

**City of Irving and
Irving Convention & Visitors Bureau**

Proposed Multi-Purpose Center Study

February 2007

FINAL DRAFT

Presented by: PricewaterhouseCoopers LLP

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February 15, 2007

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222 W. Las Colinas Blvd., Suite 1550
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Dear Ms. Gast:

PricewaterhouseCoopers is pleased to present this report on our analyses of a proposed multi-purpose facility in Irving, Texas. We trust that you will find the information contained herein useful in your decision-making process.

Our Services were performed and this report was developed in accordance with our engagement letter dated October 20, 2005 and addenda dated May 26, 2006 and October 3, 2006 and each is subject to the terms and conditions included therein.

Our Services were also performed in accordance with Standards for Consulting Services established by the American Institute of Certified Public Accountants. The procedures we performed did not constitute an examination or a review in accordance with generally accepted auditing standards or attestation standards. Accordingly, we provide no opinion, attestation or other form of assurance with respect to our work or the information upon which our work was based. We did not audit or otherwise verify the information supplied to us in connection with this engagement, from whatever source, except as may be specified in this report or in our engagement letter.

Our work was limited to the specific procedures and analysis described herein and was based only on the information made available through December 7, 2006. Accordingly, changes in circumstances after this date could affect the findings outlined in this report.

This report and all PricewaterhouseCoopers deliverables are intended solely for management of the City of Irving and the Irving Convention & Visitors Bureau for their internal use and benefit and are not intended for, nor may they be relied upon by, any other party ("Third Party"). Neither this deliverable nor its contents may be distributed to, discussed with, or otherwise disclosed to any Third Party without the prior written consent of PricewaterhouseCoopers. PricewaterhouseCoopers accepts no liability or responsibility to any Third Party who gains access to this deliverable.



Ms. Maura Gast

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We have enjoyed the opportunity to work with you throughout this engagement. Please feel free to contact Robert Canton at (813) 218-2917 if we can be of further assistance.

Very truly yours,

FINAL DRAFT

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INTRODUCTION

PROJECT OVERVIEW

In October 2005, PricewaterhouseCoopers LLP ("PricewaterhouseCoopers" or "PwC") was engaged by the City of Irving and the Irving Convention & Visitors Bureau (the "City/ CVB") to conduct an analysis of a convention center and other types of public assembly facilities in Irving, Texas. Our study was conducted in two phases. Phase I addressed the demand for a previously planned convention center featuring 100,000 square feet of exhibit space and a 450-room headquarter hotel ("Original Convention Center"). We updated the analysis of the Original Convention Center in Irving given current industry, market, and competitive conditions. This phase assessed the demand for a convention center, the appropriate building program to accommodate such demand, and the costs and benefits of convention center development and operations.

Phase II involved an analysis of public assembly facility alternatives to the Original Convention Center development including an alternate convention center program, exhibition hall, multi-purpose center, convention hotel, conference center, trade/merchandise mart, and a World Trade Center. Preliminary building programs, demand estimates, and costs and benefits of each alternative were compared to those of the Original Convention Center. The preliminary building program developed for the multi-purpose center alternative included a multi-purpose hall with 70,000 to 75,000 square feet of flexible space.

The results of our Phase I and Phase II analyses were presented in a detailed narrative report ("Convention Center Report"). Our analysis presented in the Convention Center Report indicated that a multi-purpose center in Irving may be a viable venue option that would satisfy current event needs and maximize the range of potential event types and utilization.

The City of Irving requested that we study a proposed multi-purpose center ("Multi-purpose Center" or "Center") in further detail. This more comprehensive study of a multi-purpose facility has also been structured in two phases.

- **Phase I** includes the analysis a multi-purpose center as a "stand-alone" facility located in the Urban Center. This analysis does not assume the development of an adjacent headquarter hotel or other entertainment development.
- **Phase II** includes the analysis of a multi-purpose center integrated as part of the proposed "Las Colinas Live" entertainment complex. The *Las Colinas Live* project is proposed to feature the following components:
 - "Big Show" indoor concert venue with a capacity for 7,500
 - Outdoor arena with a capacity of 2,000 for horse themed exhibitions and shows

- Cinema complex
- Destination restaurants, retail shops, bars and night clubs
- Programmed street festivals and entertainment
- Boutique hotel with 120 guest rooms, 30 residences and a spa

Phase I included the following tasks:

- Analysis of event demand for a multi-purpose center, including conventions, tradeshows, consumer shows, assembly events, sporting events, meetings and other events
- Development of a proposed building program to accommodate demand
- Development of utilization estimates
- Analysis of incremental economic impact
- Analysis of financial operations
- Identification of certain marketing and management considerations/challenges
- Development of a ten-year operating model

Based on the analysis conducted in Phase I, Phase II focused on the potential change in utilization, building program, economic impact, financial operations, and the operating model and additional management/marketing considerations if the proposed Multi-purpose Center is integrated with *Las Colinas Live* development.

In addition to the tasks listed above, we worked with HOK Venue ("HOK") architectural firm to create conceptual floor plans and drawings as well as detailed cost estimates for the proposed facility. Please refer to Appendix A for the drawings and cost estimates provided by HOK.

PHASE I

I. EVENT DEMAND

The Convention Center Report detailed our analysis of the local and competitive market for conventions, trade shows, consumer shows, meetings and other events. In addition to the previous analysis presented in the Convention Center Report related to event demand, specific analysis related to demand for the Multi-purpose Center in this study included the following:

- Analysis of survey responses from associations and corporate meeting planners that did not require significant headquarter hotel blocks;
- Analysis of survey responses to determine the need for a fixed-seating component;
- Interviews and tours of additional convention, meeting and multi-purpose venues (Refer to Appendix B for a full list of interviewees);
- Analysis of event volume and characteristics of comparable venues, including traditional convention centers, conference centers and multi-purpose centers;
- Further analysis of the meetings market; and
- Analysis of alternative event types, including assembly events and sporting events (Sporting events are discussed in Section III of this report.)

CONVENTIONS & TRADE SHOWS

As part of our analysis presented in the Convention Center Report, we conducted surveys with meeting planners and organization executives to gauge their interest in holding events in Irving and to understand their event requirements and characteristics.

Email-based surveys for two general customer groups were developed. One survey was distributed to over 2,000 event organizers, including association and corporate meeting planners at the local, state, regional and national levels. Another was distributed to Irving Chamber of Commerce Members. In total, over 2,600 individuals were contacted and feedback was received from over 300 meeting planners and businesses.

The survey focused on the interest level in the Original Convention Center (100,000 square feet of exhibit space and an adjacent headquarter hotel), as well as event characteristics and requirements. To understand the potential change in demand for the Multi-purpose Center (preliminary building program of 70,000 to 75,000 square feet and no adjacent headquarter hotel), we analyzed surveys received from meeting planners and event organizers.

In the Convention Center Report, we received a relatively strong positive response rate from potential users. Over 70 percent indicated interest in holding an event in Irving. However, approximately 26 percent of positive respondents may eliminate Irving from consideration for their event due to the lack of a headquarter hotel. The resulting overall positive response rate regarding event organizers' interest in holding an event in Irving was approximately 51 percent. In terms of size requirements, all the positive respondents (remaining 51 percent)

indicated that they could be accommodated by exhibit space of 75,000 square feet or less. However, the survey results indicate that without a dedicated headquarter hotel, the group size of potential convention/trade show events is constrained.

In the Convention Center Report, our extrapolation analysis estimated 27 conventions and trade show events would be hosted by the Original Convention Center. Our analysis for the Multi-purpose Center indicates potential event demand for conventions and trade shows to range from 15 to 20 events based upon a similar extrapolation analysis of the survey responses to the survey population. Without the adjacent headquarter hotel, convention and trade show demand is reduced. However, with a potential reduction in venue size from 100,000 square feet of exhibit space to 70,000 square feet of multi-purpose space, the remaining demand is accommodated due to a lower need for simultaneous events and smaller group sizes.

ADDITIONAL MEETING NEEDS

To understand additional needs for meetings and other events, we interviewed local stakeholders, analyzed meeting-specific venues such as conference centers and hotels, and studied the survey responses from event organizers and local businesses. Meetings and other events demand a variety of event spaces and configurations, including the following:

- **Meeting room break-outs and ballroom spaces:** Multiple break-out rooms of varying size are required. Room sizes may vary from a capacity of less than 25 to over 500. Break-out rooms and ballrooms are typical features of convention centers and convention hotels.
- **Boardroom:** Executive boardrooms are used for small executive meetings, typically designed to create an intimate, upscale environment for 15 to 25 participants. Boardrooms are also sometimes used for show/event management offices during events. They are common in conference centers and convention hotels and are becoming increasingly common in convention centers.
- **Tiered classroom/auditorium:** Fixed-seat environments, such as tiered classrooms or auditoriums, are used for lectures, educational sessions, sales presentations and other event types. With state-of-the-art technology and upscale finishes, auditoriums can be costly features, yet important to some events. For example, when designed for international (multi-lingual) medical conferences, these venues often include built-in simultaneous translation booths that allow the audience to hear the speaker in various languages. Other amenities may include individual seats that are wired for laptops, wireless internet capabilities, “flip-top” desks at each seat, and high-end audio/visual capabilities. Auditoriums and tiered classrooms are common in conference centers and appear occasionally in convention centers.

According to our survey, the majority of events would utilize a fixed seating venue, if one were available. Events surveyed would require 400 to 500 seats, on average. Most convention and conference center auditoriums designed for meetings (as opposed to theatrical events) range in size from 200 to 500 seats.

Flexible, high-end meeting and conference space will allow a facility to cater to high-impact conventions and trade shows, as well as high-impact conferences and meetings. In addition to the formal meeting spaces listed above, conference centers and recently-built convention centers have dedicated lounge areas for attendees to gather for informal meetings and breaks. All of these building features appeal to medical/scientific groups, executive meetings, corporate meetings and training sessions and other events.

ASSEMBLY EVENTS

Assembly events include those non-sporting events that may utilize telescopic seating, if available. Potential events include graduation ceremonies, concerts, convention general sessions and other events.

Irving high school graduations are held at the Potter's House Event Center (part of a church) in Dallas. This venue has a capacity of approximately 7,600. With sufficient capacity, a multi-purpose center may be able to satisfy the need for a local facility to hold these annual events.

With telescopic seating and good acoustics, a multi-purpose center centrally located in the Dallas-Fort Worth (“DFW”) area could be positioned to compete for a share of the concert market. The mid-size concert market (4,000 to 7,000 attendees) would be a likely target market. Acts could range from country, to gospel, to mainstream/pop events.

Convention general sessions are likely users of a multi-purpose space with telescopic seating. This flexibility could be a positive selling feature and would be of particular interest to religious groups.

COMPARABLE VENUES

Throughout the U.S., multi-purpose centers were historically developed as “basic” facilities comprised of an arena with telescopic seats on the floor (providing approximately 30,000 square feet of flat floor space for exhibits), additional flat floor space on a second (concourse) level, and a modest amount of meeting/break-out space. These venues were commonly referred to as “civic centers” in that they were built as much (or more) to serve the local community than to compete for high-impact meetings. An important distinction is that they lacked the high-end ballroom, meeting space, and high-quality finishes that should be planned for a venue in Irving.

We identified several facilities that are similar in terms of space, configuration, and use. Additionally, all of these venues contain telescopic seating in the exhibit area. The following facilities are described in this section:

- Moody Gardens Convention Center (Galveston, Texas)
- Ocean Center (Daytona Beach, Florida)
- Pontchartrain Center (Kenner, Louisiana)

- Alario Center (Westwego, Louisiana)
- Reno Events Center (Reno, Nevada)
- Hall B3 – George R. Brown Convention Center (Houston, Texas)
- Battelle Hall – Greater Columbus Convention Center (Columbus, Ohio)

Although the George R. Brown Convention Center and Greater Columbus Convention Center are not considered comparable to the Irving center, they were selected because they each contain an exhibit hall with telescopic seating. These comparable venues are summarized below.

Summary of Comparable Venues

<i>Facility Name</i>	<i>Multi-Purpose Space (sq. ft.)</i>	<i>Meeting/Ballroom Space (sq. ft.)</i>	<i>Total Leasable Space (sq. ft.)</i>	<i>Number Meeting Rooms</i>	<i>Telescopic Seats</i>	<i>Telescopic & Floor Seats</i>
Hall B3 - George R. Brown Conv. Ctr.	99,000	N/A	99,000	N/A	5,200	7,200
Battelle Hall - Greater Columbus CC	65,000	N/A	65,000	N/A	7,300	8,700
Ocean Center	60,000	8,400	68,400	11	7,200	10,000
Moody Gardens Convention Center	56,800	13,600	70,400	12	5,000	7,500
Reno Events Center	56,000	5,000	61,000	10	4,500	7,100
Pontchartrain Center	46,100	17,400	63,500	7	3,000	3,700
Alario Center	30,200	5,500	35,700	4	2,200	2,800

Source: PricewaterhouseCoopers LLP

The number of telescopic seats ranges from 2,200 at the Alario Center to 7,300 at Battelle Hall. Depending on the event configuration, these facilities can also accommodate floor seating ranging from an additional 600 to 2,800 seats.

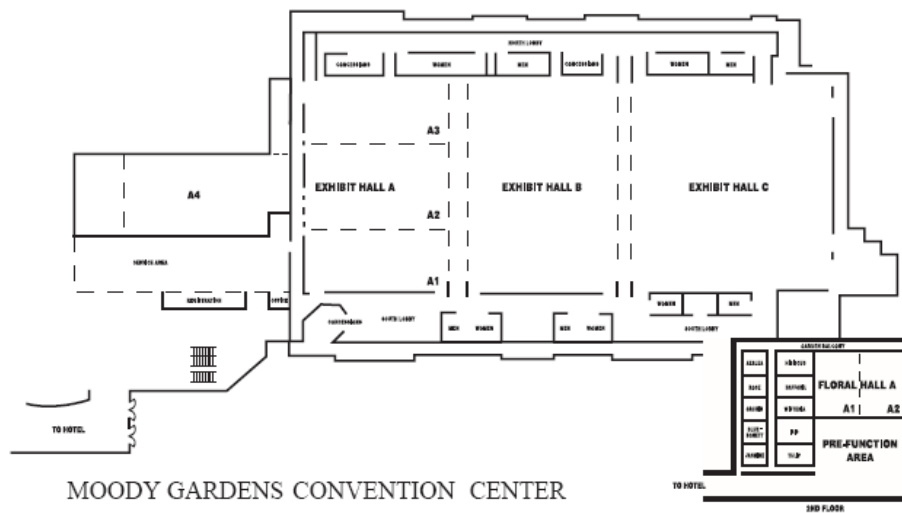
Moody Gardens Convention Center (Galveston, Texas)

Perhaps one of the most relevant comparables due to the ballroom-quality finishes of its exhibit/multi-purpose space is the Moody Gardens Convention Center in Galveston, Texas. The center opened in 1986 as Hope Arena with 37,500 square feet of exhibit space to accommodate conventions, trade shows, and other events. In 2004, the exhibit space was renovated and expanded to offer a total of 56,800 square feet of multi-purpose space, of which 52,800 square-feet is contiguous and divisible into five sections by air walls. The contiguous space contains approximately 5,000 telescopic



seats, allowing the convention center flexibility to accommodate graduations, concerts and other assembly events. When configured with both telescopic seats and floor seats, the center's capacity increases to 7,500 seats.

Moody Gardens Convention Center Floorplan



Source: Moody Gardens Convention Center

While many multi-purpose centers lack high-quality finishes, the Moody Gardens Convention Center was designed to incorporate ballroom-quality finishes into an exhibit hall, resulting in a venue that is ideal for both trade shows and gala dinners. The space has chandeliers, sound-proof walls, sound/lighting equipment, and floor boxes every 30 feet. It is also equipped with retractable carpet, a feature that increases the venue's flexibility depending on the needs of an event. When configured as an exhibit hall, the space accommodates 375 8'x10' booths, and when configured as a ballroom, it accommodates 4,000 people banquet-style.

Events at the convention center include trade shows, concerts, banquets, sporting events, and graduations. The center is owned by the Moody Foundation and operated by Gal-Tex Hotel Corporation.

The center is situated within a 250-acre recreational and educational complex known as Moody Gardens. Originally conceived as a therapy center in the early 1980s by the Moody family, the complex has expanded in multiple phases and is now primarily a tourist attraction and family destination. The focal point of Moody



Gardens is three distinctive pyramids that house an aquarium, rainforest, and a hands-on science museum. Other attractions include an IMAX Theater, water park, flight museum, and paddlewheel boat.

Adjacent to the center is the 428-room Moody Gardens Hotel & Spa, which expanded in 2003 with the addition of a 125-room wing. The expansion allows groups at the convention center to block up to 400 rooms per night. The hotel contains meeting space separate from the convention center, including a 15,200 ballroom and four meeting rooms, although it also sells the multi-purpose halls and meeting space at the Moody Gardens Convention Center. The hotel and convention center are served by a 1,000-car parking garage, which opened with the expansion in 2004.

Moody Gardens Convention Center Summary

<i>Multi-purpose Halls:</i>	
Contiguous Halls	52,800
Hall A4	<u>4,000</u>
Total Multi-purpose Space	56,800
 <i>Seating Capacity:</i>	
Telescopic Seating	5,000
Floor Capacity	<u>2,500</u>
Total Capacity	7,500
 <i>MGCC Meeting/Ballroom Space (sq. ft.):</i>	
Floral Ballroom A/B	9,100
 <i>Hotel Meeting/Ballroom Space (sq. ft.):</i>	
Ballroom	15,200
Meeting Rooms Space (sq. ft.)	<u>3,700</u>
Total	18,900
Total Function Space - MGCC	65,900
Total Function Space - MGCC & Hotel	84,800

Note: Floral Ballroom B (5,095 sq. ft.) divides into 10 meeting rooms.

Source: Moody Gardens Convention Center

Ocean Center (Daytona Beach, Florida)

The Ocean Center is a multi-purpose facility consisting of 16 meeting rooms and a flexible two-level venue that can be configured as either an arena or exhibition hall. The center is ideal for hosting various sporting events, including basketball, hockey, wrestling, and gymnastics, as well as conventions, trade shows, banquets, concerts, circus and ice show events. It is located in Daytona Beach, Florida at Ocean Walk Village, a district containing beachfront resorts, shopping and movie theatres.



The arena/exhibit hall consists of 46,000 square feet of floor space and nearly 7,200 telescopic seats divided among two levels. With the addition of a maximum of 2,800 floor seats, the venue’s capacity is increased to 10,000. The arena/exhibit hall is separated from a 14,000 square-foot ballroom by an air wall. When the air wall is removed, the ballroom and arena are joined to offer 60,000 square feet of contiguous multi-purpose space.

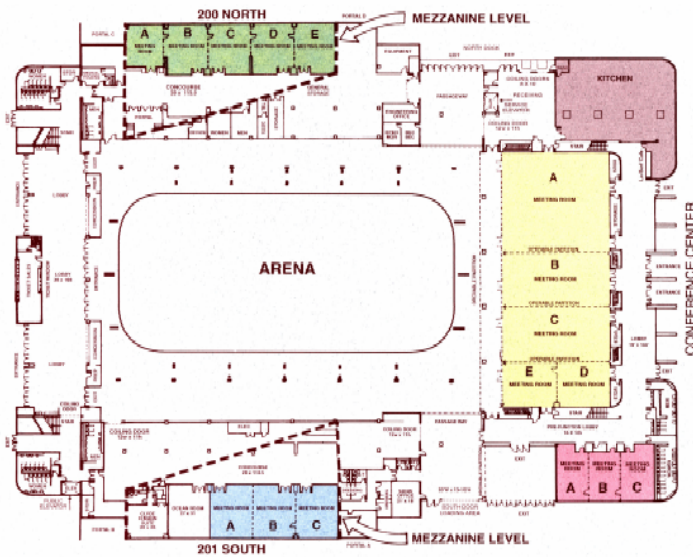
Ocean Center Summary

<i>Multi-purpose Space</i>	
Arena/Exhibit Floor Space (sq. ft.)	46,000
Ballroom Space (sq. ft.)	14,000
Contiguous MP Space (sq. ft.)	60,000
<i>Arena Seats</i>	
Telescopic - Tier 1	2,900
Telescopic - Tier 2	4,300
Floor Seats	2,800
Total Arena Seating Capacity	10,000

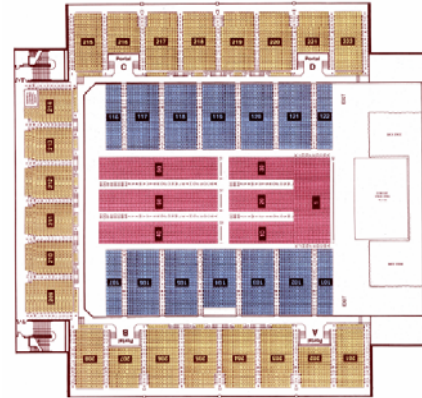
Source: Ocean Center

Floor plans for the Ocean Center in an arena configuration are presented on the following page.

Ocean Center Floor Plans



Arena/Ballroom Diagram



Telescopic Seating Diagram

Source: Ocean Center

When configured as an arena, venue capacities range from 7,200 to 10,000 depending on the event type, and a 2,400 square-foot portable stage is set up. Alternatively, the facility may be configured to accommodate exhibits and trade shows, which maximizes floor space.

Approximately 10 years after Ocean Center's opening in 1983, the Volusia County began considering expansion of the facility. The expansion was intended to be a catalyst to make the region more competitive among the meeting, convention and event markets and less dependent on the tourism market, which is highly seasonal. Following several market and financial feasibility studies, it was determined that an expansion consisting of an additional 97,000 square-foot exhibit hall and 30,000 square feet of meeting space was needed. Upon completion of the expansion, the Ocean Center will offer nearly 200,000 square feet of rentable space. The \$64 million expansion broke ground in December 2003 and is expected to be completed in 2007. It is being financed by a one percent increase of the county's hotel occupancy tax, which was implemented in 2003.

Pontchartrain Center (Kenner, Louisiana)

The Pontchartrain Center is a multi-purpose center located in Kenner, Louisiana, within close proximity of New Orleans. It contains 46,100 square feet of multi-purpose space and seven meeting rooms. The multi-purpose space is divided into three contiguous halls, with Halls A and B serving as exhibit halls and Hall C serving as the ballroom. While Halls A and B are separated by an air wall and provide column-free space, the ballroom is separated by a fixed

wall with two eight-foot wide roll-up doors, providing a separation between the exhibit and ballroom components.

The Pontchartrain Center includes a total of approximately 3,000 padded telescopic seats, divided among Hall A (2,000 seats) and Hall B (1,000 seats). Hall A is the primary venue for sports events as it offers the largest seating capacity. While Hall B is also used for sports events, the telescopic seats must be pushed back to allow room for the basketball court, eliminating the use of tiered seating. In such a case, temporary seats for approximately 100 people are arranged in the end-zones.



The permanent flooring in Halls A and B is concrete, with the option to cover it with basketball flooring or a sports court, used for volleyball events, or other flooring options that an event owner provides. The ballroom contains higher-quality finishes, such as crystal chandeliers and permanent carpeting.

The Pontchartrain Center hosts a variety of events, including conventions, trade shows, consumer shows, sporting events, concerts, family shows, company parties, banquets, dance events and meetings. The center hosts approximately five to eight sports events each year, including state high-school wrestling and volleyball tournaments, Amateur Athletic Union (AAU) karate and taekwondo tournaments, cheerleading competitions, ultimate fighting, and boxing events.

Summary of Pontchartrain Center

<i>Multi-purpose Halls:</i>	
Hall A (sq. ft.)	23,200
Hall B (sq. ft.)	11,400
Hall C / Belleglade Ballroom (sq. ft.)	11,500
Total Contiguous Space (sq. ft.)	46,100
Ceiling Height (ft.)	35
Max Telescopic Seating (Halls A & B)	3,000
<i>Meeting Rooms:</i>	
Meeting Rooms	7
Meeting Space (sq. ft.)	17,400
Total Function Space	63,500

Source: Facility Management

Alario Events Center (Westwego, Louisiana)

The Alario Events Center (Alario Center) is a multi-purpose facility and amateur sports complex located in Jefferson Parish, Louisiana, approximately ten miles from downtown New Orleans. The Alario Center was developed as a joint venture between the State of Louisiana, Jefferson Parish, and Louisiana Stadium and Exposition District. Opened in 1999, it was designed to host athletic events, as well as trade shows, concerts, graduations and other events. Its four hardwood courts, totaling over 30,000 square feet of floor space, are ideal for basketball and volleyball tournaments, and other competitions or events that require tiered seating.



Adjacent to the Alario Center is Segnette Field, a baseball stadium that was constructed in 2002. Segnette Field is home to Loyola University Baseball and hosts various baseball games and tournaments. In addition to the indoor facility and baseball stadium, the complex contains a ten-acre site designated as the Alario Center Festival Grounds. This open space has been used for paintball tournaments and outdoor music festivals.

The following table summarizes the facilities offered at the Alario Center and Bayou Segnette Sports Complex.

Summary of the Alario Center and Bayou Segnette Sports Complex

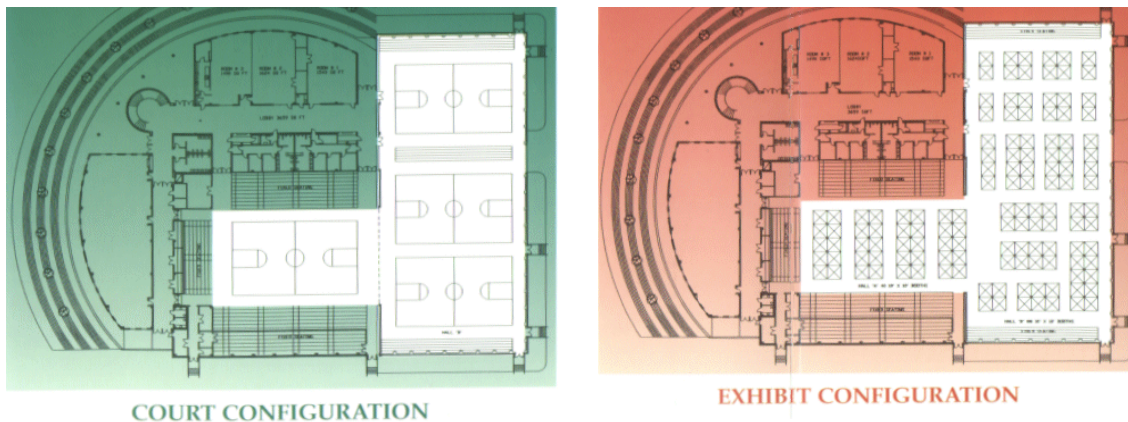
<i>Indoor Space:</i>	
Number of hardwood sports courts	4
Hall A (1 court)	8,400
Hall B (3 courts)	21,840
Total Multi-purpose Space	30,240
Fixed Seating in Hall A	2,200 seats
Number of Meeting Rooms	4
Total Meeting Room Space	5,497
<i>Outdoor Space:</i>	
Baseball Field	650 covered seats
Parking Spaces	1,400
Festival Grounds	10 acres

Source: Jefferson CVB; Alario Center Management

The Alario Center is currently in the process of three projects. The first project being considered is the development of an outdoor amphitheatre and festival park on a 10-acre site adjacent to the Alario Center. The proposed festival park is on the site of the existing Festival Grounds and would likely be developed with appropriate facilities, such as a permanent ticket booth, concessions, restrooms, and gates. The second project under consideration is the addition of a new multi-purpose hall, adjacent to Hall B, which would position the Alario Center to attract larger events. Additionally, the new hall will have its own entrance and concessions, allowing the facility to host multiple events simultaneously. The third project is the addition of a new commercial kitchen to enhance food and beverage options. Construction on the new kitchen began in the summer of 2005, but the project was halted in August 2005 due to Hurricane Katrina.

The Alario Center is flexible in order to accommodate a wide variety of events and can adapt to the needs of each event. Several general configurations are illustrated below.

Alario Center Floor Plans



Source: Alario Center

Reno Events Center (Reno, Nevada)

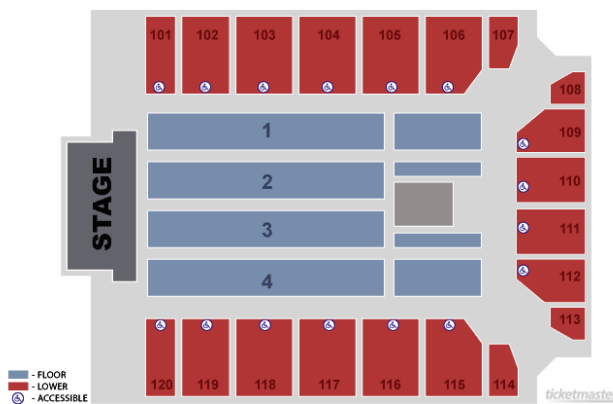
Opened in January 2005, the Reno Events Center (REC) is among the newest multi-purpose centers in the country. It is a public-private partnership between the City of Reno, Reno-Sparks Convention and Visitors Authority (RSCVA) and NEWCO, which is comprised of hotel/casinos Circus Circus, Harrah's, Silver Legacy and Eldorado. It is owned by the City of Reno and managed by the RSCVA. Its development cost was \$28.5 million, which was funded through room-tax revenues and a downtown special assessment district.



The primary venue in the REC is the Events Center, a 56,000 square-foot multi-purpose venue that can be configured in a number of ways. The Events Center contains a maximum of 7,500 seats, including 4,500 telescopic seats that may be retracted to maximize floor space. Additional space includes 10 flexible rooms on the second floor that can be used as box suites or meeting rooms. Air walls between the meeting rooms/suites allow for a maximum meeting space of nearly 5,000 square feet.

The Events Center can be configured to accommodate concerts, trade shows, banquets, boxing matches, bull riding events and caged combat events. In its first year of operation, the center hosted approximately 46 events, including 40 concerts and sporting events and six tradeshows. The stage configuration and facility characteristics are presented below.

Reno Events Center Floor Plan & Facility Summary



<i>Arena</i>	
Telescopic Seats	4,500
Floor Seats	2,600
Balcony Seats	300
Total Seats	7,500
Floor Space (sq. ft.)	56,000
Stage Size (sq. ft.)	2,400
<i>Meeting Rooms / Suites</i>	
Number of Mtg. Rooms / Suites	10
Mtg. Room / Suite Space (sq. ft.)	5,000

Source: Reno Events Center

Hall B3 - George R. Brown Convention Center (Houston, Texas)

The George R. Brown Convention Center in Houston is among the largest convention centers in the country, offering 853,000 square feet of exhibit space. Upon completion of an expansion project in 2003, the center offered a unique hall that can accommodate a variety of events in addition to its traditional exhibit halls that are ideal for conventions, trade shows, and consumer shows. This flexible venue, Hall B3, consists of 99,000 square feet of multi-purpose space with a maximum capacity of 7,200. It contains telescopic seating for 6,000, which allows for flexibility in accommodating various types of events. Hall B3 is used for concerts, assembly events, sporting events, large-scale presentations, and corporate meetings.



Battelle Hall – Greater Columbus Convention Center (Columbus, Ohio)



Battelle Hall is a multi-purpose arena and exhibit hall at the Greater Columbus Convention Center. It contains a total of 90,000 square feet on two levels, 65,000 square feet on the main floor and 25,000 square feet on the balcony overlooking the main floor. It is divisible into a North Hall and South Hall. Rather than permanent seats, Battelle Hall contains portable tiered bleacher seating on two levels. Depending on the event configuration, the hall offers a maximum of 8,700 seats and a 2,400 square-

foot portable stage. The Hall features 7,300 telescopic seats on two levels. Battelle Hall is used for exhibitions, family shows, sporting events, and concerts.

Built in 1980, the Hall is scheduled to undergo a \$20 million renovation project, which will convert it from an arena/exhibit hall to a ballroom. As part of the project, the upper level telescopic seats will be removed and the lower level seats will be replaced with a new tiered seating configuration. The telescopic seating on the upper level is being removed in order to transform the hall into a high-finished ballroom.

II. AMATEUR SPORTS MARKET

With flexible flooring options, the Multi-purpose Center may have the opportunity to host a variety of indoor sports, including basketball, volleyball, and martial arts, as well as cheerleading and dance competitions. This section explores the amateur sports market and the potential for sporting events in the Multi-purpose Center.

AMATEUR SPORTS MARKET OVERVIEW

Until the Amateur Sports Act was passed in 1978, amateur sports in the United States was generally dependent on efforts at the grass roots level. This disorganization of amateur sports contributed to an overall decline of American achievement in Olympic competition, thus prompting the creation of the Act. It required the United States Olympic Committee (USOC) to coordinate national management and oversight of amateur sports and called for the recognition of one national governing body for each sport included in the Olympic Games. Although this Act is not the sole catalyst for organization of amateur sports, it was a key factor in the growth of the amateur sports market. As national governing bodies became more established and other amateur sports organizations such as the Amateur Athletic Union (AAU) grew, amateur sports in the U.S. no longer relied only on grass roots efforts. While community efforts continue to be integral to the development of amateur sports, the growth of regional and national tournaments has contributed to the creation of amateur sports as a niche in the tourism industry. The development of sports commissions in recent years has become increasingly popular among cities of all sizes as they seek to attract regional and national tournaments. Also gaining popularity is the development of large-scale sports complexes, often with both indoor and outdoor components, that can host tournaments requiring multiple games simultaneously.

Several of these large sports complexes attract a relatively large share of national tournaments and have contributed to sports tourism in their respective destinations. Leading sports complexes identified in this study include:

- Disney's Wide World of Sports – Orlando, FL
- National Sports Center – Blaine, MN
- American Sports Center – Anaheim, CA

Disney Wide World of Sports – Orlando, FL

Disney's Wide World of Sports is generally considered to be the leading destination for amateur sports tournaments. Its location proximate to theme parks, attractions and numerous family-oriented hotel options make it an ideal destination for national youth tournaments. The 220-acre sports complex hosts over 170 amateur and professional sports events annually, 40 of which are AAU national tournaments.

Outdoor space consists of a 9,500-seat ballpark, a baseball quadraplex (four fields), a baseball diamondplex (six fields), eight sports fields, a track and field complex, and 10 tennis courts. Indoor space consists of the Milk House, which has 30,000 square-foot of floor space that accommodates up to six full-size basketball courts.

National Sports Center (Blaine, MN)

Blaine, Minnesota established itself as a leading amateur sports destination with the opening of the National Sports Center in 1990, which followed creation of the Minnesota Amateur Sports Commission several years earlier. Spread across 600 acres, the complex contains facilities for soccer, hockey, golf, track cycling, track and field, figure skating, lacrosse, ultimate, broomball, football, and rugby. Outdoor facilities include 52 grass soccer fields, an 18-hole golf course, a 12,000-seat stadium, and velodrome. In addition to an indoor ice rink with eight sheets of ice, the complex contains a 58,000 square-foot multi-purpose Sports Hall that hosts sports tournaments, conventions, and exhibits.

American Sports Center (Anaheim, CA)

Opened in 2004, the American Sports Center is among the newest large-scale amateur sports centers. It contains 100,000 square feet of court space, which can be configured to accommodate 22 volleyball courts, 16 basketball courts, or eight indoor soccer fields. The center hosts regional and national tournaments, and league/club basketball, volleyball and soccer games. Permanent tenants include National Junior Basketball and the Southern California Volleyball Association.

AMATEUR SPORTS ORGANIZATIONS

Amateur sports organizations are not-for-profit corporations, associations, or other groups that sponsor or arrange an athletic competition at the amateur level. While there are many amateur sports organizations in the United States, this section highlights the leading organizations that promote multiple sports, some of which are ideal for an indoor multi-purpose center. The following organizations were identified.

- Amateur Athletic Union
- United States Specialty Sports Association
- United States Olympic Committee
- National Collegiate Athletic Association
- National Association of Intercollegiate Athletics
- KSA Events

Amateur Athletic Union (AAU)

The AAU is generally considered to be the largest multi-sport amateur sports organization. It is a non-profit organization that promotes and develops amateur sporting opportunities for youth and adults across the United States. The AAU is operated by volunteers and relies on the community and community leaders to organize teams. As such, the presence and strength of a particular sport in a given community is determined by the volunteer base in that community. The AAU divides the United States into 57 districts, including five in the state of Texas (one of which is combined with New Mexico).

The AAU is membership based, which requires all athletes and non-athletes (coaches, team managers, officials, tournament directors, volunteers, etc.) to be members of the organization. The AAU sanctions events in 34 sports, 20 of which are typically conducted indoors. The AAU sanctions approximately 30,000 age-division events and 250 national championships each year. National championships are organized by AAU, whereas district events must be sanctioned by the AAU through an application process. The AAU is headquartered in Orlando, Florida, near Disney's Wide World of Sports.

The annual AAU Junior Olympic Games are generally considered the largest national multi-sport event for youth in the United States. It has grown over the years and is currently a 12-day event that includes 20 sports and over 16,000 participants. In the event's 40 year history, it has been held once in Texas (1989 in San Antonio.)

United States Specialty Sports Association (USSSA)

The USSSA is an amateur athletics association that governs 13 sports, including baseball, basketball, golf, volleyball, gymnastics, taekwondo and flag football. Founded as the United States Slo-Pitch Softball Association, the organization's primary sports continue to be softball and baseball, though other USSSA sports have become more prevalent since the organization adopted a multi-sport approach in the late 1990s. Similar to AAU, the USSSA is a volunteer, non-profit organization that is membership-based.

United States Olympic Committee (USOC)

The USOC is a federally chartered non-profit organization that represents the United States for the Olympic Games. The Committee supports American athletes, particularly Olympic athletes, and selects and enters athletes for the Olympic Games. The USOC authorizes one National Governing Body (NGB) to govern each specific sport. The following NGBs represent sports that are conducive to an indoor multi-purpose facility:

- USA Basketball
- USA Boxing
- USA Gymnastics
- USA Judo
- USA National Karate-do Federation
- USA Taekwondo
- USA Volleyball
- USA Weightlifting
- USA Wrestling

National Collegiate Athletic Association (NCAA)

The NCAA is a sports association that governs athletic programs of many colleges and universities in the United States. The NCAA contains over 1,000 member colleges and universities, which are classified as Division I, Division II, or Division III. Division I colleges and universities tend to be the largest in the U.S., while Division II and Division III members tend to be smaller schools. The NCAA governs approximately 45 sports, including both men's and women's sports. Most tournaments and competitions are held at the host university's facilities.

National Association of Intercollegiate Athletics (NAIA)

The NAIA is also a collegiate athletic organization, though less prominent than the NCAA. Historically, larger schools were members of the NCAA while smaller schools were members of the NAIA; however, the NAIA started losing members to the NCAA when the NCAA created Division II and Division III in 1973. The NAIA currently consists of 282 colleges and universities in the U.S. and Canada.

KSA Events

KSA Events sponsors national competitions at the high school level only, bringing teams together who would otherwise not compete against each other. While it does not sanction tournaments at the local or regional levels, it hosts several national tournaments for each sport. Sports include basketball, football, baseball, softball, volleyball, field hockey and wrestling. Tournaments are typically held at either Disney's Wide World of Sports or the American Sports Center in Anaheim.

SPORTS APPROPRIATE FOR MULTI-PURPOSE CENTERS

The above organizations promote and/or govern multiple sports, including both indoor and outdoor sports. As the proposed Multi-purpose Center is an indoor facility, this analysis focuses on those indoor sports that are best suited for the proposed center. Such sports include:

- Basketball
- Volleyball
- Gymnastics
- Cheerleading
- Wrestling
- Weightlifting
- Karate
- Judo
- Taekwondo

In addition to the sports listed above, the Multi-purpose Center can host other specialty sports, such as fencing, dance, table tennis, etc. Of course, certain indoor sports, such as bowling, ice hockey, figure skating, and swimming, are not appropriate for the multi-purpose center due to their facility requirements that are not conducive to a flexible multi-purpose space.

The following chart identifies the target indoor sports associated with each amateur sports organization. As noted, although an organization may offer a sport in various regions of the United States, that sport does not necessarily have a presence in the DFW area.

Amateur Sports Organizations

	<i>Basketball</i>	<i>Volleyball</i>	<i>Gymnastics</i>	<i>Cheerleading</i>	<i>Wrestling</i>	<i>Weightlifting</i>	<i>Karate</i>	<i>Judo</i>	<i>Taekwondo</i>
AAU	X	X*	X*	X*	X*		X	X*	X
USSSA	X	X	X*				X*		X
USOC	X	X	X		X	X	X	X	X
NCAA	X	X	X		X				
NAIA	X	X			X				
KSA	X	X			X				

* Organization offers sport, but sport does not have a presence in North Texas.

Source: Various organizations; PricewaterhouseCoopers LLP

LOCAL SPORTS FACILITIES

The Dallas-Fort Worth area contains numerous sports facilities, ranging from arenas and stadiums used for professional sports to parks and recreation centers. Rather than taking an inventory of all sporting facilities, we identified facilities in the area that host the sporting events identified as being appropriate for the proposed Multi-purpose Center. Indoor facilities used for sporting events are generally classified as one of the following types:

- Multi-purpose centers
- Multi-sport centers / “Sportsplex”
- Sport specific venue (ex., volleyball center)
- Convention centers
- Arenas
- School gymnasiums & community recreation centers
- University venues (discussed later in this section)

Indoor sporting events in the DFW area are typically held in the following venues.

DFW Indoor Facilities

Multi-purpose Centers:	Special Events Center	Garland
Multi-sport Centers:	Integrated Athletic Development (IAD) Complex	Carrollton
	Plano Sports Authority (PSA) Star Center	Plano
	Rockwall Indoor Sports Expo	Rockwall
	Sportsplex at Valley View	Dallas
	The Edge Extreme	Flower Mound
Volleyball Facilities:	Advantage Sports Center	Ft. Worth
	Summit North Athletic Complex	Plano
	Summit Sports Complex	Dallas
	Winning Edge Volleyball Center	Grand Prairie
Convention Centers:	Arlington Convention Center	Arlington
	Dallas Convention Center	Dallas
	Ft. Worth Convention Center & Arena	Ft. Worth
Arenas:	Reunion Arena	Dallas
University Venues:	University of North Texas (UNT) - Super Pit	Denton
	Southern Methodist Univ. (SMU) - Moody Coliseum	University Park
	Texas Christian University (TCU) - Daniel Meyer Coliseum	Fort Worth
	University of Texas at Arlington (UTA) - Texas Hall	Arlington
	Texas Woman's University - Kitty Magee Arena	Denton
	University of Texas at Dallas - Activity Center Gym	Richardson
	University of Dallas (UD) - Maher Center	Irving
	Texas Wesleyan University - Sid Richardson Center	Fort Worth
Other	Various Rec Centers & School Gyms	Throughout DFW

Source: PricewaterhouseCoopers LLP

The Dallas-Fort Worth area contains one multi-purpose center, the Special Events Center in Garland, which consists of two distinct components – an arena and conference center. Of the facilities listed above, the Special Events Center is most similar to a multi-purpose center envisioned for Irving. The DFW area contains five multi-sport centers that accommodate sports suited for a multi-purpose center in Irving. These multi-sport centers are community-oriented and provide facilities for youth and adult leagues, training programs, camps and tournaments. Volleyball facilities in DFW provide homes for local volleyball programs, such as those under the umbrella of USA Volleyball. Volleyball games and tournaments of these teams typically rotate among the volleyball facilities listed in a previous table.

Although sporting events are not considered a primary market for convention centers, we included the Dallas Convention Center, Arlington Convention Center, and Fort Worth Convention Center & Arena in this analysis because they capture a share of the amateur sports market in DFW. The Dallas-Fort Worth area contains one arena that is not home to a professional sports team. Reunion Arena, once home to the Dallas Mavericks until the American Airlines Center opened in 2001, is currently in a transition phase but is available for amateur sports tournaments and competitions. Several university campuses have venues for basketball and volleyball games and tournaments, although they are rarely used for non-collegiate sports events. Finally, the Dallas-Fort Worth area contains numerous middle- and high-school gyms and recreation centers. With the exception of the Dr. Pepper Star Center in Irving (a hockey and ice skating facility), the only indoor facilities in Irving used for sports are the University of Dallas' Maher Center and various school gyms and recreation centers. While the Maher Center may be ideal for NCAA Division III collegiate sports, its seating capacity of approximately 800 limits its use for larger sporting events.

The facilities listed on the previous page provide a wide range of sizes, seating capacities, flooring options configurations, and quality of finishes. The following table summarizes the facilities' characteristics and general use.

Characteristics of DFW Indoor Facilities

	Floor Space	Max # Basketball Courts	Max # Volleyball Courts	Fixed Seating Capacity	League Play	Training Programs	Tournaments
Multi-purpose Centers:							
Special Events Center	17,000	1	2 ¹	8,000			X
Multi-sport Centers:							
IAD Complex	N/A	6	12	*	X	X	X
PSA Star Center	N/A	14	15	*	X	X	X
Rockwall Indoor Sports Expo	100,000	N/A	N/A	*	X	X	X
Sportsplex at Valley View	35,000	3	N/A	*	X	X	X
The Edge Extreme	2,000 ¹	0	1	*	X	X	X
Volleyball Facilities:							
Advantage Sports Center	N/A	0	8	*	X	X	X
Summit North Athletic Complex	N/A	0	N/A	*	X	X	X
Summit Sports Complex	N/A	0	N/A	*	X	X	X
Winning Edge Volleyball Center	N/A	0	N/A	*	X	X	X
Convention Centers:							
Arlington Convention Center	47,000	N/A	N/A	N/A			X
Dallas Convention Center	950,000	N/A	N/A	N/A			X
Ft. Worth Conv. Center & Arena	227,000	N/A	N/A	N/A			X
Arenas:							
Reunion Arena	30,000	1	N/A	18,000			X
University Venues:							
Univ. of North Texas - Super Pit	N/A	1	2 ¹	10,000			X
SMU - Moody Coliseum	N/A	1	2 ¹	9,000			X
TCU - Daniel Meyer Coliseum	N/A	1	2 ¹	7,200			X
UT Arlington - Texas Hall	N/A	1	2 ¹	4,200			X
TX Woman's Univ. - Magee Arena	N/A	1	2 ¹	1,800			X
UT Dallas - Activity Center Gym	N/A	3	6 ¹	3,200			X
University of Dallas - Maher Center	N/A	1	2 ¹	800			X
TX Wesleyan Univ. - Richardson Ctr.	N/A	1	2 ¹	1,500			X

* Facility does not contain fixed seating; temporary seating for tournaments is limited.

¹ Estimated size of volleyball floor space; other floor space is turf for indoor soccer.

Source: PricewaterhouseCoopers LLP

All of the facilities listed above host tournaments, though the size and quantity of tournaments varies among the facilities. The multi-sport centers and volleyball centers are primarily used for youth training programs and youth and adult leagues, and host tournaments on occasion. These venues are community-oriented and attract non-local athletes and spectators on a limited basis. However, with 14 basketball courts, the PSA Star Center is equipped to host large basketball tournaments. While convention centers may host a relatively low number of sports tournaments each year, these events tend to attract athletes and spectators from the regional area, thus generating room nights.

The table on the following page identifies the sports that are reasonably accommodated in each of these facilities.

Sports Accommodated in DFW Indoor Facilities

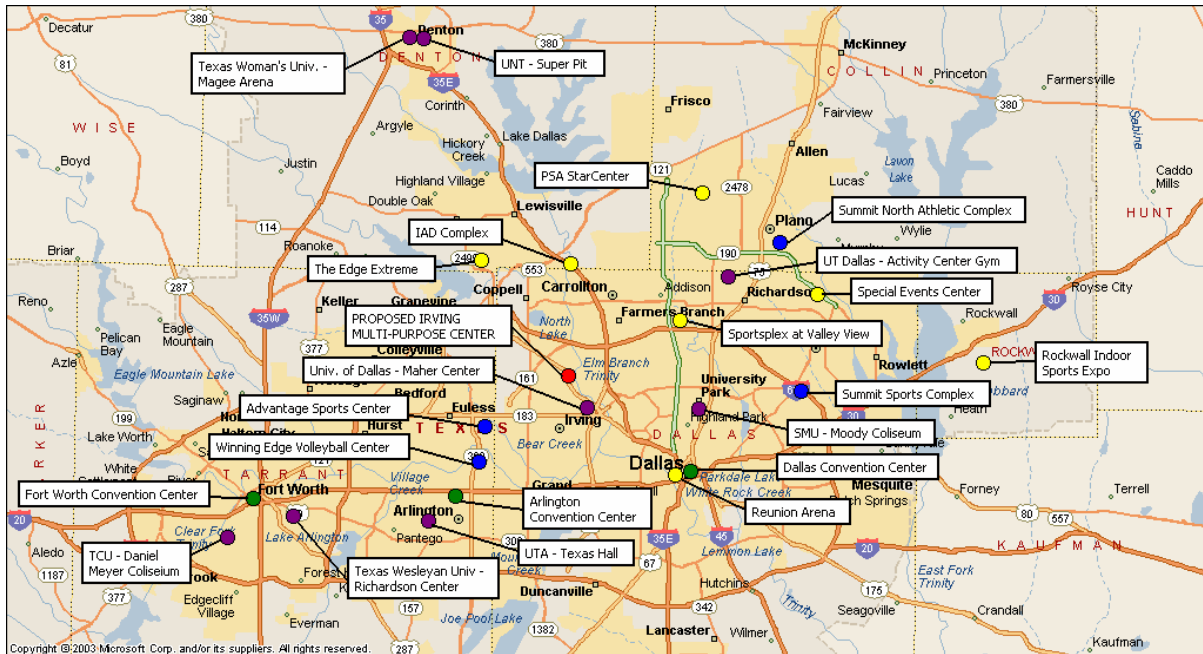
	<i>Basketball</i>	<i>Volleyball</i>	<i>Gymnastics</i>	<i>Cheerleading</i>	<i>Wrestling</i>	<i>Weightlifting</i>	<i>Martial Arts</i>	<i>Non-Sports Events</i>
Multi-purpose Centers:								
Special Events Center	X	X	X	X	X	X	X	X
Multi-sport Centers:								
Integrated Athletic Development (IAD) Complex	X	X						
Plano Sports Authority (PSA) Star Center	X	X		X				X
Rockwall Indoor Sports Expo	X	X		X			X	
Sportsplex at Valley View	X	X			X	X	X	
The Edge Extreme		X						
Volleyball Facilities:								
Advantage Sports Center		X						
Summit North Athletic Complex		X						
Summit Sports Complex		X						
Winning Edge Volleyball Center		X						
Convention Centers:								
Arlington Convention Center	X	X	X	X	X	X	X	X
Dallas Convention Center	X	X	X	X	X	X	X	X
Ft. Worth Convention Center & Arena	X	X	X	X	X	X	X	X
Arenas:								
Reunion Arena	X	X	X	X	X	X	X	X
University Venues:								
University of North Texas - Super Pit	X	X						X
Southern Methodist Univ. - Moody Coliseum	X	X		X				X
TCU - Daniel Meyer Coliseum	X	X						
Univ. of Texas at Arlington - Texas Hall	X	X						
Texas Woman's Univ. - Kitty Magee Arena	X	X	X					
UT Dallas - Activity Center Gym	X	X						
University of Dallas - Maher Center	X	X						
Texas Wesleyan Univ. - Sid Richardson Center	X	X						

Source: Facility Management; PricewaterhouseCoopers LLP

Each facility is either permanently set up for volleyball, or can be configured to host volleyball events. With the exception of the volleyball-specific facilities, all the venues can host basketball events. Other sports vary from facility to facility, with multi-purpose centers and convention centers being the most flexible.

The location of each DFW indoor sports facility is illustrated on the following map. The multi-sport centers and volleyball facilities in the DFW area are used primarily for local sports activities. As such, these facilities are generally not located near hotels for strategic marketing purposes.

Map of DFW Indoor Sports Facilities



- Irving Multi-purpose Center
- Multi-purpose / Multi-sport Centers
- Volleyball Centers
- Convention Centers
- University Venues

Source: Microsoft MapPoint; PricewaterhouseCoopers LLP

IRVING SPORTS FACILITIES

As noted previously, Irving currently offers limited options for indoor sports. The following table identifies all sports facilities in Irving, both indoor and outdoor.

Irving Sports Facilities	Indoor						Outdoor				
	Basketball	Volleyball	Fencing	Bowling	Hockey	Swimming	Soccer	Football	Baseball	Equestrian	Tennis
Stadiums:											
Cotton Bowl								X			
Texas Stadium								X			
Equestrian Facilities:											
Las Colinas Equestrian Center										X	
Las Colinas Polo Club										X	
Lone Star Park										X	
University of Dallas Facilities:											
Brainiff Field							X	X			
Crusader Field									X		
Maier Center	X	X									
Soccer Fields							X				
Tennis Facility											X
Other:											
Dr. Pepper Star Center Valley Ranch					X						
Fencing Institute of Texas			X								
Irving Soccer Complex							X				
AMF Bowling				X							
North Lake College Aquatic Center						X					

Additionally, the Irving Parks and Recreation Department operates a total of 28 parks and recreational facilities.

Source: PricewaterhouseCoopers LLP

Irving contains five indoor sports facilities – University of Dallas’ Maier Center, the Dr. Pepper Star Center at Valley Ranch, Fencing Institute of Texas, AMF Bowling, and the North Lake College Aquatic Center. However, several of these facilities host sports that are not ideal for a multi-purpose center in Irving, such as bowling, ice hockey and swimming. With the exception of recreation centers, the Maier Center, and to a lesser degree the Fencing Institute of Texas, are the only indoor facilities in Irving that host sports that could also be accommodated in the proposed Multi-purpose Center.

AMATEUR SPORTS IN THE DALLAS-FORT WORTH AREA

AAU

As mentioned previously, the State of Texas contains five AAU districts, of which Irving is located in the Southwestern District. Of the indoor sports identified as being best suited for the proposed Multi-purpose Center, three AAU sports have a presence in the Southwestern district. The strongest AAU sport in the Southwestern district is boys' basketball, and its largest event is the AAU Boys' Basketball Regional Qualifier. This three-day event utilizes approximately 20 courts, including courts at high school gyms, the University of Texas at Arlington, and the IAD Complex. The majority of teams are local, and top teams advance to the AAU National Tournament. Although not as strong as AAU boys' basketball, the Southwestern district also offers AAU karate and taekwondo programs.

USSSA

USSSA basketball has a strong presence in Texas, although no events are currently held in the Dallas-Fort Worth area. As USSSA is a volunteer-based organization, local volunteer efforts are needed to establish USSSA basketball in DFW.

NCAA & NAIA

Collegiate sports have a presence in Dallas-Fort Worth in all three divisions of the NCAA, as well as the NAIA, as listed below.

Collegiate Athletic Programs in DFW

<i>University</i>	<i>Location</i>	<i>Conference</i>
<i>NCAA Division I:</i>		
University of North Texas	Denton	Sun Belt Conference
Southern Methodist University (SMU)	University Park	Conference USA
Texas Christian University (TCU)	Fort Worth	Mountain West Conference
University of Texas at Arlington (UT-Arlington)	Arlington	Southland Conference
<i>NCAA Division II:</i>		
Texas Woman's University	Denton	Lone Star Conference
Dallas Baptist University	Dallas	Heartland Conference
<i>NCAA Division III:</i>		
University of Texas at Dallas (UT-Dallas)	Dallas	American Southwest Conference
University of Dallas	Irving	Independent
<i>NAIA:</i>		
Texas Wesleyan University	Fort Worth	Red River Athletic Conference
Paul Quinn College	Dallas	Red River Athletic Conference
Northwood University	Cedar Hill	Red River Athletic Conference

Source: NCAA; NAIA

Collegiate tournaments, competitions and games tend to be held at facilities of the host university. As each of the above universities has its own indoor sporting facilities, the opportunity for the proposed Multi-purpose Center to host collegiate sports events appears limited.

Basketball - Next Level Ballers

Next Level Ballers is a youth basketball organization based in DFW. It's two major events are the AAU Regional Qualifier, as discussed previously, and the Next Level National Tournament. This tournament utilizes 23 courts throughout the Dallas-Fort Worth area—primarily high-school gyms and recreation centers. The three-day event attracts teams from Texas and neighboring states.

North Texas Region Volleyball

North Texas Region Volleyball (NTRV) is the primary volleyball organization in the DFW area. It is a regional association for USA Volleyball—essentially a feeder program—and comprises the Northeast region of Texas. NTRV consists of approximately 70 clubs, each of which has multiple youth and adult female teams. Typically, club teams are classified as either “local” or “traveling,” depending on their competitiveness and tournament schedule. Tournaments are generally held in volleyball-specific facilities, but larger tournaments may require a convention center.

Texas Amateur Athletic Foundation

The Texas Amateur Athletic Foundation (TAAF) is a non-profit organization established to promote, organize and conduct amateur athletics in the State of Texas. It sponsors 60 to 70 state tournaments for youth and adults in sports including baseball, basketball, cheerleading, gymnastics soccer, swimming, tennis and volleyball. The TAAF consists of 140 member organizations with over 210,000 individual participants. TAAF conducts the Summer Games of Texas, which is the largest annual multi-sport competition in Texas. The games allow for both youth and adult participants in 16 sports (including six indoor sports). The seven-day event has grown to attract 10,000 participants and 40,000 spectators. Multiple venues are required, ranging from pools, recreation centers, and parks to various sports facilities. The Games were held in Waco and Williamson County in 2005 and 2006, respectively.

As the TAAF Summer Games of Texas grew in size and popularity, TAAF created the Winter Games of Texas. The inaugural event was held over a three-day period in January 2006 in Frisco. It offered competitions in 10 sports (including eight indoor sports), and drew 3,000 participants and 12,000 spectators. Fourteen facilities were used throughout Frisco, including the Dr. Pepper StarCenter, Pizza Hut Park, Warren Sports Complex, and new fields at Craig Ranch.

III. BUILDING PROGRAM

Based on our study of potential event demand and comparable venues presented in the previous sections, our analysis of local market characteristics, the competitive environment, industry trends, and user surveys presented in the Convention Center Report, we have developed a building program for a multi-purpose center to accommodate the demand for events in Irving. The following table details the square footage and capacity of the primary leasable areas for the proposed facility.

Multi-Purpose Center Building Program

Leasable Space (sq. ft.)	
Exhibit Hall	50,000
Adjoining Ballroom	20,000
Total Multi-purpose Space	<u>70,000</u>
Meeting Rooms	10,000
Junior Ballroom (Additional Meeting Rooms)	10,000
Total Meeting Space	<u>20,000</u>
Leasable Space (capacity)*	
Executive Boardroom	20
Auditorium	500

*Not included in meeting room square footage estimates.

Source: PricewaterhouseCoopers LLP

The proposed Multi-purpose Center is designed to be a highly flexible facility with distinctive spaces capable of holding a variety of event types. The following sections detail specific characteristics of the primary leasable spaces.

MULTI-PURPOSE/EXHIBIT SPACE CHARACTERISTICS

The following points provide a description of the specific characteristics for the multi-purpose/exhibit space of the proposed Center:

- The Multi-purpose Center in Irving should be developed with maximum flexibility. The multi-purpose hall should include approximately 70,000 square feet of column-free, contiguous space on ground level. This 70,000 square feet should be divisible into 50,000 square feet of exhibit space and 20,000 square feet of ballroom space, both of which should be further sub-divisible.

- Ideally, the entire 70,000 square feet would be finished to a high (ballroom-quality) level with utilities provided in floor boxes and removable carpet to accommodate exhibitions. However, to help control construction costs, consideration can be given to having the exhibit space (50,000 square feet) include "medium-level" finishes in terms of the wall-coverings, flooring and ceiling materials, and décor. Medium-level finishes could be of higher quality than a traditional exhibit hall (concrete floors, cinder-block walls, etc.), but lower than the quality of a traditional ballroom (upscale carpet, wallpaper, chandeliers, etc.). To accommodate various event types, the exhibit hall flooring should consist of finished concrete or other type of flooring that is of higher quality than typical exhibit hall floors in convention centers, but that can be covered with carpet for banquets and other such events. In addition, the Center should have portable sports flooring to accommodate various indoor sporting events.
- For the most economical and practical layouts, the ratio of wall lengths should be approximately 2:1, the longer dimension being divisible by movable partitions or air walls giving a range of size combinations to suit different event requirements.
- To broaden the scope of events for the multi-purpose hall, it should accommodate telescopic seats on three sides of the exhibit portion of the multi-purpose hall for sporting and assembly events. Including approximately 2,000 seats set up on the floor, the hall should offer a total capacity of between 7,000 and 7,500.
- If possible, telescopic seating should be stored outside the multi-purpose hall when not in use. However, if not completely portable, the telescopic seating, when collapsed, should be contained in attractive built-in storage areas against the walls of the exhibit area. In this case, a screening system to mask the built-in storage areas should be developed to enhance the appearance of the multi-purpose hall.
- Floor load capacity should be sufficient to enable the Center to accommodate large vehicles and the display of heavy exhibits. Therefore, it is recommended that the minimum floor "live" load capacity should be 350 pounds or more per square foot.
- Ceiling heights should be no less than 30 feet to provide for visual aesthetics, sporting event needs, two-story booths, and ample overhead for trucks.
- Floor ports for electricity, water, telephone, compressed air lines, and drainage should be on 30-foot centers. There should be exhaust venting for steam or vapor producing exhibits.
- The lower walls should be resistant to damage. Vulnerable areas such as external corners, corridors, and entrances to doors or service elevators require extra protection.
- Storage facilities should be provided for facility management, event management, and exhibitors (event management and exhibitor storage/crate space is optional, although it could serve as a revenue center).
- While the flexibility of the multi-purpose hall should allow for the hosting of ice events (ice-themed family shows, figure skating exhibitions, permanent hockey tenants, and other such events), consideration should be given to the common practice of accommodating such events through a portable/temporary ice surface. Given the

preference to include utility ports within the floor (rather than providing only limited utilities dropped from the ceiling) and maximizing floor-load capacities to ensure the ability to host a wide range of conventions and trade shows, it could be detrimental to the building's functionality and aesthetics to include built-in ice floor capabilities.

MEETING & BALLROOM CHARACTERISTICS

The quality and functionality of meeting rooms and ballrooms are important to event organizers. It is important that new meeting facilities involve high quality interior finishes and fixtures, seating, and other furnishings, as well as lighting, acoustics, and technologically advanced capabilities.

The following is an “illustrative” description of some of the characteristics of the proposed meeting and ballroom space.

- The main ballroom, consisting of 20,000 square feet of column-free space, should be developed on the ground level of the facility and contiguous to the exhibit area. The connecting grand ballroom should include high quality finishes, similar to traditional ballrooms, and the transition from the exhibit area to the ballroom should be virtually seamless in terms of appearance and décor.
- The ballroom area ceiling should be a "finished" ceiling with ceiling heights of approximately 30 feet with a 25-foot clearance for lighting fixtures to accommodate audio-visual presentations and to provide an aesthetically pleasing environment. The ballroom should be divisible into three or more smaller halls.
- In addition to the main ballroom, a junior ballroom (additional meeting rooms) should be developed consisting of 10,000 square feet of space. The junior ballroom should be divisible into multiple sections (approximately seven sections) that could be used for ballroom/banquet functions or as smaller break-out session space.
- In addition to meeting space provided by the junior ballroom, 10,000 square feet of purpose-built meeting room space should be developed. The meeting rooms should feature flexible configurations.
- The junior ballroom and meeting rooms should have high-end, quality finishes.
- To cater to intimate corporate events and conferences, an executive board room should be built with a capacity for at least 20 people. The boardroom should follow a consistent "Las Colinas" theme with luxury finishes such as hardwood or marble flooring, leather chairs, plasma screens, and decorative art.
- For larger corporate events, educational sessions, lectures, general sessions, medical/scientific meetings and other events, an auditorium with fixed seating for up to 500 people should be considered. High quality seating in the auditorium should feature flip-top writing surfaces at each seat and outlets for computers and headphones. The auditorium should also offer state-of-the art audio/visual technology, equipped for simulcasts and simultaneous translation.

- Meeting room and ballroom areas should be configured so that public access is separate from service access. They should also be located in such a way that they can function independently with their own pre-function space (lobby, registration, breaks) and in conjunction with multi-purpose hall activities.
- Meeting rooms (excluding the auditorium) should have ceiling heights of approximately 15 to 20 feet.
- Sound-proof, movable walls should be used when subdividing the ballroom and meeting room spaces. In addition, subdivided rooms should have individual controls for temperature, lighting, and audio/visual.
- Meeting room sizes should range to accommodate groups of less than 50 persons, groups ranging from 50 to 100 persons, and larger groups of 100 to 500.

In addition to the meeting/ballroom space described, consideration should be given to the development of a signature “Terrace Room” that can serve a variety of functions ranging from cocktail receptions to banquets. Termed a “terrace” room due to its location at or above the second level and overlooking exterior elements (e.g. *Las Colinas Live*, outdoor plazas, water features), this room would be a showcase feature of the Multi-purpose Center and encompass significant use of glass walls and both indoor and outdoor spaces. Depending on the final characteristics of its design, the Terrace Room could replace the need for the other meeting/ballroom space.

PRE-FUNCTION SPACE CHARACTERISTICS

Pre-function space is an important complement to the primary leasable spaces meeting and ballroom space. It often serves as the ‘showcase space’ for a center, providing a striking grand entry to the facility.

- The facility should have expanded pre-function at the main entrance to the Center to serve as a grand lobby. This space should also be flexible to accommodate cocktail events, registration, sitting areas and information kiosks.
- Pre-function space surrounding the ballroom and meeting room areas should include distinct lounge/sitting areas with comfortable furniture to be used for impromptu gatherings. If practical, some lounge areas should be somewhat separated from the main thoroughfare to allow for increased privacy. These lounge areas are seen in executive conference center settings.
- Pre-function space should feature high-quality finishes and consistent décor.

ANCILLARY SPACE

The Multi-purpose Center should include an appropriate amount of kitchen space located near the ballroom and meeting space. Kitchen facilities should be capable of supporting maximum capacity for banquets, receptions, and other food functions. The kitchen facilities should be located with direct access to the ballroom and located proximate to meeting rooms.

In addition, concession areas, restrooms, storage areas, and other ancillary space should be developed with convenient access to the primary leasable spaces.

Although not incorporated into this described building program, additional space in the multi-purpose center could be built to incorporate offices for the Irving CVB.

In addition to the multi-purpose building, parking facilities should be built proximate to the center. For the building program described, a minimum of 1,000 parking spaces should be incorporated in the site plan for the facility. In addition, Center attendees should also have access to other parking facilities in Las Colinas.

CONCEPTUAL DRAWINGS AND COSTS

In Appendix A of this report, we have included conceptual drawings and estimated of construction costs for the proposed Multi-purpose Center. The drawings and cost estimates were provided by HOK Venue. In the following table, we compare our recommended building program to HOK's preliminary design.

Multi-Purpose Center - Building Program Preliminary Design

	<i>PwC Recommended</i>	<i>Preliminary Design</i>
Leasable Space (sq. ft.)		
Exhibit Hall	50,000	48,600
Adjoining Ballroom	20,000	21,000
Total Multi-purpose Space	70,000	69,600
Meeting Rooms	10,000	10,800
Junior Ballroom (Additional Meeting Rooms)	10,000	10,000
Terrace Room	0	9,000
Total Meeting Space	20,000	29,800
Leasable Space (capacity)*		
Executive Boardroom	20	20
Auditorium	500	500

*Not included in meeting room square footage estimates.

Source: PricewaterhouseCoopers LLP; HOK Venue

HOK's preliminary design includes telescopic and floor seating for 7,400 people in the multi-purpose hall.

In conjunction with the drawings, HOK developed construction costs estimates for the designed building program. Construction costs estimated for key categories are presented in the following table.

Multi-Purpose Center - Construction Costs Estimates

Construction Costs	
Site costs	\$2,000,000
Construction costs	75,000,000
Ancillary construction	17,000,000
Other project costs	23,300,000
Contingency	11,730,000
Sub-total	<u>\$129,030,000</u>
Financing costs	15,483,600
Total	<u>\$144,513,600</u>

Source: HOK Venue

Ancillary construction includes the expense for 1,000-spaces of a 2,500-space parking garage, streetscape and APT modifications. Other project costs include furniture, fixtures, and equipment, design and engineering and testing and inspection. (Please see Appendix A for further detail on the construction costs.)

As noted in the table above, construction costs also include fees associated with financing the project. Financing costs may include bond issuance, underwriting, insurance, capitalized interest and other fees. Based upon Irving's previous deal structures and our experience with convention centers in other destinations, we estimate that financing costs will be approximately 12 percent of construction costs, or approximately \$15.5 million.

- In addition to the construction costs noted above, we estimate that additional start-up marketing resources will be required during the construction period. Start-up marketing costs prior to opening include advertising, marketing materials, personnel, software, memberships, and trade shows. Based on input from the Irving CVB and our experience with other destinations, we expect start-up marketing costs to range from \$1 million to \$1.5 million.

Total development costs for the Multi-purpose Center, including start-up marketing costs is estimated to be \$145.5 million.

IV. UTILIZATION

In this section, we describe the estimates of utilization for the proposed Multi-purpose Center based on the previously described building program, demand analysis presented in the previous sections and our analysis presented in the Convention Center Report.

Specifically, we estimated utilization based on the following:

- Local market characteristics and event activity
- Competitive/comparable convention destination characteristics
- Competitive/comparable facility event calendars and event characteristics
- Industry trends
- Surveys of potential customers
- Irving's identified strengths, weaknesses, opportunities, and threats
- Past studies and information provided by the Irving CVB
- Interviews with local representatives

In addition, the following assumptions are implicit in the utilization estimates:

- The Urban Center will continue to improve in terms of commercial, residential, and hotel developments.
- The "Site 00" project, which will provide restaurants and retail within proximity to the convention center will be completed.
- Transportation projects, including highway construction and DART connections will be completed.
- The Multi-purpose Center will be developed in with appropriate finishings and state-of-the-art technologies.
- The Multi-purpose Center will be managed by a third-party professional firm to ensure effective sales efforts and quality services are provided.
- The Multi-purpose Center will be aggressively marketed by the Irving CVB, and sufficient resources will be available to effectively sell and market the Center.
- The Irving CVB will receive cooperation from the area hotels in providing the room blocks necessary to accommodate the hotel room needs of events held at Center.
- Irving's destination resources (e.g. air service, safety, hotel rooms, etc.) will remain attractive to event attendees and organizers.
- No significant changes to the competitive supply of facilities will occur beyond those identified in this report.

- No unanticipated events or circumstances will occur that significantly impact national economic conditions and/or the event industry.

The following table details the utilization estimates for the proposed Multi-purpose Center in terms of events, attendance and room nights in a stabilized year of operations.

Multi-Purpose Center Utilization Estimates

<i>Multi-Purpose Center</i>	
Events	
Conventions & Trade Shows	18
Consumer Shows	15
Assembly Events	8
Sports Events	12
Meetings and Other Events	225
Total	278
Attendance	
Conventions & Trade Shows	18,000
Consumer Shows	60,000
Assembly Events	50,000
Sports Events	29,000
Meetings and Other Events	52,000
Total	209,000
Room Nights	
Conventions & Trade Shows	22,000
Consumer Shows	12,000
Assembly Events	1,000
Sports Events	16,000
Meetings and Other Events	11,000
Total	62,000

Source: PricewaterhouseCoopers LLP

As shown in the table above, we estimate that the proposed Multi-purpose Center will host a total of 278 events, attract 209,000 attendees, and generate 62,000 room nights on an annual basis. Of these annual attendance and room night estimates, approximately 116,000 attendees and 52,000 room nights are considered new to Irving, generated by visitation that would likely not occur in Irving if not for events at the center.

The utilization estimates are presented for a stabilized year of operations, as "ramp-up" factors will affect event activity in the initial years after opening. Most professional association conventions make site (city/facility) selection three or more years in advance of the event. However, some events will hesitate to book a new center before it is open and

available for on-site inspection. Due to typical booking and site selection timeframes for convention and trade shows, it is assumed that the stabilized year of operations for the proposed Center will occur five to seven years post-opening of the Center. Numerous other factors may affect event activity in both the post-opening and stabilization periods. However, given the potential curiosity in a facility and certain level of pent-up demand, it is possible that the actual "ramp-up" period may be reduced.

CONVENTIONS & TRADE SHOWS

Eighteen conventions and trade shows are estimated in the stabilized year of operations, attracting 29,000 attendees per year and generating 22,000 room nights. Convention and trade shows include a mix of local (DFW area) associations, state associations, national associations, and corporate conventions. The average size of a convention and trade show is approximately 1,000 delegates and exhibitors.

Conventions and trade shows are considered "high impact" events that occur throughout the course of the year. These events are typically held on weekdays, but at times, they extend into the weekend.

CONSUMER SHOWS

A multi-purpose center of this size located in the populous DFW Metroplex is expected to host 15 consumer or public shows. These shows are estimated to draw 60,000 attendees primarily from the DFW area. Annual room nights of approximately 12,000 are expected to be generated primarily by show exhibitors.

Consumer shows are generally considered "lower" impact events, since most attendees are from the local area. Although considered lower impact, consumer events can have a significant impact on an area from exhibiting companies and non-resident expenditures on restaurants, entertainment, and other establishments.

Consumer shows are typically held on weekends throughout the course of the year, including holiday weekends. As such, these events serve to an important purpose to fill "dark days" and generate revenue for the Center. We expect that a facility in the Irving Urban Center will attract higher end consumer show events, such as business /job expos, bridal shows, health and fitness shows, and women's shows.

ASSEMBLY EVENTS

For Irving, assembly events are defined as local graduations and concerts. These events are expected to utilize the telescopic seating in the multi-purpose hall. The proposed Center is estimated to host eight assembly events per year, including five graduation/baccalaureate ceremonies and three concert events. We expect the graduations to stem from the Irving Independent School District, but there could be potential to host graduations from other districts that cannot hold these events in their own areas. Assembly events are expected to

attract a total of 50,000 attendees primarily from the local area. Minimal room nights are expected to be generated as a result of these assembly events.

SPORTING EVENTS

With telescopic seating and a flexible multi-purpose hall, the Center is estimated to host 12 sporting events per year. These events include regional, state, and national tournaments for youth and amateur sports. Sporting events are expected to include basketball, volleyball, cheerleading/dance and martial arts and other indoor sports events. Sporting events are expected to be concentrated primarily in the exhibit portion of the multi-purpose hall, but some events will also utilize the adjoining ballroom space for spectators, registration space, and/or additional sports floor usage. For some events, such as basketball, the Center may be one of several venues used to host a portion of the tournament and/or the final event. These events are expected to attract 29,000 attendees and generate 16,000 room nights. The common practice of quadruple room occupancy for athletes limits the room potential for these events compared to conventions and trade shows.

Sporting events may occur at various times throughout the year, but youth tournaments typically occur during the summer months. Tournaments are typically held over two to three-day periods on weekends.

MEETINGS & OTHER EVENTS

The proposed Multi-purpose Center is estimated to hold 225 meetings and other events upon stabilization. Meetings and other events include local corporate meetings, banquets, luncheons, award ceremonies, weddings, and other events. These events typically last one day or less and occur consistently throughout the year. Meetings are expected to draw 52,000 attendees and generate 11,000 room nights.

In some instances, many of these meetings can be generated through a single tenant that can be contracted on a multi-year basis. For example, a local corporation can designate the Center as the primary location for national or regional meetings, sales training, continuing education, or other such activities. These events, while often contracted with a local business, have the potential to generate significant out-of-town visitation and resulting hotel room nights.

UTILIZATION COMPARISON

In the following table, we compare our estimates of utilization for the proposed Multi-purpose Center to those presented in the Convention Center report for the Original Convention Center (100,000 square feet of exhibit space, 450-room adjacent hotel) in a stabilized year of operations. Despite a reduction in leasable space and lack of an adjacent headquarter hotel, the Multi-purpose Center is expected to exceed the utilization of the Original Convention Center in terms of number of events, attendance and room nights due to

the added flexibility in its building program with the multi-purpose hall with telescopic seating, auditorium, and executive boardroom.

Multi-Purpose Center Utilization Estimates

	<i>Original CC</i>	<i>Multi-Purpose Center</i>
Events		
Conventions & Trade Shows	25	18
Consumer Shows	15	15
Assembly Events	0	8
Sports Events	0	12
Meetings and Other Events	225	225
Total	265	278
Attendance		
Conventions & Trade Shows	29,000	18,000
Consumer Shows	60,000	60,000
Assembly Events	0	50,000
Sports Events	0	29,000
Meetings and Other Events	56,000	52,000
Total	145,000	209,000
Room Nights		
Conventions & Trade Shows	35,000	22,000
Consumer Shows	12,000	12,000
Assembly Events	0	1,000
Sports Events	0	16,000
Meetings and Other Events	13,000	11,000
Total	60,000	62,000

Source: PricewaterhouseCoopers LLP

Per event type, the following should be noted from the table:

- Convention and trade show events declined from 25 to 18 events per year, with the average event size decreasing from approximately 1,200 to 1,000 attendees per event.
- Consumer show demand is expected to remain the same.
- Meetings and other events are expected to be the same in terms of total event numbers, with only a slight decrease in total attendance and room nights
- Assembly events and sporting events are new event types that would not likely occur without a flexible multi-purpose hall. These events are expected to contribute 79,000 in additional attendees and 17,000 room nights.

V. ECONOMIC IMPACT

Multi-purpose centers generate new spending from non-resident overnight and "day-tripper" delegates, association executives and exhibitors it attracts, or those who would not otherwise have spent dollars on the local economy. When the businesses and individuals that are the direct recipients of event-related spending purchase goods and services (i.e. production inputs) from other businesses and individuals within the local area, this "first round" of spending on lodging, meals, retail, local transportation, and other event-related direct spending also generates additional economic impact to the local area through the multiplier effect. Further additional fiscal impacts are generated as various taxes are levied on this series of transactions generated by attendee spending.

This section describes the estimates of additional or new "incremental" economic activity and tax benefits to the City of Irving which may be generated by the proposed Multi-purpose Center in a stabilized year that would otherwise not be generated if a new multi-purpose center were not developed to accommodate this additional non-resident spending. These are referred to as net new dollars flowing into the economy or new visitor spending. Economic and fiscal impacts are presented in 2006 dollars. Actual impacts generated may vary from estimates and variations may be significant. A detailed explanation of the concepts and methodology utilized is provided in Appendix C of this report.

KEY INPUTS FOR ANALYSIS

The inputs and resources used to estimate economic and fiscal impacts in this section include:

- Building program presented in this report
- Utilization estimates presented in this report
- Assumptions presented in this report
- Potential user survey results presented in this report and in the Convention Center Report
- City of Irving
- Destination Marketing Association International's (DMAI, formerly International Association of Convention and Visitors Bureaus or IACVB) ExPact 2004 Convention Expenditure and Impact Study
- PwC prior analyses and experience with similar destinations

TYPES AND GENERATORS OF ECONOMIC IMPACTS

Economic impacts created by the operations of a multi-purpose center results from spending by attendees to events. As a result of new event-related spending, the City of Irving should benefit from increases in the following:

- **Direct effects** include spending generated by attendees, associations/event organizers, and exhibitors. This spending typically includes expenditures on hotels, retail, restaurants, entertainment, transportation, and other related industries;
- **Sales volume** is an increase in total aggregate economic activity resulting from new expenditures or new dollars imported into an economy as a result of Center operations or spending by non-residents or residents who, without the facility, would have spent their dollars outside the “local” area. In other words, sales volume represents the total dollar flow of sales made by the major economic sectors (wholesale, retail, manufacturing, and services);
- **Employment** is the equivalent number of new full- and part-time employees supported by the direct and indirect spending; and
- **Income** represents changes in personal earnings resulting from increased employment supported by new dollars flowing into the economy.

Convention and trade show events typically generate the greatest impact of all types of events. Delegates to convention and trade show events generally travel from greater distances, stay longer, and spend more per day on hotels, restaurants, retail, and other expenditures than attendees to other types of events. Overnight convention and trade show attendees (or those requiring hotel rooms) generate the highest level of impact.

While very important to the operation and revenue potential of a multi-purpose center, consumer/public shows and other events generate less per capita economic impact for the City of Irving area since the vast majority of attendees at these events tend to be largely from the Irving and the DFW area. However, consumer events can have a significant impact on an area from exhibiting companies and non-resident expenditures on restaurants, entertainment, and other establishments.

Though not typically as strong as convention and trade show events, sports events generate significant economic impact for a community. A key benefit of hosting sports events is that events are typically held on weekends and in the summer, which are not in great demand for conventions and trade shows. Thus, sports events are an effective way to provide more continuous economic impact throughout the year. However, athletes and spectators of amateur sports events are generally more budget-conscious than convention and trade show delegates, and tend to select lower-rated limited-service hotels rather than higher-rated full-service hotels. Athletes, particularly youth athletes, typically stay in rooms with quadruple occupancies in an effort to reduce travel costs, and spectators, which are typically families of the athletes, also require multiple occupancies per hotel room. Although the impact per athlete/spectator is less than the impact per convention delegate, regional and national sports

events attract people from outside the DFW area, unlike consumer shows which are community-based.

DIRECT EFFECTS

The new “direct” spending generated by attendees from events hosted at the center during a stabilized year are estimated based on utilization and attendance estimates presented previously. Direct spending estimates are related to conventions and trade shows, consumer shows, assembly events, sporting events and other meetings and events in 2006 dollars.

Conventions and Trade Shows

Direct spending from conventions and trade shows is comprised of spending by delegates for conventions and trade shows, exhibiting companies, and event organizers.

Delegate spending includes attendee expenditures for lodging and incidentals (including expenditures on hotel rooms), eating and drinking places (including hotel and other local restaurants and bars), entertainment/recreation (including expenditures on tours and sightseeing, recreation and sporting events), retail/merchandise, transportation (including gas, tolls and parking), auto rental (including rental of vehicles within the local area) and other business services and miscellaneous expenditures.

Exhibitor spending includes expenditures on staff living, vendor services, food and beverage, equipment rental, advertising (in the event city), local transportation, services hired, additional meeting rooms and other expenses.

Event organizer spending includes expenditures on food and beverage, exhibition space fees, services hired, equipment rental, staff living, advertising (in the event city), technology services, additional space, local transportation and other expenses.

Consumer Shows

Direct spending from consumer shows includes attendee spending at the show (admissions and retail purchases) and in the area. Exhibitor spending includes staff living, vendor services, food and beverage, equipment rental, advertising (in the event city), local transportation, services hired, additional meeting rooms and other expenses. Event organizer spending includes expenditures on food and beverage, exhibition space fees, services hired, equipment rental, staff living, advertising (in the event city), technology services, additional space, local transportation and other expenses.

Assembly Events

Direct spending from assembly events includes attendee spending at the event and in the area in terms of concessions/food and retail sales.

Sporting Events

Sporting event direct spending include expenditures on hotel rooms, eating and drinking places, retail/merchandise, entertainment/recreation, transportation and other business services and miscellaneous expenditures.

Meetings and Other Events

Direct spending from meetings and other events includes spending on hotels and spending in the local area.

The following table details the annual direct spending estimates related to conventions and trade shows, consumer shows, assembly events, sporting events and meetings and other events for a stabilized year of operations in 2006 dollars.

Annual Direct Spending Estimates

	Direct Spending
Conventions & Trade Shows	\$16,800,000
Consumer Shows	10,200,000
Assembly Events	500,000
Sporting Events	12,100,000
Meetings & Other Events	5,100,000
Total	<u>\$44,700,000</u>

Source: DMAI ExPact 2004 Convention Expenditure and Impact Study; PricewaterhouseCoopers LLP

Total direct spending related to events at the Multi-purpose Center is estimated to be approximately \$44.7 million.

TOTAL IMPACTS

As direct spending flows through the economy, additional rounds of spending, employment, and earnings are generated. Total impact generated is estimated by applying “multipliers” to initial direct spending. We calculated industry-specific IMPLAN (Impact analysis for PLANning) multipliers using formulas that employ the most recent data provided by the U.S. Department Bureau of Economic Analysis. These multipliers are applied to the direct spending to compute estimates of total impacts (direct and indirect) to the City of Irving in terms of sales volume, employment, and resident income. For example, a blended multiplier of approximately 1.5 was estimated and applied to the annual direct spending estimate of \$44.7 million related to the Multi-purpose Center to calculate the total economic impact of \$67.5 million for City of Irving.

The sum of direct and indirect impacts reveals a total effect of Multi-purpose Center operations on the City of Irving. These impacts are provided in terms of sales, income, and employment. The following table presents total economic impacts resulting from events at the Multi-purpose Center for conventions and trade shows, consumer shows, assembly events, sporting events and meetings and other events during a stabilized year in 2006 dollars.

Multi-Purpose Center - Total Annual Economic Impact Estimates from Operations

<i>Multi-Purpose Center</i>	
<i>Economic Impact</i>	
Total Sales	\$67,500,000
Income	\$25,600,000
Jobs	730

Source: IMPLAN; PricewaterhouseCoopers LLP

As shown in the table above, it is estimated that the multi-purpose center is expected to generate \$67.5 million in incremental (additional) sales upon stabilization for the City of Irving. Incremental income is estimated at \$25.6 million and approximately 730 additional jobs will be created in the City of Irving

FISCAL IMPACT OF CENTER OPERATIONS

The City of Irving will also benefit from Multi-purpose Center operations in the form of increased tax revenues. Fiscal information was obtained from the City of Irving. The primary taxes affected by Center-related expenditures include sales tax and hotel occupancy tax. The City collects a one percent sales tax and a seven percent hotel occupancy tax.

Fiscal impacts for the City of Irving related to events at the multi-purpose center are expected to be approximately \$1.5 million during a stabilized year.

VI. FINANCIAL OPERATIONS

This section presents estimates of operating revenues and expenses for the proposed Multi-purpose Center for a stabilized year of operations in 2006 dollars. Financial estimates are based on the following:

- Building program presented in this report
- Utilization estimates presented in this report
- PwC's *Convention Center Report* and previous studies
- Our knowledge of the industry and relevant trends
- Operating information of competitive/comparable facilities

These sources of information served as the basis of significant estimates and assumptions. Some assumptions will not materialize and unanticipated events and circumstances may occur; therefore, actual results achieved will vary from estimates, and the variations may be material. Further, PricewaterhouseCoopers is not responsible for future sales/marketing efforts and other management actions upon which actual results depend.

Several methods were used to estimate operating revenues and expenses for the proposed Multi-purpose Center. As appropriate, financial line items were analyzed on a per attendee, per event, and per square foot basis to arrive at revenue and expense line item estimates for the proposed Multi-purpose Center.

Operating revenues and expenses exclude debt service, transfers, capital outlay, depreciation, capital repairs/reserves, equipment replacement expenses, unforeseen expenses, and other changes.

REVENUE

Operating revenues sources for the Multi-purpose Center are expected to include the following:

- **Rental revenue** is generated primarily from exhibit hall, ballroom and meeting room events (including boardroom and auditorium rental). Rental revenue is estimated to be approximately \$1.1 million in a stabilized year of operations.

The rental rate components for each event type are described below.

- *Conventions, trade shows and consumer shows*: The effective rental rate (actual rate after discounts) for conventions, trade shows, and consumer shows is estimated to be \$0.08 per occupied square foot day of exhibit space.

- *Graduations (assembly events)*: Rental revenue from graduations is expected to total \$30,000 based on the current prices charged to the Irving Independent School District.
- *Concerts (assembly events)*: Net concert revenue is expected to total 10 percent of ticket sales.
- *Sporting events*: The effective rental rate for sporting events is estimated to be \$2,500 per event per day.
- *Meetings*: The effective rental rate for meetings is estimated to be \$3.00 per person.
- ***Food and beverage revenue, net*** is generated from concessions and catering sales. It is assumed that the Center will contract with a third-party food service provider for its concession and catering services. Net food and beverage revenue is estimated to be \$642,000. We estimate that the Center will net 27 percent of the gross food and beverage sales.

The effective gross food and beverage per capita rates for each event type are listed below.

- *Conventions and trade shows*: \$35.00
- *Consumer shows*: \$3.50
- *Graduations (assembly events)*: \$2.50
- *Concerts (assembly events)*: \$8.00
- *Sporting events*: \$10.00
- *Meetings*: \$20.00
- ***Event-related service revenue*** is generated from facility assessments for services provided to exhibitors and event organizers. Event services include labor, electric, plumbing, telephone, and cleaning. Event-related service revenue is expected to total to \$749,000, which represents approximately 70 percent of rental revenue.
- ***Parking revenue, net*** is generated from the proposed 1,000 parking spaces for Center use adjacent to the facility. Net parking revenue is estimated to be \$229,000. The gross charge for parking is estimated to be \$5.00 per car.
- ***Other revenue*** consists of miscellaneous revenue sources and includes such items as medical packages, telecommunications, forklift, concierge, set-up, Internet service sales, etc. Other revenue is estimated to be \$75,000 per year, which represents approximately 10 percent of event services revenue.

The following table details the total revenues of approximately \$2.8 million for a stabilized year of operations for the proposed Multi-purpose Center.

Proposed Multi-Purpose Center - Stabilized Year Revenue

Revenue	Stabilized Year
Rental revenue	\$1,070,000
F&B revenue, net	642,000
Event services revenue	749,000
Other revenue	75,000
Parking, net	<u>229,000</u>
Total revenue	<u>\$2,765,000</u>

Source: PricewaterhouseCoopers LLP

EXPENSES

Itemized operating expenses for the proposed Multi-purpose Center in a stabilized year of operations are as follows:

- **Salaries & benefits expense** includes salaries, wages, and benefits and payroll taxes for all full-time and part-time employees. Salaries and benefits expense is estimated to total approximately \$1.7 million in a stabilized year of operations, as detailed in the following schedule.

Proposed Multi-Purpose Center - Personnel Expense

Position	FTE	Salary Per Person	Total Salary
Administration			
General Manager	1	\$85,000	\$85,000
Office Coordinator/EA	1	30,000	30,000
Receptionist	1	25,000	25,000
Sub-total	3		\$140,000
Sales			
Sales Director	1	\$60,000	\$60,000
Sales Manager	1	45,000	45,000
Booking Coordinator/EA	1	35,000	35,000
Sub-total	3		\$140,000
Finance			
Finance Director	1	\$65,000	\$65,000
Accounting Manager	1	40,000	40,000
Human Resources	1	35,000	35,000
Clerk/Assistant	1	30,000	30,000
Sub-total	4		\$170,000
Technology			
Technology Manager	1	\$45,000	\$45,000
Technician	1	35,000	35,000
Sub-total	2		\$80,000
Operations			
Event Services Manager	1	\$45,000	\$45,000
Event Services Coordinator	1	35,000	35,000
Event Services Staff	2	30,000	60,000
Operations Director	1	60,000	60,000
Operations Manager	1	40,000	40,000
Operations Assistant	1	30,000	30,000
Building Engineer	1	55,000	55,000
Engineer Technician	1	45,000	45,000
Crew Leaders	3	28,000	84,000
Security Manager	1	36,000	36,000
Security Officers	4	25,000	100,000
Sub-total	17		\$590,000
Total	29		\$1,120,000
Full-Time Benefits	25%		\$280,000
Percent Part-Time (Un-reimbursed)			20%
Part-Time (Un-reimbursed)			\$224,000
Part-Time Benefits	15%		\$33,600
Total Salaries & Benefits			\$1,657,600

Source: PricewaterhouseCoopers LLP

- **Cleaning, utilities & repairs expense** includes costs for routine cleaning, maintenance and repairs of the building and equipment as well as utilities costs, such as heating, lighting, power, water, sewer, and telephone services, and other fixed costs and charges. Cleaning, utilities and repairs expense is estimated to be \$975,000.
- **General & administrative, insurance and marketing expense** consists of certain supplies, employee expenses, communications, uniforms, credit card charges, sales commission, bad debt expense, insurance and fees, marketing costs. These expenses are expected to total to \$500,000. (Marketing costs include the Center’s promotion, such as website maintenance, advertisements, facility brochures, and other marketing materials. It is important to note that this expense category is in addition to resources needed for primary convention sales, destination marketing and destination services provided by the Irving CVB. It is assumed that these services will be provided by a well-funded Irving CVB.)
- **Event services expense** includes costs associated with event services, such as labor, electric, plumbing, telephone, and cleaning. Event services expenses are estimated to be \$511,000.
- **Other expenses** consist of miscellaneous expense not elsewhere categorized. Other expenses are estimated to be \$50,000
- **Management fee** is assumed to be paid to a professional third-party management firm in the amount of \$200,000.

The following table details the total operating expenses of approximately \$3.9 million during a stabilized year of operations for the proposed Multi-purpose Center.

Proposed Multi-Purpose Center - Stabilized Year Expenses

Expenses	Stabilized Year
Salaries & benefits	\$1,658,000
Cleaning, utilities, repairs	975,000
G&A, insurance, marketing	500,000
Total event services	511,000
Other expenses	50,000
Management fee	200,000
Total expenses	<u>\$3,894,000</u>

Source: PricewaterhouseCoopers LLP

OPERATING PROFIT/LOSS

The following table summarizes the estimated annual operating loss of approximately \$1.1 million for the proposed Multi-purpose Center in a stabilized year of operations based on the estimated operating revenues and expenses presented previously.

Proposed Multi-Purpose Center - Stabilized Year Operating Profit/Loss

<i>Revenues & Expenses</i>	<i>Stabilized Year</i>
Total revenue	\$2,765,000
Total expenses	3,894,000
Operating Profit/Loss	(\$1,129,000)

Source: PricewaterhouseCoopers LLP

VII. MANAGEMENT & MARKETING

A new-multi-purpose center covering a broad range of event types may present unique challenges and requires certain management and marketing considerations during the planning, development, and on-going operations of the facility.

OVERALL MANAGEMENT CONSIDERATIONS

Key operations and management considerations for a new multi-purpose center include the following:

- The Center should be managed by a well recognized and experienced professional public-assembly facility management firm, such as SMG, Global Spectrum, or Compass Facility Management. A larger, more experienced management firm may also create or partner with a professional event organizer to develop your own consumer shows at the Center.
- The management contract needs to clearly define financial performance targets, marketing roles and responsibilities, event priorities and booking targets and policies.
- The Center should consider contracting with a third-party food service provider, such as Centerplate, Aramark, or the selected private management company. Certain facilities (government agencies) manage their own food and beverage operations. For example, the Lubbock Civic Center contracts with Civic Lubbock, Inc. for its food service operations. Its proceeds are used to fund public art projects and other civic uses. For Irving, net food and beverage revenue is expected to be an important revenue source for the facility, and any reduction in the revenue would increase the facility's operating subsidy.

OVERALL MARKETING CONSIDERATIONS

- The Irving CVB could have the primary responsibility for marketing the center for significant room night generating events. Although the management company could also assume this responsibility. These events primarily include conventions and trade shows, sporting events and to a lesser extent consumer shows and meetings and other events.
- This significant new marketing responsibility will require additional CVB resources. Typically, 20 percent to 30 percent of a destination marketing organization's budget is dedicated to convention center sales and marketing based on our experience with other communities. We estimate that the Irving CVB will require at least \$1.3 million per year in additional funds to market the Center based upon its current operating budget of approximately \$5.2 million. This added budget should be used for sales personnel, advertising, brochures and marketing materials, website improvements, familiarization trips and other promotional expenses as determined by the CVB.
- Additional personnel will be critical to the success of the new facility. We estimate that two dedicated sales managers, one convention services manager, and a marketing

- coordinator will need to be added to the existing CVB sales force to market and support the proposed Multi-purpose Center.
- As mentioned previously, Multi-purpose Center will require start-up marketing funds ranging from \$1 million to \$1.5 million.

SPORTS CONSIDERATIONS

Sport marketing differs from traditional convention sales and group sales in several ways and requires its own marketing and management considerations. A primary difference is the process in which a city books a sports event. National and regional events typically follow a formal bid process in which the event owner specifies the facility and destination requirements for a particular event. Based on responses of interested cities, the event owner selects a destination and works with the local CVB or sports commission to plan the event. In contrast, local events typically do not go through a bid process, which would require the CVB or center management to market to the event organizer more directly.

Another difference is the profile of event attendees. While convention delegates are typically interested in upscale hotels, restaurants, entertainment options, and activities such as golf and spa services, a higher percentage of athletes and spectators of amateur sports events tend to be interested in lower-priced hotels and restaurants as well as family-oriented entertainment and attractions. It is common for the room nights generated by these sports events to be concentrated on weekends, versus the weekday profile of many conventions and corporate meetings. The CVB must consider the profile of attendees when preparing hotel and activity packages.

While Irving has hosted local and regional outdoor sports events, the development of the Multi-purpose Center allows Irving to enter the indoor sports market. This market is becoming increasingly competitive and requires CVBs and sports commissions to aggressively pursue events. A critical step for Irving to enter the indoor sports market is to establish relationships with amateur sports organizations and event owners. This can be accomplished by attending events such as the AAU National Convention, SportsTravel TEAMS Conference, and the National Association of Sports Commissions' National Convention. Such events will also increase Irving's exposure as an amateur sports destination.

To aggressively market Irving as an amateur sports destination, additional resources dedicated exclusively to attracting sports events to the Multi-purpose Center will be needed. It is not recommended that Irving create a sports commission upon development of the Multi-purpose Center, since sports commissions market the entire city rather than a specific venue. Instead, the CVB should continue to be responsible for the sports market.

VIII. COSTS & BENEFITS

In this section, we summarize the costs (operating losses, additional marketing costs and debt service) and benefits (events, attendance, room nights, economic impact) of the proposed Multi-purpose Center.

COST/BENEFIT COMPARISON

In the table on the following page, we compare the estimated costs and benefits for the proposed Multi-purpose Center to those estimated for the Original Convention Center in our Convention Center Report for a stabilized year of operations.

The costs presented include estimated operating losses and marketing costs for a stabilized year. Annual debt service payments are not compared due to the additional elements, such as the parking garage, that were included in Multi-purpose Center building program, but excluded in the preliminary construction costs for the Original Convention Center.

Please note that the operating loss, additional marketing costs and economic impact estimates presented in the Convention Center report for the Original Convention Center program were considered preliminary. The assumptions used in the calculation of these costs and benefits have been further refined.

The following points should also be noted from the table:

- Convention & trade show events declined from 25 to 18 events per year, with the average event size decreasing from approximately 1,200 to 1,000 attendees per event.
- Consumer show demand is expected to remain the same.
- Meetings & other events are expected to be the same in terms of total event numbers, with only a slight decrease in total attendance and room nights.
- Assembly events and sporting events are new event types that would not likely occur without a flexible multi-purpose hall. These events are expected to contribute 79,000 in additional attendees and 17,000 room nights.
- The proposed Multi-purpose Center is expected to generate a lower operating deficit (by approximately \$381,000) than the preliminary estimate for the Original Convention Center.
- Annual marketing costs are expected to be \$300,000 higher for the Multi-purpose Center than the preliminary estimate for the Original Convention Center.
- The Multi-purpose Center is expected to generate higher direct spending than the preliminary estimate for the Original Convention Center due largely to the nearly \$13 million in direct spending associated with assembly events and sports events. As noted previously, spending assumptions have been further refined (including further inflation adjustments), which have increased the direct spending estimates.

Proposed Multi-Purpose Center - Cost Benefit Comparison

	<i>Original Convention Center</i>	<i>Multi-Purpose Center</i>
Events		
Conventions & Trade Shows	25	18
Consumer Shows	15	15
Assembly Events	0	8
Sports Events	0	12
Meetings and Other Events	225	225
Total	<u>265</u>	<u>278</u>
Attendance		
Conventions & Trade Shows	29,000	18,000
Consumer Shows	60,000	60,000
Assembly Events	0	50,000
Sports Events	0	29,000
Meetings and Other Events	56,000	52,000
Total	<u>145,000</u>	<u>209,000</u>
Room Nights		
Conventions & Trade Shows	35,000	22,000
Consumer Shows	12,000	12,000
Assembly Events	0	1,000
Sports Events	0	16,000
Meetings and Other Events	13,000	11,000
Total	<u>60,000</u>	<u>62,000</u>
Operating Profit/(Loss)		
Revenues	\$2,500,000	\$2,765,000
Expenses	4,000,000	3,894,000
Operating Profit/(Loss)	<u>(\$1,500,000)</u>	<u>(\$1,129,000)</u>
Annual Costs		
Estimated Annual Debt Service	\$10,800,000 ¹	\$9,700,000 ³
Additional Marketing Costs	\$1,400,000 ²	1,300,000
Capital Reserve	\$418,000 ²	375,000
Operating Subsidy	1,500,000	1,129,000
Annual Costs	<u>\$14,120,000</u>	<u>\$12,500,000</u>
Economic Impact		
Direct Spending	\$32,000,000	\$44,700,000
Total Sales	\$48,600,000	\$67,500,000
Income	\$18,200,000	\$25,600,000
Jobs	560	730
City Taxes	\$1,000,000 ²	\$1,500,000

¹ Includes costs for site, design, contingency, financing, pre-marketing and 1,000 spaces of the 2,500-space parking garage. Based on a bond rate of 5.25% and cost of \$161 million.

² Adjusted from the preliminary May 2006 report to reflect refined information.

³ Includes costs for site, design, contingency, financing, pre-marketing and 1,000 spaces of the 2,500-space parking garage. Based on a bond rate of 5.25% and cost of \$146 million.

Source: PricewaterhouseCoopers LLP

OPERATING MODEL

To show detailed costs and benefits for the multi-purpose center, we prepared an operating model for the first 10 years of its operation. The operating model details the following:

- Number of events by type (conventions/trade shows, consumer shows, assembly events, sporting events and meetings and other events)
- Total attendance by event type
- Total room nights by event type
- Revenues by type (rental, net food and beverage, event serves, net parking and other revenue)
- Itemized expenses (salaries and benefits, cleaning, utilities and repairs, general and administrative, insurance and marketing, event services, other expenses and management fee)
- Total annual costs (operating profit/loss, additional marketing costs, debt service payments)
- Economic impact (direct spending, total sales, resident income, additional jobs, and City taxes)

As stated previously, stabilization for a new facility is likely to occur five to seven years post-opening. We estimate the opening of the Center to occur in 2010, and stabilization is expected by 2015.

The operating model estimates are based on the following:

- Building program presented in this report
- Utilization estimates and assumptions presented in this report for a stabilized year of operations
- Economic impact estimates and assumptions presented in this report for a stabilized year of operations
- Financial operations estimates and assumptions presented in this report for a stabilized year of operations
- Inflation rate of 2.5 percent for years leading up to Center opening and thereafter
- Construction cost estimates presented in this report of approximately \$129 million
- Financing costs of approximately \$15.5 million (12 percent of construction costs)
- Start-up of marketing costs of \$1 million
- Bonds issued for entire project cost of approximately \$145.5 million
- Bond rate of 5.25 percent
- Debt service payments over a 30-year period

- Annual capital reserve of \$375,000, which represents 0.5 percent of building only construction costs (\$75 million).

The tables on the following pages show the ramp up of events, attendance and room nights to the stabilized year and the revenues/expenses and economic impact associated with the level of event activity. In addition, we detail total annual costs (with adjustments for inflation) of the proposed Multi-purpose Center, which include operating losses, additional marketing costs, capital reserve and debt service payments.

Proposed Multi-Purpose Center Operating Model - Events, Attendance & Room Nights

	<i>Opening</i> 2010	2011	2012	2013	2014	<i>Stabilized</i> 2015	2016	2017	2018	2019
Events										
Conventions & Trade Shows	5	8	12	14	16	18	18	18	18	18
Consumer Shows	6	8	10	12	14	15	15	15	15	15
Assembly Events	6	6	7	7	8	8	8	8	8	8
Sports Events	6	6	8	8	12	12	12	12	12	12
Meetings and Other Events	100	125	150	175	200	225	225	225	225	225
Total	123	153	187	216	250	278	278	278	278	278
Attendance										
Conventions & Trade Shows	5,000	8,000	12,000	14,000	16,000	18,000	18,000	18,000	18,000	18,000
Consumer Shows	24,000	32,000	40,000	48,000	56,000	60,000	60,000	60,000	60,000	60,000
Assembly Events	40,000	40,000	45,000	45,000	50,000	50,000	50,000	50,000	50,000	50,000
Sports Events	14,000	14,000	19,000	19,000	29,000	29,000	29,000	29,000	29,000	29,000
Meetings and Other Events	23,000	29,000	35,000	40,000	46,000	52,000	52,000	52,000	52,000	52,000
Total	106,000	123,000	151,000	166,000	197,000	209,000	209,000	209,000	209,000	209,000
Room Nights										
Conventions & Trade Shows	6,000	10,000	15,000	17,000	20,000	22,000	22,000	22,000	22,000	22,000
Consumer Shows	5,000	6,000	8,000	10,000	11,000	12,000	12,000	12,000	12,000	12,000
Assembly Events	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000
Sports Events	8,000	8,000	10,000	10,000	16,000	16,000	16,000	16,000	16,000	16,000
Meetings and Other Events	5,000	6,000	7,000	8,000	9,000	11,000	11,000	11,000	11,000	11,000
Total	25,000	31,000	41,000	46,000	57,000	62,000	62,000	62,000	62,000	62,000

Source: PricewaterhouseCoopers LLP

Proposed Multi-Purpose Center Operating Model - Annual Costs and Benefits (Current Dollars)

	<i>Opening</i>					<i>Stabilized</i>				
	<i>2010</i>	<i>2011</i>	<i>2012</i>	<i>2013</i>	<i>2014</i>	<i>2015</i>	<i>2016</i>	<i>2017</i>	<i>2018</i>	<i>2019</i>
Revenue										
Rental revenue	\$490,000	\$641,000	\$849,000	\$997,000	\$1,201,000	\$1,336,000	\$1,369,000	\$1,403,000	\$1,438,000	\$1,474,000
Food & beverage, net	294,000	385,000	510,000	598,000	721,000	802,000	822,000	843,000	864,000	886,000
Event services	343,000	449,000	594,000	698,000	841,000	935,000	958,000	982,000	1,007,000	1,032,000
Parking revenue, net	105,000	137,000	182,000	213,000	257,000	286,000	293,000	300,000	308,000	316,000
Other revenue	34,000	45,000	60,000	70,000	84,000	94,000	96,000	98,000	100,000	103,000
Total revenue	\$1,266,000	\$1,657,000	\$2,195,000	\$2,576,000	\$3,104,000	\$3,453,000	\$3,538,000	\$3,626,000	\$3,717,000	\$3,811,000
Expenses										
Salaries & benefits	\$1,830,000	\$1,876,000	\$1,923,000	\$1,971,000	\$2,020,000	\$2,071,000	\$2,123,000	\$2,176,000	\$2,230,000	\$2,286,000
Cleaning, utilities, repairs	1,076,000	1,103,000	1,131,000	1,159,000	1,188,000	1,218,000	1,248,000	1,279,000	1,311,000	1,344,000
G&A, insurance, marketing	552,000	566,000	580,000	594,000	609,000	624,000	640,000	656,000	672,000	689,000
Total event services	226,000	281,000	344,000	397,000	460,000	638,000	654,000	670,000	687,000	704,000
Other expenses	55,000	57,000	58,000	59,000	61,000	62,000	64,000	66,000	68,000	70,000
Management fee	221,000	226,000	232,000	238,000	244,000	250,000	256,000	262,000	269,000	276,000
Total expenses	\$3,960,000	\$4,109,000	\$4,268,000	\$4,418,000	\$4,582,000	\$4,863,000	\$4,985,000	\$5,109,000	\$5,237,000	\$5,369,000
Operating Loss (Rounded)	(\$2,690,000)	(\$2,450,000)	(\$2,070,000)	(\$1,840,000)	(\$1,480,000)	(\$1,410,000)	(\$1,447,000)	(\$1,483,000)	(\$1,520,000)	(\$1,558,000)
Other Costs										
Additional marketing costs	\$1,400,000	\$1,500,000	\$1,500,000	\$1,500,000	\$1,600,000	\$1,600,000	\$1,700,000	\$1,700,000	\$1,700,000	\$1,800,000
Debt service payments	\$9,700,000	\$9,700,000	\$9,700,000	\$9,700,000	\$9,700,000	\$9,700,000	\$9,700,000	\$9,700,000	\$9,700,000	\$9,700,000
Capital reserve	\$410,000	\$420,000	\$430,000	\$450,000	\$460,000	\$470,000	\$480,000	\$490,000	\$500,000	\$520,000
Annual Costs (Rounded)	(\$14,200,000)	(\$14,070,000)	(\$13,700,000)	(\$13,490,000)	(\$13,240,000)	(\$13,180,000)	(\$12,847,000)	(\$12,883,000)	(\$12,920,000)	(\$13,058,000)
Economic Impact										
Direct spending	\$19,200,000	\$25,000,000	\$34,600,000	\$40,000,000	\$50,600,000	\$55,800,000	\$57,200,000	\$58,600,000	\$60,100,000	\$61,600,000
Total sales	\$29,000,000	\$37,800,000	\$52,200,000	\$60,400,000	\$76,400,000	\$84,300,000	\$86,400,000	\$88,500,000	\$90,800,000	\$93,000,000
Income	\$11,000,000	\$14,300,000	\$19,800,000	\$22,900,000	\$29,000,000	\$32,000,000	\$32,759,000	\$33,561,000	\$34,420,000	\$35,279,000
Jobs	280	360	490	550	680	730	730	730	730	730
City taxes	\$640,000	\$830,000	\$1,150,000	\$1,320,000	\$1,680,000	\$1,850,000	\$1,890,000	\$1,940,000	\$1,990,000	\$2,040,000

Source: PricewaterhouseCoopers LLP

PHASE II

I. LAS COLINAS LIVE AND EVENT DEMAND

LAS COLINAS LIVE

Las Colinas Live is the mixed-use entertainment complex proposed by Dallas City Limits, Ltd. ("DCL"). This development group is lead by Billy Bob Barnett, best known for creating the popular Billy Bob's Texas restaurant and entertainment venue in Fort Worth. DCL engaged Economic Research Associates ("ERA") to conduct a feasibility study of the *Las Colinas Live* Complex. Any reference to *Las Colinas Live* program descriptions, attendance and other relevant information is based on ERA's November 2006 draft report.

The complex is proposed to be developed on 21 acres adjacent to the Multi-purpose Center, situated between Highway 114 and West Las Colinas Boulevard. As mentioned previously, *Las Colinas Live* is expected to feature the following components:

- **Big Show:** The "Big Show" is the anchor development of *Las Colinas Live*. It is an indoor concert venue with a capacity of 7,500. The facility is expected to feature a variety of viewing arrangements, including traditional concert seating, 40 luxury suites and a standing-room only club level. The luxury suites will marketed to local corporations. The Big Show is expected to host 200 events per year, which includes themed programming five nights a week.
- **Outdoor Arena:** The outdoor arena will have a capacity of 2,000 for horse-themed exhibitions and shows. The outdoor arena is designed to be a complex amenity (free admission) to create attention and excitement in the complex.
- **Cinema Complex:** A cinema complex catered to an urban, sophisticated clientele will be developed. It will be leased to a cinema operator.
- **Destination Restaurants, Retail, Bars & Night Clubs:** Destination restaurants, retail shops, bars and night clubs associated with recognized brands and concepts will be spread throughout the complex.
- **Programmed Street Festivals and Entertainment:** The streetscape of the complex will feature performances stages. Programmed festivals will also be held throughout the year.
- **Boutique Hotel:** A boutique will be developed with 120 guest rooms, 30 residences and a spa.

DCL will operate nearly two-thirds of the entertainment retail programming. In its first year of operation (2009), the entertainment budget for the complex is expected to be \$25 million. The Big Show will account for \$15 million of this amount.

ERA projects total visitation to the complex of nearly 4.5 million in the first year of operation. By 2019, complex visitation is expected to grow to 5 million. Of this visitation, ERA estimates that tourists will account for approximately 1 million visitors in 2009 and 1.17 million visitors by 2019. Overnight *Las Colinas Live* overnight visitors are expected to total 480,000 in 2009 and 538,000 by 2019.

EFFECT ON CENTER MARKETABILITY

The addition of and successful marketing and operation of *Las Colinas Live* will enhance the marketability of the proposed Multi-purpose Center. The integration of entertainment options immediately outside the doors of the Center will be attractive to meeting planners and attendees by offering restaurant, retail and entertainment options after hours in a safe, pedestrian-friendly environment.

In addition to enhancing the destination meeting package, the complex itself can also serve as a marketing tool for the proposed Multi-purpose Center. It will expose a variety of visitors attending concerts, horse shows, restaurants or other entertainment to Las Colinas and the Center that may have not otherwise visited Las Colinas. This influx of new visitors may translate into potential customers particularly for local meetings and social events.

EFFECT ON ADDITIONAL HOTEL DEVELOPMENT

Given the level of visitation to *Las Colinas Live*, it is likely that other hotels in addition to the boutique hotel will be developed in the Las Colinas Urban Center to capture this overnight visitor market. Additional hotel supply will allow the proposed Center to support larger events and along with the *Las Colinas Live* entertainment features add significantly to the marketability of the proposed Multi-purpose Center.

EFFECT ON CENTER DEMAND

Las Colinas Live is expected to have a positive effect on demand for the proposed Multi-purpose Center due to enhanced marketability, visitor exposure and additional hotel development. While we do not expect that new event types will be derived as a result of *Las Colinas Live*, the Center should attract more major conventions and tradeshows with larger attendance bases. Changes in utilization as a result of the integration with *Las Colinas Live* will be discussed further in the section entitled "Utilization".

II. BUILDING PROGRAM

As described in the previous section, we do not anticipate that any new event types with significantly different space characteristics will likely be generated as a result of *Las Colinas Live*. Therefore, the building program should not be altered if the Multi-purpose Center is integrated with the *Las Colinas Live* development.

Proposed Building Program - With Las Colinas Live

	<i>Original Convention Center - With Hotel (May 2006)</i>	<i>Multi-Purpose Center - No LC Live, No Hotel (Oct. 2006)</i>	<i>Multi-Purpose Center - With LC Live, With Hotel ¹ (Dec. 2006)</i>
Building Program			
Multi-purpose Space (sq. ft)	100,800	70,000	70,000
Ballroom Space (sq. ft.)	32,700	10,000	10,000
Meeting Space (sq. ft.)	15,200	10,000	10,000
Number of Meeting Rooms	N/A	13	13
Terrace Room Space (sq. ft.)	0	9,000	9,000
Auditorium Capacity*	0	500	500
Boardroom Capacity*	0	20	20

*Not included in square footage estimates.

¹ Assumes the private development of an adjacent or nearby full-service hotel (approximately 500 rooms).

Source: PricewaterhouseCoopers LLP

Also, as previously noted, the visitation derived by *Las Colinas Live* based on ERA's estimates is likely to lead to additional private-sector hotel development. As a result, it is assumed that at least one new full-service hotel with 500 rooms will be developed within walking distance of the proposed Multi-purpose Center. Throughout the remainder of this report, we assume this 500-room hotel will be developed in conjunction with a the Multi-purpose Center and integrated with *Las Colinas Live*.

Aside from the additional hotel development, the space characteristics described in Phase I should remain the same for the facility, including 1,000 parking spaces. In addition, the construction costs are estimated to remain at \$144.5 million based on estimates provided by HOK.

III. UTILIZATION

The integration with *Las Colinas Live* is expected to primarily effect convention and trade show and assembly event utilization at the Multi-purpose Center. While conventions and trade shows are estimated to increase, assembly events, which include concert performances, are estimated to decrease. Consumer shows, sports and meetings and other events are expected to remain constant with the addition of *Las Colinas Live*. The following table compares the estimated utilization under the Original Convention Center scenario, the stand-alone Multi-purpose Center scenario and the *Las Colinas Live* Multi-purpose Center scenario. As noted in the previous section, we have assumed the development of a 500-room hotel near the Multi-purpose Center as part of the *Las Colinas Live* scenario.

Estimated Utilization - Stabilized Year

	<i>Original Convention Center - With Hotel (May 2006)</i>	<i>Multi-Purpose Center - No LC Live, No Hotel (Oct. 2006)</i>	<i>Multi-Purpose Center - With LC Live, With Hotel ¹ (Dec. 2006)</i>
Events			
Conventions & Trade Shows	25	18	25
Consumer Shows	15	15	15
Assembly Events	0	8	5
Sports Events	0	12	12
Meetings and Other Events	225	225	225
Total	265	278	282
Attendance			
Conventions & Trade Shows	29,000	18,000	29,000
Consumer Shows	60,000	60,000	60,000
Assembly Events	0	50,000	35,000
Sports Events	0	29,000	29,000
Meetings and Other Events	56,000	52,000	52,000
Total	145,000	209,000	205,000
Room Nights			
Conventions & Trade Shows	35,000	22,000	35,000
Consumer Shows	12,000	12,000	12,000
Assembly Events	0	1,000	1,000
Sports Events	0	16,000	16,000
Meetings and Other Events	13,000	11,000	11,000
Total	60,000	62,000	75,000

¹ Assumes the private development of an adjacent or nearby full-service hotel (approximately 500 rooms).

Source: PricewaterhouseCoopers LLP

Conventions and trade shows are estimated to increase to 25 per year in the stabilized year of operations under the *Las Colinas Live* scenario. This increase of seven convention and trade show events from the stand-alone scenario corresponds with an increase in attendance to conventions and tradeshow events from 18,000 per year under the stand-alone scenario to 29,000 per year under the *Las Colinas Live* scenario. In addition, the average event size is expected to increase to nearly 1,200 under the *Las Colinas Live* scenario, up from 1,000 under the stand-alone scenario. Likewise room nights are expected to increase from 22,000 per year to 35,000 with the addition of *Las Colinas Live*.

Under the stand-alone scenario, we estimated that the Multi-purpose Center would hold three 5,000-seat concerts per year. However, with the concert venues developed as part of *Las Colinas Live*, it is likely that these events will be shifted to venues at *Las Colinas Live*.

IV. ECONOMIC IMPACT

Based on the utilization estimates presented in the previous section and the economic impact assumptions and methodologies presented in Phase I, we estimated the economic impact and fiscal impact of the proposed Multi-purpose Center integrated with *Las Colinas Live* on the City of Irving. The following table presents estimates of economic impact in terms of direct spending, total sales, income, and jobs for the Original Convention Center, the Multi-purpose Center without *Las Colinas Live*, and the Multi-purpose Center with *Las Colinas Live*.

Economic and Fiscal Impact - Stabilized Year

	<i>Original Convention Center - With Hotel (May 2006)</i>	<i>Multi-Purpose Center - No LC Live, No Hotel (Oct. 2006)</i>	<i>Multi-Purpose Center - With LC Live, With Hotel ¹ (Dec. 2006)</i>
Economic Impact			
Direct Spending	\$32,000,000	\$44,700,000	\$52,500,000
Total Sales	\$48,600,000	\$67,500,000	\$79,400,000
Income	\$18,200,000	\$25,600,000	\$30,000,000
Jobs	560	730	850
City Taxes	\$1,000,000 ²	\$1,500,000	\$1,800,000

¹ Assumes the private development of an adjacent or nearby full-service hotel (approximately 500 rooms).

² Adjusted from the preliminary May 2006 report to reflect refined information.

Source: PricewaterhouseCoopers LLP

Direct spending generated from events held at the Multi-purpose Center with *Las Colinas Live* is estimated to total \$52.5 million in the stabilized year of operations. The increase of \$7.8 million in direct spending from stand-alone Multi-purpose Center scenario is driven primarily by the increase in convention and trade show events. The Multi-purpose Center with *Las Colinas Live* is expected to generate \$79.4 million in incremental (additional) sales upon stabilization. Incremental income is estimated at \$30 million, and approximately 850 additional jobs will be created in the City of Irving

In addition, fiscal impacts in terms of City taxes are presented for each scenario. Events at the Multi-purpose Center with *Las Colinas Live* are estimated to generate \$1.8 million in City taxes, an increase of \$300,000 from the stand-alone Multi-purpose Center.

V. FINANCIAL OPERATIONS

This section presents estimates of operating revenues and expenses for the proposed Multi-purpose Center integrated with *Las Colinas Live* for a stabilized year of operations in 2006 dollars. Financial estimates are based on the utilization assumptions presented previously under the *Las Colinas Live* scenario and the methodologies and assumptions related to financial operations presented in Phase I.

Several methods were used to estimate operating revenues and expenses for the proposed Multi-purpose Center. As appropriate, financial line items were analyzed on a per attendee, per event, and per square foot basis to arrive at revenue and expense line item estimates for the proposed Multi-purpose Center.

Operating revenues include rental revenue, food and beverage revenue (net), event related services revenue, parking (net) revenue, and other revenue. Expenses include salaries and benefits expense, cleaning utilities and repairs expense, general, administrative, insurance and marketing expense, event services expense, management fee, and other expenses. Operating revenues and expenses exclude debt service, transfers, capital outlay, depreciation, capital repairs/reserves, equipment replacement expenses, unforeseen expenses, and other changes. In addition, marketing expenses exclude marketing and sales expenses of the Irving CVB related to the Multi-purpose Center.

The following table presents the revenues and expenses for the proposed Multi-purpose Center with *Las Colinas Live* for a stabilized year of operations. Total revenue is estimated at approximately \$3.0 million, while total expenses are estimated at approximately \$3.9 million. Annual operating loss in the stabilized year is estimated to be approximately \$960,000.

Revenue and Expenses - Stabilized Year			
Revenue	Stabilized Year	Expenses	Stabilized Year
Rental revenue	\$1,145,000	Salaries & benefits	\$1,658,000
F&B revenue, net	713,000	Cleaning, utilities, repairs	975,000
Event services revenue	802,000	G&A, insurance, marketing	500,000
Other revenue	80,000	Total event services	547,000
Parking, net	227,000	Other expenses	50,000
Total revenue	<u>\$2,967,000</u>	Management fee	200,000
		Total expenses	<u>\$3,930,000</u>
		Operating Profit/Loss	(\$963,000)

Source: PricewaterhouseCoopers LLP

The following table presents a comparison of the estimated operating loss in a stabilized year of operations for the Multi-purpose Center integrated with *Las Colinas Live*, the stand-alone Multi-purpose Center and the Original Convention Center. As shown in the table, the Multi-purpose Center under the *Las Colinas Live* scenario is estimated to incur the lowest operating loss of the three scenarios.

Operating Profit/Loss Summary - Stabilized Year

	<i>Original Convention Center - With Hotel (May 2006)</i>	<i>Multi-Purpose Center - No LC Live, No Hotel (Oct. 2006)</i>	<i>Multi-Purpose Center - With LC Live, With Hotel ¹ (Dec. 2006)</i>
Operating Profit/(Loss)			
Revenues	\$2,500,000	\$2,765,000	\$2,967,000
Expenses	<u>4,000,000</u>	<u>3,894,000</u>	<u>3,930,000</u>
Operating Profit/(Loss)	(\$1,500,000)	(\$1,129,000)	(\$963,000)

¹ Assumes the private development of an adjacent or nearby full-service hotel (approximately 500 rooms).

Source: PricewaterhouseCoopers LLP

VI. MANAGEMENT & MARKETING

In addition to the management and marketing considerations presented in Phase I, certain management and marketing considerations emerge if the proposed Multi-purpose Center is integrated with the *Las Colinas Live*, and a full-service hotel near the Center is developed.

OVERALL MANAGEMENT CONSIDERATIONS

Key operations and management considerations for the Multi-purpose Center integrated with *Las Colinas Live* include the following:

- The Center, managed by an experienced professional firm such as SMG, Global Spectrum or Compass, should work closely with the management of *Las Colinas Live* to ensure that Center management is well aware of the event schedule of Las Colinas. A strong awareness of the events taking place at *Las Colinas Live* will allow Center management to logistically coordinate with events at the Center as well as identify potential entertainment packages for attendees at Center events. The management teams, along with the Irving CVB should engage in regular meetings to plan for short-term and long-term event schedules.
- The management team, along with the Irving CVB, should work closely with the proposed boutique hotel on site at *Las Colinas Live* as well as the expected new hotel nearby to arrange for room block commitments at specified group rates in addition to other hotels in the Urban Center. Given the strong weekday occupancy of the Las Colinas hotel market, it will be important for Center management and the Irving CVB to establish a room block agreement with these hotels.

OVERALL MARKETING CONSIDERATIONS

Key Marketing Considerations include the following:

- Center management and the Irving CVB should market the Multi-purpose Center and *Las Colinas Live* as an integrated meeting/exhibition and entertainment complex. Meeting planners and attendees should be aware that if an event is held in at the Center, there are restaurants, shopping and music/entertainment venues at their doorstep. Center management and the Irving CVB should work closely with the *Las Colinas Live* management so that each management team is delivering a cohesive message, brand, and image for the complex.
- Center management and the Irving CVB should identify opportunities to create entertainment packages for attendees to events at the Center, including group discounts, coupons, and ticket packages for major concerts and events as well as the permanent tenants.

- In working closely with *Las Colinas Live* regarding event schedules, Center management and the Irving CVB should identify potential events to market to that may compliment concurrent events at *Las Colinas Live*. In addition, Center management and the Irving CVB should identify opportunities to host meetings and events as an extension of the main *Las Colinas Live* events.
- To effectively market the Multi-purpose Center with *Las Colinas Live*, additional marketing dollars will be required above that of the stand-alone Multi-purpose Center. Annual marketing costs are estimated to increase to \$1.4 million, up from \$1.3 for the stand-alone Multi-purpose Center due to additional resources needed to market the convention complex and coordinate with DCL management.

VII. COSTS AND BENEFITS

In this section, similar to Phase I, we summarize the costs (operating losses, additional marketing costs, capital reserve, and debt service) and benefits (events, attendance, room nights, and economic impact) of the proposed Multi-purpose Center integrated with *Las Colinas Live*. In the table on the following page, we compare the estimated costs and benefits for the proposed Multi-purpose Center integrated with *Las Colinas Live* to those estimated for the stand-alone Multi-purpose Center and the Original Convention Center for a stabilized year of operations.

Please note that the components of the annual costs and economic impact estimates presented in the Convention Center report for the Original Convention Center program were considered preliminary. The assumptions used in the calculation of these costs and benefits have been further refined.

The following points should also be noted from the table on the following page:

- The Multi-purpose Center integrated with *Las Colinas Live* is estimated to achieve a similar level of demand as the Original Convention Center.
- Consumer show demand is expected to remain the same under all three scenarios.
- Meetings and other events are expected to be the same in terms of total event numbers under all three scenarios, with only a slight decrease in total attendance and room nights for both of the multi-purpose programs.
- Assembly events and sporting events are new event types that would not likely occur without a flexible multi-purpose hall. While sports demand is expected to remain the same under the Multi-Purpose Center with *Las Colinas Live* as the stand-alone Multi-purpose center, concert demand is expected to shift to the *Las Colinas Live* entertainment venues under the Multi-purpose Center with *Las Colinas Live*.
- Additional annual marketing costs are estimated to increase for the Multi-Purpose Center with *Las Colinas Live* due to the additional resources required to market the Center as a convention and entertainment complex and to coordinate with DCL management.
- The Multi-purpose Center with *Las Colinas Live* is expected to incur a lower operating subsidy as a result of the increase in demand for the facility above that of the stand-alone Center.
- The Multi-purpose Center with *Las Colinas Live* is expected to generate higher economic benefits due to the increase in event demand over the stand-alone Center.

Proposed Multi-Purpose Center with LC Live- Cost Benefit Comparison

	<i>Original Convention Center - With Hotel (May 2006)</i>	<i>Multi-Purpose Center - No LC Live, No Hotel (Oct. 2006)</i>	<i>Multi-Purpose Center - With LC Live, With Hotel ¹ (Dec. 2006)</i>
Events			
Conventions & Trade Shows	25	18	25
Consumer Shows	15	15	15
Assembly Events	0	8	5
Sports Events	0	12	12
Meetings and Other Events	225	225	225
Total	265	278	282
Attendance			
Conventions & Trade Shows	29,000	18,000	29,000
Consumer Shows	60,000	60,000	60,000
Assembly Events	0	50,000	35,000
Sports Events	0	29,000	29,000
Meetings and Other Events	56,000	52,000	52,000
Total	145,000	209,000	205,000
Room Nights			
Conventions & Trade Shows	35,000	22,000	35,000
Consumer Shows	12,000	12,000	12,000
Assembly Events	0	1,000	1,000
Sports Events	0	16,000	16,000
Meetings and Other Events	13,000	11,000	11,000
Total	60,000	62,000	75,000
Operating Profit/(Loss)			
Revenues	\$2,500,000	\$2,765,000	\$2,967,000
Expenses	4,000,000	3,894,000	3,930,000
Operating Profit/(Loss)	(\$1,500,000)	(\$1,129,000)	(\$963,000)
Annual Costs			
Estimated Annual Debt Service	\$10,800,000 ²	\$9,700,000 ⁴	\$9,700,000 ⁴
Additional Marketing Costs	\$1,400,000 ³	1,300,000	1,400,000
Capital Reserve	\$418,000 ³	375,000	375,000
Operating Subsidy	1,500,000	1,129,000	963,000
Annual Costs	\$14,120,000	\$12,500,000	\$12,440,000
Economic Impact			
Direct Spending	\$32,000,000	\$44,700,000	\$52,500,000
Total Sales	\$48,600,000	\$67,500,000	\$79,400,000
Income	\$18,200,000	\$25,600,000	\$30,000,000
Jobs	560	730	850
City Taxes	\$1,000,000 ³	\$1,500,000	\$1,800,000

¹ Assumes the private development of an adjacent or nearby full-service hotel (approximately 500 rooms).

² Includes costs for site, design, contingency, financing, pre-marketing and 1,000 spaces of the 2,500-space parking garage. Based on a bond rate of 5.25% and cost of \$161 million.

³ Adjusted from the preliminary May 2006 report to reflect refined information.

⁴ Includes costs for site, design, contingency, financing, pre-marketing and 1,000 spaces of the 2,500-space parking garage. Based on a bond rate of 5.25% and cost of \$146 million.

Source: PricewaterhouseCoopers LLP

OPERATING MODEL

We prepared an operating model for the first 10 years of operation for Multi-purpose Center with *Las Colinas Live* similar to the one prepared for the stand-alone Center in Phase I. The operating model details the number of events, attendance, room nights, revenue, expenses, annual costs, and economic impact of the Multi-purpose Center with *Las Colinas Live*. Similar to the stand-alone Center, the Multi-purpose Center with *Las Colinas Live* is expected to open in 2010 and achieve stabilization in 2015.

The operating model estimates are based on the following for the Multi-purpose Center with *Las Colinas Live*:

- Building program presented in this report, including additional development of a nearby hotel of at least 500 rooms
- Utilization estimates and assumptions presented in this report
- Economic impact estimates and assumptions presented in this report for a stabilized year of operations
- Financial operations estimates and assumptions presented in this report for a stabilized year of operations
- Inflation rate of 2.5 percent for years leading up to Center opening and thereafter
- Construction cost estimates presented in this report of approximately \$129 million
- Start-up of marketing costs of \$1 million
- Financing costs of approximately \$15.5 million (12 percent of construction costs)
- Bonds issued for entire project cost of approximately \$145.5 million
- Bond rate of 5.25 percent
- Debt service payments over a 30-year period
- Annual capital reserve of \$375,000, which represents 0.5 percent of building only construction costs (\$75 million).

The tables on the following pages show the ramp up of events, attendance and room nights to the stabilized year and the revenues/expenses and economic impact associated with the level of event activity. In addition, we detail total annual costs (with adjustments for inflation) of the proposed Multi-purpose Center with *Las Colinas Live*, which include operating losses, additional marketing costs, capital reserve, and debt service payments.

Proposed Multi-Purpose Center with LC Live Operating Model - Events, Attendance & Room Nights

	<i>Opening 2010</i>	<i>2011</i>	<i>2012</i>	<i>2013</i>	<i>2014</i>	<i>Stabilized 2015</i>	<i>2016</i>	<i>2017</i>	<i>2018</i>	<i>2019</i>
Events										
Conventions & Trade Shows	7	11	17	19	22	25	25	25	25	25
Consumer Shows	6	8	10	12	14	15	15	15	15	15
Assembly Events	5	5	5	5	5	5	5	5	5	5
Sports Events	6	6	8	8	12	12	12	12	12	12
Meetings and Other Events	100	125	150	175	200	225	225	225	225	225
Total	124	155	190	219	253	282	282	282	282	282
Attendance										
Conventions & Trade Shows	8,000	13,000	19,000	23,000	26,000	29,000	29,000	29,000	29,000	29,000
Consumer Shows	24,000	32,000	40,000	48,000	56,000	60,000	60,000	60,000	60,000	60,000
Assembly Events	35,000	35,000	35,000	35,000	35,000	35,000	35,000	35,000	35,000	35,000
Sports Events	14,000	14,000	19,000	19,000	29,000	29,000	29,000	29,000	29,000	29,000
Meetings and Other Events	23,000	29,000	35,000	40,000	46,000	52,000	52,000	52,000	52,000	52,000
Total	104,000	123,000	148,000	165,000	192,000	205,000	205,000	205,000	205,000	205,000
Room Nights										
Conventions & Trade Shows	10,000	16,000	23,000	28,000	32,000	35,000	35,000	35,000	35,000	35,000
Consumer Shows	5,000	6,000	8,000	10,000	11,000	12,000	12,000	12,000	12,000	12,000
Assembly Events	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000
Sports Events	8,000	8,000	10,000	10,000	16,000	16,000	16,000	16,000	16,000	16,000
Meetings and Other Events	5,000	6,000	7,000	8,000	9,000	11,000	11,000	11,000	11,000	11,000
Total	29,000	37,000	49,000	57,000	69,000	75,000	75,000	75,000	75,000	75,000

Source: PricewaterhouseCoopers LLP

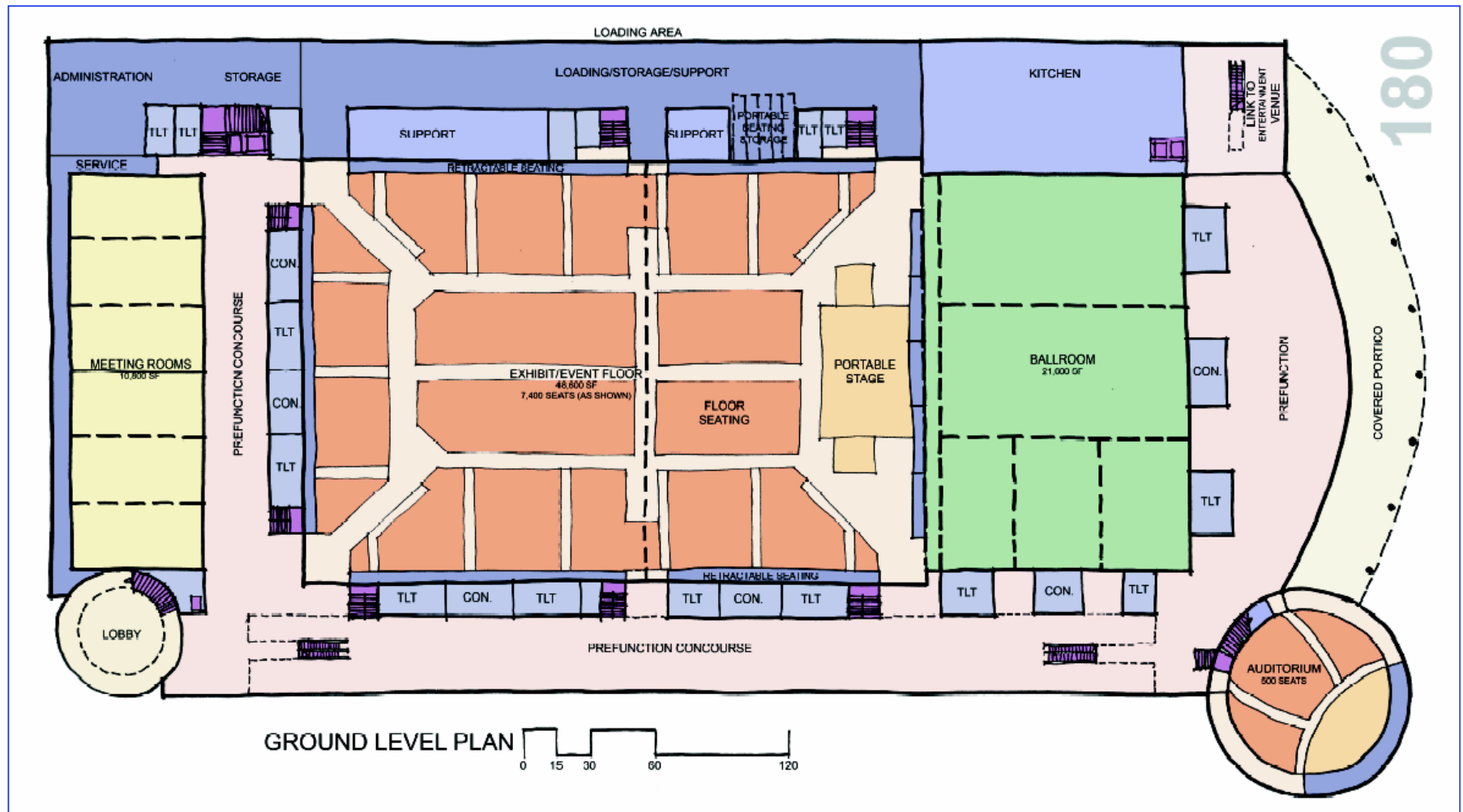
Proposed Multi-Purpose Center with LC Live- Operating Model - Costs & Benefits (Current Dollars)

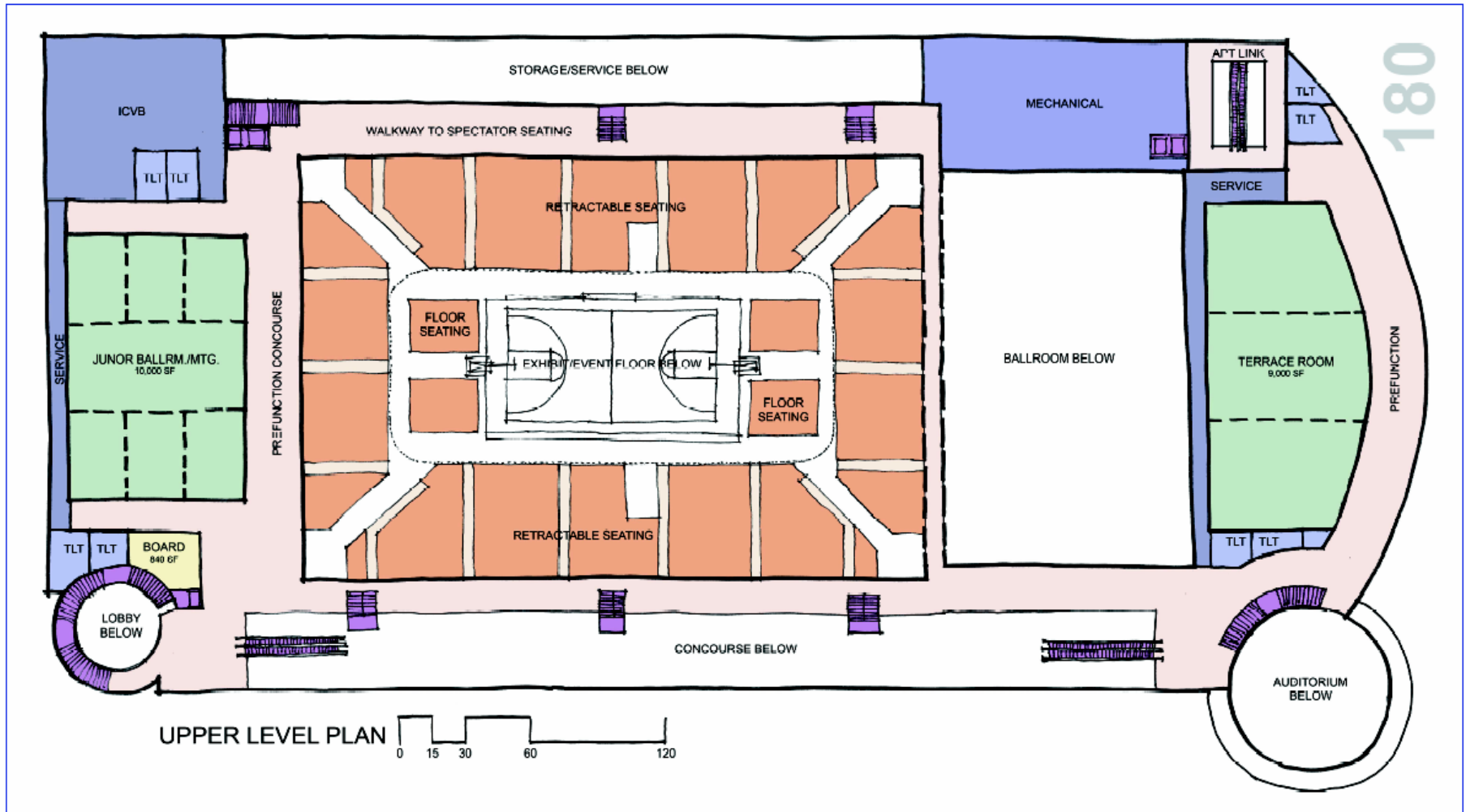
	<i>Opening 2010</i>	<i>2011</i>	<i>2012</i>	<i>2013</i>	<i>2014</i>	<i>Stabilized 2015</i>	<i>2016</i>	<i>2017</i>	<i>2018</i>	<i>2019</i>
Revenue										
Rental revenue	\$495,000	\$671,000	\$900,000	\$1,066,000	\$1,275,000	\$1,430,000	\$1,466,000	\$1,503,000	\$1,541,000	\$1,580,000
Food & beverage, net	308,000	418,000	560,000	664,000	794,000	890,000	912,000	935,000	958,000	982,000
Event services	347,000	470,000	630,000	746,000	893,000	1,002,000	1,027,000	1,053,000	1,079,000	1,106,000
Parking revenue, net	98,000	133,000	178,000	211,000	253,000	283,000	290,000	297,000	304,000	312,000
Other revenue	35,000	47,000	63,000	74,000	89,000	100,000	103,000	106,000	109,000	112,000
Total revenue	\$1,283,000	\$1,739,000	\$2,331,000	\$2,761,000	\$3,304,000	\$3,705,000	\$3,798,000	\$3,894,000	\$3,991,000	\$4,092,000
Expenses										
Salaries & benefits	\$1,830,000	\$1,876,000	\$1,923,000	\$1,971,000	\$2,020,000	\$2,071,000	\$2,123,000	\$2,176,000	\$2,230,000	\$2,286,000
Cleaning, utilities, repairs	1,076,000	1,103,000	1,131,000	1,159,000	1,188,000	1,218,000	1,248,000	1,279,000	1,311,000	1,344,000
G&A, insurance, marketing	552,000	566,000	580,000	594,000	609,000	624,000	640,000	656,000	672,000	689,000
Total event services	240,000	301,000	368,000	426,000	491,000	683,000	700,000	718,000	736,000	754,000
Other expenses	55,000	57,000	58,000	59,000	61,000	62,000	64,000	66,000	68,000	70,000
Management fee	221,000	226,000	232,000	238,000	244,000	250,000	256,000	262,000	269,000	276,000
Total expenses	\$3,974,000	\$4,129,000	\$4,292,000	\$4,447,000	\$4,613,000	\$4,908,000	\$5,031,000	\$5,157,000	\$5,286,000	\$5,419,000
Operating Loss (Rounded)	(\$2,690,000)	(\$2,390,000)	(\$1,960,000)	(\$1,690,000)	(\$1,310,000)	(\$1,200,000)	(\$1,233,000)	(\$1,263,000)	(\$1,295,000)	(\$1,327,000)
Other Costs										
Additional marketing costs	\$1,400,000	\$1,500,000	\$1,500,000	\$1,500,000	\$1,600,000	\$1,700,000	\$1,700,000	\$1,700,000	\$1,700,000	\$1,800,000
Debt service payments	\$9,700,000	\$9,700,000	\$9,700,000	\$9,700,000	\$9,700,000	\$9,700,000	\$9,700,000	\$9,700,000	\$9,700,000	\$9,700,000
Capital reserve	\$410,000	\$420,000	\$430,000	\$450,000	\$460,000	\$470,000	\$480,000	\$490,000	\$500,000	\$520,000
Annual Costs (Rounded)	(\$14,200,000)	(\$14,010,000)	(\$13,590,000)	(\$13,340,000)	(\$13,070,000)	(\$13,070,000)	(\$12,633,000)	(\$12,663,000)	(\$12,695,000)	(\$12,827,000)
Economic Impact										
Direct spending	\$21,600,000	\$29,000,000	\$40,700,000	\$47,300,000	\$59,100,000	\$65,600,000	\$67,200,000	\$68,900,000	\$70,600,000	\$72,400,000
Total sales	\$32,700,000	\$43,900,000	\$61,600,000	\$71,500,000	\$89,400,000	\$99,200,000	\$101,600,000	\$104,200,000	\$106,800,000	\$109,500,000
Income	\$12,300,000	\$16,600,000	\$23,300,000	\$27,000,000	\$33,800,000	\$37,500,000	\$38,400,000	\$39,371,000	\$40,343,000	\$41,371,000
Jobs	280	380	530	610	770	850	850	850	850	850
City taxes	\$740,000	\$990,000	\$1,400,000	\$1,620,000	\$2,030,000	\$2,250,000	\$2,300,000	\$2,360,000	\$2,420,000	\$2,480,000

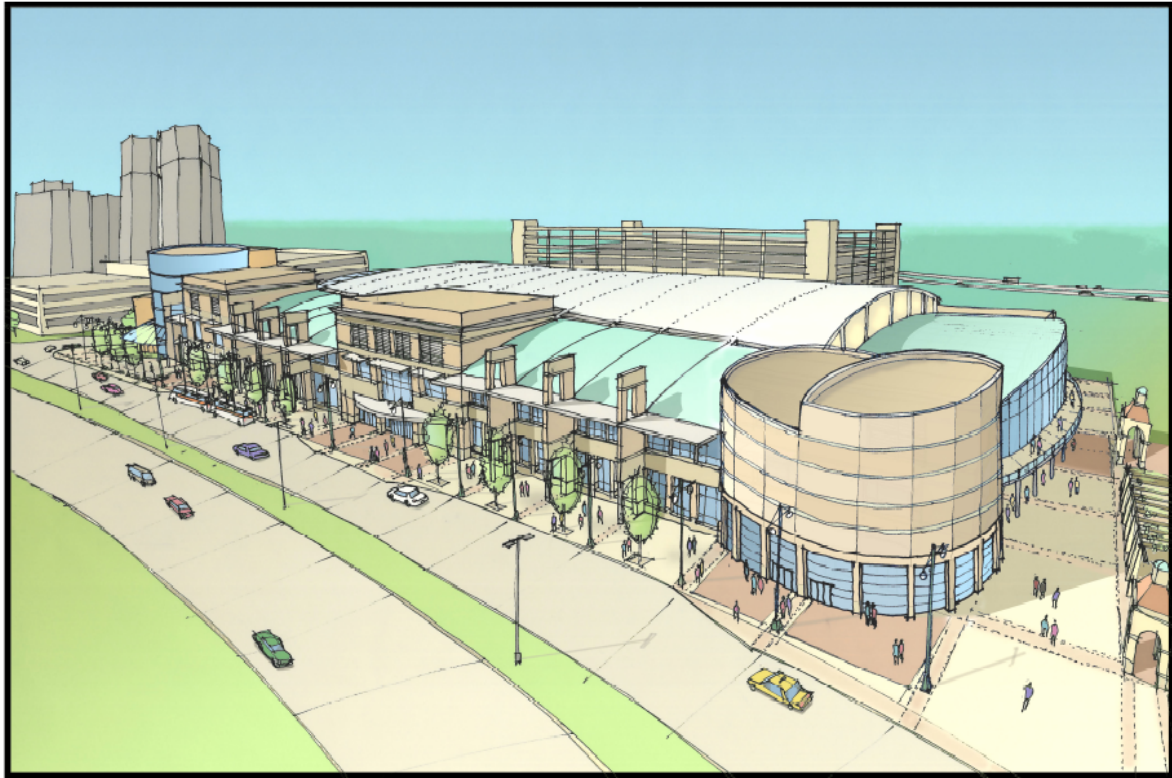
¹ Assumes the private development of an adjacent or nearby full-service hotel (approximately 500 rooms).

Source: PricewaterhouseCoopers LLP

APPENDIX A: HOK CONCEPTUAL PLANS







**Irving Multipurpose Convention Center
Conceptual Project Budget**

180 Extended Concept with Terrace Room

7-Dec-2006

I. Site Costs

Land Acquisition	407,000	SF @ \$	-	/SF	\$	-	
Relocation Costs					\$	-	
Hazardous Materials Abatement					\$	500,000	allowance
Utility Relocations					\$	1,000,000	allowance
Demolition/Site Clearing	407,000	SF @ \$	1.25	/SF	\$	500,000	
Subtotal Site Costs					\$	2,000,000	

II. Construction Costs

New Construction	250,000	SF @ \$	300	/SF =	\$	75,000,000	
Supported Exterior Slab (loading)	-	SF @ \$	25	/SF =	\$	-	
Modifications to Existing					\$	-	
Subtotal Construction Costs					\$	75,000,000	

III. Ancillary Construction

Public Areas/Streetscape					\$	2,000,000	allowance
Link to Headquarters Hotel	-	LF @ \$	1,000	/LF	\$	-	Not Included
Street Retail Shell Space	-	SF @ \$	150	/SF	\$	-	Not Included
Parking Structure	1,000	PS @ \$	12,500	/PS =	\$	12,500,000	
Modifications to Existing APT					\$	2,500,000	allowance
Subtotal Ancillary Construction					\$	17,000,000	

IV. Other Project Costs

Furnishings, Fixtures, Equipment	9.5%	of	75,000,000	=	\$	7,100,000	
Telescoping Spectator Seating	6,440	seats	\$ 800.00	=	\$	5,200,000	
Testing & Inspection	0.8%	of	92,000,000	=	\$	600,000	
Design, Engineering, other Fees	10.0%	of	104,300,000	=	\$	10,400,000	
Subtotal Other Costs					\$	23,300,000	

V. Contingency

Project Subtotal					\$	117,300,000	
Project Contingency	10%				\$	11,730,000	

TOTAL PROJECT COST SUMMARY

I. Site Costs					\$	2,000,000	
II. Construction Costs					\$	75,000,000	
III. Ancillary Construction					\$	17,000,000	
IV. Other Project Costs					\$	23,300,000	
V. Contingency					\$	11,730,000	
Total Project Cost					\$	129,030,000	
Financing, other Development Costs	12%	of	\$129,030,000		\$	15,483,600	
Total Project Cost including Development					\$	144,513,600	

APPENDIX B: LIST OF INTERVIEWEES

PricewaterhouseCoopers held discussions with the following individuals throughout the study of the Multi-purpose Center. It should be noted that the discussions identified in this list are in addition to the interviews conducted for the Convention Center study, as listed in Appendix A of the Convention Center Report.

Name	Title	Organization
David Leininger	Chief Financial Officer	City of Irving
Tom Henry	Athletics Supervisor	City of Irving
Bee Lee	Sports & Entertainment Sales	Irving CVB
Maura Gast	Executive Director	Irving CVB
Bill Beuck	-	Dallas City Limits (Las Colinas Live)
Ricky Knox	-	Dallas City Limits (Las Colinas Live)
Sandi Bailey	-	Dallas City Limits (Las Colinas Live)
Ray Braun	Senior Vice President	Economic Research Associates
Matthew Earnest	Senior Associate	Economic Research Associates
Richard Huff	Executive Director	Irving Arts Center
Kass Prince	Assistant Executive Director	Irving Arts Center
Kirk Slaughter	Executive Director	Fort Worth Convention Center
Mike Renfro	Director of Corporate Sales	Lone Star Park
Brad Clements	Director of Events	Big 12 Conference
Alfred White	Associate Commissioner	Conference USA
Mike Kunstadt	Founder & President	Great American Sports
Wes Grandstaff	Founder & Director	Next Level Ballers
Rodney Hand	Spikefest Founder & Producer	Spikefest (volleyball tournament)
Nils Dekau	Texas Youth Director	USSSA Basketball
Michael Kilpack	Director of Sports	Amateur Athletic Union
Stan Quash	Sports Manager - Basketball	Amateur Athletic Union
Joe Crawford	Senior Sports Manager - Basketball	Amateur Athletic Union
Bob Mills	Assistant Director, Finance & Admin.	Ocean Center
Tim Buckley	Convention Sales Manager	Ocean Center
Kevin Baroni	Director of Sales & Marketing	Pontchartrain Center
Craig Liston	General Manager	Knoxville Convention Center
Jason Aughey	Sales & Events Manager	Tampa Bay Sports Commission
Mike Gunn	Senior Vice President of Sales	Greater Birmingham CVB

APPENDIX C: ECONOMIC IMPACT CONCEPTS

In their simplest form, the economic impacts of convention center events can be measured by estimating the total direct spending associated these events. However, to suggest that the only impact that these activities have on the City of Irving's economy is direct sales would be incorrect, because the associated spending– which would not otherwise be realized within these economies – also produces a ripple effect as the initial dollars (or "first round" spending) are re-spent (by their second or third round recipients) within the local economy.

Increased activity or indirect benefit from subsequent spending rounds is commonly known as the “multiplier effect.” The size of a given economy’s or area's multiplier is directly related to its geographic size, population and diversity of its industrial and commercial base. A larger population is generally able to support a more diverse economic base and more products are likely to be manufactured and purchased locally. Therefore, money injected into the economy is re-spent more often, causing greater changes in local business volume.

DEFINITIONS OF ECONOMIC AND FISCAL IMPACTS

Economic impacts are calculated in terms of direct effects, indirect effects, induced effects, total effects, and fiscal impacts. Each of these terms is defined below.

- **Direct effects** are defined as "first round" spending associated with a new activity within the economy (i.e. event activity at the convention center, hotel operations, or construction of a new/renovated convention center/headquarter hotel).
- **Indirect effects** arise from the need of one industry to purchase goods or services from other industries to produce its output. For example, when one business that is a direct recipient of event-related spending purchases its inputs from another business within the City or State in order to produce its output (e.g., a restaurant or concessionaire buys produce from a local vendor), the second business also realizes economic benefit through the “ripple” or indirect effect of the initial expenditure.
- **Induced effects** occur when the income levels of residents rise as a result of increased economic activity and a portion of the increased income is re-spent within the local economy.
- **Total effect** is the sum of direct, indirect, and induced effects. Total effects are provided in terms of sales, resident income, and employment.
- **Fiscal impacts** quantified in this report include specific the City of Irving tax revenues generated through initial and subsequent rounds of spending.

As a result of new direct, indirect, and induced spending, the City of Irving economy benefits from the following:

- **Sales volume** – an increase in total aggregate economic activity resulting from new expenditures or new dollars imported into an economy. In other words, sales volume

represents the total dollar flow of sales made by the major economic sectors (wholesale, retail, manufacturing, and services). Sales volume is equal to total economic output less unsold production during the same period that remains in inventory. However, unsold inventory effects associated with the new economic activity described in this study are assumed to be negligible;

- **Income** – this represents changes in personal earnings resulting from increased employment supported by new dollars flowing into the economy; and
- **Employment** – the equivalent number of new employees supported by the direct and indirect spending. This estimate is calculated based on average wages paid locally.

MULTIPLIER EFFECTS

Input-output modeling traces the interrelationships of industries within a given economy to understand the impact that a dollar spent in a given industry has on other industries in that economy. When a business that is an initial recipient of new spending purchases goods and services from other producers these purchases comprise the indirect effect of the initial expenditure. This process is repeated until subsequent purchases are made from producers that are not a part of the given economy (e.g., a producer imports an input from another city, state, or nation) and the flow of money within the studied economy ceases (or “leakage” occurs). A similar flow of money occurs when an economy realizes increased personal income as a result of increased needs for human resources to operate an expanded convention center/new headquarter hotel, to produce the goods or services which convention/trade show delegates spend their money on, or to construct a new facility. This increased personal income is then spent by its recipients on purchases of goods and services within the local economy and is termed the “induced effect.”

Indirect and induced effects can be mathematically derived through input-output models and result in sets of multipliers, specific to a particular region or economy. These sets provide a description of the change in sales for every regional industry caused by a one-dollar change in demand for any given industry. The modeling system used in this analysis is IMPLAN (IMpact Analysis for PLANning), created by the Minnesota IMPLAN Group, Inc (MIG).

Three different sets of multipliers are estimated by IMPLAN corresponding to three measures of regional economic activity; total sales, personal income, and employment. For each set of multipliers, three types of multipliers are generated, Type I, Type II, and Type III.

- **Type I multipliers** – A Type I multiplier is the direct effect, produced by a change in final demand, plus the indirect effect divided by the direct effect. Increased demands are assumed to lead to increased employment and population with the average income level remaining constant. The Leontief inverse (Type I multipliers matrix) is derived by inverting the direct coefficients matrix. The result is a matrix of total requirement coefficients, the amount each industry must produce in order for the purchasing industry to deliver one dollar's worth of output to final demand.

- **Type II multipliers** – A different type of multiplier is the Type II. In addition to inter-industry effects, this multiplier takes into account the income and expenditures of households. The household income and expenditure are included in the Leontief inversion. This internalizes the household sector, therefore, a Type II multiplier includes the induced, or household spending, effects.
- **Type III multipliers** – The IMPLAN Type III multiplier is an employment-based calculation of the induced effects. It assumes full employment and, therefore, each job adds/subtracts population with an associated average expenditure per person. The Type III multipliers are based on the employment generated by the new economic activity as captured by the Type I multiplier. This new employment is translated into a number of persons through a population to worker ratio. The population change is introduced to the model, resulting in induced economic activity via the Type I multiplier. In general, Type III multipliers tend to be higher than Type II. One consideration for Type III multipliers is that it treats all jobs equally, whether it is a manufacturing job or a job at a restaurant. Its use is recommended when the types of jobs created are known to be of similar nature.

IMPLAN Type II multipliers are used in this analysis to estimate economic impacts generated from the proposed Center.

IMPLAN produces a report that provides multipliers for over 500 sectors of economic activity at the city, county, region, and state level. These are calculated using the methodology described above.

APPENDIX D: DEFINITIONS OF TERMS

Various types of facilities and events are referred to throughout this report. The following provides a brief description of relevant terms.

FACILITY TYPES

Facilities are developed offering various space sizes, configurations, and amenities to accommodate different types of user groups within the trade show and meetings industries. The following section presents characteristics of different types of venues.

Convention Centers

A convention center contains one or more exhibition halls and a large number of meeting or “break-out” rooms. Total meeting room and ballroom space is typically one-third to one-half the size of the center’s exhibition space. Space is usually provided for a kitchen, separate ballroom and, occasionally, for a theater-style assembly center. Entry lobbies are usually sized to accommodate attendee registration. Interior lobbies, for entry into ballrooms, often serve as pre-function areas and are sized to host receptions for guests before an event.

Convention centers host conventions, trade shows, public or consumer shows, conferences, receptions, banquets, and other large assembly events.

Exhibition Halls

An exhibition hall may contain 50,000 to over 1 million square feet of contiguous flat-floor space. The space is typically larger than that of destination’s hotels’ largest ballroom or exhibit facilities. Because of the building constraints of an urban environment, exhibition halls are often located at the perimeter of a city. Multilevel exhibition halls are successfully marketed in only a few of the most popular destinations in the world, such as Chicago and Hong Kong. In the U.S., exhibition halls almost always form part of a convention center. In Mexico, Canada, and Europe, they are often freestanding.

Convention Hotels

Convention hotels are large hotels with one or more ballrooms and a number of break-out rooms. At times, convention hotels also provide dedicated exhibit space. Meeting space in convention hotels tends to be of high-quality with carpeting and attractive finishes as opposed to a box-like appearance of exhibit halls in convention centers or trade centers. Advantages of holding an event in a convention hotel include having meeting space and sleeping rooms under one roof, in-house catering, and obtaining meeting rooms at low or no charge if the event occupies the necessary number of sleeping rooms and meets the required spending on food and beverage.

Convention hotels typically host smaller conventions, corporate meetings, incentive and social events (wedding receptions, company parties, luncheons, etc.).

Conference Centers

According to the International Association of Conference Centers (IACC), conference centers typically consist of guest rooms located adjacent or proximate to the center, though some centers are in fact nonresidential. Conference centers differ from “convention” hotels and convention centers in that they are designed primarily for more intimate seminars and top-level strategic planning sessions, typically serving groups of fewer than 75 people and offering a limited number of guest rooms separate from the conference and leisure areas.

In contrast to convention centers, conference centers typically serve smaller groups and offer a higher quality of service. In addition, conference centers have a higher ratio of meeting space-to-guest rooms, provide upscale furnishings (e.g., upholstered ergonomic chairs), high-tech audio-visual equipment, skilled conference planning staff, and other amenities which maximize the effectiveness of the seminars and other intensive, high-value meetings it hosts. Conference centers and their guest rooms are nearly always privately-owned, as compared with convention centers which are primarily owned, and otherwise supported, by public agencies or governmental entities. Also, convention center ownership is normally separate from and/or unrelated to hotel ownership, whereas, conference center ownership is typically in conjunction with guest rooms. However, public ownership of convention hotels has escalated in recent years as a means for the destination to become more competitive with other cities.

Multi-purpose Centers

In smaller or sometimes less affluent cities, multi-purpose centers are developed to host a wide variety of exhibition, trade, convention and meeting events. Multi-purpose halls and their subsections tend to total less than 50,000 square feet. This space type differs from an exhibit hall primarily on the basis of its uses. Multi-purpose halls are used regularly for both exhibitions and common ballroom events, such as plenary sessions and banquets. Multi-purpose halls also tend to exhibit higher quality finishes than exhibit halls.

Merchandise Marts

Merchandise marts are typically mid-rise buildings with offices and permanent show rooms for consumer product displays and permanent exhibit space on the ground floor typically ranging from 30,000 to 50,000 square feet. The ceiling heights in the exhibit area are typically lower than those in convention centers or exhibition halls. Merchandise marts do not usually compete directly with convention centers or exhibition halls, but cities that do not have merchandise marts will often host merchandise-mart-type events in their convention centers or exhibition halls. Merchandise mart tenants generally fall into the following categories: apparel, gifts; furniture; and home interiors.

Trade Centers

A trade center is typically a special-purpose office building oriented toward a specific group of users with a common interest in international trade. Tenants are engaged in sale, service, regulation, or transportation of goods for imports or exports, as are customs agents, insurance brokers, banks, trading companies, etc. Buildings are designed as offices and bear no relationship to facilities designed for public assembly. Trade centers often purchase franchises for their areas, granting them exclusive use of the name “World Trade Center” in their territory, region, or metropolitan area. In the U.S. World Trade Centers are typically privately owned, whereas outside the U.S., these centers are typically government-owned facilities.

EVENT TYPES

Meeting venues host a variety of events including conventions, trade shows, consumer shows, and other events. Each of these events place different priorities on facility and site location characteristics and destination amenities. The following section presents the characteristics differentiating these events and discusses how selection of a venue or destination is influenced by the requirements of each group.

Conventions

Conventions are large gatherings typically hosted by professional or social associations and are held in convention centers or hotels. Conventions (with and without exhibits) are considered “high economic impact” events for three reasons: 1) because convention attendees generally have a longer length of stay than attendees to other types of events, 2) convention attendees typically bring accompanying persons, and 3) convention attendees have a greater propensity for pre- and post-event visitation in the host city. In addition to hotel expenditures, convention attendees purchase other goods and services from restaurants, retail shops, local attractions, and transportation services.

The following paragraphs further describe professional association and social, military, educational, religious, fraternal (“SMERF”) group conventions.

Professional Associations

Professional association events may take place annually or more often and are attended by association members and invited guests. The professional association event may consist of a single assembly or plenary session or a number of concurrent meetings or “break-out” sessions. Professional association events often include exhibits to display and demonstrate products and services unique to their business or profession. Admission to these exhibitions may be open to non-members who may be required to pay a fee for attendance.

Professional association conventions are typically considered to be among the highest economic impact generating events that a convention center can host, as many professional association event attendees have their expenses paid by their companies and are not as cost

sensitive as other event attendees that must pay their own way. Exhibitors and attendees of professional association events also tend to spend substantial amounts on entertaining within the destination.

SMERF Groups

SMERF events are attended by persons who are members of social, military, educational, religious or fraternal organizations. These events are typically sponsored by the organization associated with a specific type of not-for-profit activities as contrasted to an occupation or industry affiliate as with professional association events and trade shows, respectively.

SMERF groups tend to travel to the event in larger delegate groups than attendees to professional association events or trade shows. They tend to generate less economic impact on a per attendee basis than professional association events and trade shows because attendees to SMERF events typically pay their own way (i.e., not on a company expense account) and thus spend less per capita. These groups tend to meet on weekends and during off-peak periods when lower rates and better values can be obtained.

Trade Shows

Trade shows are attended by persons engaged in commercial activities and are normally sponsored by a trade association comprised of members employed in a certain industry as contrasted to employment in a specific occupation. Consequently, attendees are primarily interested in viewing the display and demonstration of products and secondarily attending seminars or lectures for the exchange of ideas or information. Trade shows are often held in the same area of the country where their activities/members are concentrated, and often in the same venue each year (non-ambulatory or non-rotational), e.g., jewelry show in New York, housewares show in Chicago, petroleum drilling supplies in Houston, etc. Compared with conventions, however, trade show attendees often travel to the exhibition with the purpose of seeing a specific type of product of interest to them and then leave after accomplishing their purpose. Although a trade show may run five days, the “average attendee” might only stay one or two nights.

Public and Consumer Shows

Consumer (public) shows are ticketed events open to the public. They are exhibitions of consumer retail products for display and sale to attendees. Consumer shows typically take place in convention centers and, depending on the size, location of show, and type of merchandise sold, usually attract mainly local residents.

Other Local Events

Other events commonly hosted in convention centers include festivals, reunions, graduations, receptions, banquets, seminars, and meetings. Types and sizes of these events are

determined by the local and regional economy and the availability in the community of other assembly, exhibition, and entertainment facilities.

The following table illustrates characteristics of the main convention and conference event types described in this section.

Merchandise Mart Events

Merchandise mart events are essentially tradeshow, but they differ in that the majority of attendees are buyers for retail stores whose length of stay is usually limited to the time required to see new product lines and place orders. Merchandise mart events are often referred to as "markets", which are held periodically throughout a year.

APPENDIX E: TERMS & CONDITIONS

The accompanying analyses do not constitute an audit, examination, review or compilation of historical or prospective financial information conducted in accordance with Generally Accepted Auditing Standards or with standards established by the American Institute of Certified Public Accountants ("AICPA"). Accordingly, we are unable to express any opinion or any other form of assurance with respect to whether the recommendations and conclusions are presented in conformity with AICPA presentation guidelines.

To the best of our knowledge and belief, the statements of facts contained in this report, upon which the analysis and conclusion(s) expressed are based, are true and correct. Information, estimates and opinions furnished to us and contained in the report were obtained from sources considered reliable and believed to be true and correct. However, no representation, liability or warranty for the accuracy of such items is assumed by or imposed on us, and is subject to corrections, errors, omissions and withdrawals without notice. Information from all sources was taken without verification or audit.

Our analyses are based on estimates and assumptions developed in connection with this engagement. Some assumptions, however, inevitably will not materialize, and unanticipated events and circumstances will occur; therefore, actual results achieved during the period covered by the accompanying financial analyses will vary from the estimates contained therein and the variations may be material. We take no responsibility for any events, conditions or circumstances affecting the findings or estimates provided in this report that take place subsequent to the last day of our fieldwork, December 7, 2006.

Services performed in relation to this report did not include ascertaining the legal and regulatory requirements applicable to the proposed project, including zoning, other state and local government regulations, permits, and licenses. Further, no effort was made to determine the possible effect on this project of future energy shortages or present or future federal, state or local legislation, including any bond restrictions, environmental or ecological matters, interpretations thereof or subsurface conditions. The analyses were based on the work plan described in our contract dated October 20, 2005 and addenda dated May 26, 2006 and October 3, 2006, estimates and assumptions from previous studies, information developed from supplemental research, knowledge of the industry and other sources, including certain information that you provided. These sources of information and bases of significant estimates and assumptions are stated in the report.

Report and analysis of characteristics included herein, are intended for the information of the person or persons to whom they are addressed, solely for the purposes stated therein and should not be relied upon for any other purpose. Neither this report nor its contents, nor any reference to PricewaterhouseCoopers LLP may be included or quoted in any offering circular or registration statement, prospectus, sales brochure, advertisement, appraisal, loan or other agreement or documentation without prior written consent of the form and context in which it appears.