicated that 10,000-14,999 SF is most frequently needed for events.

ASAE: On average, what square footage of space is required for your organization's events?



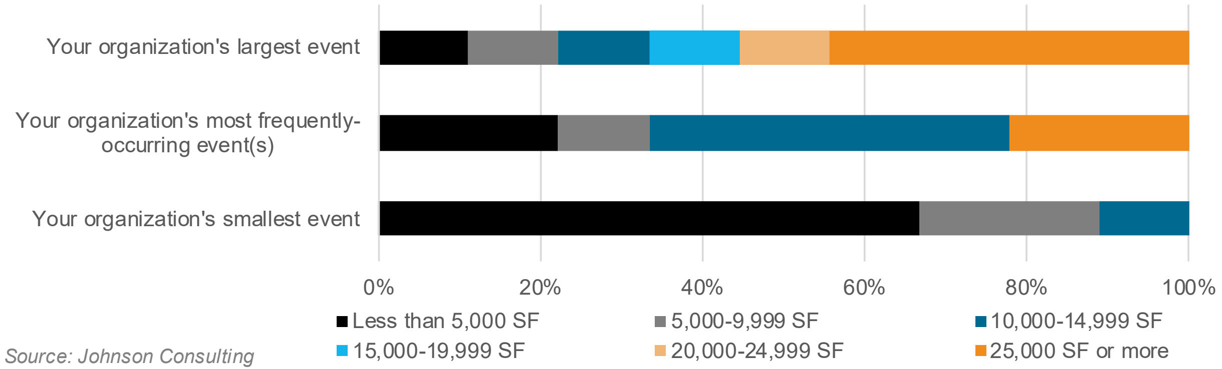
Source: Johnson Consulting

CoC: On average, what square footage of space is required for your organization's events?



Source: Johnson Consulting

MPI: On average, what square footage of space is required for your organization's events?

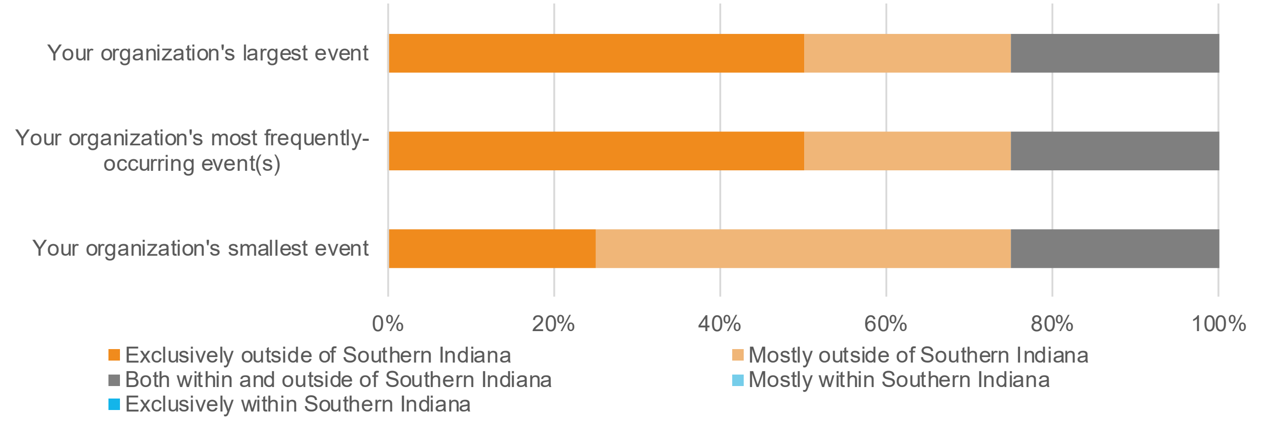


Source: Johnson Consulting

Project Survey – Event Locations

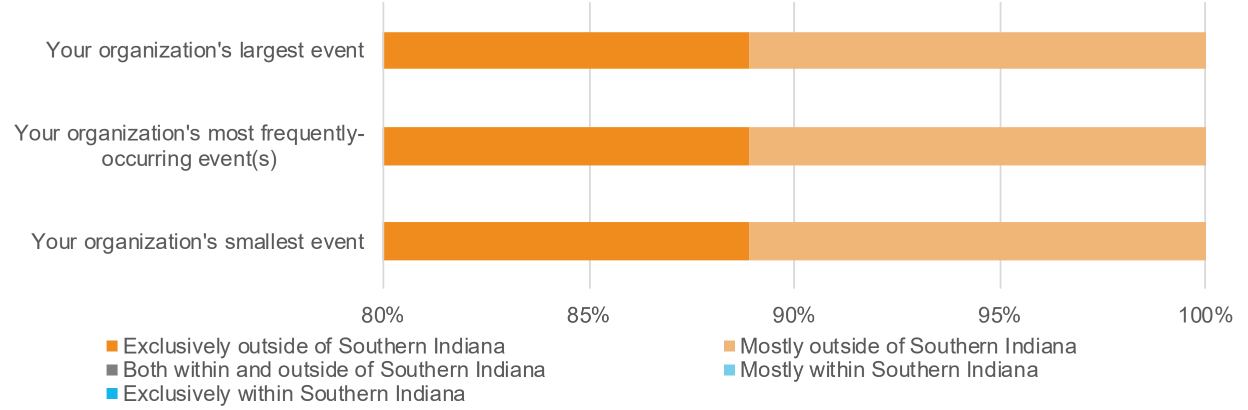
As shown at right, respondents from national organizations (i.e. MPI and ASAE) indicated that the majority of their events are happening outside of Southern Indiana. Nearly 90% of MPI members indicated that their smallest, largest, and most frequently-occurring events were happening exclusively outside of Southern Indiana. ASAE members also indicated a strong lean towards hosting events outside of the region, particularly for their largest and most frequently-occurring events. By contrast, a majority of CoC members indicated that their largest, smallest, and most frequently-occurring events were happening in the region – this lines up with the CoC's local and regional scope.

ASAE: Where have your organization's event(s) taken place?



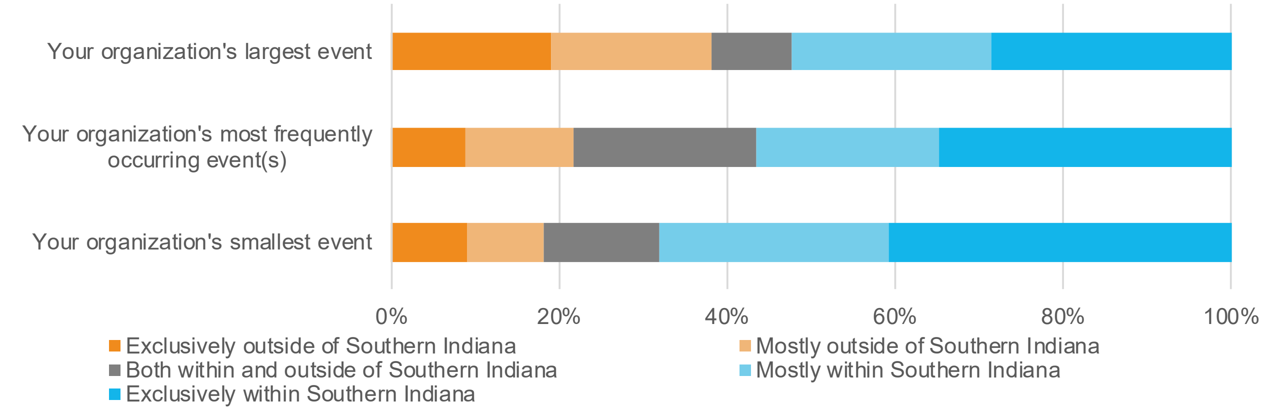
Source: Johnson Consulting

MPI: Where have your organization's event(s) taken place?



Source: Johnson Consulting

CoC: Where have your organization's event(s) taken place?



Source: Johnson Consulting

Project Survey – Locations Held

The next question asked respondents about where they have held events within Southern Indiana or Greater Louisville. Given the lower response rate by the ASAE and MPI groups and the large set of potential venues listed, only the CoC responses are provided at right.

Among CoC members, the greatest number of respondents had held events at the Grand, Huber's Plantation Hall, and the Calumet Club. ASAE and MPI members largely indicated that they held events at Caesar's Southern Indiana, Huber's Plantation Hall, the Omni Louisville, and the Marriott Louisville Downtown. CoC members also indicated a few other venues in Southern Indiana and Greater Louisville where they had held events, including the Galt House, Mellwood Art Center, and a few smaller venues (i.e. the Fetter Center and Jeffersonville Township Public Library).

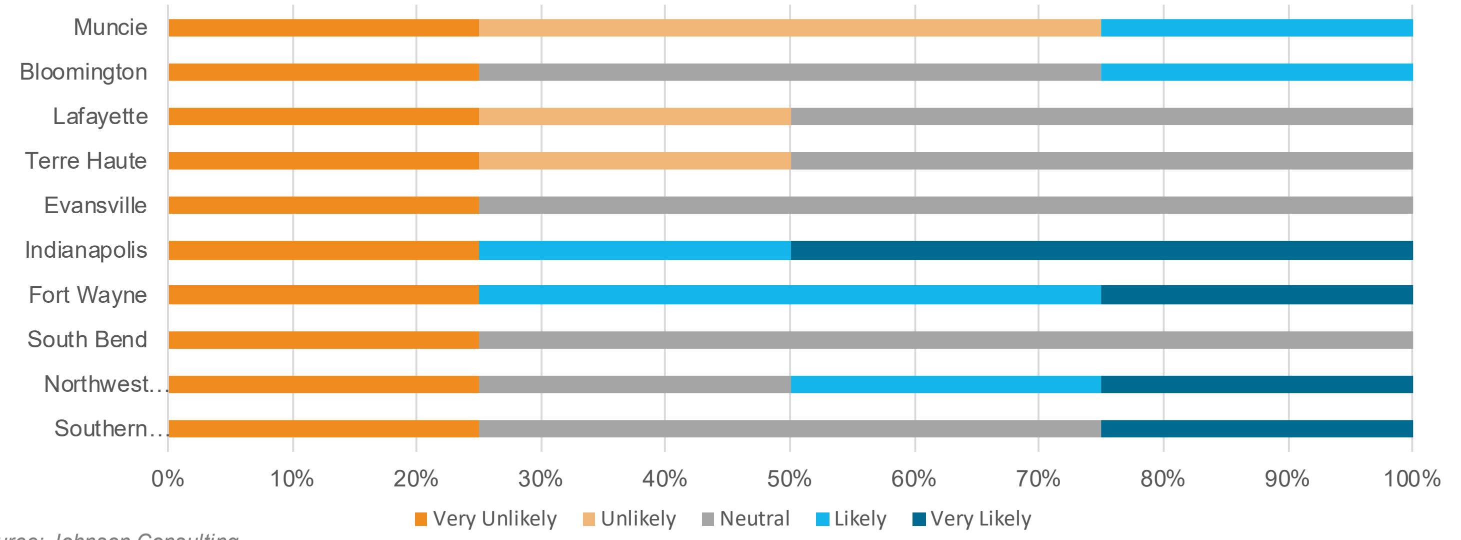
CoC: If your organization has held events within Southern Indiana or Greater Louisville, where have these events been held? Select all that apply.

Source: Johnson Consulting

Project Survey – Booking Interest

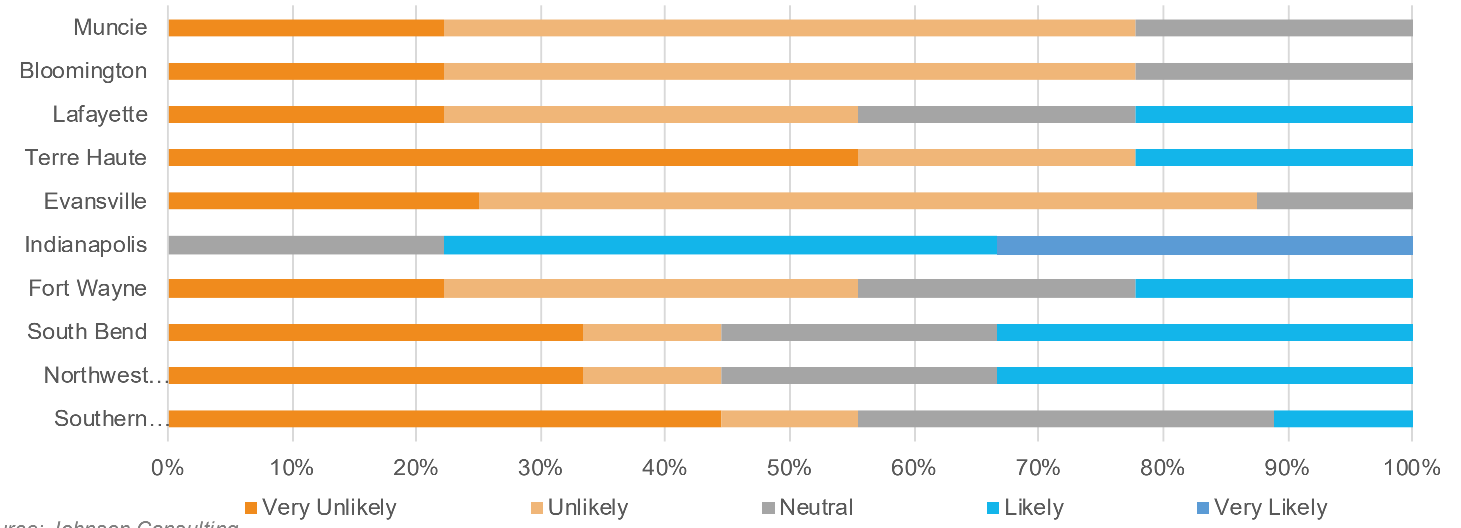
The next question was only asked to the ASAE and MPI respondents due to their broader, regional and national scope. Assuming identical facilities in various markets, respondents were asked how likely they were to hold an event in a given community around the state. ASAE members indicated an interest in hosting their events in Indianapolis and Fort Wayne, while MPI members expressed interest in hosting in Indianapolis, South Bend, and Northwest Indiana. About 20% of ASAE members expressed that they were "Very Likely" to host an event in Southern Indiana, while about 10% of MPI members stated they were "Likely" to host an event in the market.

ASAE: Assuming there was an identical facility that could equally accommodate your organization's event(s) in each of the following communities, how likely would you be to consider holding your event(s) there?



Source: Johnson Consulting

MPI: Assuming there was an identical facility that could equally accommodate your organization's event(s) in each of the following communities, how likely would you be to consider holding your event(s) there?



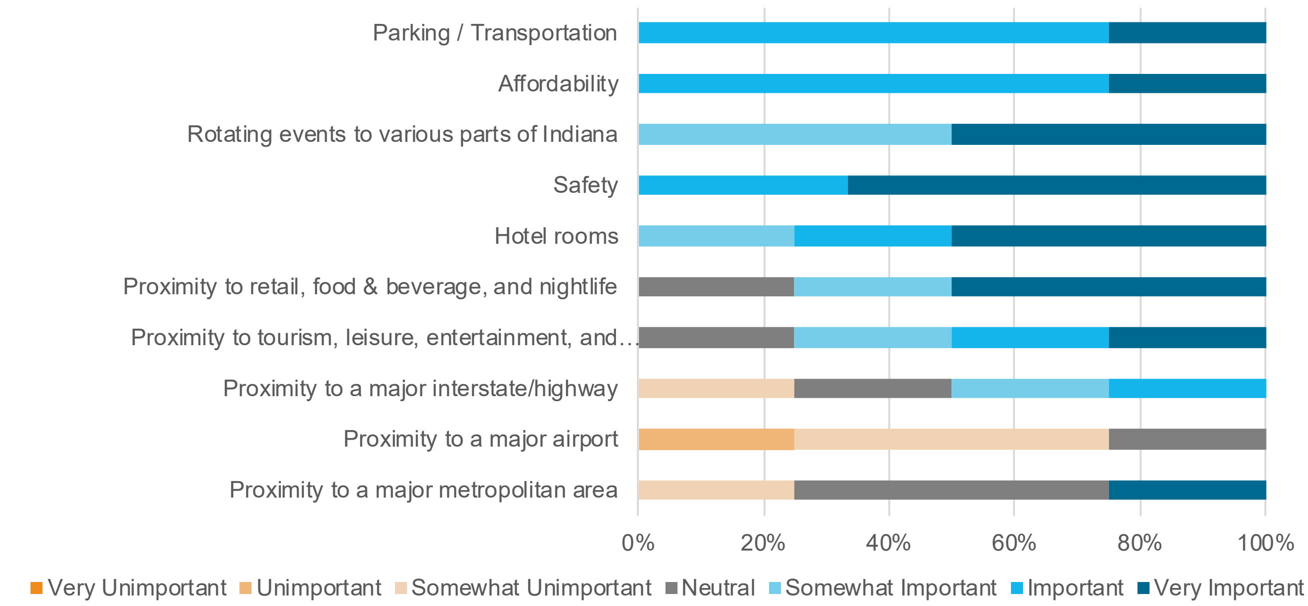
Source: Johnson Consulting

Project Survey – Selection Criteria

The next question was also only asked of ASAE and MPI members. As shown at right, there are a variety of factors that event planners consider when selecting a geographic market and specific event facility within which to hold their events. In general, the most important decision-making factors that ASAE and MPI members indicated when selecting event spaces are parking/ transportation, safety, affordability, and hotel rooms.

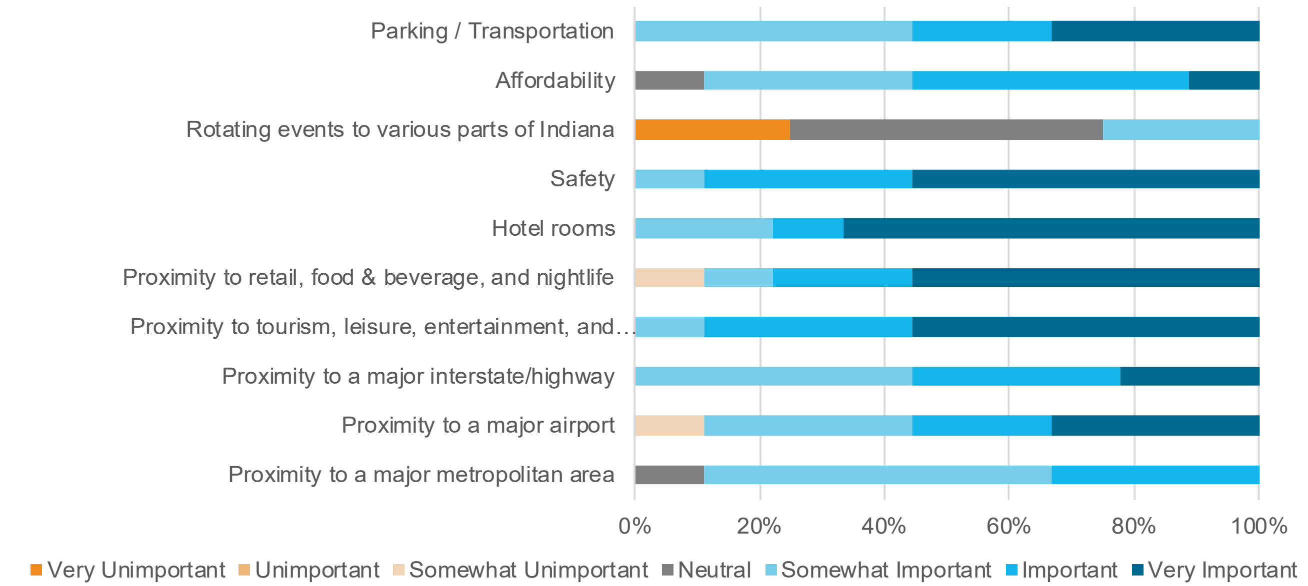
Southern Indiana should keep all of these factors in mind as it attempts to maximize competitiveness with other event facilities both within and outside of the greater area.

ASAE: How important are the following decision-making factors when your organization considers where to hold an event?



Source: Johnson Consulting

MPI: How important are the following decision-making factors when your organization considers where to hold an event?

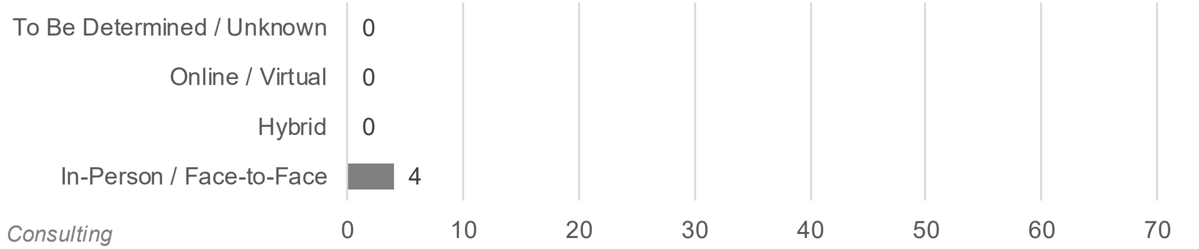


Source: Johnson Consulting

Project Survey – COVID Impacts

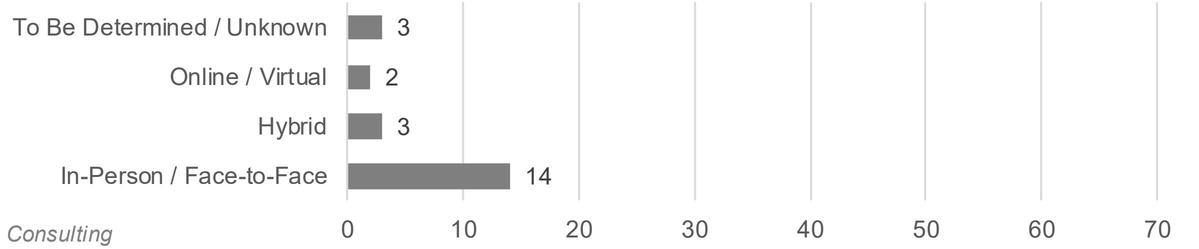
In this next batch of questions, respondents provided insight on post-COVID meeting plans. On the top right, respondents overwhelmingly indicated that their next annual meeting/ conference would be held in-person, while fewer indicated that they planned to hold these events in a hybrid format. Given that the majority of these events are already moving back to in-person formats, there should be a healthy stream of demand ready to be tapped into in coming years as more and more events move back to in-person formats.

ASAE: What are your current plans for the format of your organization's next annual meeting / conference / largest event?



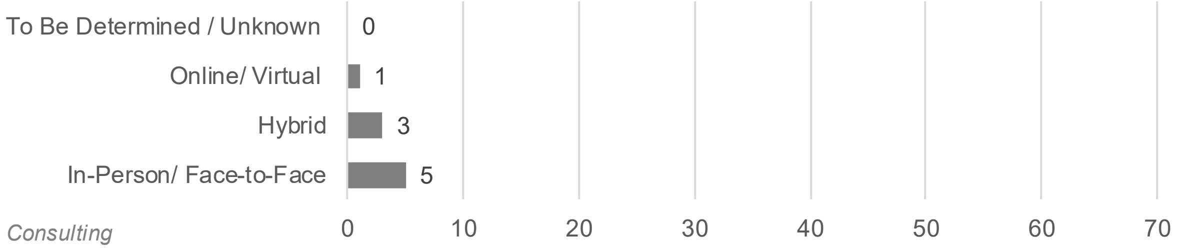
Source: Johnson Consulting

CoC: What are your current plans for the format of your organization's next annual meeting / conference / largest event?



Source: Johnson Consulting

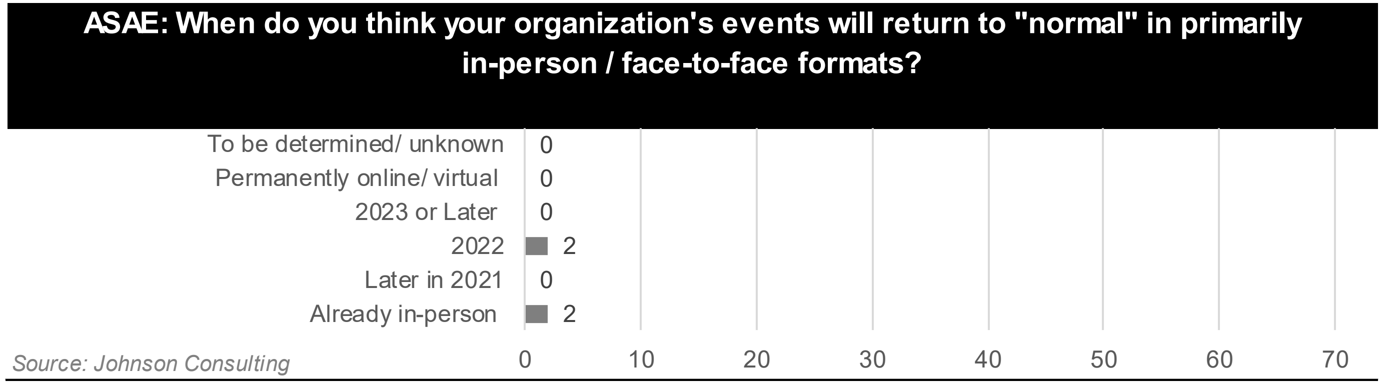
MPI: What are your current plans for the format of your organization's next annual meeting / conference / largest event?

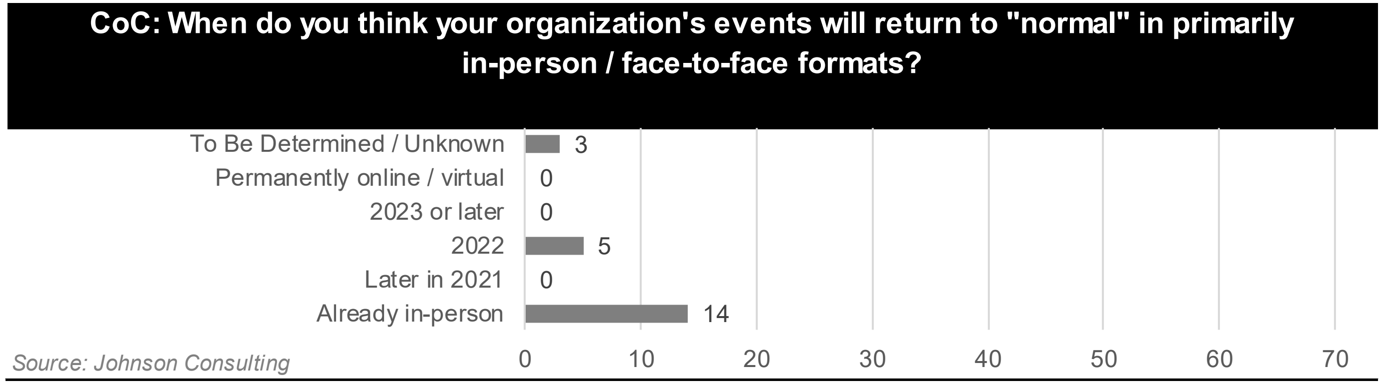


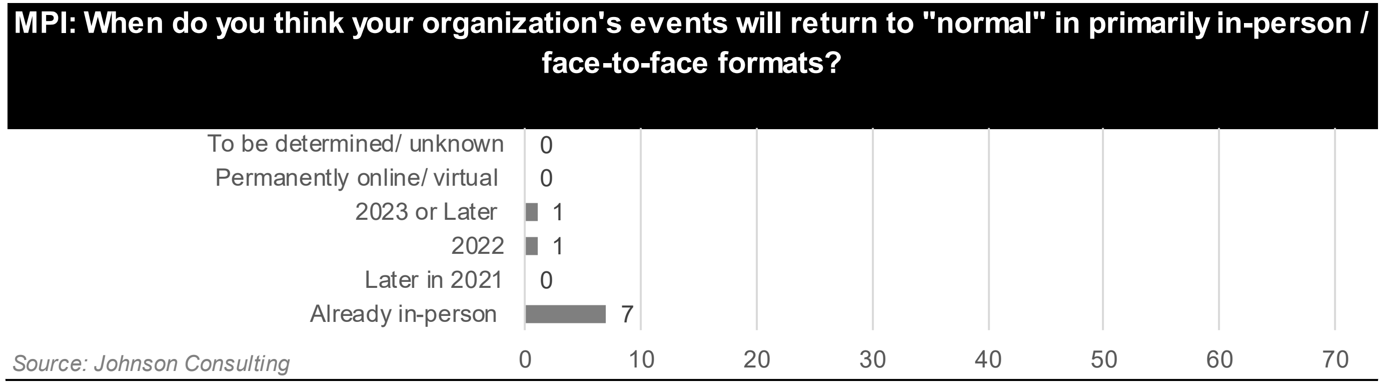
Source: Johnson Consulting

Project Survey – Demand Recovery

In the next question, respondents were asked to indicate when they anticipated events would return to primarily in-person/ face-to-face/ “normal” formats. The majority of respondents noted that their events are already in-person, or will be in-person by 2022. These findings are positive, and illustrate a move back to in-person event formats that would provide opportunity for Southern Indiana to capture pent-up event demand.



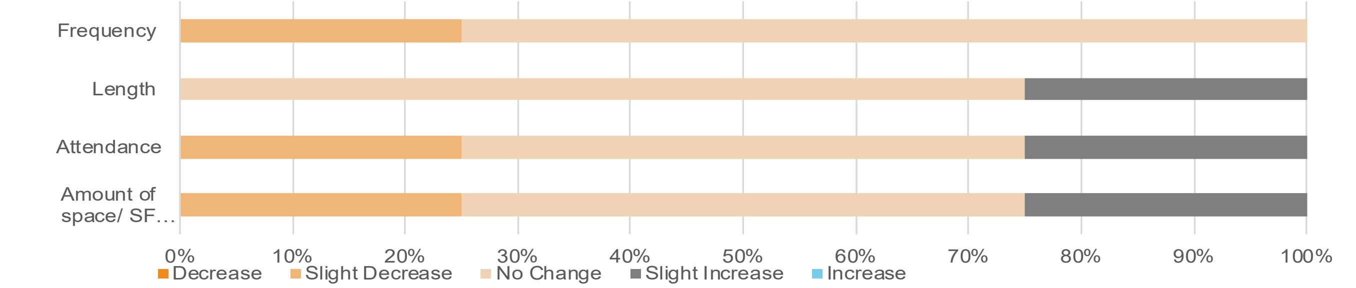




Project Survey – COVID Impacts

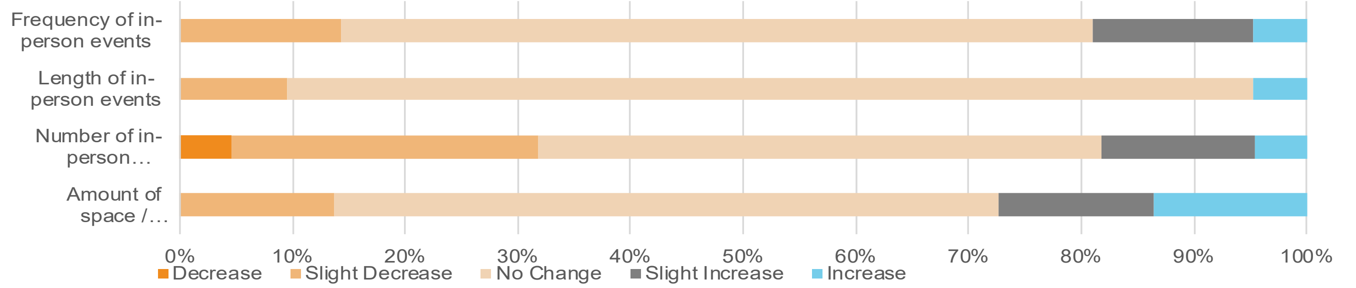
In this final question, respondents were asked how events are expected to change, if at all, after the COVID-19 pandemic. The majority of respondents indicated that frequency and length of in-person events would not change. When it came to number of attendees and space required at events, a sizable portion of MPI respondents indicated that there could be at least a slight increase. This question is critical in helping to hone in on appropriate facility size and programming into the future.

ASAE: Compared to your organization's in-person events that occurred before the COVID-19 pandemic began, how will your organization's post-pandemic, in-person events change, if at all, in terms of the following attributes:



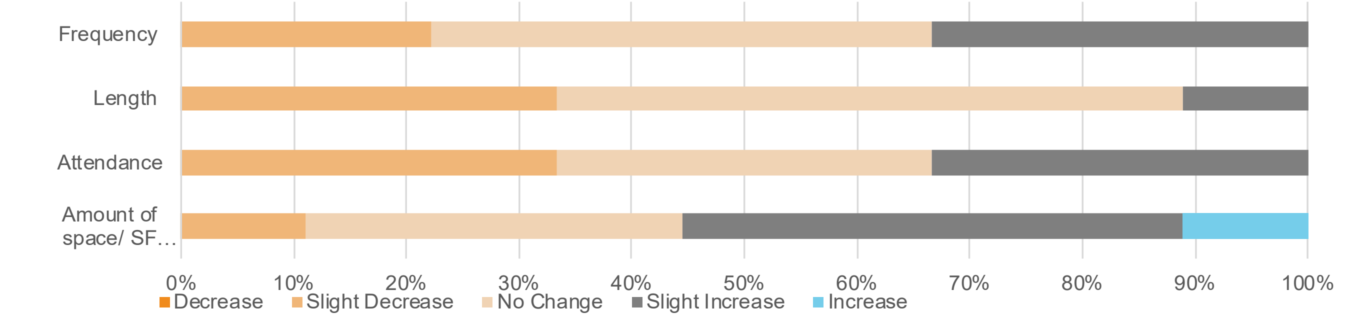
Source: Johnson Consulting

CoC: Compared to your organization's in-person events that occurred before the COVID-19 pandemic began, how will your organization's post-pandemic, in-person events change, if at all, in terms of the following attributes:



Source: Johnson Consulting

MPI: Compared to your organization's in-person events that occurred before the COVID-19 pandemic began, how will your organization's post-pandemic, in-person events change, if at all, in terms of the following attributes:



Source: Johnson Consulting

Section 7

Strategic Recommendations

JOHNSON
CONSULTING

Strategic Recommendations

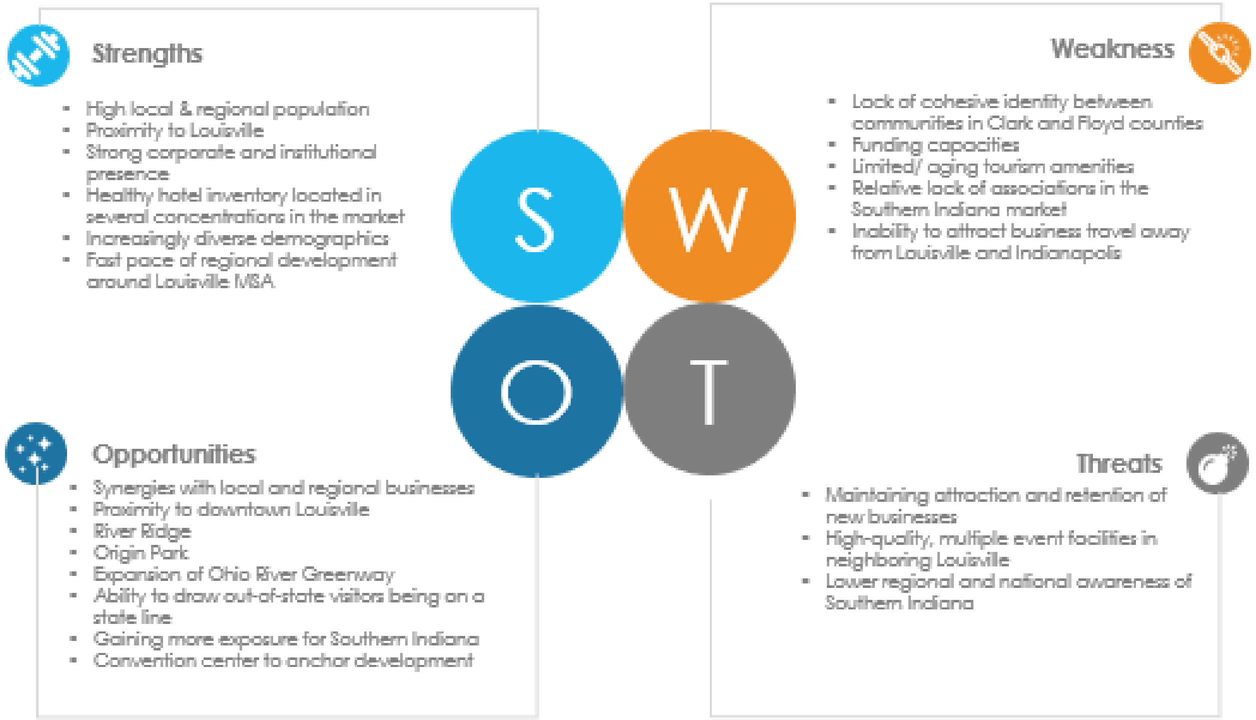
In this section, the Consulting Team details the rationale that supports the project's feasibility from a market and demand perspective, and the detailed program of spaces within the recommended facility, and the potential sites on which the facility could be located. These recommendations are based on the observations, analysis, and conclusions in the preceding sections of this report, which will be summarized in order to provide a coherent rationale for the facility-related recommendations. These recommendations will also be used as the basis for the operational and financial projections, as well as the economic and fiscal impacts, that will be calculated later in this report.

St. Charles Convention Center

Strategic Recommendations

Market Rationale – SWOT

The rationale that supports the feasibility of the proposed SoIN Conference Center from a market perspective can be summarized by the figure to the right, which pulls from the most salient observations and conclusions in the preceding sections of this report. The graphic sorts these points into a "SWOT" analysis, which outlines the market's strengths, weaknesses, opportunities, and threats in the context of the proposed development of a conference center in SoIN. As shown, there are a number of existing strengths that support the project's market viability, as well as several opportunities which could come to fruition if the project is executed properly. Supporting River Ridge, fomenting development in downtowns in the region, and supporting area hotels and retail establishments are all crucial steps. There are also a few threats to market viability if the project is not properly executed, as well as some existing weaknesses in the market. These threats include the small association market in Indiana with a lot of competition within the state, and getting Louisville businesses to come across the river for events. Some of these considerations, like hotel supply and demand, facility supply and demand, and community interest, are heavily intertwined with the development of the project, while others rely more on other independent, overarching economic and development factors, such as the funding capacities of potential partners and developments like the Origin Park project and River Ridge that could help to increase development and identity of the market. Overall, in the opinion of the Consulting Team, the project's feasibility from a market-driven perspective is favorable and strategic.



Strategic Recommendations

Conference Center Rationale

Local Events: Through interviews, surveys, and outreach, it was made evident that there are a number of events already existing in the SoIN community and surrounding areas that could be attracted to a new conference center. Some events have left the market due to inadequate facilities. Others have squeezed themselves into remote and smaller facilities, designed more for local and social events, but not association and higher end corporate events. These events are currently being held in a variety of other facilities throughout the area that are able to accommodate some of the event-related needs, but often underaccommodated in some respect, whether it be the size, configuration, location, or aesthetics of the facility, or the quality or scope of the services offered by the facility. These events are hosted by a variety of user types, including corporate, non-profit, and social users. A new facility also tends to lead to the proliferation of additional events in the local area that spring up as a result of having an attractive facility in which to be held. Ultimately, local events are events for which the event planner or host organization wants to hold the event in SoIN but are restricted by the limited inventory of event facilities in which the event can be hosted.

Regional, State, and National Events: The convention, conference, and meetings industry consists of a large universe of millions of events that rotate to various locations on a regular basis. Common demand segments in this industry are corporate, association, non-profit, and social, military, educational, religious, fraternal, and entertainment (SMERFE), among others. SoIN Tourism has expressed that they receive Requests for Proposals (RFPs) for events that can oftentimes not be converted due to the lack of an appropriate event facility in the market Although it would take a talented sales and marketing team time to build this business since it's not currently active in a major way, a new conference center would allow a greater number of these leads to be converted. As SoIN starts to market and sell itself as a meeting destination, it will help increase the overall awareness of the destination and it's appeal for meetings and events. This is one of the key challenges that needs to be overcome for a successful facility. This has been successfully accomplished by many venues nationally that include the Northern Kentucky Convention Center, the St. Charles Convention Center and the Avalon Conference Center in Alpharetta, GA.

Strategic Recommendations

Conference Center Rationale

Partnerships: A successful operation for this demand segment should leverage partnerships with nearby corporations, educational institutions, area Tech and Industrial Parks and other entities to attract these types of events, as well as SoIN's destination appeal that stems from its attractive downtowns right across from Louisville and its downtown scene. The communities in the two counties are interesting and must be marketed as pre and post points of interest and the South Clarksville development will evolve into a very attractive location for the community. Jeffersonville's landing across the bridge from Louisville has also accomplished a lot in terms of redeveloping its downtown into a destination. SoIN's hotel supply will need to be developed in order to penetrate this market most effectively, especially for multi-day events, but the presence of a conference center can help to foster synergies between event activity and demand for hotel rooms. Ultimately, these are events that would need to be attracted to Southern Indiana, which is accomplished by 1) having an attractive event facility in SoIN, and 2) having a sophisticated sales and marketing operation to sell the facility.

Strategic Recommendations

Facility Recommendations

The Consulting Team recommends that the proposed conference center in SoIN consist of one highly sophisticated, purpose-built facility that serves as the community's venue for two distinct realms of public activity, one being community-related events and programming and the other being multipurpose events and programming. This facility should represent the junction of these two worlds, which have differentiated facility needs, and that would both benefit from being co-located in a highly integrated facility that allows both functions to achieve maximum flexibility, scalability, and economies of scale.

The Consulting Team proposes the development approach to the facility, detailed as follows on the next few slides.


Chesapeake Convention Center


Northern Kentucky Convention Center

Strategic Recommendations

Facility Recommendations – Phase I

The recommended Phase I facility, in the judgement of the Consulting Team, is currently supportable in SoIN. The Phase I facility is conceptualized as the most cost-conscious facility that still makes sense from a market and demand perspective. It is intended to serve the majority of the event demand generated by the SoIN and other organizations and the local demand that exists for a conference center, while also allowing for commercial activity and the attraction of regional, state, and national events to the event center. The Phase I facility should be designed in a way that allows for future expansion to Phase II.

Multipurpose Hall

- 25,000 square feet of mid to high quality space as described.
- Ability to accommodate a wide variety of users and event types, including conventions, trade shows, exhibitions, banquets, consumer shows, and conferences, by being highly divisible with flexible configurations such as theater, classroom, reception, and banquet
- Can accommodate events with lower attendances that have socially distanced configurations in the near-term, while allowing for events with higher attendances in the long-term as the pandemic subsides, the economic recovery continues, and Southern Indiana continues to build its profile as a destination for meetings and events
- Easy access to loading docks for load in and load out of events with exhibits or other event types with significant loading requirements


St. Charles Convention Center

Strategic Recommendations

Facility Recommendations – Phase I, Cont.

Meeting Rooms

- 12,000 square feet in total
- 8-10 rooms of varying sizes and technical/infrastructure capabilities, ensuring that the individual needs of SoIN's targeted organizations are met while still allowing for flexibility and utilization by other users
- At least one of the rooms could be configured as a black box theater that can offer special facilities for specialized events, hybrid meetings, and offer a special room for local use.

Grand Wayne Convention Center

Strategic Recommendations

Facility Recommendations – Phase II

The Phase II recommendations are conceptualized as the “aspirational” future possibilities for this type of facility in SoIN. These facility components, in the judgement of the Consulting Team, cannot be confirmed to be supportable from a development cost perspective at the present time, but will likely become viable as the economic recovery trajectory becomes clearer, fundraising efforts can begin, and the community and greater SoIN region continue to grow rapidly. Phase II elements are a menu of possible opportunities that could be added all at once or one at a time as the Phase I facility’s performance is evaluated in conjunction with market, demand, and financial considerations. The site planning and site purchase should accommodate such a vision.

Ballroom

- 10,000 square feet of high-quality space as described in Section 6
- Serves in tandem with the Multipurpose Hall, allowing for larger conventions and exhibitions to have exhibits in the Multipurpose Hall with seated banquet functions or general sessions in the ballroom, as well as for banquet-only type events

Future Exhibit Hall

- 50,000 square feet of high-quality space as described in previous sections
- Consideration could be to convert the current multipurpose room into a ball room and add this expansion.

Hotel

- 200-room, full-service hotel
- Increases the attractiveness of the event center to larger conventions, conferences, and exhibitions dramatically
- Could be highly integrated, both physically and operationally, with the full-service commercial kitchen, as well as with the Phase II Ballroom and Meeting Rooms – all of these elements serve as incentives to hotel developers that could be critical in attracting them. Could also attract future partnerships with hospitality and culinary programs at area higher ed institutions.

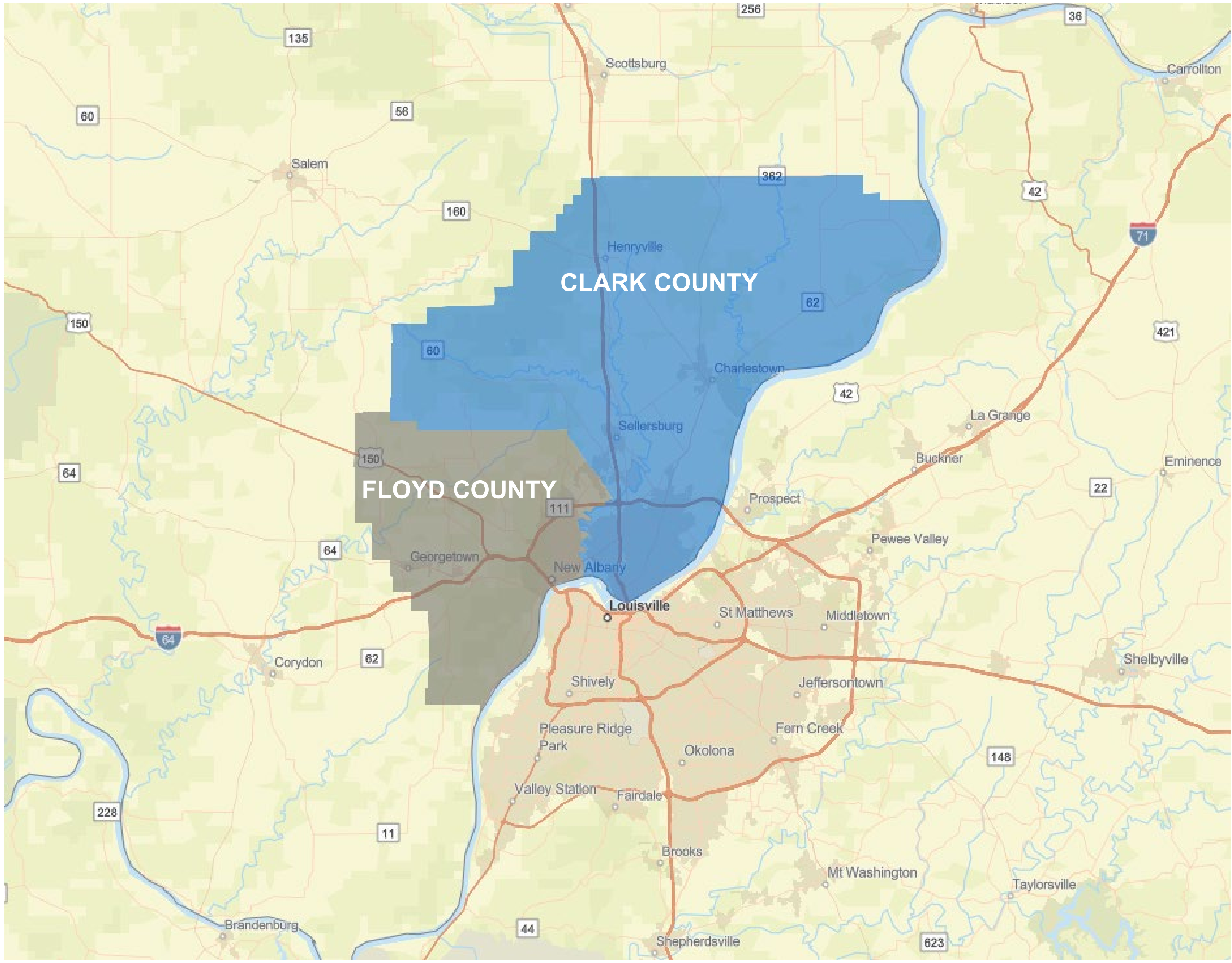
Strategic Recommendations

Site Evaluation and Concept Strategy

Phase 2 of our analysis will provide a site evaluation and concept studies for each of the identified locations. There are several options - Downtown Jeffersonville and Clarksville, along I-65 and close to River Ridge. Our next phase will include discussions regarding site alternatives.

Funding Strategy

This too will be developed in Phase 2 of our analysis. There are a multitude of ways to finance these types of facilities, including issuing municipal bonds, redirecting a portion of general fund revenues, redirecting current, state grant programs or increasing or imposing additional local taxes (sales taxes, lodging taxes, food and beverage taxes, or property taxes), creating a special taxing district around the facility (TIF, BID, etc.), and public private partnerships, among others. One advantage SoIN has regarding attracting state funding is SoIN's presence on the border. Kentucky has been shifting demand from Indiana and Ohio given their economic development strategy. Indiana needs to be aggressive on its border as well and this project offers these types of merits.



Section 8

Demand, Financial, & Impact Projections

JOHNSON CONSULTING

Demand & Financial Projections

In order to determine the viability of a new conference center in Southern Indiana, Johnson Consulting put together demand and financial projections for the facility's operations. These projections are based on experience in selected convention/ conference centers most comparable to the proposed facility in Southern Indiana and Johnson Consulting's experience in the hospitality and conference center industry.

Event Demand

The figure at top right summarizes the projected event schedule, by event type, at the proposed facility over a 10-year period. As shown, the proposed facility is projected to host 176 events in Year 1, growing to 200 events in Year 5 and 210 events in Year 10.

Attendance

The table on the bottom right shows projected attendance at the proposed facility, by event type, at the proposed facility over a 10-year period, totaling approximately 120,000 attendees in Year 1, 148,300 attendees in Year 5, and 162,200 attendees in Year 10.

Projected Event Demand

Event Type	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10
Exhibit Events										
Conventions/Trade Shows	31	32	33	34	35	35	36	36	37	37
Consumer Shows/Public Events	16	17	18	19	20	20	21	21	22	22
Subtotal Exhibit Events	**47**	**49**	**51**	**53**	**55**	**55**	**57**	**57**	**59**	**59**
Non-Exhibit Events										
Meetings/Conferences	62	64	66	68	70	71	71	72	72	72
Banquets/Social	56	57	58	59	60	61	61	62	62	62
Sports/Entertainment/Other Events	11	12	13	14	15	16	16	17	17	17
Subtotal Non-Exhibit Events	**129**	**133**	**137**	**141**	**145**	**148**	**148**	**151**	**151**	**151**
Total	**176**	**182**	**188**	**194**	**200**	**203**	**205**	**208**	**210**	**210**

Source: Johnson Consulting

Estimated Average Attendance

Event Type	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10
Exhibit Events										
Conventions/Trade Shows	500	515	525	536	541	546	551	554	557	560
Consumer Shows/Public Events	1,200	1,236	1,261	1,286	1,299	1,312	1,325	1,332	1,339	1,346
Annual % Growth		*3.0%*	*2.0%*	*2.0%*	*1.0%*	*1.0%*	*1.0%*	*0.5%*	*0.5%*	*0.5%*
Non-Exhibit Events										
Meetings/Conferences	100	103	105	107	108	109	110	111	112	113
Banquets/Social	200	206	210	214	216	218	220	221	222	223
Sports Events	450	464	473	482	487	492	497	499	501	504
Other	300	309	315	321	324	327	330	332	334	336
Annual % Growth		*3.0%*	*2.0%*	*2.0%*	*1.0%*	*1.0%*	*1.0%*	*0.5%*	*0.5%*	*0.5%*

Source: Johnson Consulting

Demand & Financial Projections

Operating Revenue Assumptions

The table at right shows the assumptions underlying the projected operating revenue, including rental rate and food and beverage per caps. Below is further description on these assumptions:

- Space and Equipment Rental – is charged for the rental of meeting space and other facilities utilized for events. Space rental revenue is projected, on average, at $3,000 per event.
- Food and Beverage Sales – are based upon event attendance and reflect a gross sales paid to the venue as the exclusive provider of catered meals. The F&B revenue projections are developed on a per cap basis, reflecting our analysis on regional and comparable facilities. The cost margin on food and beverage sales is assumed to be 60 percent throughout the projection period.
- Contract Services – are estimated at $1,000 per event.
- Advertising and Sponsorship – is assumed at $35,000, annually.
- Other – is assumed at 1 percent to total revenue.

Operating Revenue Assumptions

Line Item	Assumptions	
Rental (Space & Equipment)	$3,000	/ event
Food & Beverage (Gross)		
Conventions/Trade Shows	$20.00	per cap
Consumer Shows/Public Events	$5.00	per cap
Meetings/Conferences	$10.00	per cap
Banquets/Social	$15.00	per cap
Sports/Entertainment/Other Eve	$5.00	per cap
COGS, Labor, & Expenses	60%	of gross F&B sales
Contract Service	$1,000	/ event
Advertising/ Sponsorship	$35,000	annually
Other	1%	of total revenue

Source: Johnson Consulting

Demand & Financial Projections

Operating Cost Assumptions

The table at right shows the assumptions underlying the projected operating costs, including for rentals and salaries, wages, and benefits. Below is further description on these assumptions:

- Rental – production overhead borne by building to host events, as well as bid fees to attract events.
- Salaries, Wages, and Benefits – are estimated at $725 thousand, annually.
- Utilities – are estimated at $25 per thousand of gross square foot-days of facility use.
- Repairs and Maintenance – reflect unscheduled maintenance associated with particular events occurring at the facility, and are estimated at $6 per thousand of gross square foot-days of facility use.
- General and Administrative – are estimated at $2.00 per square foot of facility's function space.
- Insurance – is estimated at $1.00 per square feet of function space.
- Materials and Supplies – are estimated at $10.00 per thousand of gross square foot-days.
- Professional Fees – are estimated at $5.00 per square foot of function space.
- Other Expenses – are estimated at 0.5 percent of total expense

Operating Cost Assumptions

Line Item	Assumptions	
Rental (Space & Equipment)	55%	of Rental Revenue
Salaries, Wages, and Benefits	$725,000	annually
Utilities	$25.00	/ 1,000 of gross SF-days
Repairs and Maintenance	$6.00	/ 1,000 of gross SF-days
General and Administrative	$2.00	/ SF of function space
Insurance	$1.00	/ SF of function space
Materials and Supplies	$10.00	/ 1,000 of gross SF-days
Management & Professional Fe	$5.00	/ SF of function space
Other	0.5%	of total expense

Source: Johnson Consulting

Demand & Financial Projections

Projected Operating Pro Forma

The table at right shows Johnson Consulting's projections of the conference center's operating revenues and expenses.

Total operating revenues at the proposed venue, accounting for the cost of goods sold, are projected to be $1.6 million in Year 1, increasing to $2.0 million in Year 5, and $2.4 million in Year 10. These figures are consistent with those recorded for comparable venues. Total expenses at the proposed venue, based on the stated assumptions, are projected to be $1.6 million in Year 1, increasing to $1.9 million in Year 5, and $2.1 million in Year 10. The ratio of revenues to expenses at the proposed venue is consistent with similar facilities.

After consideration of all operating revenues and expenses, the proposed venue is projected to operate at a net operating deficit of ($32,000) in Year 1, improving to a profit of $184,000 in Year 5, and a profit of $307,000 in Year 10, before debt service.

The preceding projections are in line with comparable facilities, from both a demand and operating statement perspective, and are considered to be fair and reasonable. There are a myriad of policy, management and operating decisions to be made from this point forward. Many of these are material and could affect demand and financial performance of the proposed venue.

Projected Operating Revenue ($000, Inflated)

	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10
Revenues										
Rental (Space & Equipment)	$612	$643	$674	$707	$740	$765	$787	$813	$837	$853
Food & Beverage (Net)	764	825	884	942	999	1,031	1,081	1,115	1,169	1,195
Contract Service	204	214	225	236	247	255	262	271	279	284
Advertising/ Sponsorship	35	42	50	58	67	70	73	76	78	80
Other	16	17	18	19	20	21	22	22	23	24
Total Revenues	**$1,631**	**$1,740**	**$1,852**	**$1,961**	**$2,073**	**$2,142**	**$2,226**	**$2,298**	**$2,385**	**$2,437**
per Square Foot	***$37***	***$40***	***$42***	***$45***	***$47***	***$49***	***$51***	***$52***	***$54***	***$55***
Expenses										
Rental (Space & Equipment)	$337	$353	$371	$389	$407	$421	$433	$447	$460	$469
Salaries, Wages, and Benefits	725	740	754	769	785	800	816	833	849	866
Utilities	166	176	187	197	208	213	223	229	239	244
Repairs and Maintenance	40	42	45	47	50	51	54	55	57	59
General and Administrative	80	82	83	85	87	88	90	92	94	96
Insurance	40	41	42	42	43	44	45	46	47	48
Materials and Supplies	67	71	75	79	83	85	89	92	96	98
Management & Professional Fees	200	204	208	212	216	221	225	230	234	239
Other	8	9	9	9	9	10	10	10	10	11
Total Expenses	**$1,663**	**$1,717**	**$1,773**	**$1,830**	**$1,889**	**$1,934**	**$1,986**	**$2,034**	**$2,088**	**$2,129**
Net Operating Profit	**($32)**	**$23**	**$79**	**$131**	**$184**	**$208**	**$240**	**$264**	**$298**	**$307**

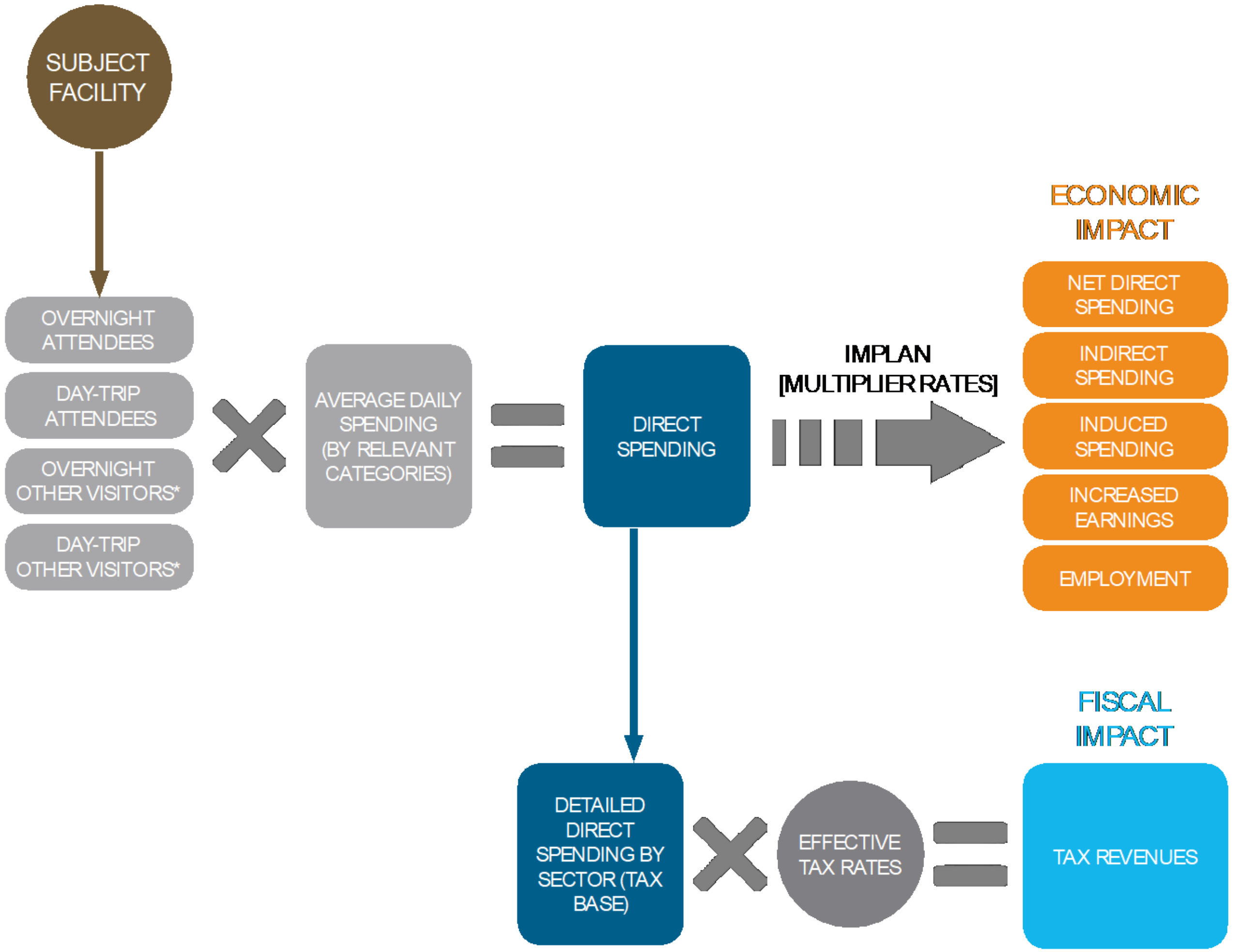
Source: Johnson Consulting

Economic & Fiscal Impacts

Introduction to Economic & Fiscal Impact

Economic Impact is defined as incremental new spending in an economy that is the direct result of certain activities, facilities, or events. For the purpose of this analysis, impact totals are discussed in terms of the Southern Indiana economy. The levels of impacts are described as follows:

- **Direct Spending** – spending that occurs as a direct result of the facility's operation (example: attendee purchases meal at restaurant nearby)
- **Indirect Spending** – re-spending of the initial direct expenditures on goods and services (example: restaurant purchases more food from supplier)
- **Induced Spending** – changes in local consumption due to the personal spending by employees whose incomes are supported by direct and indirect spending (example: waiter at the restaurant has more personal income to spend)
- **Increased Earnings** – measures increased employee and worker compensation related to the facility's operation
- **Employment** – measures the number of full-time equivalent (FTE) jobs supported in the local economy as a result of the facility's operation
- **Fiscal Impact** – reflects tax revenues to local and state governments that result from the facility's operation



Economic & Fiscal Impacts

Annual Impact from Operations (Conference Center)

As shown on the the right, Johnson Consulting's impact analysis projects that the operation of the SoIN conference center will generate a significant annual economic and fiscal impact for the greater community. The following impacts can be expected annually by Year 5 of the facility's operation:

- Over 60,469 visitor-days
- Over 44,963 hotel room nights

Projected Out-of-Town Attendee-Days						
	% Out-of-Town	Year 1	Year 2	Year 3	Year 4	Year 5
Exhibit Events						
Conventions/Trade Shows	70%	32,760	34,519	36,174	37,661	39,060
Consumer Shows/Public Eve	15%	10,560	11,388	12,177	12,916	13,629
Subtotal Exhibit Events		**43,320**	**45,907**	**48,351**	**50,577**	**52,689**
Non-Exhibit Events						
Meetings/Conferences	20%	4,998	5,183	5,342	5,473	5,575
Banquets/Social	5%	1,078	1,113	1,145	1,169	1,193
Sports/Entertainment/Other E	5%	490	622	753	883	1,012
Subtotal Non-Exhibit Events		**6,566**	**6,918**	**7,240**	**7,525**	**7,780**
Total		**49,886**	**52,825**	**55,591**	**58,102**	**60,469**

Source: Johnson Consulting

Projected Room Nights					
	% Out-of-Town	% Lodgers	Year 1	Year 3	Year 5
Exhibit Events					
Conventions/Trade Shows	70%	75%	24,570	27,130	29,295
Consumer Shows/Public Events	15%	75%	7,920	9,133	10,222
Subtotal Exhibit Events			**32,490**	**36,263**	**39,517**
Non-Exhibit Events					
Meetings/Conferences	20%	70%	3,499	3,740	3,902
Banquets/Social	5%	70%	755	801	835
Sports/Entertainment/Other Eve	5%	70%	343	527	709
Subtotal Non-Exhibit Events			**4,597**	**5,068**	**5,446**
Total			**37,087**	**41,331**	**44,963**

Source: Johnson Consulting

Economic & Fiscal Impacts

Annual Impact from Operations

As shown on the the right, Johnson Consulting's impact analysis projects that the operation of the SoIN conference center will generate an even greater annual economic and fiscal impact for the area's economy. The following impacts can be expected annually by Year 5 of the facility's operation:

- Approximately $1.8 million in on-site direct spending (corresponding to the facility's projected operating revenues)
- Approximately $15.9 million in off-site direct spending (including spending on lodging, food and incidentals, and car rental/rideshare/taxi)
- Nearly $18.0 million in direct spending
- Over $6.0 million in indirect and induced spending, for a sum of approximately $24.0 million in total spending
- Approximately 295 jobs supported per year, resulting in approximately $5.9 million in increased earnings for those employees
- Approximately $1.6 million in tax revenue for state and local governments (including sales and use tax and lodging tax)

Estimated Annual Economic & Fiscal Impact from Conference Center Operations

	Economic Impact	Rate/ Assumption		Year 1	Year 3	Year 5
1	Visitor-Days			173,550	197,537	218,640
2	Room Nights	50%	of Total	37,087	41,331	44,963
3	**On Site Spending ($000)**			**$1,442**	**$1,635**	**$1,829**
	Off Site Spending ($000)					
4	On Lodging	*$112.50*	*(a)*	$4,172	$4,838	$5,475
5	On Food and Incidentals	*$40.00*	*(b)*	6,942	8,221	9,467
6	On Car Rental/Rideshare/Taxi	*$20.00*	*(c)*	742	860	973
7	**Subtotal Off Site Spending ($000)**			**$11,856**	**$13,918**	**$15,915**
8	**Total Direct Spending ($000)**			**$13,298**	**$15,553**	**$17,744**
9	Indirect Spending ($000)	*0.200*	*of Line 9*	2,660	3,111	3,549
10	Induced Spending ($000)	*0.150*	*of Line 9*	1,995	2,333	2,662
11	**Total Spending ($000)**			**$17,952**	**$20,996**	**$23,955**
12	Increased Earnings ($000)	*0.333*	*of Line 9*	$4,433	$5,184	$5,915
13	Increased Employment (FTE)	*18.00*	*of Line 9*	239	269	295
	Fiscal Impact	**Rate/ Assumption**		**Year 1**	**Year 3**	**Year 5**
14	State Sales Tax	*7.00%*	*of Line 9*	$931	$1,089	$1,242
15	County Innkeeper's Tax ($000)	*6.00%*	*of Line 5*	250	290	329
16	**Total Tax Revenues**			**$1,181**	**$1,379**	**$1,571**

Notes:

a) Per Room Night (Line 2), based on US GSA Per Diem, Business Travel News Corporate Travel Index, adjusted.

b) Per Visitor-Day (Line 1), based on US GSA Per Diem minus on site food spending

c) Per Room Night (Line 2), based on US GSA Per Diem, Business Travel News Corporate Travel Index, adjusted.

Source: IMPLAN, Johnson Consulting