



DRAFT MARKET & FEASIBILITY STUDY

Proposed Convention Center and Headquarter Hotel

TALLAHASSEE, FL



SUBMITTED TO:

Mr. Michael Parker
City of Tallahassee
300 South Adams Street, A-17
Tallahassee, Florida, 32301
michael.parker@talgov.com
+1 850 891-8665

PREPARED BY:

HVS Convention, Sport & Entertainment
Facilities Consulting
205 West Randolph
Suite 1650
Chicago, Illinois 60606
312-587-9900



Convention, Sports & Entertainment
Facilities Consulting
Chicago, Illinois

205 West Randolph
Suite 1650
Chicago, Illinois 60610
+1 312-587-9900
+1 312-587-9909 FAX
www.hvs.com

Mr. Michael Parker
City of Tallahassee
300 South Adams Street, A-17
Tallahassee, Florida, 32301
michael.parker@talgov.com

Re: Proposed Convention Center and Headquarter Hotel
Tallahassee, FL

Atlanta
Boston
Boulder
Chicago
Dallas
Denver
Las Vegas
Mexico City
Miami
Nassau
New York
Newport
San Francisco
Toronto
Vancouver
Washington
Athens
Buenos Aires
Dubai
Hong Kong
Lima
London
Madrid
Mumbai
New Delhi
Sao Paulo
Shanghai
Singapore

Dear Mr. Parker:

Pursuant to your request, we herewith submit our DRAFT Market & Feasibility Study of a Proposed Convention Center and Headquarter Hotel in Tallahassee, FL.

We hereby certify that we have no undisclosed interest in the property, and our employment and compensation are not contingent upon our findings. This study is subject to the comments made throughout this report and to all assumptions and limiting conditions set forth herein.

It has been a pleasure working with you. We look forward to hearing your comments.

Sincerely,

DRAFT DOCUMENT

Thomas A Hazinski
Managing Director
HVS Convention, Sports & Entertainment Facilities Consulting

DRAFT DOCUMENT

Catherine Sarrett
Project Manager
HVS Convention, Sports & Entertainment Facilities Consulting

DRAFT DOCUMENT

John Lancet
Associate Managing Director
HVS Consulting & Valuation, Miami



Table of Contents

SECTION	TITLE
1.	Introduction and Executive Summary
2.	Site Evaluation
3.	Market Area Overview
4.	Convention Industry Trends
5.	Survey Findings
6.	Comparable Convention Center Venues
7.	Convention Center Building Program Recommendations
8.	Convention Center Demand Analysis
9.	Convention Center Financial Analysis
10.	Hotel Analysis and Recommendations
11.	Economic Impact
12.	Approach to Financing
13.	Statement of Assumptions and Limiting Conditions
14.	Certification
	Appendix A - Comparable Venues
	Appendix B - Survey Results

1. Introduction and Executive Summary

Nature of the Assignment

The City of Tallahassee Community Redevelopment Agency (“CRA”) engaged HVS Convention Sports and Entertainment Facilities Consulting (“HVS”) to conduct a Market & Feasibility Study of a Proposed Convention Center and Headquarter Hotel in Tallahassee, FL (the “City”). For the purpose of this analysis, HVS assumes that the convention center and the hotel would be owned and operated as independent entities, complementing one another, and forming the City’s main convention assets. The demand, financial and impact projections presented in this report assume that both facilities begin operation in January 2014.

The City through the CRA is initiating the development and would solicit the participation of private development and hotel companies. The CRA, established in 1998 by the City to "create a framework for the redevelopment and enhancement of selected areas of the central urban district," is the current owner of a 5.31-acre land parcel located along the 400 block of West Gaines Street in Tallahassee, Florida. The fee simple ownership rights of the proposed site were assigned to the City in April of 2005. The City owned the subject parcel until February of 2010 at which point the ownership rights were transferred to the CRA for a nominal fee.

Methodology

In order to complete this assignment HVS staff performed the following tasks:

1. Thomas Hazinski and John Lancet traveled to Tallahassee, FL in the week of January 24, 2011, during which they met with client representatives and other stakeholders, performed a site inspection, met with key industry participants, visited other venues in the city, and gathered relevant data,
2. Reviewed a number of previously issued reports and studies, including The Greater Frenchtown/Southside Community Redevelopment Plan (2000), the Downtown Community Redevelopment Plan (2004), Seminole Boosters Phase I Conceptual Master Plan (2009), the Bonn Marketing report on Preferences for a Full service Downtown Conference Hotel (2010), and several other reports,
3. Analyzed the economic and demographics that indicate whether and the extent to which the local market area is supportive of the Proposed Convention Center and Headquarters Hotel,
4. Conducted and analyzed a survey of local, state, and national event planners and promoters to assess their event histories, current and future

facility needs, and their overall interest in using the proposed convention center in Tallahassee,

5. Compiled data on 29 competitive and comparable state, regional, and national venues to inform and test the reasonableness of the building program recommendations and demand and financial forecasts,
6. Recommended a facility program plan and forecast of event demand and room night generation for the proposed convention center,
7. Forecast the financial operations of the proposed convention center,
8. Prepared a complete evaluation of the Tallahassee lodging market,
9. Evaluated three guest room scenarios for the proposed headquarters hotel based on the hotel market study and the incremental induced demand from the proposed convention center,
10. Forecast the financial operations of the proposed headquarters hotel for the recommended scenario, and
11. Estimated the economic and fiscal impacts of the proposed convention center and headquarters hotel on the State of Florida and the City of Tallahassee.

HVS staff collected and analyzed all information contained in this report. HVS sought out reliable sources and HVS deemed information obtained from third parties to be accurate.

Recommended Program

HVS relied on an in-depth user survey, other market research, a site inspection, review of comparable convention centers, analysis of historical operations at the Tallahassee Leon County Civic Center (“Civic Center”), and knowledge of industry practices to recommend a convention center program for the proposed Tallahassee Convention Center (“TCC”) and integrated headquarters hotel property. This facility program should serve as a guide for subsequent physical planning aimed at providing the desired program elements on the proposed site.

HVS recommends new building infrastructure such that the proposed TCC’s total convention facility package includes approximately:

- A 100,000 square foot multi-purpose hall, divisible into 4 divisions,
- A 15,000 square foot ballroom with 4 main divisions and 6 sub-divisions,
- 27,000 square feet of flexible meeting space with 20 main divisions and a variety of room sizes and configurations, and
- A headquarter hotel with approximately 300 guest rooms.



Demand Analysis

Based on the above convention facility program, the market and comparable facility analyses, and the implementation of other recommendations presented throughout this study, HVS projects the following demand for the proposed TCC. Based on the facility’s opening in January 2014, HVS estimates that event demand will stabilize in the fourth year of operation—2017

FIGURE 1-1 FIVE-YEAR EVENT DEMAND AND ROOM NIGHT ESTIMATES

	Number of Events	Attendance	Room Nights
2014	127	120,000	28,963
2015	138	130,000	33,643
2016	147	140,000	37,408
2017	155	150,000	40,760
2018	155	150,000	40,760

Hotel Analysis

Based on the above room night projections for induced convention center demand, HVS calculated the occupancy, the average daily rate (“ADR”), and the revenue per available room (“RevPar”) for the recommended 300-room headquarter hotel. The following figure presents these figures through stabilization in 2018.

FIGURE 1-2 FIVE YEAR HOTEL OCCUPANCY, ADR, AND REVPAR PROJECTION

		300-Room Scenario		
		Occupancy	ADR	RevPAR
Opening	2014	51 %	\$117.13	\$59.74
	2015	61	127.06	77.51
	2016	69	137.46	94.85
	2017	71	141.49	100.45
Stabilization	2018	72	145.82	104.99

Financial Projections

HVS applied a series of revenue and expense assumptions regarding facility utilization and operations to develop comprehensive operating financial statements for the proposed convention center and hotel. The following figure presents resulting net income projections for the first ten years of operation.

FIGURE 1-3 TEN YEAR CONVENTION CENTER AND HOTEL NET INCOME (LOSS) PROJECTIONS

Year	Convention Center Net Income (Loss) (\$000)	HQ Hotel Net Income (Loss) (\$000)
2014	(\$2,056)	\$366
2015	(2,095)	2,193
2016	(2,123)	3,851
2017	(2,158)	4,063
2018	(2,223)	4,362
2019	(2,290)	4,493
2020	(2,358)	4,628
2021	(2,429)	4,767
2022	(2,502)	4,909
2023	(2,577)	5,057

Economic and Fiscal Impacts

HVS identified the new direct spending that would occur in the State and local economies due to the operations of the proposed TCC and Headquarter Hotel. HVS uses the IMPLAN input-output model to estimate indirect and induced impacts as well as the jobs created based on this direct spending. The following figure presents the sum results of this analysis for the new spending projected in the State of Florida and in the City of Tallahassee. The figure also contains the corresponding fiscal impacts of this spending. Dollar values represent the first year of stabilized demand, 2017, and are expressed in 2011 dollars.

FIGURE 1-4 ECONOMIC AND FISCAL IMPACT

Summary of Impacts	State of Florida	Leon County/Tallahassee
Economic Impact	\$12 million	\$25.1 million
Fiscal Impact	\$340,000	\$560,000
Jobs	120	320

Approach to Financing and Operations

Five different scenarios are available with respect to the various options for operations, ownership, and financing of the proposed convention center and headquarter hotel. While each of the five models offers its own distinct advantages and disadvantages, understanding the circumstances under which each model works best often provides a better guide to the most appropriate model for a

proposed development. Additionally, the goals and desires of the community, regarding public financing, financial performance of the facility and economic impacts on the community, can identify one or two of the most suitable models for the proposed development. The following figure presents these models with a brief overview of key features and requirements.

FIGURE 1-5 OPERATIONS AND OWNERSHIP MODELS

		Ownership/Financing		
		Private	Public Private Partnership	Public
Operations	Integrated	Not Feasible	Private ownership of improvements on land leased from public sector. Requires substantial public incentives.	Public tax-exempt debt financing of entire project. Integrated venue operated under a Qualified Management Agreement ("QMA").
	Stand Alone	Private Ownership of hotel only. Convention Center not feasible.	Private ownership and operation of hotel. Public ownership and operation of convention center assets. Separate but coordinated operations.	Public debt financing of both projects. May be separate debt issuances. Separate QMAs for operation of hotel and convention center. Potential "self-operation" of the convention center.

2. Site Evaluation

The suitability of the land for the operation of a lodging facility is an important consideration affecting the economic viability of a property and its ultimate marketability. Factors such as size, topography, access, visibility, and the availability of utilities have a direct impact on the desirability of a particular site.

The subject site is located at 402 West Gaines Street in the City of Tallahassee, Florida. The site is made up of the entire area within the city block that is formed by West Gaines Street (to the south), South Macomb Street (to the west), West Madison Street (to the north), and South Martin Luther King Junior Boulevard Street (to the east).

Physical Characteristics

According to the Leon County Property Appraiser, the subject site measures approximately 5.31 acres, or 231,304 square feet. The parcel's adjacent uses are set forth in the following table.

FIGURE 2-1 SUBJECT PARCEL'S ADJACENT USES

<u>Direction</u>	<u>Adjacent Use</u>
North	Tallahassee-Leon County Civic Center
South	Strip center with retail outlets and restaurants
East	Action Auto Repair, vacant land
West	Florida Professional Firefighters Association, vacant land

FIGURE 2-2 AERIAL PHOTOGRAPH OF THE SUBJECT PARCEL



VIEW FROM SITE TO THE NORTH



VIEW FROM SITE TO THE EAST



VIEW FROM SITE TO THE SOUTH



VIEW FROM SITE TO THE WEST



HVS assumes that there will be vehicular access to the proposed subject property. The topography of the parcel is gently rolling, with ground elevations being slightly higher at the southeastern portion of the parcel. The parcel's shape is rectangular.



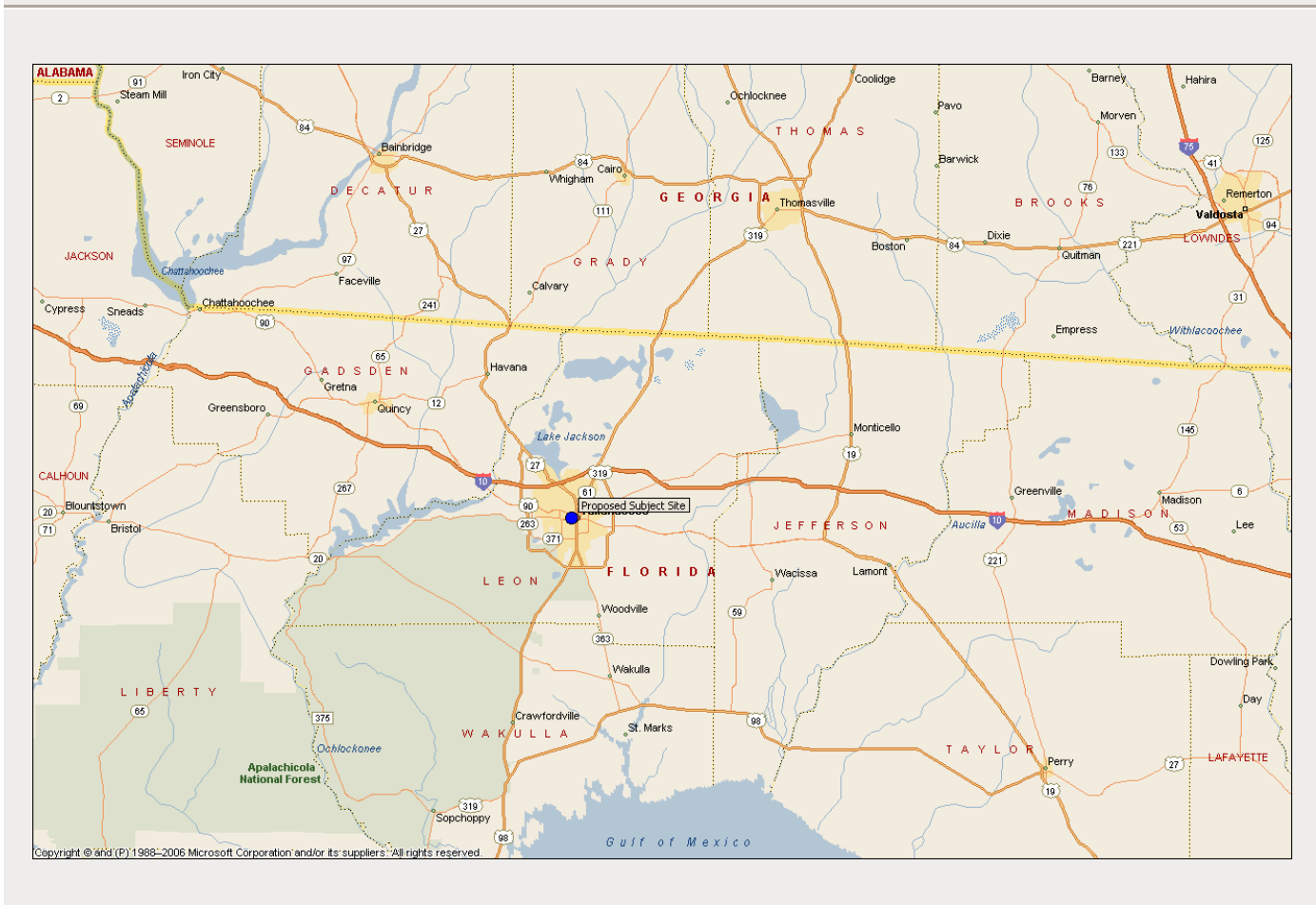
Site Utility

According to the zoning legislation that governs the development of the subject site, the footprint of any development is limited to 85% of the total lot area, or a 4.51-acre footprint out of the parcel's total 5.31 acres. Upon completion of construction, HVS anticipates that the subject site will not contain any significant portion of undeveloped land that could be sold, entitled, and developed for alternate use. Developing the available land with site improvements or building improvements will contribute to the overall profitability of the hotel and attached convention center space.

Access and Visibility

Ease of access with respect to regional and local transportation routes and demand generators will affect the performance of the hotel and convention center. The subject site is readily accessible to a variety of local, county, state, and interstate highways.

FIGURE 2-3 MAP OF REGIONAL ACCESS ROUTES



Primary regional access through the area is via east/west Interstate 10 ("I-10"), which provides access to Jacksonville to the east and Mobile, Alabama to the west. North/south U.S. Highway 319 is another major highway, which provides access to Tifton, Georgia to the north and Apalachicola to the south. A variety of additional local highways serve Tallahassee, as illustrated on the preceding map.

From I-10, motorists take the Monroe Street Exit (Exit 199) towards the State Capitol and proceed south for approximately four miles. Motorists make a right-hand turn onto East Gaines Street and travel west for approximately one-quarter mile to the subject site, which is located on the motorists' right-hand side.

The subject site is located along the Gaines Road corridor, an area targeted for redevelopment by the City of Tallahassee and the CRA. Assuming that the proposed subject property will have adequate signage at the street, the proposed convention center hotel should benefit from very good visibility and accessibility from within its local neighborhood.

Airport Access

With regard to air transit, users of the proposed convention center and hotel would primarily use the Tallahassee Regional Airport, which is located approximately five miles to the southwest of the subject site. From the airport, motorists would follow signs to State Route 263 and travel east on this thoroughfare to Springhill Road, at which point motorists would execute a left-hand turn. Motorists would then proceed northbound on Springhill Road for approximately two miles until its merger with Lake Bradford Road. Continuing north on Lake Bradford Road, motorists would drive approximately one mile before executing a right-hand turn on West Gaines Street. Motorists would then proceed east for approximately one mile until reaching the subject site, which would be located on motorists' left-hand side.

Neighborhood

The neighborhood surrounding a lodging facility often has an impact on a hotel's status, image, class, style of operation, and sometimes its ability to attract and properly serve a particular market segment. This section of the report investigates the subject neighborhood and evaluates any pertinent location factors that could affect its future occupancy, average rate, and overall profitability.

The subject neighborhood can be generally defined by Tennessee Street to the north, Capital Circle to the west, Orange Avenue and Lake Bradford Drive to the south, and Magnolia Drive to the east. In general, this neighborhood is in the stable stage of its life cycle, with pockets of revitalization occurring along Gaines Street corridor. In fact, the City of Tallahassee CRA commissioned the redevelopment of the Gaines Street corridor, along which the subject property

will be located. Upon the completion of the redevelopment, the Gaines Street corridor will feature a blend of commercial, residential, and cultural units in a pedestrian-friendly area with wide sidewalks. The Gaines Street Revitalization Plan, adopted in the early 2000s, is downsizing Gaines Street from a four-lane road into a two-lane road with limited on-street parking with the goal of better-connecting FSU and FAMU while creating an "18-hour downtown." According to the City of Tallahassee, the road currently services approximately 36,000 cars per day and, upon completion, will only have the capacity for approximately 16,000 cars per day.

CURRENT STATUS OF GAINES STREET REVITALIZATION



RENDERING OF GAINES STREET UPON COMPLETION



**CURRENT STATUS OF GAINES STREET
REVITALIZATION**



**RENDERING OF GAINES STREET UPON
COMPLETION**



**CURRENT STATUS OF GAINES STREET
REVITALIZATION**



**RENDERING OF GAINES STREET UPON
COMPLETION**

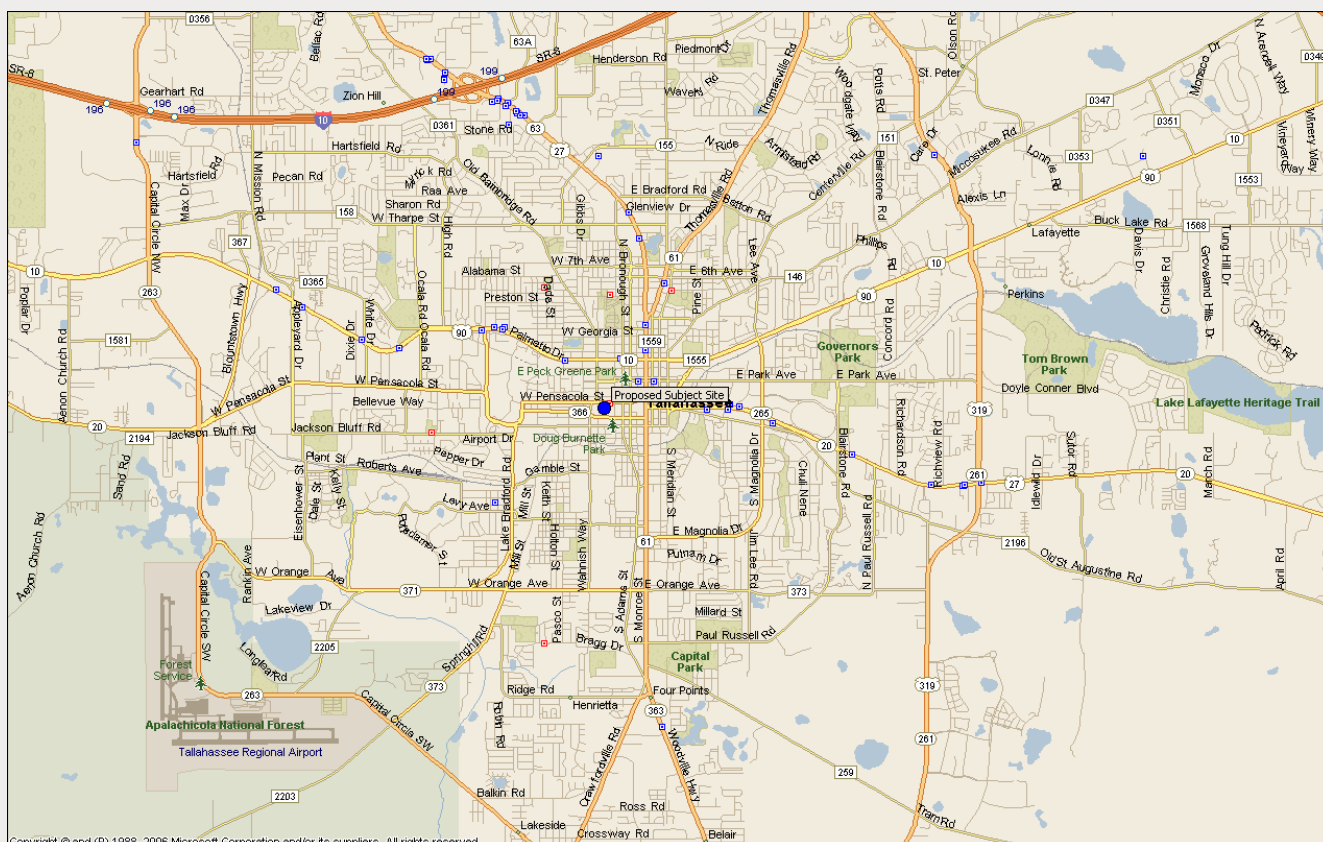


- **Sallie Property:** This 5.0-acre parcel is being developed with the intent to be a “university transition” between the capitol, FSU, FAMU, and the Tallahassee Central Business District (“CBD”). This pedestrian-friendly parcel is being developed with the intent of housing a wide variety of commercial and heritage-oriented uses. Prospective tenants are being offered various economic incentives under the existing “enterprise zone” zoning directives.
- **Utilities Payment Center:** This 1.3-acre land parcel’s intended use is for day-to-day government operations as a utilities payment center.
- **Chevron Property:** This 2.5-acre land parcel will be zoned as “downtown institutional/cultural/university transition areas” in which urban “planned developments” are encouraged. Similar to the “Sallie Property,” prospective tenants are being offered various economic incentives under the existing “enterprise zone” zoning directives.

The proposed facility has the potential to complement the local government entities which serve the State of Florida, Tallahassee's higher-education providers (specifically, FSU and FAMU), as well as the various headquarters for state-wide associations that are based in the downtown Tallahassee area; these demand generators account for a significant portion of the surrounding land use and heavily contribute to the character of the city. In general, we characterize the greater neighborhood as 35% government/association, 25% office/retail/commercial use, 20% residential use, 10% hotel use, 5% vacant, and 5% other. The proposed convention center and headquarter hotel's opening should be a positive influence on the area given the fact that these facilities will be in character with and will complement surrounding land uses.

Overall, the supportive nature of the existing improvements in the area immediately-proximate to the subject parcel, including the Civic Center, as well as the greater neighborhood in tandem with the character of the redevelopment of the Gaines Street corridor is considered appropriate for and conducive to the operation of a convention center and hotel.

FIGURE 2-5 MAP OF THE GREATER NEIGHBORHOOD



Proximity to Local Demand Generators and Attractions

The following table outlines some of the more proximate and more significant major room night demand generators and attractions in the downtown Tallahassee area.

FIGURE 2-6 AREA DEMAND GENERATORS AND ATTRACTIONS

Demand Generators and Attractions

Challenger Learning Center
City Hall
Claude Pepper Center
Florida A&M University
Florida A&M University Bragg Memorial Stadium
Florida Department of State
Florida Department of Education
Florida Governor's Mansion
Florida State Capitol Building
Florida State University
Florida State University Doak Campbell Stadium
Leon County Schools
Visit Tallahassee
Tallahassee Chamber of Commerce
Tallahassee Community College
Tallahassee Memorial Healthcare
Tallahassee-Leon County Civic Center

Utilities

The subject site will reportedly be served by all necessary utilities. HVS has assumed that these will be acquired from the most cost-effective providers within the local market.

**Soil and
Subsoil Conditions**

Geological and soil reports were not provided to HVS nor is HVS qualified to evaluate soil conditions other than by a visual inspection of the surface. Upon visual inspection, no extraordinary conditions were apparent.

**Nuisances
and Hazards**

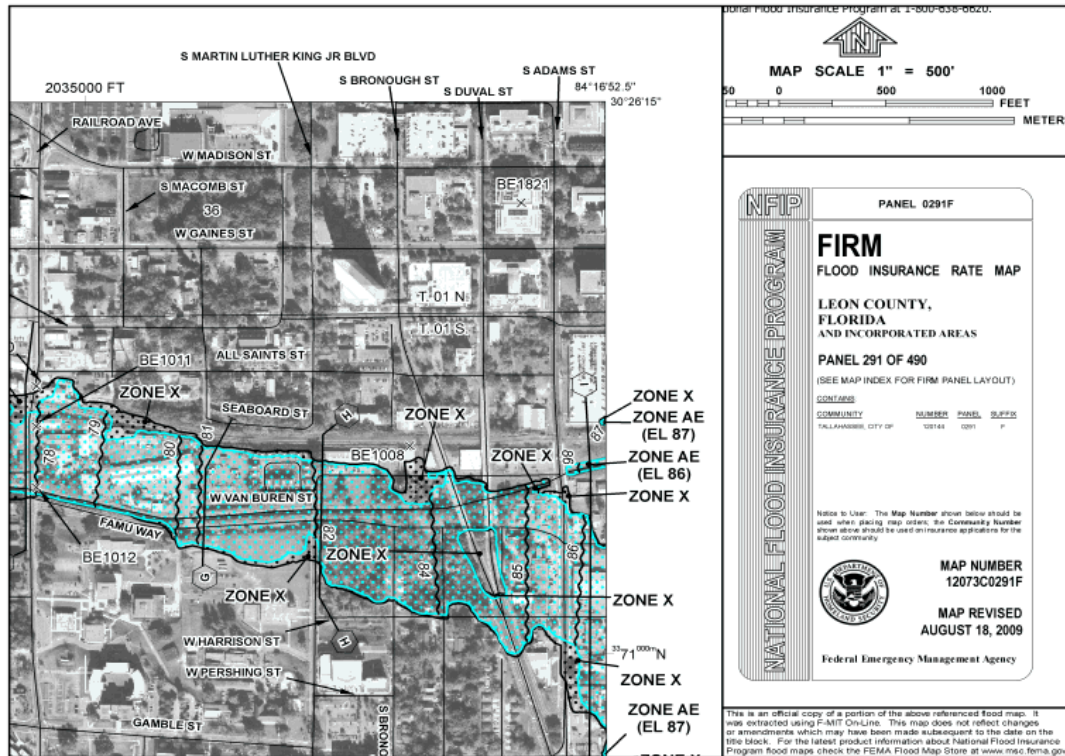
HVS was not informed of any site-specific nuisances or hazards and there were no visible signs of toxic ground contaminants at the time of our inspection. Because HVS is not experts in this field, we do not warrant the absence of hazardous waste and urge the reader to obtain an independent analysis of these factors.

Flood Zone

According to the Federal Emergency Management Agency map illustrated below, the subject site is located in flood zone X.



FIGURE 2-7 COPY OF FLOOD MAP AND COVER



The flood zone definition for the X designation is as follows: areas outside the 500-year flood plain; areas of the 500-year flood; areas of the 100-year flood with average depths of less than one foot or with drainage areas less than one square mile and areas protected by levees from the 100-year flood.

Zoning

According to the local planning office, the subject property is zoned as follows: ASN-D. This zoning code stands for “All Saints Neighborhood-D Civic Center, Corridor Mixed Use District.” This zoning designation allows for a wide variety of commercial uses, including small office complexes, retail centers, service industries, hotels, motels, and convention activity.

HVS has assumed that all necessary permits and approvals will be secured (including a liquor license) and that the subject property will be constructed in accordance with local zoning ordinances, building codes, and all other applicable

regulations. Our zoning analysis should be verified before any physical changes are made to the site. Local ordinances limit the height of any developed structure to 100 feet tall, or seven stories. Additionally, a maximum of 85% of the “footprint” of the subject parcel is permitted to be developed. Given that the subject parcel is approximately 5.31 acres in size, a development with a “footprint” of approximately 4.51 acres would be permitted.

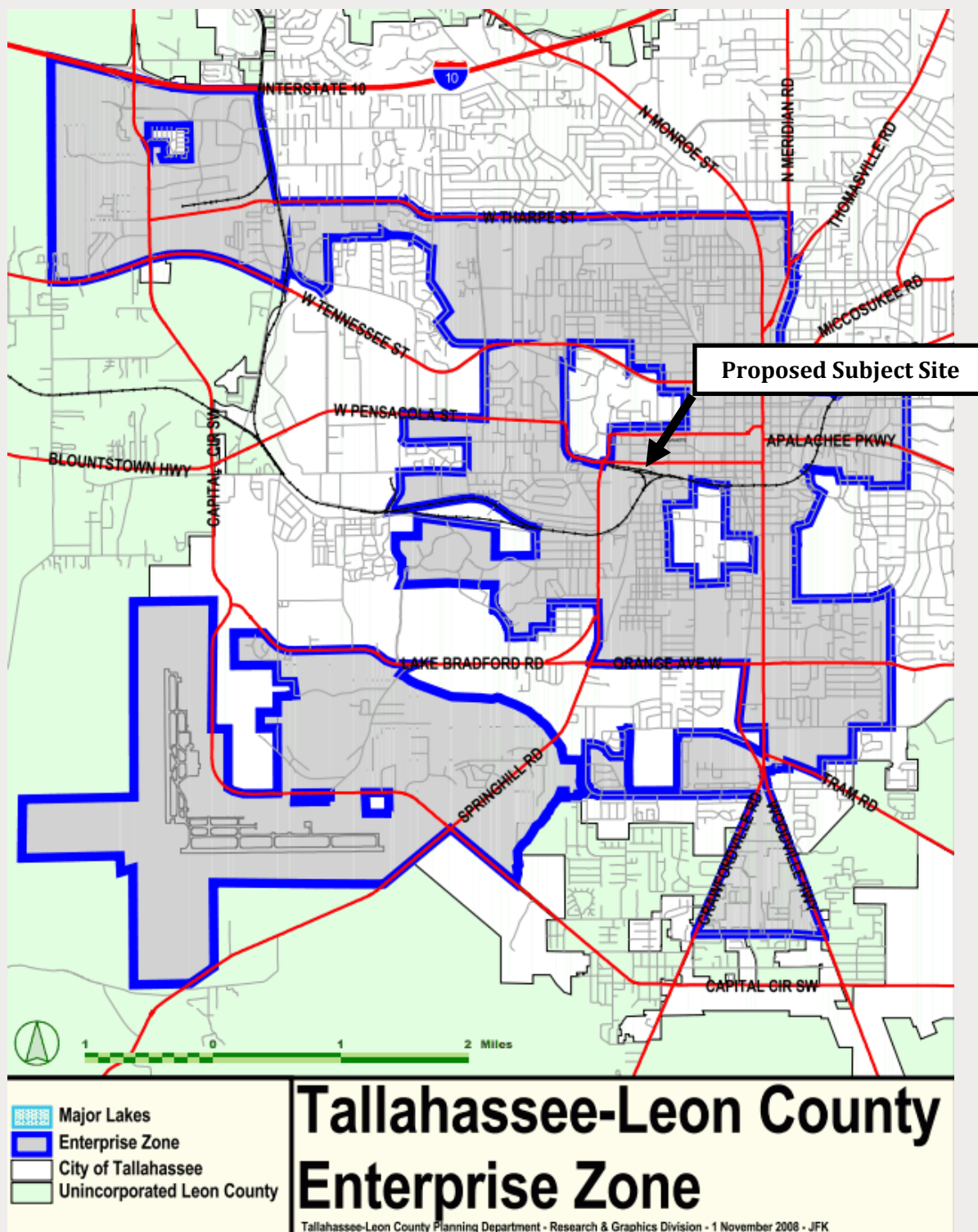
**The Tallahassee-Leon
County Enterprise Zone**

The subject parcel is located in a “Florida Enterprise Zone,” more specifically, the Tallahassee-Leon County Enterprise Zone. This 20-square-mile area of Tallahassee has been targeted for economic growth through various financial incentive programs. According to the Leon County Economic Development Council, the Tallahassee/Leon County Enterprise Zone’s economic benefits began in January 2003.

As illustrated on the map on the following page, the local “enterprise zone” includes portions of the central, southern and western area of the community. The area covered under this program also extends into portions of unincorporated Leon County.



FIGURE 2-8 TALLAHASSEE-LEON COUNTY ENTERPRISE ZONE



**Easements and
Encroachments**

HVS is not aware of any easements attached to the property that would significantly affect the utility of the site or marketability of this project.

Conclusion

HVS has analyzed the issues of size, topography, access, visibility, and the availability of utilities. The subject site is ideally situated in the greater downtown Tallahassee area. The redevelopment of the Gaines Street corridor into more of a pedestrian-friendly area will act to better connect FSU, FAMU, the capitol, and the downtown area. Given the fact that the subject site is located in the center of this prospective "link," the area will be well suited for future hotel and convention center development. The location of the subject site adjacent to the existing Civic Center will provide an opportunity for the proposed facility and the existing Civic Center to complement each other, from an economic, a city planning, and a meeting and event planning perspective. Upon completion, the site should offer acceptable access, visibility, and topography for an effective hotel and convention center development.

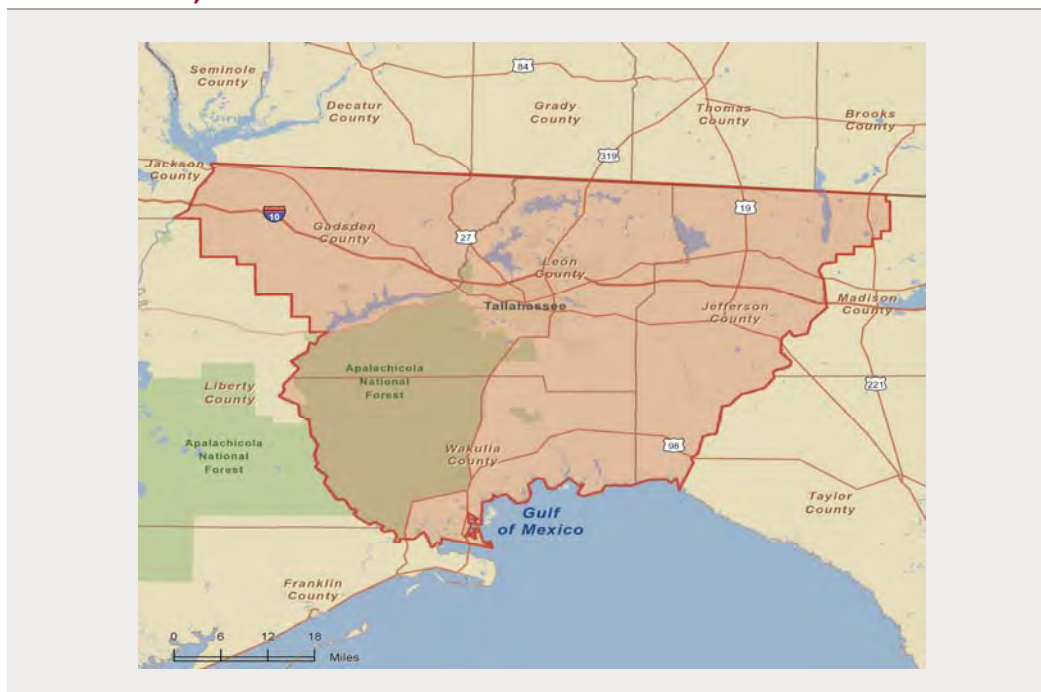
3. Market Area Overview

This market area analysis reviews economic and demographic data that describe the overall condition of the local economy in Tallahassee, FL. The characteristics of the area economy and trends that indicate growth or decline provide indicators of the performance of the Proposed Convention Center and Headquarter Hotel. HVS analyzed the following indicators: population, income, sales, work force characteristics, employment levels, major businesses, airport access, transportation, hotel supply, and tourism attractions.

Market Area Definition

The market area for a convention center consists of the geographical region that offers transportation access, lodging, and other amenities to users of the Proposed Convention Center and Headquarter Hotel. For the purposes of this study HVS defined the market area as the Combined Statistical Area of Tallahassee, FL, which includes Gadsden, Jefferson, Leon, and Wakulla Counties. The following map shows market area.

TALLAHASSEE, FL



Tallahassee is the capital of Florida, as well as a major trading center and agricultural focal point of the state. State government buildings dominate the City's skyline, and government activities dominate the economy. The name "Tallahassee" is a Muskogean Indian word often translated as "old fields," which stems from the Seminole Indians who migrated into this region and found large areas of cleared lands that had previously been occupied by the Apalachee tribe. Today, modern Tallahassee is a thriving cultural center supporting a variety of museums, theaters, and historic buildings.

Located in the southeastern U.S., Florida spans approximately 58,560 square miles. The state is bordered by the Atlantic Ocean to the east, Georgia and Alabama to the north, and the Gulf of Mexico to the west. Sunshine is one of the state's most important resources, as Florida's comfortable climate has lured vacationers for more than a century. An interstate highway system exists throughout the state, providing easy access along both the inter-coastal areas and the coastline cities.

Tallahassee is the capital of Florida. It is located in the northern part of the state, roughly midway between Pensacola and Jacksonville. Florida's many metropolitan cities include Orlando (central), Miami (south), and Daytona Beach (central). Historically, agriculture and tourism have provided much of the economic influence throughout Florida. Since World War II, Florida's economy has become more diverse. Tourism, cattle, citrus, and phosphate have been joined by several new industries that have greatly expanded the numbers of jobs in the state. The citrus industry continues to prosper, despite occasional winter freezes, and tourism remains important, bolstered by large capital investments. Florida attractions, such as the large theme parks in the Orlando area, bring millions of visitors to the state from across the U.S. and around the world.

HISTORIC STATE CAPITOL BUILDING



Economic and Demographic Review

A primary source of economic and demographic statistics used in this analysis is the Complete Economic and Demographic Data Source published by Woods & Poole Economics, Inc. – a well-regarded forecasting service based in Washington, DC. Using a database containing more than 900 variables for each county in the nation, Woods & Poole employs a sophisticated regional model to forecast economic and demographic trends. Historical statistics are based on census data and information published by the Bureau of Economic Analysis. Projections are formulated by Woods & Poole, and all dollar amounts have been adjusted for inflation, thus reflecting real change.

The following table present key demographic and economic data for the region.

FIGURE 3-1 ECONOMIC AND DEMOGRAPHIC DATA SUMMARY

	1990	2000	2009	2015	Average Annual Compounded Change		
					1990-00	2000-09	2009-15
Resident Population (Thousands)							
Leon County	194.1	240.4	269.0	299.1	2.2 %	1.3 %	1.8 %
Tallahassee, FL MSA	261.2	321.3	363.5	401.1	2.1	1.4	1.7
State of Florida	13,033.3	16,047.2	18,618.9	20,385.7	2.1	1.7	1.5
United States	249,622.8	282,171.9	307,050.4	325,421.9	1.2	0.9	1.0
Per-Capita Personal Income*							
Leon County	\$23,914	\$28,207	\$30,317	\$31,917	1.7	0.8	0.9
Tallahassee, FL MSA	22,221	26,842	28,594	30,237	1.9	0.7	0.9
State of Florida	26,343	30,905	33,634	36,458	1.6	0.9	1.4
United States	26,226	32,352	35,142	37,963	2.1	0.9	1.3
W&P Wealth Index							
Leon County	96.0	92.5	91.8	89.9	(0.4)	(0.1)	(0.4)
Tallahassee, FL MSA	87.9	86.8	85.8	84.4	(0.1)	(0.1)	(0.3)
State of Florida	104.3	99.2	101.4	101.7	(0.5)	0.2	0.0
United States	100.0	100.0	100.0	100.0	0.0	(0.0)	0.0
Food and Beverage Sales (Millions)*							
Leon County	\$260	\$329	\$393	\$444	2.4	2.0	2.1
Tallahassee, FL MSA	281	359	433	489	2.5	2.1	2.1
State of Florida	15,735	19,988	24,670	27,193	2.4	2.4	1.6
United States	250,451	332,342	388,117	415,376	2.9	1.7	1.1
Total Retail Sales (Millions)*							
Leon County	\$2,278	\$3,218	\$3,274	\$3,973	3.5	0.2	3.3
Tallahassee, FL MSA	2,616	3,642	3,750	4,529	3.4	0.3	3.2
State of Florida	155,227	217,670	231,968	276,609	3.4	0.7	3.0
United States	2,545,947	3,516,734	3,544,629	4,093,326	3.3	0.1	2.4

* Inflation Adjusted

Source: Woods & Poole Economics, Inc.

Over the past decade, the populations of the Tallahassee MSA and Leon County have grown slower than that for the entire state of Florida. Projections indicate that this trend will reverse in coming years with Tallahassee experiencing a growth rate higher than the state average. Per capita personal income for the Tallahassee MSA is below the state and US averages, a trend which is expected to continue with below average growth rates projected for the area. While the growth rates of retail and food & beverage sales for the region are expected to outpace state and national averages, the overall wealth index of the region is expected to decline.

**Workforce
Characteristics**

The characteristics of an area's workforce provide an indication of the type and amount of transient visitation likely to be generated by local businesses. Sectors such as finance, insurance, and real estate (FIRE); wholesale trade; and services produce a considerable number of visitors who are not particularly rate sensitive. The government sector often generates transient room nights, but per-diem reimbursement allowances often limit the accommodations selection to budget and mid-priced lodging facilities. Contributions from manufacturing, construction, transportation, communications, and public utilities (TCPU) employers can also be important, depending on the company type.

The following table shows the Tallahassee, FL MSA workforce distribution by business sector.

FIGURE 3-2 HISTORICAL AND PROJECTED EMPLOYMENT (000s)

Industry	1990	Percent of Total	2000	Percent of Total	2009	Percent of Total	2015	Percent of Total	Average Annual Compounded Change		
									1990- 2000	2000- 2009	2009- 2015
Farm	2.5	1.6 %	3.0	1.5 %	2.7	1.2 %	2.7	1.1 %	1.7 %	(0.9) %	0.0 %
Forestry, Fishing, Related Activities And Other	1.3	0.8	1.5	0.7	3.1	1.3	3.2	1.3	1.4	8.3	0.6
Mining	0.2	0.1	0.2	0.1	0.3	0.2	0.4	0.1	(0.5)	5.3	0.8
Utilities	0.3	0.2	0.3	0.1	0.2	0.1	0.2	0.1	(1.2)	(4.3)	0.4
Construction	8.1	5.1	9.5	4.7	10.3	4.5	11.6	4.7	1.6	0.9	2.0
Manufacturing	4.9	3.1	4.9	2.4	5.3	2.3	5.5	2.2	0.1	0.8	0.6
Total Trade	21.5	13.6	26.4	13.1	26.3	11.6	27.6	11.1	2.1	(0.0)	0.8
Wholesale Trade	3.5	2.2	4.4	2.2	4.8	2.1	4.9	2.0	2.3	0.9	0.2
Retail Trade	17.9	11.4	22.0	10.9	21.5	9.4	22.7	9.1	2.0	(0.2)	0.9
Transportation And Warehousing	1.9	1.2	2.6	1.3	1.7	0.7	1.8	0.7	3.1	(5.0)	1.1
Information	3.6	2.3	5.5	2.7	5.4	2.4	5.5	2.2	4.2	(0.2)	0.4
Finance And Insurance	5.5	3.5	6.6	3.2	8.0	3.5	8.9	3.6	1.8	2.2	1.8
Real Estate And Rental And Lease	4.6	2.9	5.4	2.7	9.3	4.1	10.8	4.3	1.7	6.2	2.6
Total Services	47.7	30.4	71.8	35.6	90.1	39.5	105.0	42.1	4.2	2.5	2.6
Professional And Technical Services	9.4	6.0	14.5	7.2	19.2	8.4	23.5	9.4	4.4	3.2	3.4
Management Of Companies And Enterprises	0.2	0.2	0.5	0.2	0.5	0.2	0.6	0.2	6.6	1.7	0.9
Administrative And Waste Services	4.8	3.1	11.7	5.8	9.7	4.2	10.9	4.4	9.3	(2.1)	2.0
Educational Services	1.0	0.7	1.8	0.9	4.0	1.7	4.9	2.0	5.4	9.5	3.6
Health Care And Social Assistance	12.2	7.7	17.8	8.8	22.3	9.8	25.1	10.1	3.9	2.5	2.0
Arts, Entertainment, And Recreation	1.8	1.1	2.6	1.3	3.9	1.7	4.5	1.8	3.6	4.6	2.5
Accommodation And Food Services	10.0	6.4	12.0	6.0	17.6	7.7	20.8	8.3	1.8	4.3	2.8
Other Services, Except Public Administration	8.3	5.3	11.0	5.4	13.0	5.7	14.9	6.0	2.9	1.9	2.3
Total Government	55.1	35.0	64.3	31.8	65.2	28.6	65.9	26.5	1.6	0.2	0.2
Federal Civilian Government	1.8	1.2	2.1	1.0	2.1	0.9	2.1	0.8	1.2	0.3	(0.4)
Federal Military	0.9	0.6	0.8	0.4	0.9	0.4	0.9	0.4	(0.9)	0.4	0.1
State And Local Government	52.3	33.3	61.4	30.4	62.2	27.3	63.0	25.3	1.6	0.1	0.2
TOTAL	157.3	100.0 %	202.0	100.0 %	227.9	100.0 %	249.2	100.0 %	2.5 %	1.3 %	1.5 %
MSA	157.3	—	202.0	—	227.9	—	249.2	—	2.5 %	1.3 %	1.5 %
U.S.	139,380.8	—	166,758.8	—	177,667.2	—	192,313.7	—	1.3	0.7	1.3

Source: Woods & Poole Economics, Inc.

The services sector represents the largest employment sector within the Tallahassee MSA, driven by the growing health care and social assistance and professional and technical services sectors. State and local government employment is declining, but still represents a quarter of the area's employment. Retail trade is also declining but constitutes more than 9 percent of employment in the area. The greatest projected annual growth in employment through 2015 will occur in the services sector, particularly in educational services and professional and technical services.

Major Business and Industry

According to the Tallahassee-Leon County Economic Development Agency, the area is currently targeting the following industry/business sectors:

- Alternative energy and environment,
- Aviation, aerospace, defense and national security (manufacturing),
- Health sciences and human performance enhancement,
- Information technology,
- Research and engineering services, and
- Transportation and logistics.

Providing additional context for understanding the nature of the regional economy, the following table presents a list of the major employers in the market area.

FIGURE 3-3 MAJOR EMPLOYERS

Rank	Firm	Number of Employees
1	State of Florida	10,000
2	Florida State University	9,500
3	Leon County School District	9,000
4	Tallahassee Memorial HealthCare	8,500
5	Florida A&M University	8,000
6	City of Tallahassee	7,500
7	Publix Supermarkets, Inc.	7,000
8	Wal-Mart Stores, Inc.	6,500
9	Leon County	6,000
10	Tallahassee Community College	5,500

Source: Economic Development Council of Tallahassee, 2010

State and local government, educational institutions, and healthcare represent eight of the top ten employers in the Tallahassee MSA. Two retail chains round out the list.

The Tallahassee area has historically been dominated by the services sector, with a strong government sector. The prevalent health care sector and projected growth in the services sector, indicate that the area is poised for greater growth in needed services, while manufacturing will remain stable or decline slightly. As the profile of the economy changes over time to encompass more services, the meeting and conference space needs of local businesses will change.

The above employers also generate the majority of the room nights sold across the market. Additional substantial employers (and room night generators) in the greater Tallahassee area include Jimmie Crowder Excavating & Land Clearing Company, HealthSouth, CenturyLink, Tallahassee Democrat, Big Bend Hospice, Aderant, Radiology Associates of Tallahassee, Coastal Property Services, Barkley Security Agency, Post, Buckly, Schuh & Jernigan, Quincy Joist, and Infinity Softward Development.

"Innovation Park" is a significant contributor to the local Tallahassee economy. The 200 acres that comprises Innovation Park plays host to a collection of public and private research and development groups. Florida State University and Florida A&M work in tandem with government entities and private-sector corporations to develop cutting-edge technology. Innovation Park, for the last 25 years, has served many of the area's high-tech firms. According to the Leon County Research and

Development Authority, the facility features approximately one million square feet of floor space and the companies located within the development (more than 50) employ more than 2,000 people.

INNOVATION PARK – NATIONAL HIGH MAGNETIC FIELD LABORATORY



The following bullet points highlight the major room night demand generators for this market:

- Tallahassee Memorial HealthCare ("TMH") is a top employer in the area. TMH offers a comprehensive system of healthcare services, including the operation of a not-for-profit hospital, a teaching institution with a clinic, and satellite facilities and family medicine centers in five surrounding counties. With more than 35,000 inpatient admissions per year and 770 patient beds, TMH is the seventh-largest hospital in Florida. TMH open its state-of-the-art cancer care center in January of 2011. This facility allows local residents the opportunity to be treated as outpatients and brings residents from surrounding counties into the area for treatment as necessary.
- Local and state government activity continues to lead the Tallahassee economy year-round. Local employment is dominated by government entities, with a significant number of people employed by the State of Florida, City of

Tallahassee, and Leon County governments. According to local officials, the months of March and April generate a strong influx of government demand when the state legislature is in session.

- The education sector plays an important role in the stability of the local economy. With a combined enrollment of over 43,000 students, Florida State University (FSU) and Florida A&M University (FAMU) provide a strong source of demand to the area throughout the year. FSU is a leading doctoral research institution in the country, comprising 15 separate colleges and offering over 300 programs of study, including business, engineering, medicine, and law. Founded in 1887, FAMU offers 13 separate schools and colleges, including eleven doctoral programs within disciplines such as biomedical engineering, civil engineering, and physics. Both FSU and FAMU continue to grow their student bases and research capabilities each year. Other higher education institutions located in Tallahassee include Tallahassee Community College, Lively Technical Center, and branches of Thomas University, Keiser University, Barry University, and Flagler College.
- University athletic programs induce a significant amount of business into the area. FSU, a member of the Southeastern Conference and FAMU, a member of the MidEastern Athletic Conference, each field a variety of men's and women's athletic teams. In addition to regular season play, these teams also bring a number of conference and NCAA tournaments and championships to the Tallahassee area. The greatest attendance generators are the FSU and FAMU football programs. Of note, the FSU football team was placed on probation by the NCAA for four years, commencing March of 2009, as a result of various violations during the 2006 and 2007 football season. The school, which was required to reduce the number of scholarship athletes, has since seen a decline in the performance of its team and subsequently a decline in the number of fans who attend to Seminoles' football games. The following table presents the trends in the total attendance to FSU football games, average attendance per game, and the number of season ticket holders.



FIGURE 3-4 FSU FOOTBALL PROGRAM ATTENDANCE TRENDS

	Home Games Played	Total Attendance	Average Attendance per Game	Percent Change	Season Ticket Holders	Percent Change
2000	6	484,985	80,831	-	45,927	-
2001	6	488,645	81,441	0.8 %	46,817	1.9 %
2002	6	490,598	81,766	0.4	47,441	1.3
2003	6	498,895	83,149	1.7	16,738	-64.7
2004	6	497,047	82,841	-0.4	46,647	178.7
2005	6	496,343	82,724	-0.1	45,818	-1.8
2006	8	644,256	80,532	-2.6	46,098	0.6
2007	5	403,015	80,603	0.1	46,238	0.3
2008	7	545,773	77,968	-3.3	43,606	-5.7
2009	6	446,067	74,345	-4.6	38,964	-10.6
2010	7	498,890	71,270	-4.1	34,300	-12.0

During the peak of the FSU football program’s success, the average attendance per home game eclipsed 83,000; since the decline of the program occurred in the late-2000s, attendance has slipped significantly.

FLORIDA STATE UNIVERSITY’S DOAK CAMPBELL STADIUM



Unemployment Statistics

Unemployment statistics provide a measure of the health of the local economy and comparisons to state and national trends. The following table presents historical unemployment rates for the market area.

FIGURE 3-5 UNEMPLOYMENT STATISTICS

Year	County	MSA	State	U.S.
2000	3.0 %	3.2 %	3.8 %	4.0 %
2001	3.5	3.7	4.7	4.7
2002	4.3	4.5	5.7	5.8
2003	4.1	4.2	5.3	6.0
2004	3.7	3.8	4.7	5.5
2005	3.1	3.1	3.8	5.1
2006	2.7	2.8	3.4	4.6
2007	3.0	3.2	4.1	4.6
2008	4.5	4.7	6.3	5.8
2009	7.0	7.4	10.5	9.3
2010	8.2	8.5	11.5	9.6
<i>Recent Month - February</i>				
2010	8.0 %	8.5 %	11.4 %	9.7 %
2011	7.9	8.2	11.0	8.9

* Letters shown next to data points (if any) reflect revised population controls and/or model re-estimation implemented by the BLS.

Source: U.S. Bureau of Labor Statistics

The national unemployment rate in the U.S. fluctuated within a narrow range of between 4% and 6% in the decade spanning 1997 to 2007. The recession that began in late 2007, and the subsequent financial crisis in 2008, forced many businesses to downsize or cease operations. Over 3 million jobs were lost in 2008, and another 4.1 million were lost in 2009; as a result, the national unemployment rate reached 10.0% in the fourth quarter of 2009. However, beginning in the fourth quarter of 2009, the pace of job losses slowed dramatically and the national economy began to exhibit positive trends. Job growth resumed in January of 2010, and excluding the fluctuations related to the loss of temporary jobs associated with the 2010 Census collection of data, the pace of job growth improved steadily in the following months. Slow to moderate growth is anticipated over the balance of 2010. Forecasts for 2011 anticipate an accelerating pace of job growth throughout the year. Nevertheless, it is expected to take several years to

regenerate the jobs that were lost during the recession, and most economists expect unemployment to remain somewhat heightened over the near term.

Locally, the unemployment rate was 5.7% in 2009. For this same area in 2010, the most recent month's unemployment rate was registered at 6.6%, versus 6.0% for the same month in 2009.

Locally, employers have slowed operations due to the state of the national economy; however, this slowdown has been mitigated by the consistency and the stability provided by the government sector and the relatively large and consistent presence associated with the area's higher-education entities such as Florida State University and Florida A&M University. Unemployment rates in this county should remain stronger than state and national levels. Interviews with economic development officials reflect a promising outlook for the area, although growth should be modest in the near term.

Existing Convention Activity

A convention center can serve as a gauge of visitation trends to a particular market. Convention centers also generate significant levels of demand for area hotels and serve as a focal point for community activity. Typically, hotels within the closest proximity to a convention center – up to three miles away – will benefit the most. Hotels serving as headquarters for an event benefit the most by way of premium rates and hosting related banquet events. During the largest of conventions, peripheral hotels may benefit from compression within the city as a whole.

While the proposed project will serve as a significant demand generator for meeting, group, exhibition, and convention activity, the Tallahassee-Leon County Civic Center and the Florida State Conference Center currently serve as the area's principal option for dedicated meeting and event activity. The proposed project has the potential to complement the both of these facilities.

The Tallahassee-Leon County Civic Center is a multi-purpose convention and entertainment facility. The Civic Center's six meeting rooms cover a total of 16,000 square feet and are fully equipped with sound systems and adjustable lighting. Additionally, the 35,000-square-foot Exhibition Hall hosts various events including trade shows, large meal functions, themed parties, and meetings with seating up to 5,000. The 18,000-square-foot Arena can accommodate 1,000 people for banquets and receptions for up to 2,000. The facility is home to many of the Florida State University athletic programs, such as the university's basketball teams, as well playing host to entertainment events such as the Harlem Globetrotters, George Strait, the Tallahassee Blues Festival, the Tallahassee Broadway Series, and Monster Jam (a live motorsport event with oversized "monster" trucks). The facility also hosts circus, rodeos, banquets, expositions, and consumer and trade

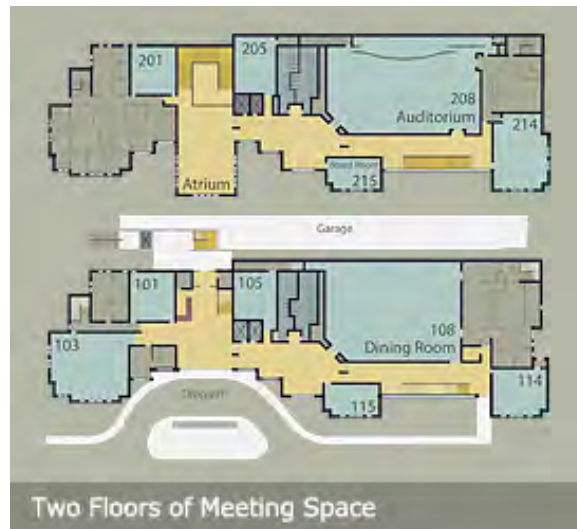
shows. The facility is located downtown on Pensacola Street, approximately two blocks from Florida's Capitol building and directly across the street from the FSU Law School. A full-service restaurant, the Spotlight Grille, is open approximately two hours prior to most large events.

TALLAHASSEE LEON COUNTY CIVIC CENTER



The August A. Turnbull III Conference Center on the campus of Florida State University is a 47,000 square foot facility that opened in 2010. The facility features nine meeting rooms with a total of approximately 8,800 square feet of meeting space, a 400-seat auditorium, and a 4,800 square foot dining room. The facility has a number of state-of-the-art audio-visual and technological features that make it an ideal venue for smaller academic conferences, business meetings, and corporate seminars.

FSU CONFERENCE CENTER FLOOR PLAN



Airport Traffic

Since airport access is an important consideration for event planners, airport passenger counts provide an indication of the ability of a market to support convention events. Trends showing changes in passenger counts also reflect local business activity and the overall economic health of the area.

The Tallahassee Regional Airport, located in Florida’s capital city, is a small airport that supports commercial airlines, corporate aviation, commuter and charter services, and a wide variety of other private aviation activities. The airport is located seven miles southwest of Tallahassee’s central business district and accounts for one-third of air passenger travel in the Northwest Florida region, which includes Tallahassee and 32 counties in Florida, Georgia, and Alabama. The facility opened in December of 1989 and cost a reported \$33 million to build. The airport is serviced by American Airlines, Continental Airlines, Delta Air Lines, and U.S. Airways. The airlines operate out of a single-level terminal with 14 gates. There is an average of 32 flights per day.

The following table illustrates recent operating statistics for Tallahassee Regional Airport.

FIGURE 3-6 AIRPORT STATISTICS

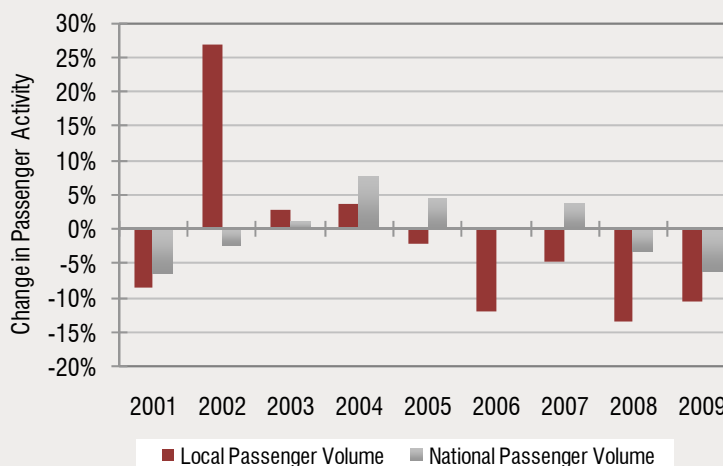
Year	Passenger Traffic	Percent Change*	Percent Change**
2000	933,600	—	—
2001	853,626	(8.6) %	(8.6) %
2002	1,081,995	26.8	7.7
2003	1,113,243	2.9	6.0
2004	1,155,072	3.8	5.5
2005	1,129,947	(2.2)	3.9
2006	993,859	(12.0)	1.0
2007	947,165	(4.7)	0.2
2008	820,729	(13.3)	(1.6)
2009	734,151	(10.5)	(2.6)
2010	670,756	(8.6)	(3.3)
<i>Year-to-date, February</i>			
2010	56,787	-	-
2011	56,628	(0.3)	-

*Annual average compounded percentage change from the previous year

**Annual average compounded percentage change from first year of data

Source: Tallahassee Regional Airport

FIGURE 3-7 LOCAL PASSENGER TRAFFIC VS NATIONAL TREND



Source: HVS, Tallahassee Regional Authority

A large increase in the passenger traffic from 2001 to 2002 can be partly attributed to the establishment of Tallahassee Regional Airport’s Capital Program Management Division in 2001. From its peak of approximately 1.2 million passengers in 2005, passenger volume at the Tallahassee Regional Airport has declined significantly to fewer than 700,000 in 2010. Lower passenger volumes indicate reduced service and fewer options for flights to other major cities throughout the country.

Other Transportation Infrastructure

In addition to the well-developed network of roads (including east/west Interstate 10 which provides access to Pensacola to the west and to Jacksonville and Interstate 75 to the east), Tallahassee is served by water transportation via Port St. Joseph and rail transportation by CSX Railroad and short lines to the Ports of St. Joseph and Panama City.

Tourist Attractions

The market benefits from a variety of tourist and leisure attractions in the area. The peak season for tourism in this area is from November through April. During other times of the year, weekend demand comprises travelers passing through en route to other destinations, people visiting friends or relatives, and other similar weekend demand generators. Primary attractions in the area include the following:

- The Florida State Capitol building houses the executive and legislative offices, as well as the State House and Senate chambers. The Plaza Level holds several items of note besides the offices of the Governor and the Cabinet. The public viewing galleries for the Florida House of Representatives and the Florida Senate are on the fifth floor. A series of murals on Florida's history by Christopher Still encircle the House chamber floor. The Capitol is open to the public.
- Alfred B. Maclay State Gardens is a 28-acre Florida State Park, botanical garden, and historic site. The gardens are also a U.S. National Historic Landmark District known as the Killearn Plantation Archeological and Historic District. The park offers such amenities as bicycling, birding, boating, canoeing, fishing, hiking, horse trails, kayaking, picnicking areas and swimming. It also features a museum with interpretive exhibits.
- Lake Jackson is a shallow prairie lake located in the Red Hills Region. The lake is approximately eight miles long with a drainage basin of roughly 42.1 square miles. Endangered and rare species found at Lake Jackson and the surrounding watersheds include the snowy egret, little blue heron, wood stork, bald eagle, least tern, American alligator, and round-tailed muskrat.
- The Red Hills Horse Trials is one of the equestrian world's top events. It is an annual major eventing competition held by the United States Eventing Association, consisting of Dressage, Cross-Country, and Show-Jumping. Elinor Klapp-Phipps Park hosts the dressage and stadium-jumping events, while the adjoining property, owned by Tallahassee ecologist and horse enthusiast Colin Phipps, hosts the cross-country event.

Tallahassee is also home to a number of historic and educational museums learning centers, including:

- The Tallahassee Museum,
- The Tallahassee Automobile Museum,
- Mission San Luis,
- The Florida Museum of History,
- The Challenger Learning Center, and
- The Mary Brogan Museum of Arts & Sciences.

ALFRED B. MACLAY STATE GARDENS



Conclusion

This section discussed a wide variety of economic indicators for the pertinent market area.

After a period of economic expansion in the mid-2000s, the Tallahassee market area entered into a period of contraction as the local economy began to experience the challenges felt across the nation associated with the recession. Market interviews and research reveal that, although the area has been impacted by slowing business levels, a depressed housing market, and reduced levels of discretionary spending, the market benefits from a well-established, diversified economy. The educational sector is strong and continues to remain a cornerstone of this market. The outlook for the area is generally positive; as the national economy rebounds and strengthens, the market should bounce back relatively quickly. However, positive growth may be relatively limited in the near term.

Our analysis of the outlook for this specific market also considers the broader context of the national economy. The U.S. economy entered a recession in December of 2007, initially triggered by the subprime mortgage crisis that led to the collapse of the housing bubble. The failure of multiple lending institutions, rising oil and food prices, and the crisis in the American automotive industry contributed to the stresses on the U.S. and global economies. In the U.S., credit markets froze, the stock market deteriorated, massive job losses were recorded, and consumer spending dropped at the fastest rate since the 1930s. Beginning in

mid-year 2009, some positive trends began to emerge, including growth in the nation's gross domestic product (GDP) and corporate profits in the third quarter of 2009. Furthermore, the pace of job losses significantly slowed in the fourth quarter of 2009 and turned positive during the first half of 2010, as previously noted. Real GDP in the U.S. expanded by 3.7% in the first quarter of 2010 and increased at an annual rate of 2.4% in the second quarter of 2010, that is, from the first quarter to the second quarter. The pace of the longer-term recovery will be influenced by trends in employment, the housing market, and consumer spending. The outlook includes a return to stable growth in the near term, with the potential for a period of stronger growth as the economic recovery accelerates.

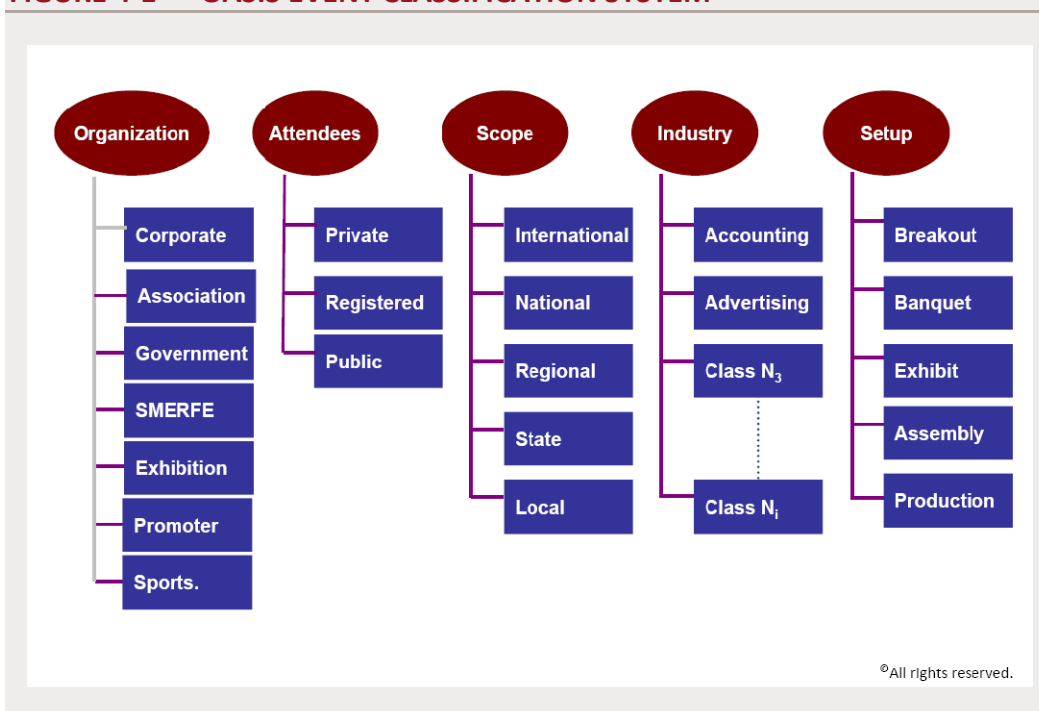
4. Convention Industry Trends

In the following section, HVS presents an analysis of the convention, tradeshow and meeting industry, including trends in the supply and demand of meeting and convention facilities, as well as trends in expenditures and meeting planner preferences. The purpose of this trends analysis is to provide background information necessary to assess the potential for convention center development in Tallahassee. This section of the report also provides definitions of industry terms used throughout the remainder of this report.

OASIS® Event Classification System

Convention centers measure their performance by tracking event activity, but the definition and classification of events lacks consistency throughout the industry. Each convention center or marketing organization has their own way of classifying and measuring event demand. HVS has developed a proprietary method of event classification called OASIS Event Classification Method® or OASIS®, which is a convenient acronym for five criteria of event categorization: Organization, Attendees, Scope, Industry, and Set-up. See the figure below.

FIGURE 4-1 OASIS EVENT CLASSIFICATION SYSTEM



Following are definitions of the criteria in the OASIS Event Classification Method© and descriptions of the categories within in each.

ORGANIZATION—the organization that sponsors or owns the event provides an important area of classification and can be described in five mutually exclusive categories:

- **Corporations**—corporations, or private business interests, are responsible for organizing the majority of events. The event organizers may be internal to the business or professional meeting planners.
- **Associations**—associations are usually membership organizations centered on specific business types, professions or political purposes.
- **Government**—international, national, state or local government organizations sponsor events. This category is particularly important in markets with a large government office presence.
- **Exhibition Company**—exhibiting organizations are companies or subsidiaries of companies for the purpose of owning and promoting exhibiting events, such as trade and consumer shows.
- **Event Promoter**—event promoters are organizations that exist for the purpose of promoting concerts, entertainment and other types of live events that require production set-up.
- **Sports Enterprise**—sports enterprises are companies or subsidiaries of companies that exist for the purpose of owning and promoting sporting events.
- **Social, Military, Educational, Religious, Fraternal and Ethnic (“SMERFE”)**—although similar to associations, this category includes the types of organizations described in the title. SMERFE represents a distinct category because members of this category tend to be more price-sensitive and less profit-oriented than associations.

The organization criterion is most useful to marketing and sales organizations that rely on this information to make decisions on the allocation of staff and resources according to the type of organization sponsoring the event. Other industry participants, such as destination management companies and venue operators, also need to understand the type of organizations active in sponsoring events and value personal relationships with the event planners that represent them.

ATTENDEES—Event attendees can be placed in four distinct categories that distinguish among the ways in which attendees gain access to events:

- **Private**—attendees come to the event by invitation only and do not pay a registration or admission fee. Private attendees may be individually asked to attend, as to a wedding, or invited by virtue of belonging to a certain group, such as company employees or shareholders.
- **Registered**—attendees do not necessarily need an invitation, but must pay an advance registration fee to attend the event. Registered attendees are often called delegates or qualified buyers and they usually attend an event for multiple days.
- **Public**—the event is open to the general public. Attendees may need to purchase a ticket for admission such as at a consumer show. Other civic events may be free of charge.
- **Combination**—combination shows typically have an initial period of attendance by registered attendees only, and later by the public.

This category is particularly important to venue operators and industry analysts. Understanding the type of attendee is critical for assessing the impact on convention center operations and projecting the economic impact of events. The length of stay of attendees and their spending patterns varies considerably among the types of attendees.

SCOPE—this category refers to the geographic origin of the attendees. Events are classified accordingly if a significant proportion of the attendees come from the indicated geographic region surrounding the convention center. Five categories capture all the potential geographic scopes and are self-explanatory:

- International
- National
- Regional
- State/Provincial
- Local

Understanding the origin of attendees is critical to event planners and in the estimation of the economic impact of events. Events that draw attendees from larger geographic regions tend to have higher new spending associated with the event. The allocation of marketing and sales resources may also break down according to the geographic scope of events.

INDUSTRY—in North America, HVS recommends relying on the North American Industry Classification System (“NAICS”) which replaced the previously used U.S. Standard Industrial Classification (“SIC”) system. NAICS was developed jointly by

the U.S., Canada and Mexico to provide new comparability in statistics about business activity across North America. Other economic regions and countries have similar industrial classification systems that are widely used and can be adopted for the purposes of classifying events by industry.

NAICS has hundreds of categories but these categories are organized hierarchically in five levels. All categories can be rolled up into twenty of the top levels in the hierarchy. However, not all top level industry classifications are useful for event classification because little or no event activity is associated with them. Other top level categories, such as Manufacturing, are too broad to provide meaningful information, and level two or three categories can be used to form a useful breakdown of events.

The choice of industry classifications should result in a reasonable share of events falling into each category. According to the Tradeshow Week data book, the leading industries that are represented by conventions, tradeshow and exhibition include:

- Medical and Health Care
- Home Furnishings and Interior Design
- Sporting Goods and Recreation
- Apparel
- Building and Construction
- Landscape and Garden Supplies
- Computers and Computer Applications
- Education
- Gifts
- Associations

Use of the NAICS codes allows for the orderly roll-up of industrial classifications across different events and venues, regardless of the categories or the hierarchical levels that different people may choose to use. Industrial classification information is useful for those planning to develop new events and for other analysts that need to understand how trends in economic health of the underlying industries affect the success of particular events and venues.

Space Setup—this final criterion provides for the categorization of events by set-up of the function spaces they utilize. Unlike all the other criteria, these categories

are not mutually exclusive as events may use any combination of the four primary types of event set-up.

- **Breakout**—typically involves the use of meeting rooms, boardrooms or other multi-purposes spaces for meeting functions in a classroom or meeting setting. This set-up may involve some catering services such as coffee breaks or lunches.
- **Banquet**—includes the set-up for catered banquets events such as a wedding and may include some staging for presentations such as at a general session event.
- **Exhibit**—includes the set-up displays in exhibition halls or other multi-purpose space. Concession services and buffet lunches are often a component of this set-up.
- **Assembly**—includes set-up in theater style seating in plenary halls and fixed seat theaters or other multi-purposes spaces that are used primarily for assemblies and general sessions.
- **Production**—includes the set-up for concerts, entertainment, sporting events and other types of events that require significant staging, lighting, and other live-event related set-up.

Event Types

Application of the OASIS© system can provide precise definitions of commonly used event classifications. All commonly used terms for event types can be defined by a combination of three OASIS© categories: organization, attendees and space set-up.

- **Conventions**—associations, government, and SMERFE organizations register attendees for multi-day events. Facility set up includes breakout, banquet and exhibit space set-up and may include plenary sessions. Typically, the primary purpose of a convention is information exchange.
- **Tradeshows**—provide a means for wholesalers and retailers to transact business with industry buyers. Like conventions, tradeshows offer a forum for exchanging industry ideas. In order to clearly differentiate conventions from tradeshows, HVS assumes that only corporations and enterprises can sponsor and produce tradeshows. Similar to conventions, tradeshows require registered attendees. While they also require exhibit space set-up, they only sometimes require banquet or breakout space set-up.
- **Combination Shows**—are either corporate or enterprise produced, with a part of the shows being a public event, and the rest of the show being a registered event. Always requiring exhibit set-up, they sometimes require plenary, banquet and/or breakout set-up for additional portions of their show.

- **Consumer Shows**—are public, ticketed events featuring the exhibitions of merchandise for sale or display. Only enterprises can produce consumer shows, as they provide a means of product distribution and advertising. They only require exhibit space set-up.
- **Conferences**—require a mix of banquet and breakout space set-up, but do not require any exhibit set-up. Conferences can be corporate, association, government or enterprise, but always require attendees to be registered.
- **Meetings**—only require breakout space set-up. Like conferences, they can be produced from any of the above named organization types, but unlike conferences, they are private events to which one must be invited.
- **Banquets**—only require a banquet set-up for food and beverage meal service. These events also can be produced by any organizational type, but are also private.
- **Assemblies**—usually involve a ceremony, a speech, or another similar activity that attracts a crowd of spectators. Produced only by SMERFE groups (social, military, educational, religious, fraternal and ethnic), they are always public events. Additionally, assemblies only require a plenary set-up.
- **Fairs**—usually involve an exhibit booth set-up for a public event in which a number of organizations or companies represent themselves and/or a product or service, with a similar theme or purpose uniting the event. Associations, governments or SMERFE groups may present a fair.
- **Civic Events**—is typically a local event, always produced by some form of governmental entity. These are public events that always only require a plenary set-up.
- **Entertainment**—usually a concert or some form of live entertainment, owned and organized by an event promoter for the public. Entertainment events only require a production set-up.
- **Sports**—require only a production set-up. Attendees to sporting events, which are always organized by sports enterprises, may be public, or registered. Some sporting events have both a registered and public aspect to the event over the span of a few days.

Trends

The purpose of this section is to describe the convention and meeting industry and analyze trends in the number of events, attendance, and the supply of meeting and exposition facilities.

Supply Trends

The convention center industry experienced significant year-over-growth in supply from 2000 through 2006. Since 2007, the rate of growth in supply has slowed, but remained positive. As the majority of convention and meeting facilities

involve public funding, economic conditions affect the level of public investment in convention and meeting facilities that are intended to stimulate economic activity. As poor economic conditions continue to constrain public budgets nationwide, lack of available funding for convention and meeting facilities will continue to limit supply growth in the near future. As the economy improves, supply growth will likely remain low as convention venue projects have long lead times due to planning, financing and construction requirements.

A number of major convention centers will be undergoing expansions in the next few years, as described below.

FIGURE 4-2 FUTURE FACILITY EXPANSIONS

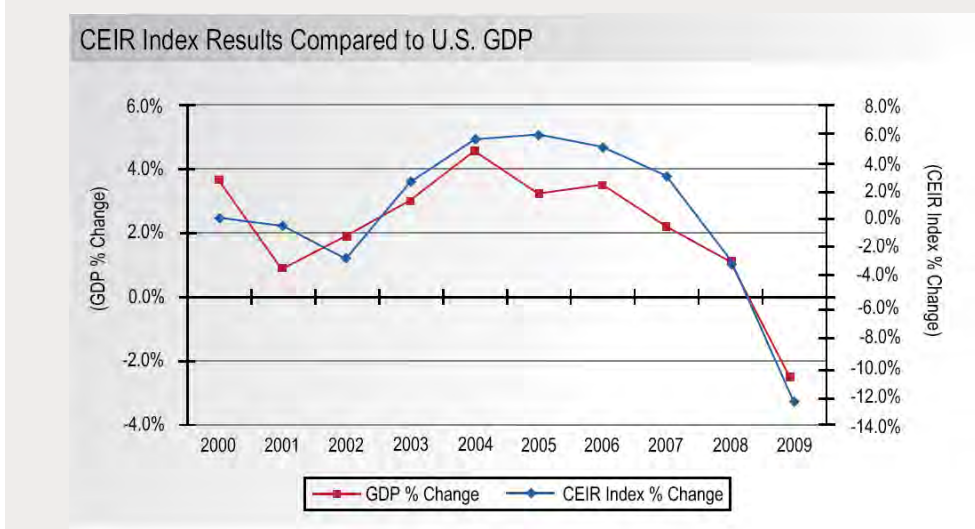
Year	Project
2011	Pennsylvania Convention Center <ul style="list-style-type: none"> o 239,000 sq ft. of exhibition space o 123,000 sq ft. of meeting space o 55,000 sq ft. of ballroom space
2011	Indiana Convention Center <ul style="list-style-type: none"> o 254,000 sq ft. of exhibition space o 63,000 sq ft. of meeting space
2012	Moscone Convention Center <ul style="list-style-type: none"> o \$70 million in facility improvements
2012	Dallas Convention Center <ul style="list-style-type: none"> o 1,000-room headquarter hotel
2013	Anaheim Convention Center <ul style="list-style-type: none"> o Adding 100,000-sq ft outdoor plaza
2013	Cobo Convention Center <ul style="list-style-type: none"> o Modest expansion/facility remodeling
2013	Washington Convention Center <ul style="list-style-type: none"> o 1,175-room headquarter hotel
2013	Music City Center (Nashville) <ul style="list-style-type: none"> o New 500,000+ sq ft center & 800-room hotel
TBD	Miami Beach Convention Center <ul style="list-style-type: none"> o New ballroom and headquarter hotel
TBD	San Diego Convention Center <ul style="list-style-type: none"> o 500-room hotel & 350,000 sq ft of function space
TBD	Kansas City Convention Center <ul style="list-style-type: none"> o 1,000-room headquarter hotel
TBD	Aurora, Colorado Gaylord <ul style="list-style-type: none"> o 1,200-room hotel & ____ sq ft of fundction space

As evidenced in the above facility expansions, the type of supply growth has transformed in recent years to meet planners' needs. Meeting and breakout sessions have become more common during large conventions, thus increasing the need for additional meeting space and/or flexible function space. As the industry has matured, meeting planner expectations for quality have increased, including proximity of full-service hotels to event facilities. Five of the 11 facilities above plan to add hotel rooms as part of their expansions.

Demand Trends

The Center for Exhibition Industry Research (CEIR) has created an index of “total” demand in the convention and meeting industry and compared the demand index to the United States GDP. The following figure demonstrates how the combined or “Total” demand index shown in the above chart moves in step with the U.S. GDP.

FIGURE 4-3 RELATIONSHIP BETWEEN GDP AND EXHIBITION DEMAND

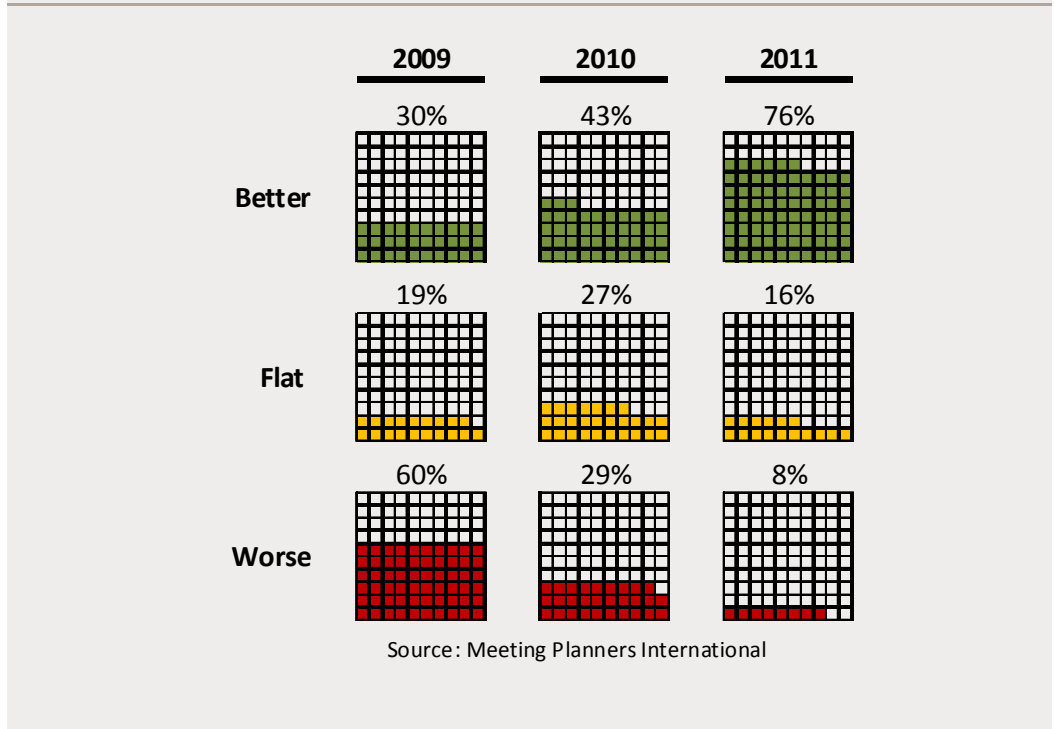


Source: Center for Exhibition Industry Research

The “total” demand index moves generally in step with the change in U.S. GDP. As limited funding mechanisms have slowed supply growth, the struggling budget situations of corporations, associations, and governmental entities decreased total demand for convention and meeting space in 2009.

Event planners are reporting a more optimistic outlook in coming years as the U.S. economy continues to recover. The following figure provides snapshot of how meeting planners have predicted that their business levels to would change over the past three years.

FIGURE 4-4 EVENT PLANNER OUTLOOK



As compared to predictions for 2010, meeting planners are more optimistic on the improvement in their meeting business for 2011.

The future trends in demand, according to data from Future Watch 2010 and 2011, show increased number of events and attendance, but decreases in meeting length and expenditures. The following table chart shows the average projected change for 2011 in these four demand indicators.

TABLE 4-5 DEMAND INDICATORS

Demand Indicator	2010 Predictions	2011 Predictions
Number of Meetings	↑ 2.8%	↑ 8.0%
Projected Attendance	↑ 4.5%	→ 2.0%
Average Meeting Length	→ -0.4%	→ 0.0%
Average Expenditure Per Meeting	→ -0.4%	↑ 5.0%

Source: Future Watch

In November of 2010, ExpoWeb conducted a survey of large convention and tradeshow producers on their top criteria for site selection.

FIGURE 4-6 SITE SELECTION CRITERIA



In addition to actual facility size, site selection, the survey indicates, is highly based on two important amenities - hotels and airports. This reaffirms the changing dynamic of the convention and meeting industry that is now focused on reducing costs for the hosting organization and its attendees as well as maximizing accessibility.

Convention and Meeting Trends for the Future

Over the past few decades, the meeting and convention industry has evolved dramatically from a budding industry to a more mature one that has become an important driver of the national economy. As an established industry, the rapid growth of the last four decades has been followed by a slowdown in supply growth in the late 2000s. As the economic recession continues to affect the level of demand and available budgets for conventions and meetings, the industry continues to evolve.

Changes in Demand and Supply Transformation: As discussed earlier, the maturity of the industry has sharply increased competitiveness in the industry. Nearby or attached quality hotel rooms, flexible meeting space, as well as price points at convention centers and hotels, and airport capacity and rates continue to drive site selection, and, therefore, dictate how supply has and will continue to change over time. Quality of convention facilities and hotels, in addition to size, price, and proximity, continue to be important factors in site selection.

Travel Costs: Organizations hosting and planning events, continue to work with tightened budgets, as do attendees. Recent increases in travel costs have decreased the desire to travel for some attendees and exhibitors. In the long run, expansions in the transportation system and continued innovations, as well as improved economic conditions, that reduce costs and increase the ease of and affordability, to travel are likely to support the growth of the meeting industry.

Electronic Meetings: In recent years, industry experts have speculated that improvements in telecommunications technology would supplant the need for face-to-face meetings. While data indicates that some meetings and events have been replaced by webinars or other electronic forms of meetings, in the long run, electronic meetings act a demand generator for future meeting growth as it expands the networks and interactions of businesses and organizations.

Mixed-Use Developments: For many cities, states, areas and developers convention centers have become an opportunity to spawn a mixed-use attraction, an area often including hotels, retail, dining, sports venues, and entertainment options, in addition to a housing a convention center. Convention centers have become the center of their own “districts” offering almost everything a delegate, event organizer or exhibitor could want in one area. The growth of mixed-use developments, particularly after economic conditions have improved, will continue to change the meeting and convention industry as supply transforms.

Implications for Tallahassee

As the meetings industry rebounds, meeting planners and attendees will continue to focus on reducing costs. As the capitol of Florida and headquarter city to numerous state associations, Tallahassee is well-positioned to enter this industry as a low-cost alternative site to pricier locations. The following sections of this report study Tallahassee’s event demand potential in the meetings industry and the meeting infrastructure required to realize that potential

5. Survey Findings

Overview

HVS conducted a survey of event planners to provide a basis for assessing the potential demand for the proposed convention center and headquarter hotel in Tallahassee, Florida. The purpose of this survey was to gather information from professional event planners about their event needs and event destination preferences. Included in the survey were questions about event needs, destination preferences and impressions of Tallahassee as a destination for conducting events. Respondents included professionals from organizations representing national, regional, state, and local associations, government entities, corporate and other organizations conducting or planning events.

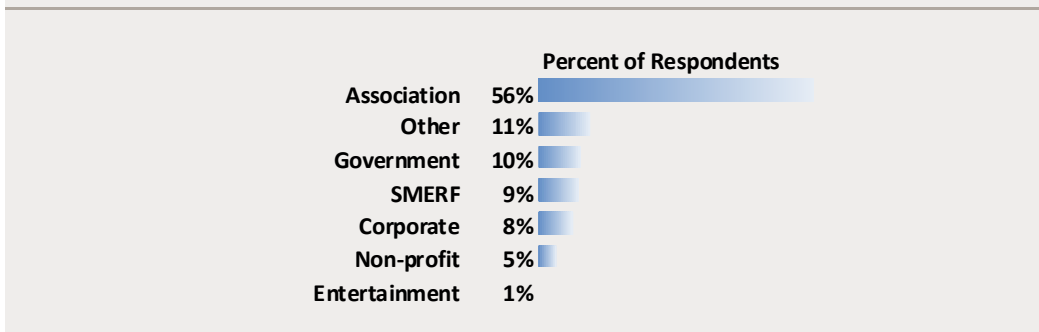
A total of 220 respondents completed a web based survey or follow-up telephone interview. The survey indicated that there is a proposed multi-purpose convention and events center with a full services hotel for Tallahassee, Florida under consideration. The proposed facility would include a multi-purpose exhibition, ballroom, and meeting space. The facility would support conventions and events, tradeshows, meetings, banquets, sports, and other events.

A complete survey report and the aggregate responses to each survey question are presented in an appendix to this report. This section highlights key results that indicate the required programming and potential performance of the proposed convention center and headquarter hotel.

Survey Respondents

In order to gain understanding of the type and size of the organizations responding to the survey, HVS asked respondents a series of questions which describe the organization. The figure below indicates the type of organizations which responded to the survey.

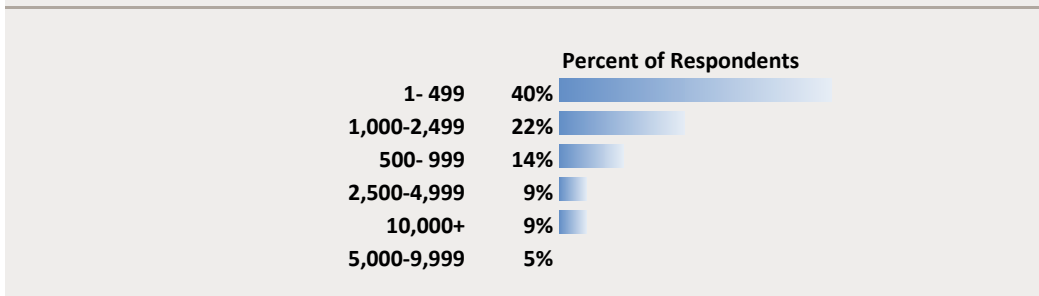
FIGURE 5-1 RESPONDING ORGANIZATION TYPE



More than 50 percent of responding organizations indicated that they are associations. Government and SMERF (Social Military Education Religious and Fraternal) organizations represent 10 and 9 percent of respondents, respectively.

HVS asked respondents to indicate the size of their membership.

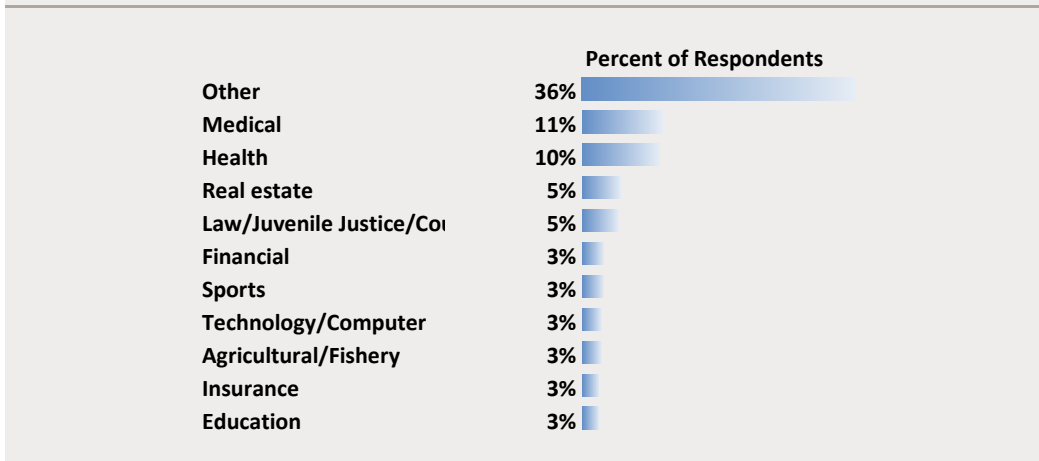
FIGURE 5-2 RESPONDING ORGANIZATION MEMBERSHIP



Forty percent of responding organizations are small, with less than 500 members, while the majority, 76 percent, have less than one thousand members.

The following figure indicates the top ten industries represented by the responding organizations.

FIGURE 5-3 RESPONDING ORGANIZATION INDUSTRY



Respondents comprise a wide range of industries with no single industry represented. Most respondents identified their industry as “Other”. The medical and health industries are the most often cited sectors with 11 and 10 percent, respectively.

Attendee Profile

HVS asked respondents to identify the geographic origin of their members and to indicate how members typically travel to their meetings and events. The following figures present these results

FIGURE 5-4 GEOGRAPHIC ORIGIN

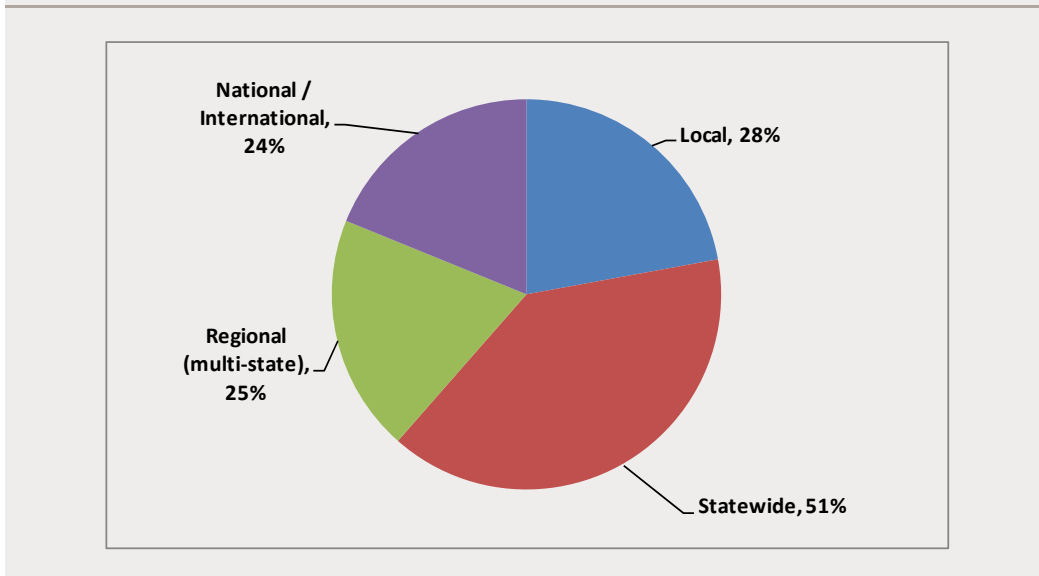
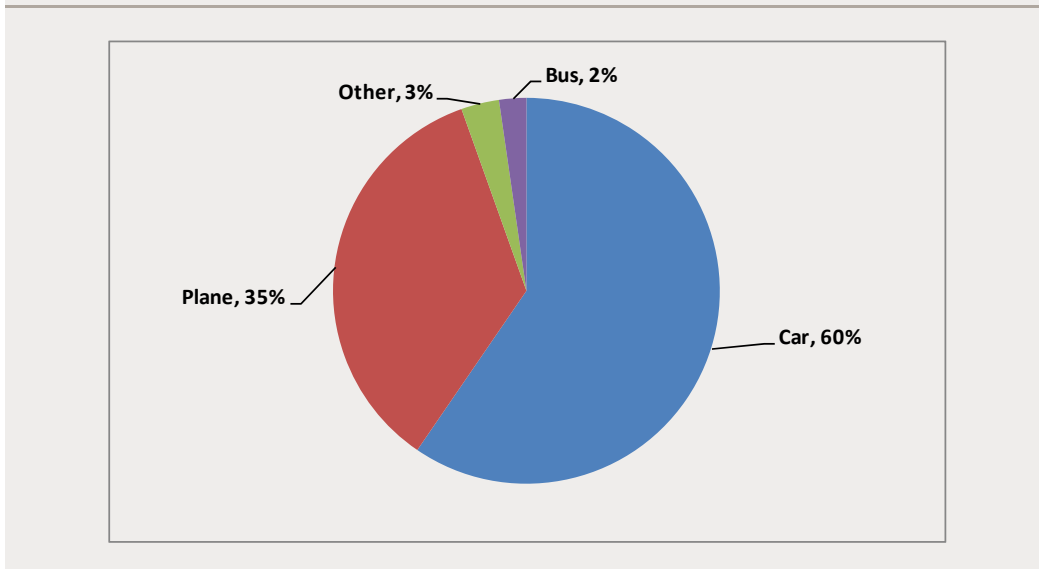


FIGURE 5-5 ATTENDEE TRANSPORTATION

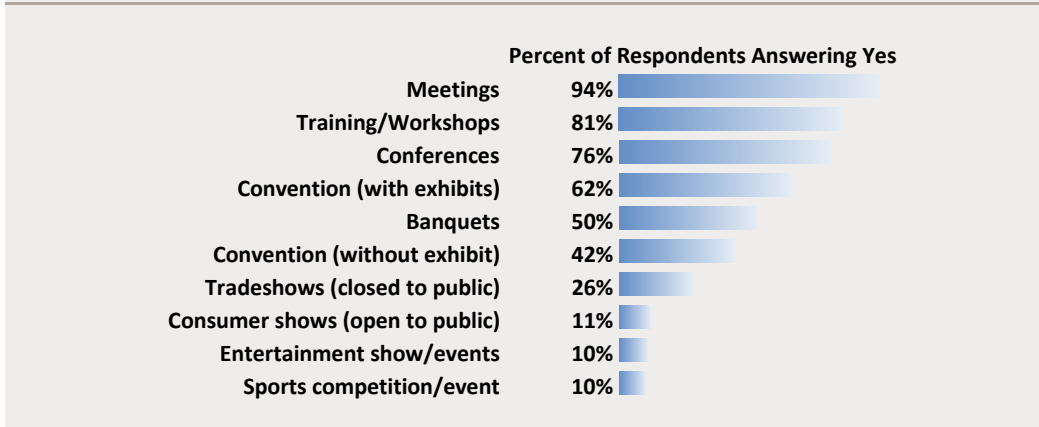


The majority of the responding organizations have a statewide membership base. Local organizations are the next highest group with regional and national organizations each making up approximately one quarter of the total respondents. As such, most convention and meeting attendees would travel to an event in Tallahassee in cars with 35 percent using air travel.

Event Profile and Preferences

HVS asked event planners to identify the types of events they regularly plan and host. The following figure present the top ten event types that respondents indicated.

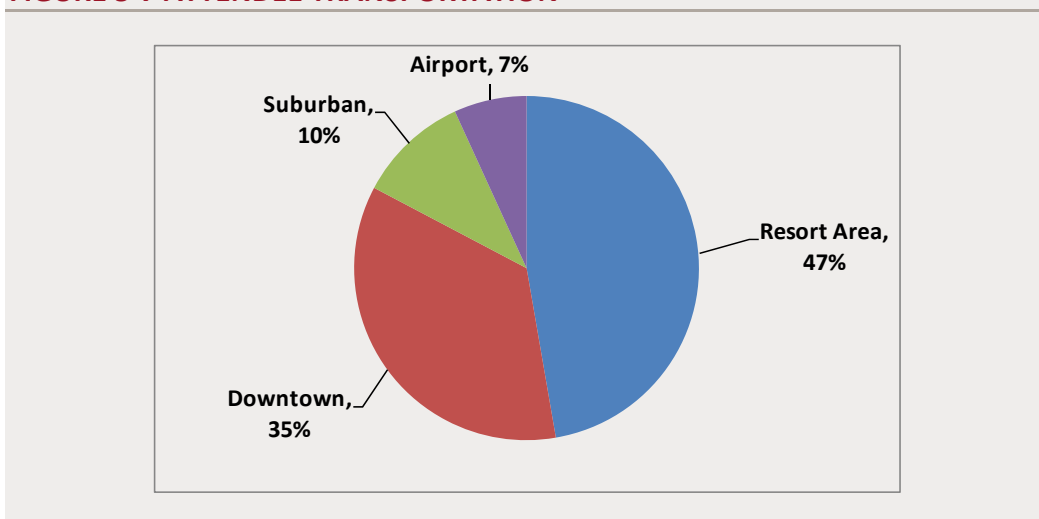
FIGURE 5-6 EVENT TYPES



Most meeting planners who responded to the survey plan and host of variety of meetings and other events throughout the year. Most respondents, 94 percent, plan and host meetings for their organization. The majority of respondents host conventions with an exhibit component.

HVS asked meeting planners to indicate whether they prefer a resort, downtown, or other location when planning an event.

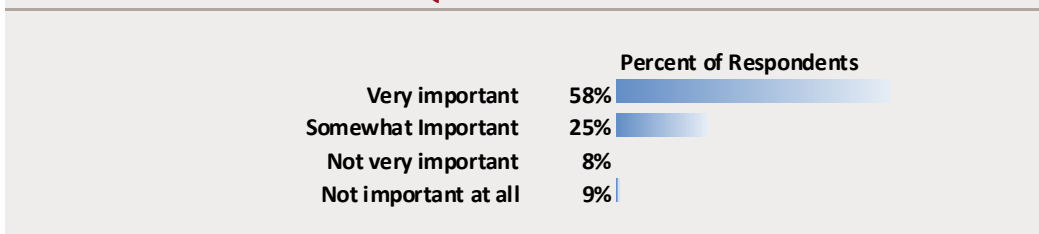
FIGURE 5-7 ATTENDEE TRANSPORTATION



Almost half of the respondents indicated that they prefer a resort setting when planning an event for their membership. The next most popular location is a downtown, with suburban and airport locations being the least preferred.

HVS asked meeting planners to assess relative importance of booking an event at a convention venue with an adjacent headquarter hotel.

FIGURE 5-8 IMPORTANCE OF HQ HOTEL

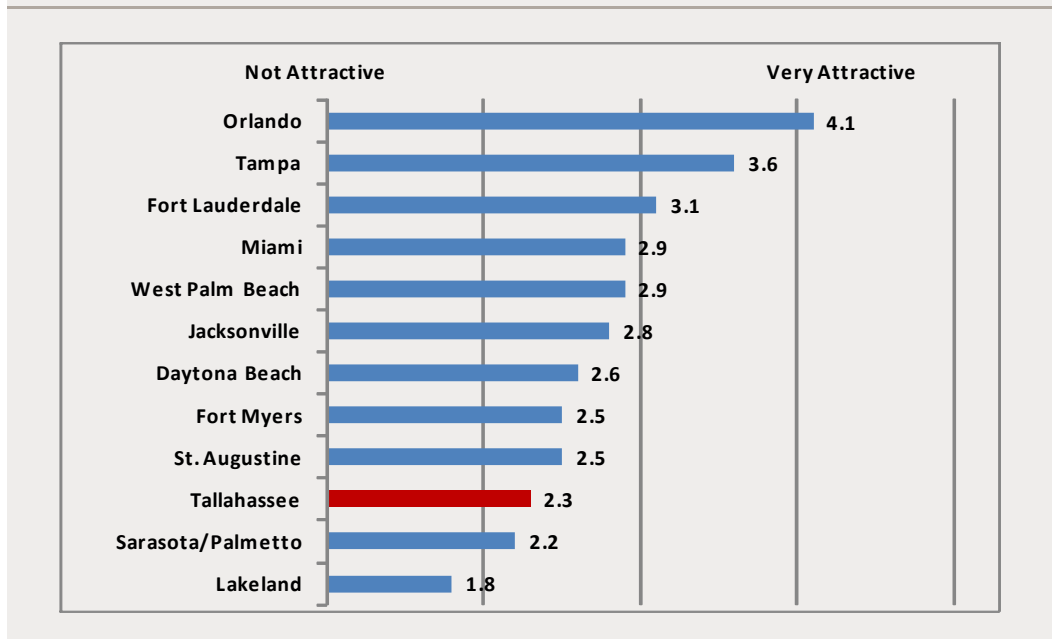


Perceptions of Cities and Booking History

The vast majority of respondents, 83 percent, indicated that the presence of a headquarter hotel is either Very Important or Somewhat Important when making their planning decisions.

HVS asked event planners to consider all factors related to booking an event and rate several cities in Florida, including Tallahassee, on overall attractiveness as a convention destination. These cities would compete with Tallahassee for state association meetings and conventions and other state-related business. The results are presented in the figure below with a rating of 1 indicating that a city is considered “not attractive” in a particular factor and a 5 indicating that it is considered “very attractive”.

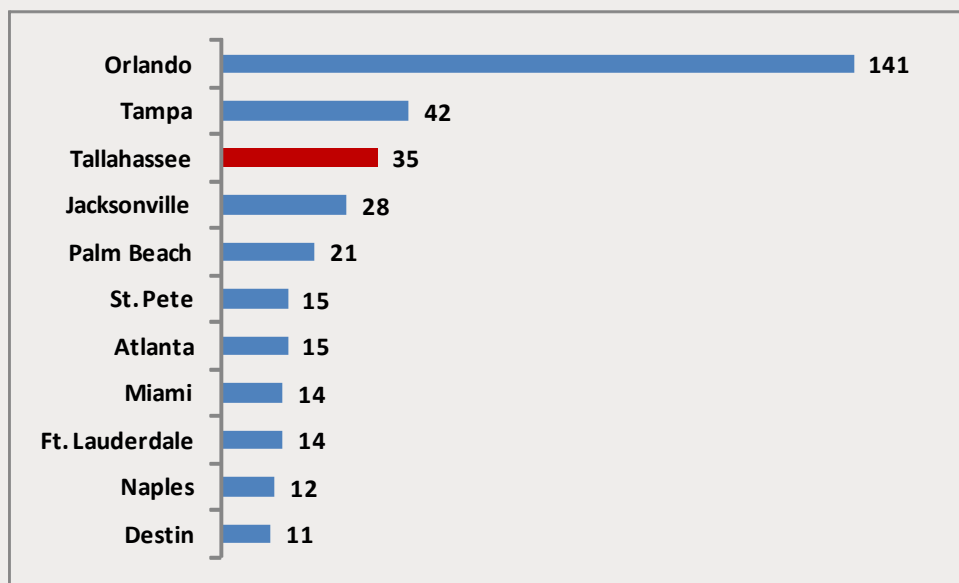
FIGURE 5-9 RATING COMPETING FLORIDA CITIES AS EVENT DESTINATION



Orlando received the highest average rating from meeting planners, followed by Tampa and Fort Lauderdale. Tallahassee received a below average rating, rated above only Sarasota and Lakeland.

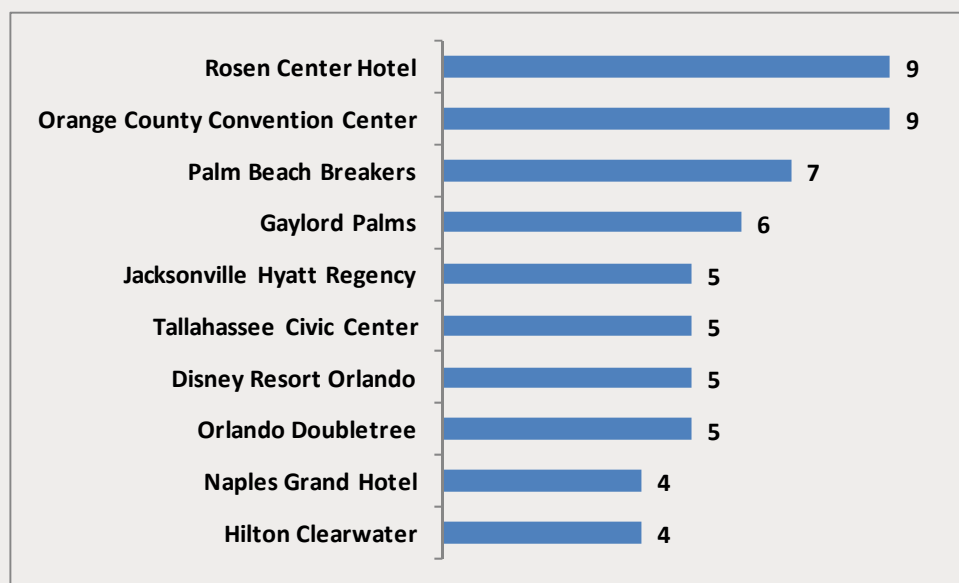
HVS then asked meeting planners to list three venues and cities in which they have recently planned an event. The following figures present the top ten cities and venues which received the most mention.

FIGURE 5-10 TOP TEN MOST OFTEN BOOKED CITIES FOR EVENTS



The city of Orlando received the greatest number of mentions, significantly above any other city. Tallahassee was the third most mentioned city. With the exception of Atlanta, Georgia, all of the top ten cities are in the state of Florida, suggesting that smaller cities in the southeastern US do not compete effectively with those in Florida.

FIGURE 5-11 TOP TEN MOST OFTEN BOOKED VENUES FOR EVENTS



Two venues in Orlando, the Rosen Hotel and the Orange County Convention Center, were the most often mentioned venues for past events. The Tallahassee-Leon County Civic Center (“Civic Center”) received 5 mentions. Eight of the top ten venues are hotels with meeting and conference facilities.

Perceptions of Tallahassee

HVS asked meeting planners to provide details on their overall perception of Tallahassee as a meeting and event destination. When asked to rate their level of knowledge of Tallahassee as an event destination, 72 percent reported that they are either “very knowledgeable” or “somewhat knowledgeable”. Fourteen percent reported that they are “not knowledgeable at all”.

HVS asked meeting planners to identify, in their own words, a key strength and weakness for Tallahassee. The responses were analyzed and common responses merged to create the combined results presented below.

FIGURE 5-12 TALLAHASSEE STRENGTHS

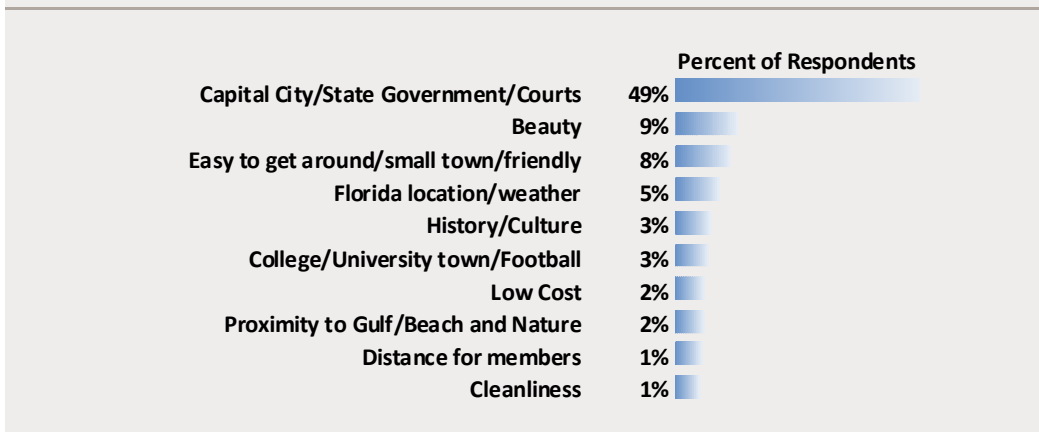
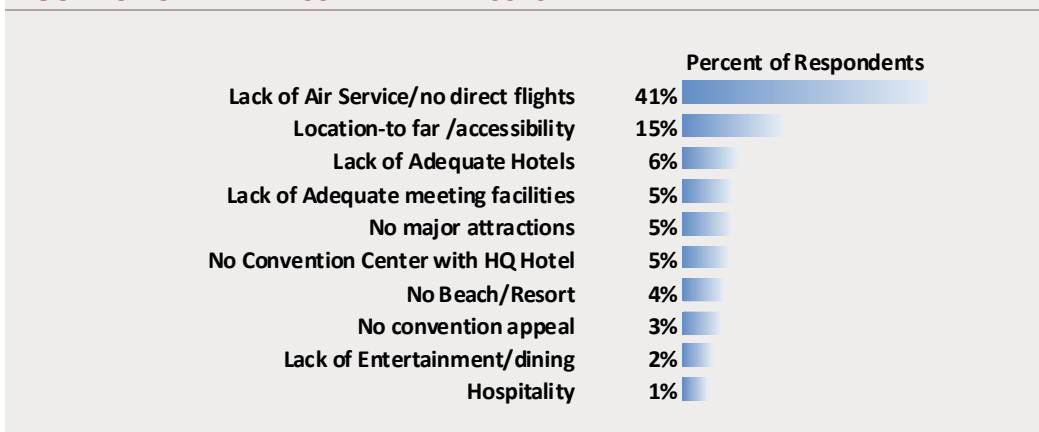


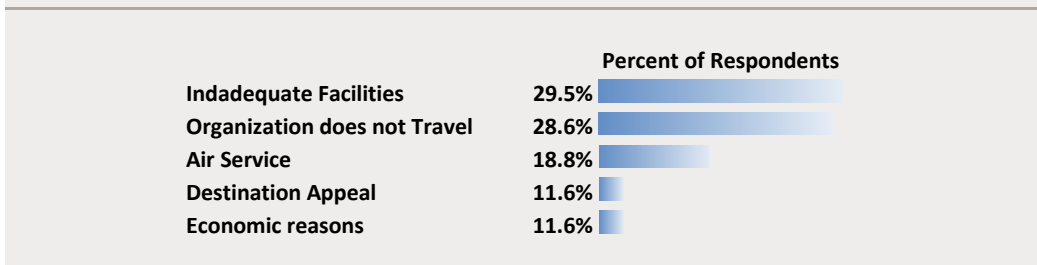
FIGURE 5-13 TALLAHASSEE WEAKNESSES



Almost half of the respondents identified Tallahassee’s role as the state capitol as its key strength. The city’s beauty and friendly, small town, atmosphere also received several mentions. Over forty percent of respondents identified Tallahassee’s air service as its key weakness. Tallahassee’s location and relative inaccessibility also ranked high.

The majority of meeting planners, 55 percent, had not hosted an event in Tallahassee in the past three years. When asked the main reason for not planning an event in Tallahassee, those respondents listed the following type five reasons.

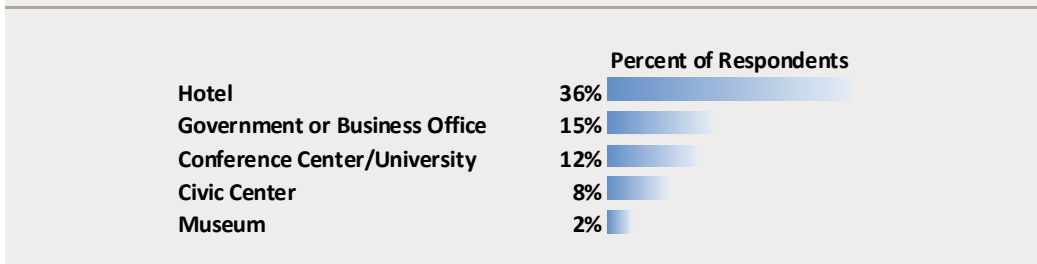
FIGURE 5-14 REASONS FOR NOT SELECTING TALLHASSEE



Lack of adequate meeting facilities ranks as one of the most common reasons event planners do not select Tallahassee for their events. Many organizations do not rotate their events to different cities each year. This is the second most common reason to not plan an event in Tallahassee. Air service also received a number of mentions by the respondents.

For those respondents who have hosted recent events in Tallahassee, HVS asked them to list the specific venues which they have booked. The following figure presents a summary of the most common responses.

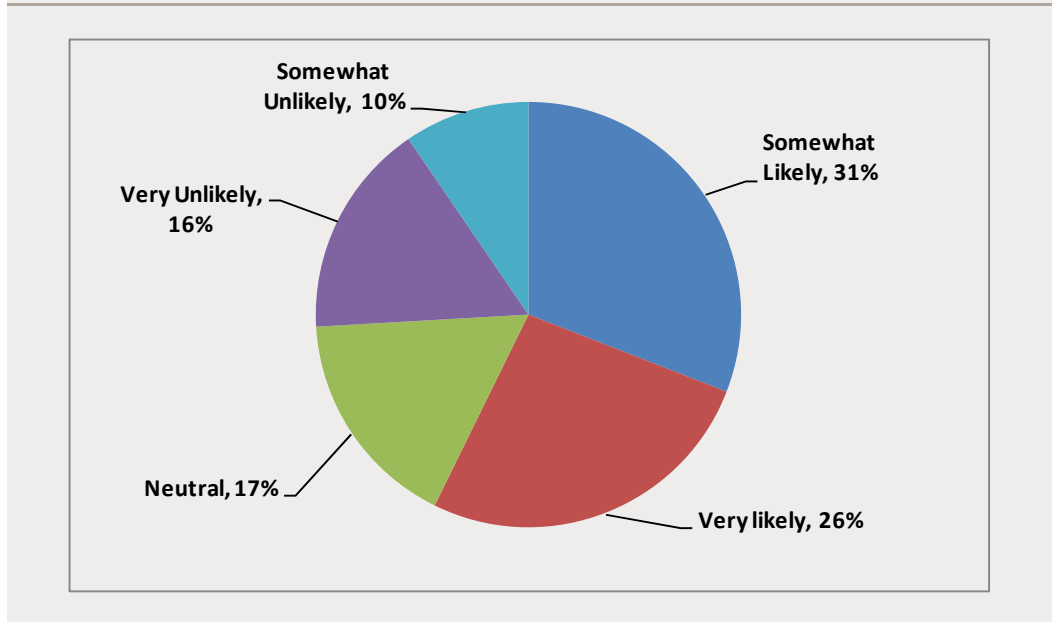
FIGURE 5-15 VENUES SELECTED FOR EVENTS IN TALLHASSEE



The area hotels are the most common location selected by the meeting planners for their events. Many events are also held in government or corporate offices as well as the new Turnbull Conference Center at FSU. Only 8 percent of respondents reported booking the Civic Center for their events.

HVS asked meeting planners to consider Tallahassee developing a new convention center with an adjacent headquarter hotel. Assuming the facility would meet their event programming needs, when asked how likely they would book an event in such a facility, meeting planners responded as follows.

FIGURE 5-16 LIKELIHOOD OF HOSTING EVENT IN NEW FACILITY

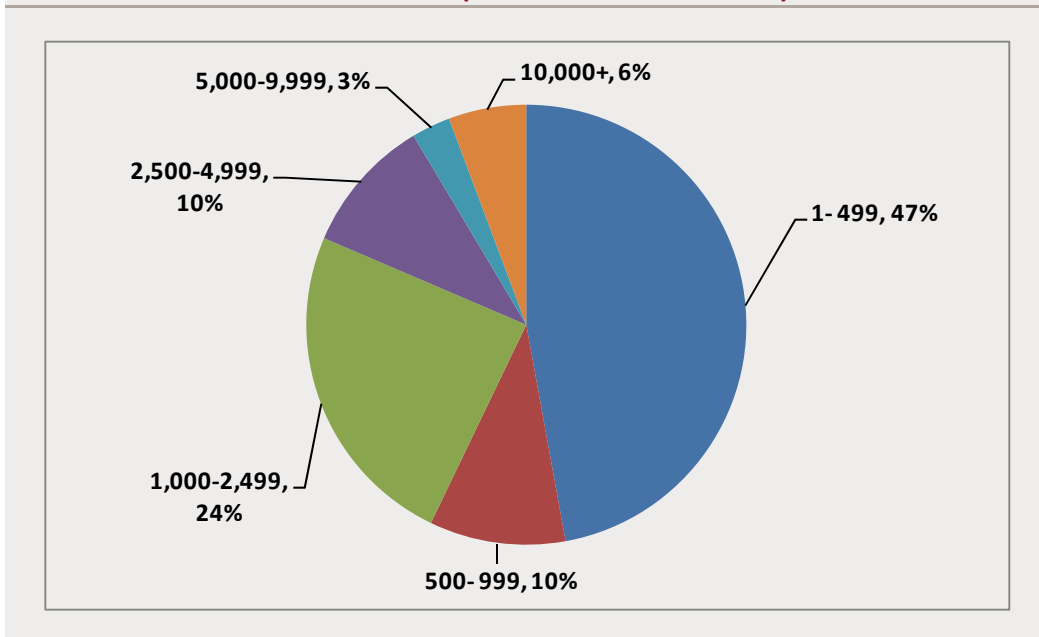


The majority of respondents, 57 percent, report that they would be either “very likely” or “somewhat likely” to book an event at a new convention center in Tallahassee. The following section identifies the programming needs of the group of meetings planners who are “likely” to host an event in Tallahassee if a future convention and hotel facility meets their space and hotel room requirements. This analysis forms the basis for the programming recommendations which are found in Section 6 of this report.

Event Characteristics of Organizations Interesting in Tallahassee

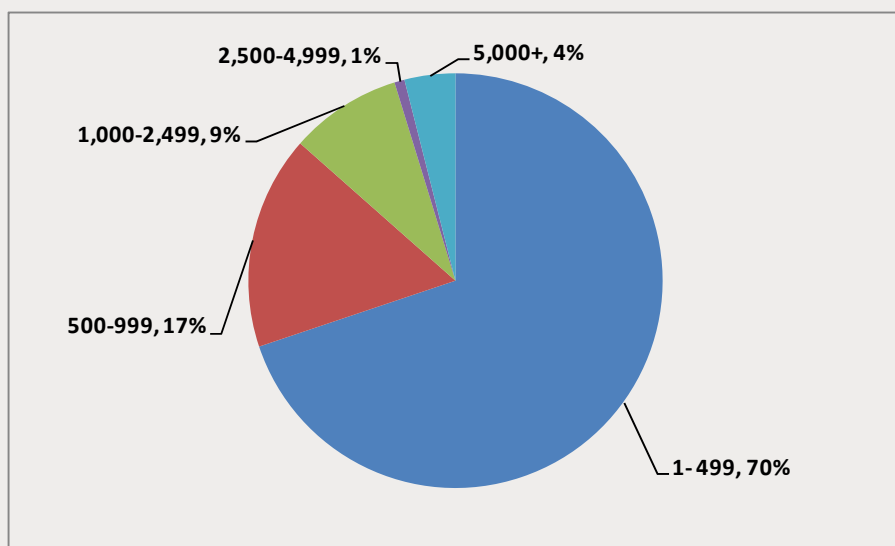
HVS compiled the event characteristics of those organizations, who expressed an interest in hosting their events in Tallahassee. The following figures present the results of this analysis.

FIGURE 5-17 ORGANIZATION SIZE (NUMBER OF MEMBERS)



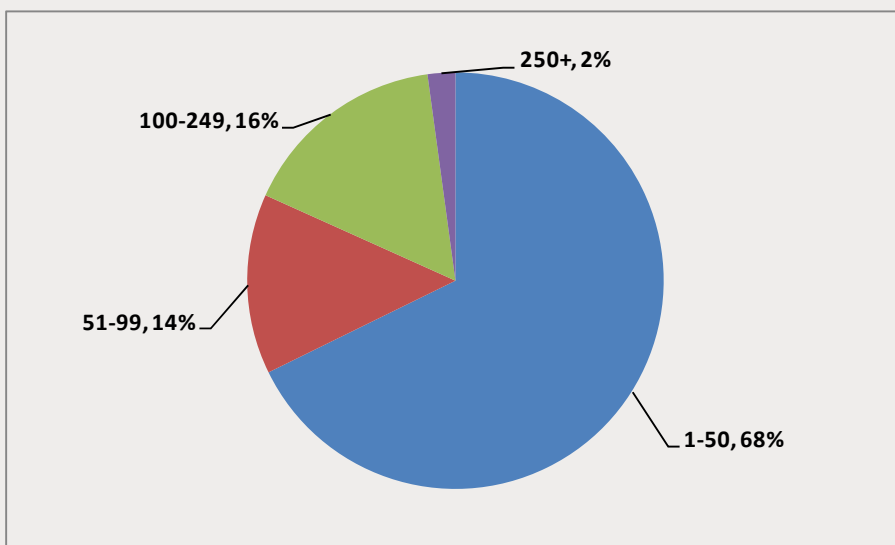
Almost half, 47 percent, of the organizations interested in hosting events in Tallahassee are small, with less than 500 members. A significant majority, 81 percent, have less than 2,500 members.

FIGURE 5-18 NUMBER OF ATTENDEES



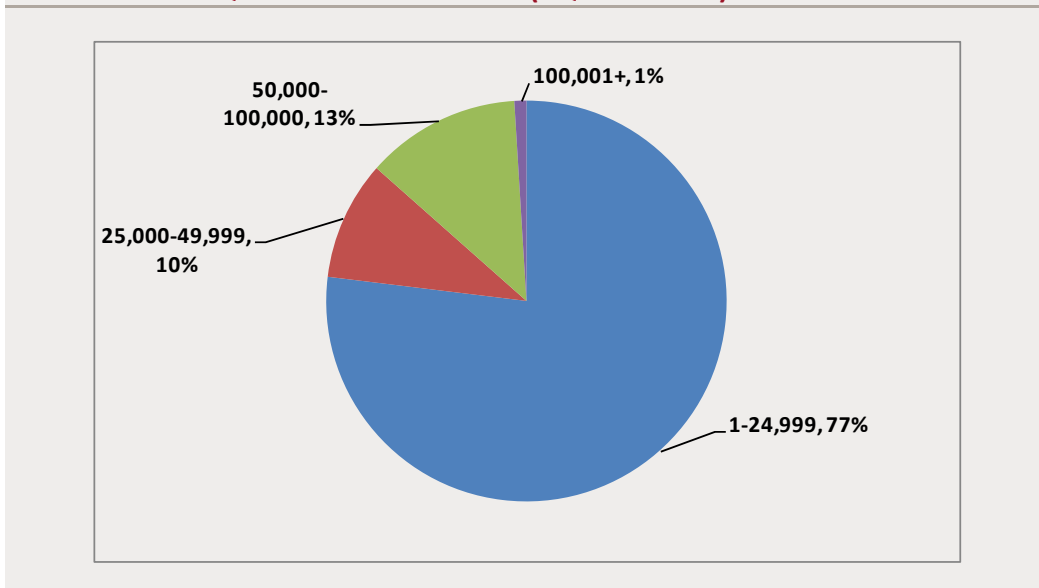
The majority of meeting planners interested in hosting events in Tallahassee, 70 percent, report that those events would be smaller events with less than 500 attendees. 87 percent of events would have less than 1,000 attendees.

FIGURE 5-19 NUMBER OF EXHIBITORS



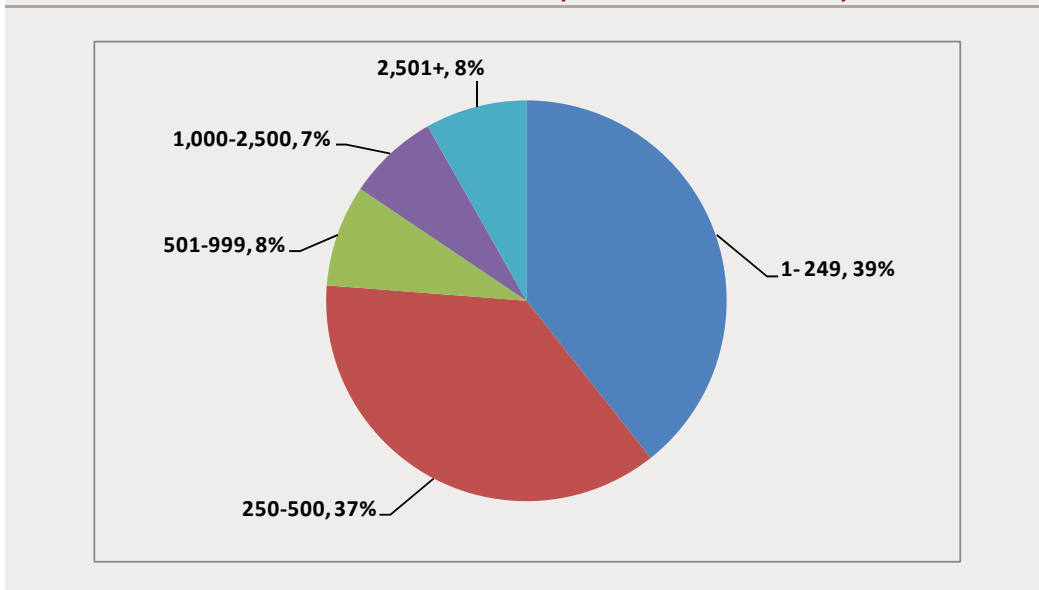
Similarly, the majority of interested meeting planners, 68 percent, report that the number of exhibitors at their events would be 50 or fewer. 82 percent of events would have less than 100 exhibitors.

FIGURE 5-20 REQUIRED EXHIBIT SPACE (SQURE FEET)



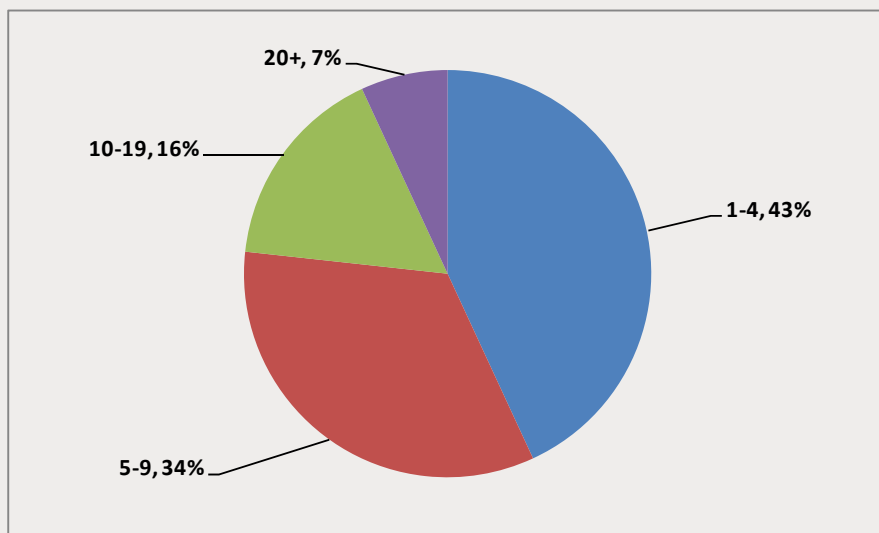
The relatively small number of exhibitors translates into a relatively low exhibit space requirement. The majority of events, 77 percent, would require less than 25,000 square feet of exhibit space. Ninety nine percent of events would be able to use a 100,000 square foot exhibit hall.

FIGURE 5-21 REQUIRED BANQUET SPACE (NUMBER OF PEOPLE)



Similar to the number of event attendees, over 70 percent of meeting planners report requiring banquet seating for 500 people or less, which can be accommodated by a 6,000 square foot ballroom. A 12,000 square foot ballroom can accommodate up to 1,000 people, or 84 percent of interested meeting planners.

FIGURE 5-22 REQUIRED MEETING SPACE (NUMBER OF ROOMS)



The majority of interested meeting planners, 77 percent, could be accommodated by 10 or fewer break out meeting rooms. Ninety three percent of events require less than 20 meeting rooms.

HVS also asked meeting planners to identify their preferred and minimum room block requirements for their event.

FIGURE 5-23 HOTEL ROOM BLOCK – MINIMUM AND PREFERRED NUMBER OF ROOMS

	Percent of Respondents	
	Minimum	Preferred
1- 100	52%	39%
101--249	16%	15%
250-499	21%	31%
500-999	8%	12%
1,000+	3%	3%

The majority of interested meeting planners, 52 percent, would be satisfied with a room block of 100 rooms or fewer; however, this percentage drops to 39 percent when asked what size room block they prefer. Similarly, 68 percent of meeting

planners would accept a room block of fewer than 250 rooms, while only 54 percent prefer less than 250 rooms.

FIGURE 5-24 HOTEL ROOM RATE – MAXIMUM AND PREFERRED (\$)

	Percent of Respondents	
	Maximum	Preferred
Under \$100	17%	48%
\$101-\$149	35%	33%
\$150-\$199	37%	16%
\$200-\$249	8%	3%
\$250+	3%	0%

Almost half of interested meeting planners would prefer a room rate of 100 dollars or less, but only 17 percent consider this rate a maximum. 81 percent of planners prefer a rate less than 150 dollars, with 52 percent considering this a maximum rate. Most meeting planners, 89 percent, would be unwilling to accept a room rate above 200 dollars.

**Implications for
Proposed Convention
Center**

The meeting planners’ survey provides insight into the types of events that would likely fill the proposed facility. It also highlights the strengths and weaknesses of the Tallahassee market from the perspective of its current and future clients. Key implications and conclusions include the following:

- Convention, conferences, training workshops, and meetings hosted by State associations make up the majority of potential demand for the proposed facility.
- The presence of an adjacent headquarters hotel is important for the future success of the facility.
- The market share of the proposed facility, which would compete mainly with other facilities in Florida, would be diminished due to Tallahassee’s location in the northern part of the state and its inferior air service.
- The market share of the proposed facility would be strengthened by the presence of State government.
- For those meeting planners interested in hosting event at the proposed convention center, most plan smaller events in terms of attendees, exhibit space, and other program requirements.

6. Comparable Convention Center Venues

This analysis of comparable venues provides a basis for forecasts of event demand and financial operations. The analysis compares the function spaces in each of the facilities, adjacent hotel capacities, and characteristics of the markets that are relevant to the success of the venues. It concludes with an assessment of the relative strengths and weaknesses of Tallahassee.

Tallahassee competes directly with other cities in the State of Florida and in the southeast US for a share of the meetings market. Event planners select host cities for their events based the overall package that a city may offer. Several factors determine a city's overall strength and potential in the meetings market. These factors include the attributes of the convention facilities, lodging supply, the economic and demographic profile of the community, transportation access, tourism amenities, and overall destination appeal. This analysis will help in understanding the competitiveness of Tallahassee and the Proposed Convention Center and Headquarter Hotel.

HVS analyzed three sets of venues:

- Convention and conference facilities in Florida that offer exhibit, ballroom and meeting space and would compete directly with the Proposed Convention Center for state, regional, and national business. For the purpose of this analysis, the Orange County Convention Center in Orlando is considered an outlier in terms of facility size and is, therefore, not included.
- Convention and conference facilities in the south eastern US that offer exhibit, ballroom and meeting space and would compete directly with the Proposed Convention Center for regional and national business
- Convention and conference facilities in other U.S. state capitols that offer exhibit, ballroom, and meeting space and would be comparable to the proposed convention center.

HVS analyzed competitive venues shown in the figure below.

FIGURE 6-1 COMPARABLE VENUES

Name of Venue	Location		Total Function Space
Competitive State Venues			
Broward County Convention Center	Fort Lauderdale	FL	297,855 sf
James L. Knight Center	Miami	FL	28,000
Lakeland Center	Lakeland	FL	63,924
Manatee Civic and Convention Center	Palmetto	FL	47,400
Miami Beach Convention Center	Miami	FL	647,848
Ocean Center	Daytona Beach	FL	211,475
Palm Beach County Convention Center	Palm Beach	FL	140,575
Prime Osborne Convention Center	Jacksonville	FL	112,375
Sarasota Bradenton Convention Center	Sarasota	FL	97,920
Tampa Convention Center	Tampa	FL	278,767
Competitive Regional Venues			
Baton Rouge River Center	Baton Rouge	LA	133,000 sf
Birmingham-Jefferson Convention Complex	Birmingham	AL	344,000
Charlotte Convention Center	Charlotte	NC	406,875
Virginia Beach Convention Center	Virginia Beach	VA	208,893
Jackson Convention Complex	Jackson	MS	107,241
Mobile Convention Center	Mobile	AL	141,366
Myrtle Beach Convention Center	Myrtle Beach	SC	131,931
Charleston Area Convention Center	North Charleston	SC	101,960
Von Braun Center	Huntsville	AL	160,626
Savannah International Trade & Convention Center	Savannah	GA	140,106
Shreveport Convention Center	Shreveport	LA	131,460
Comparable National Venues			
Monona Terrace Convention Center	Madison	WI	68,370 sf
Austin Convention Center	Austin	TX	364,439
Columbia Metropolitan Convention Center	Columbia	SC	56,980
Empire State Plaza Convention Center	Albany	NY	40,250
Greater Richmond Convention Center	Richmond	VA	255,736
Lansing Center	Lansing	MI	94,874
Raleigh Convention Center	Raleigh	NC	211,061
Salem Conference Center	Salem	OR	25,370

Exhibition Space Assessment

Exhibition space is critical for several types of events such as conventions, tradeshows, and consumer shows. The amount and quality of exhibition space determines the size and types of events that the venue can accommodate. The exhibition space available at each of the selected comparable facilities provides an indication of the amount of space that is appropriate for Tallahassee.

FIGURE 6-2 EXHIBITION SPACE IN COMPARABLE VENUES

Competitive State Venues	sf	# halls
Miami Beach Convention Center	502,848	31
Tampa Convention Center	200,000	3
Broward County Convention Center	199,526	4
Ocean Center	167,760	2
Palm Beach County Convention Center	99,300	2
Sarasota Bradenton Convention Center	93,000	2
Prime Osborne Convention Center	78,540	2
Manatee Civic and Convention Center	32,400	2
James L. Knight Center	28,000	3
Lakeland Center	27,848	2
Average	142,922	5
Competitive Regional Venues	sf	# halls
Charlotte Convention Center	280,000	4
Birmingham-Jefferson Convention Complex	220,000	7
Virginia Beach Convention Center	150,012	4
Von Braun Center	106,800	5
Myrtle Beach Convention Center	100,800	3
Baton Rouge River Center	100,000	3
Mobile Convention Center	100,000	2
Savannah International Trade & Convention Center	97,750	2
Shreveport Convention Center	95,000	3
Charleston Area Convention Center	76,960	3
Jackson Convention Complex	60,000	2
Average	126,120	3
Comparable National Venues	sf	# halls
Austin Convention Center	246,097	5
Greater Richmond Convention Center	178,159	4
Raleigh Convention Center	145,843	3
Lansing Center	71,760	3
Monona Terrace Convention Center	37,200	2
Empire State Plaza Convention Center	26,400	2
Columbia Metropolitan Convention Center	24,700	1
Salem Conference Center	11,400	4
Average	92,695	3

In the State of Florida, the larger exhibit halls are located in beach destinations such as Miami Beach, Tampa, Fort Lauderdale, and Daytona Beach. Other inland cities generally have smaller exhibit halls with less than 100,000 square feet. With over 500,000 square feet of exhibit space, the Miami Beach Convention Center is a clear outlier in the data set. Removing this venue from the calculation drops the average exhibit hall size to just over 142,000 square feet. The southeastern regional venues have exhibit halls which range in size from 60,000 to 280,000 square feet. Six of the eleven venues in this set, however, have exhibit halls with approximately 100,000 square feet. The national state capitols have a wider range of exhibit hall size ranging from 11,400 square feet in Salem, OR to 246,000 square feet in Austin, TX. Population base and proximity to larger metropolitan areas both influence the exhibit hall needs in a state capitol.

Ballroom Space Assessment

Banquet space is important for convention centers as facility operators attempt to grow food service revenues at their facilities and event planners seek a higher level of service for their attendees. In addition to social events (such as weddings and fundraisers) that host banquets, several other types of events, such as conventions and tradeshow, typically require food services in a ballroom setting. General assemblies at conventions and tradeshow are often held in a ballroom and with a theater or banquet set-up. Consequently, the size of the ballroom can determine a venue's event size capacity. Divisibility and the ability to host simultaneous events that require banquet space are important considerations in developing demand projections. The figure below compares of available banquet space in the comparable venues.

FIGURE 6-3 BALLROOM SPACE IN COMPARABLE VENUES

Competitive State Venues	sf	# divisions
Broward County Convention Center	52,047	12
Tampa Convention Center	36,000	4
Palm Beach County Convention Center	21,978	4
Ocean Center	11,715	3
Prime Osborne Convention Center	10,140	2
Lakeland Center	5,089	2
James L. Knight Center	0	0
Manatee Civic and Convention Center	0	0
Miami Beach Convention Center	0	0
Sarasota Bradenton Convention Center	0	0
Average	22,828	5
Competitive Regional Venues	sf	# divisions
Charlotte Convention Center	75,289	4
Von Braun Center	39,464	8
Virginia Beach Convention Center	31,029	3
Baton Rouge River Center	26,000	2
Jackson Convention Complex	25,000	5
Charleston Area Convention Center	25,000	6
Savannah International Trade & Convention Center	25,000	3
Birmingham-Jefferson Convention Complex	24,000	2
Shreveport Convention Center	18,000	4
Myrtle Beach Convention Center	16,890	5
Mobile Convention Center	15,508	2
Average	29,198	4
Comparable National Venues	sf	# divisions
Austin Convention Center	66,718	7
Raleigh Convention Center	32,617	3
Greater Richmond Convention Center	30,550	3
Empire State Plaza Convention Center	25,000	1
Columbia Metropolitan Convention Center	17,135	3
Monona Terrace Convention Center	13,524	4
Lansing Center	13,320	8
Salem Conference Center	8,750	6
Average	25,952	4

Not all convention venues in the State of Florida have dedicated ballroom space suggesting that exhibition and other multi-purpose or prefunction spaces can be set up for banquets and other social events when needed. This is especially true for the Miami Beach Convention Center, which houses the largest amount of exhibit space, but no dedicated ballroom. Of those venues with dedicated ballroom space,

the average is approximately 23,000 square feet. The competitive regional venues all have ballroom space with sizes that vary from approximately 15,000 square feet to over 75,000 square feet. Despite the wide range, five of the eleven venues have ballrooms with approximately 25,000 square feet. Similar to exhibit hall sizes, ballroom capacity for the comparable national state capitol set varies widely. With the exception of the Empire State Plaza in Albany, NY, which has a relatively small amount of exhibit space, ballroom size roughly tracks with exhibit hall size.

Meeting/Break-out Room Assessment

Meeting rooms can accommodate sub-groups as they break out of larger general sessions at conventions and tradeshow. Additionally, these smaller rooms can accommodate self-contained meetings, training sessions, seminars, classes, and a variety of small meeting functions. A facility's meeting rooms are often its most frequently used function spaces. Generally, convention centers should offer meeting space that is proportionate to the amount of exhibition space available at the facility. However, the optimum amount of meeting space can vary depending on a facility's target market.

The following figure presents a comparison of available meeting space.

FIGURE 6-4 MEETING SPACE IN COMPARABLE VENUES

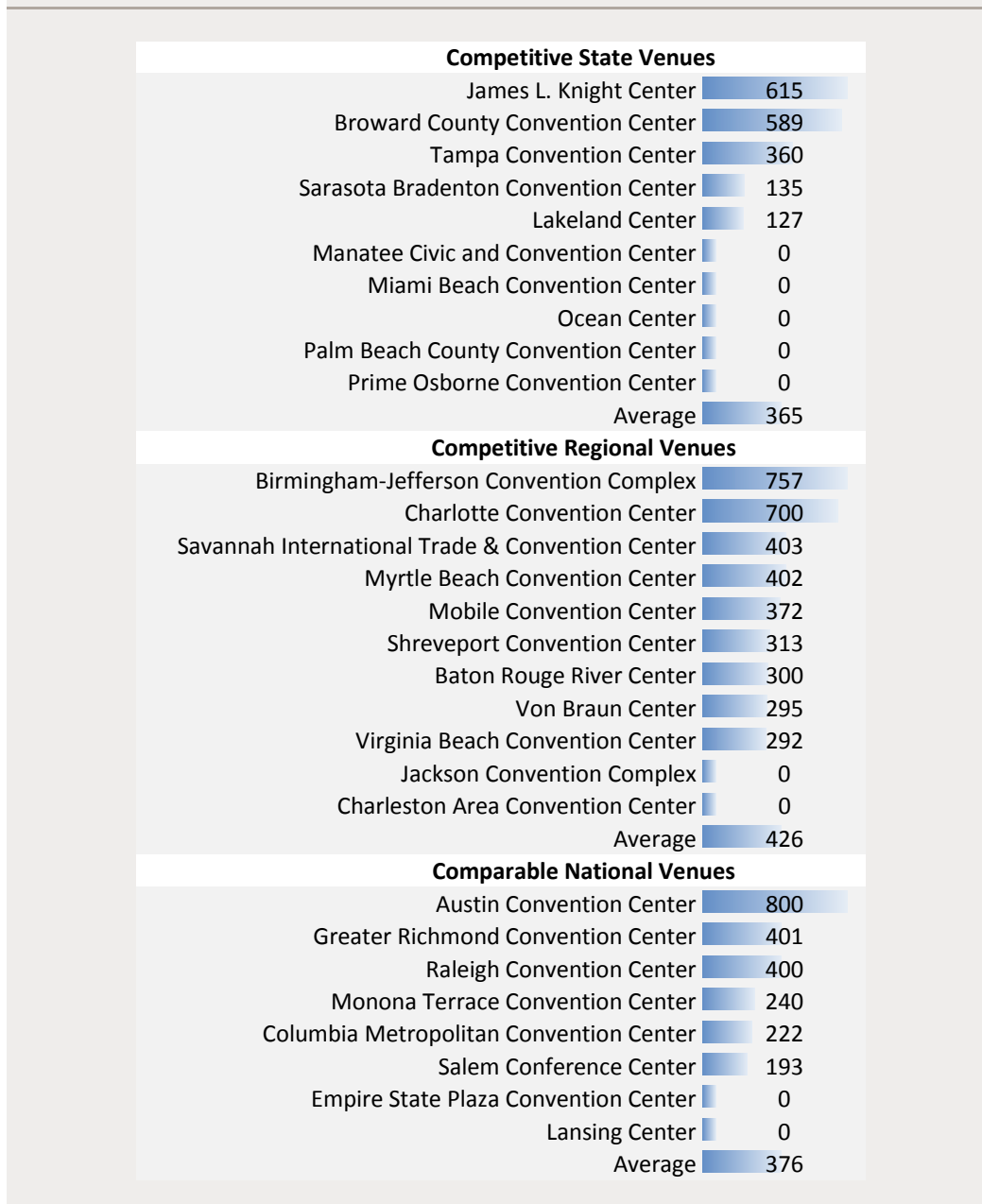
Competitive State Venues	sf	# rooms
Miami Beach Convention Center	145,000	72
Broward County Convention Center	46,282	31
Tampa Convention Center	42,767	40
Ocean Center	32,000	36
Lakeland Center	30,987	11
Prime Osborne Convention Center	20,329	19
Palm Beach County Convention Center	19,297	18
Manatee Civic and Convention Center	15,000	7
Sarasota Bradenton Convention Center	4,920	4
James L. Knight Center	0	0
Average	39,620	26
Competitive Regional Venues	sf	# rooms
Birmingham-Jefferson Convention Complex	100,000	74
Charlotte Convention Center	51,586	37
Virginia Beach Convention Center	27,852	21
Mobile Convention Center	25,858	16
Jackson Convention Complex	22,241	22
Shreveport Convention Center	18,460	11
Savannah International Trade & Convention Center	17,356	13
Myrtle Beach Convention Center	14,241	17
Von Braun Center	11,972	11
Charleston Area Convention Center	10,000	20
Baton Rouge River Center	7,000	8
Average	27,870	23
Comparable National Venues	sf	# rooms
Austin Convention Center	53,384	49
Greater Richmond Convention Center	47,027	32
Raleigh Convention Center	32,601	20
Monona Terrace Convention Center	17,646	14
Columbia Metropolitan Convention Center	15,145	11
Empire State Plaza Convention Center	14,250	7
Lansing Center	9,794	9
Salem Conference Center	5,220	3
Average	24,383	18

The above figure demonstrates that the majority of venues house meeting space area that is consistent with relative exhibit hall size. Of the competitive state venues, the Miami Beach Convention Center is again the outlier with over 100,000 more square feet of meeting space than its closest competitor, the Broward County Convention Center. Removing this venue from the calculation drops the average

meeting room space to just over 26,000 square feet with an average of 21 divisions. The competitive regional venues average approximately 28,000 square feet of meeting space with 21 divisions. The comparable national venue have slightly less meeting space with an average of approximately 25,000 square feet and 18 divisions.

**Adjacent Hotel
Capacity**

The quality and proximity of hotel supply has increasingly become one of the most important selection factors for facility users in recent years. To attract out-of-town groups, an adequate supply of nearby hotel rooms should support the lodging needs of delegates, exhibitors, and other attendees. Proximity and connectivity are critical factors that event planners consider in evaluating overall hotel packages available in competing communities. Generally, the number of rooms offered at one or more hotels that are adjacent or connected to the convention center is the key point of comparison. Other factors that can be important are hotel brands, service levels, building ages, management, and available meeting and banquet spaces in these hotels.

FIGURE 6-5 ADJACENT OR INTEGRATED HOTEL CAPACITY

Due to a strong tourism market and a large number of hotels in the state of Florida, many of the state's venue do not have a traditional attached headquarter hotel. Hotel options relatively close to a venue are typically plentiful. Despite this, the importance of an adjacent hotel to meeting planners and attendees has prompted

some communities, such as Daytona Beach, to pursue headquarter hotel developments. The competitive regional cities follow more traditional convention infrastructure development with most of the convention center adjoining a hotel property with an average of 426 rooms. Similarly, most of the comparable national venues have a headquarter hotel with room count roughly based on convention venue size.

Population Comparison

Local area population and income data can provide evidence of a community's overall economic size and ability to support public services and visitor amenities that are important for convention center users. Because most convention centers primarily target out-of-town users, local area population figures rarely have an indirect correlation with overall demand potential. However, population data can provide a basis for understanding a community's ability to support and sustain a convention center, the surrounding neighborhood and market. Additionally, demand potential for certain types of events such as locally-generated meetings, banquets, religious events, graduation ceremonies, and consumer shows can be linked to population.



FIGURE 6-6 MSA POPULATION AND AVERAGE HOUSEHOLD INCOME

		2010 MSA Population	Average Household Income
Competitive State Venues			
Broward County Convention Center	Fort Lauderdale FL	5,421,171	73,346
James L. Knight Center	Miami FL	5,421,171	73,346
Miami Beach Convention Center	Miami FL	5,421,171	73,346
Tampa Convention Center	Tampa FL	2,768,308	65,506
Prime Osborne Convention Center	Jacksonville FL	1,341,061	71,493
Palm Beach County Convention Center	Palm Beach FL	1,268,183	83,642
Manatee Civic and Convention Center	Palmetto FL	693,503	70,739
Sarasota Bradenton Convention Center	Sarasota FL	693,503	70,739
Lakeland Center	Lakeland FL	598,427	58,088
Ocean Center	Daytona Beach FL	500,272	59,280
Proposed Tallahassee Convention Center	Tallahassee FL	364,687	62,682
	AVERAGE	1,619,452	68,097
Competitive Regional Venues			
Charlotte Convention Center	Charlotte NC	1,792,914	75,231
Virginia Beach Convention Center	Virginia Beach VA	1,655,891	72,080
Birmingham-Jefferson Convention Complex	Birmingham AL	1,130,578	68,835
Baton Rouge River Center	Baton Rouge LA	782,361	64,910
Charleston Area Convention Center	North Charleston SC	665,385	69,924
Jackson Convention Complex	Jackson MS	542,341	63,938
Mobile Convention Center	Mobile AL	409,814	54,942
Von Braun Center	Huntsville AL	409,050	70,833
Shreveport Convention Center	Shreveport SD	391,434	57,193
Proposed Tallahassee Convention Center	Tallahassee FL	364,687	62,682
Savannah International Trade & Convention Center	Savannah GA	344,152	65,037
Myrtle Beach Convention Center	Myrtle Beach SC	270,876	57,259
	AVERAGE	729,957	65,239
Comparable National Venues			
Austin Convention Center	Austin TX	1,746,059	79,388
Greater Richmond Convention Center	Richmond VA	1,249,397	76,677
Raleigh Convention Center	Raleigh NC	1,157,568	80,529
Empire State Plaza Convention Center	Albany NY	856,651	73,843
Columbia Metropolitan Convention Center	Columbia SC	746,979	64,341
Monona Terrace Convention Center	Madison WI	572,775	78,609
Lansing Center	Lansing MI	452,869	63,316
Salem Conference Center	Salem OR	401,490	59,223
Proposed Tallahassee Convention Center	Tallahassee FL	364,687	62,682
	AVERAGE	838,719	70,956

Source: Demographics Now

Tallahassee has one of the smallest population bases in all three comparable sets, significantly smaller than many of the cities with which it will be competing for business. Similarly, Tallahassee's population base has an average household income below the averages of the comparable sets.

Corporate Comparison

The density and breadth of a city's corporate base is a good indicator of potential in the meetings industry. A city's established presence in a particular industry makes it a more attractive destination for conventions, conferences, training and other industry-specific events. Smaller corporations drive demand through corporate meetings, industry conferences, and social events. The presence of Fortune 500 firms indicates the overall corporate base and economic strength of a city. The following figure demonstrates how Tallahassee compares with the competitive sets in terms of the total number of business establishments and the number of Fortune 500 corporations.



FIGURE 6-7 NUMBER OF BUSINESS ESTABLISHMENTS AND FORTUNE 500 COMPANIES

		2010 Total Business Establishments	Fortune 500 Companies
Competitive State Venues			
Broward County Convention Center	Fort Lauderdale FL	258,932	3
James L. Knight Center	Miami FL	258,932	3
Miami Beach Convention Center	Miami FL	258,932	3
Tampa Convention Center	Tampa FL	101,425	3
Palm Beach County Convention Center	Palm Beach FL	62,937	2
Prime Osborne Convention Center	Jacksonville FL	50,634	3
Manatee Civic and Convention Center	Palmetto FL	29,998	0
Sarasota Bradenton Convention Center	Sarasota FL	29,998	0
Ocean Center	Daytona Beach FL	20,401	0
Lakeland Center	Lakeland FL	17,740	1
Proposed Tallahassee Convention Center	Tallahassee FL	14,454	0
	AVERAGE	69,565	2
Competitive Regional Venues			
Virginia Beach Convention Center	Virginia Beach VA	55,955	2
Birmingham-Jefferson Convention Complex	Birmingham AL	44,340	1
Baton Rouge River Center	Baton Rouge LA	31,010	1
Charlotte Convention Center	Charlotte NC	27,218	6
Charleston Area Convention Center	North Charleston SC	27,218	0
Jackson Convention Complex	Jackson MS	22,156	0
Shreveport Convention Center	Shreveport LA	15,689	0
Von Braun Center	Huntsville AL	15,415	0
Mobile Convention Center	Mobile AL	15,386	0
Myrtle Beach Convention Center	Myrtle Beach SC	15,079	0
Proposed Tallahassee Convention Center	Tallahassee FL	14,454	0
Savannah International Trade & Convention Center	Savannah GA	14,323	0
	AVERAGE	24,854	1
Comparable National Venues			
Austin Convention Center	Austin TX	66,140	1
Greater Richmond Convention Center	Richmond VA	45,507	5
Raleigh Convention Center	Raleigh NC	43,494	2
Empire State Plaza Convention Center	Albany NY	33,358	0
Columbia Metropolitan Convention Center	Columbia SC	27,992	0
Monona Terrace Convention Center	Madison WI	27,502	1
Lansing Center	Lansing MI	17,792	1
Proposed Tallahassee Convention Center	Tallahassee FL	14,454	0
Salem Conference Center	Salem OR	13,717	0
	AVERAGE	32,217	1

Source: Demographics Now, Fortune Magazine

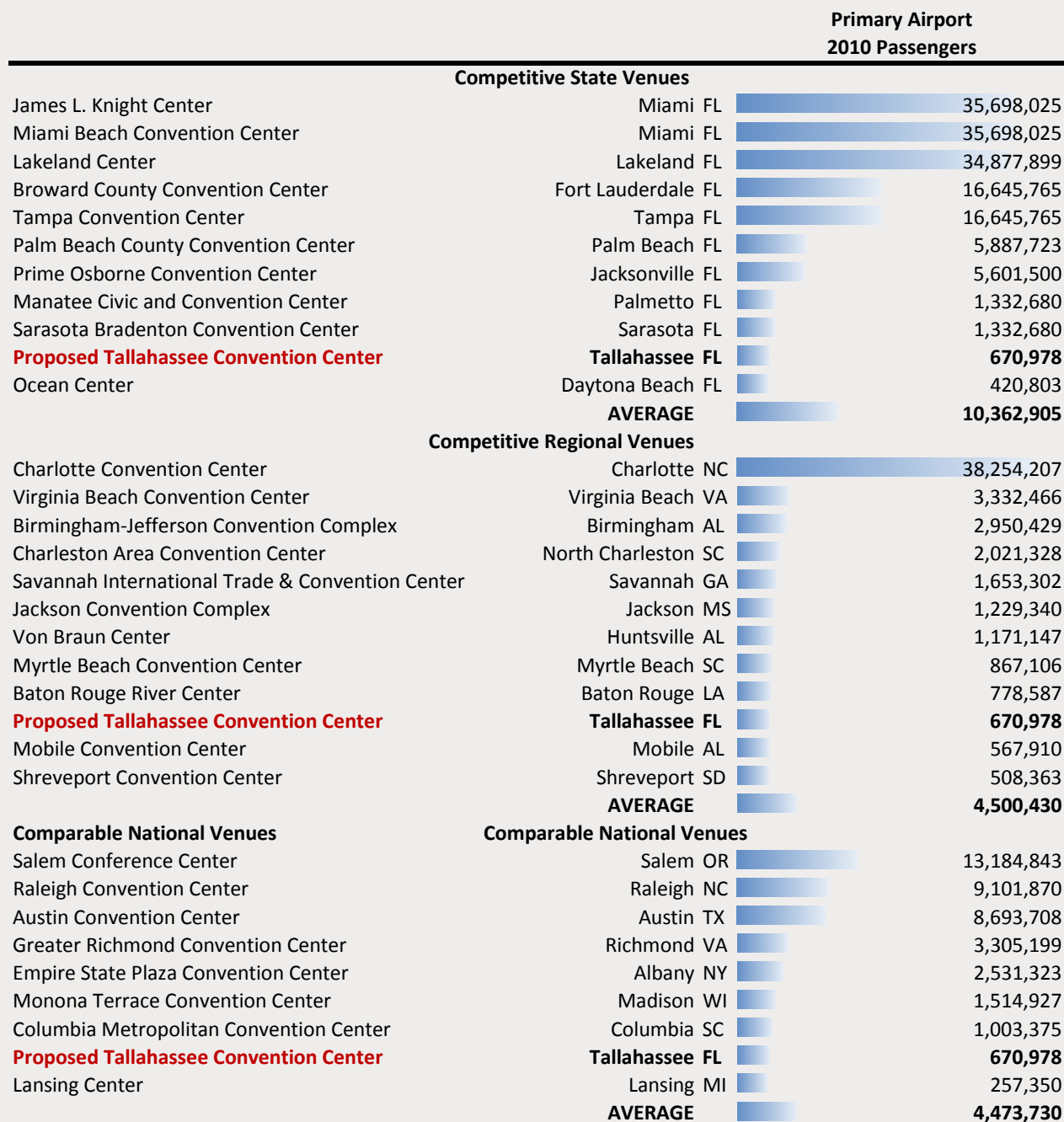
Tallahassee has the fewest number of business establishments in the statewide competitive set and ranks low as compared to the regional and national sets. This suggests weaker demand potential from corporate clients and less interest for association meeting planners. With no Fortune 500 firms and a relatively small number of business establishments Tallahassee has a small corporate base upon which to draw significant demand.

Air Service Capacity

Transportation linkages, including airports, can play a critical role in the success of convention centers that target regional and national user groups. One of the best indicators of an airport's ability to enhance a convention center's draw is its service capacity, generally measured as total annual passenger volume, or traffic. An airport with relatively high annual passenger volumes generally is more convenient and has a wider draw than an airport with relatively low annual passenger volumes.



FIGURE 6-8 AIR SERVICE AT PRIMARY AIRPORTS



Source: HVS

The passenger counts at Tallahassee Regional Airport indicate a below average level of capacity for out-of-state travel. Tallahassee's current air service levels still falls well below most of its competitors and direct access to other national destinations is limited.

Travel Costs Comparison

Travel costs associated with attending a convention center event can contribute to a facility's overall ability to attract delegates, exhibitors, and attendees. High travel costs can become a deterrent for certain types of groups in a facility's potential market whereas low travel costs can be a competitive advantage in attractive certain price-sensitive groups. Figure 3-14 evaluates three primary travel expense categories that include costs associated with hotel accommodations, meals, and car rentals.



FIGURE 6-9 COMPARISON OF ESTIMATED TRAVEL COSTS

		Per Diem Rates			Total
		Hotel	Car	Food	
Competitive State Venues					
James L. Knight Center	Miami FL	\$172.18	\$121.77	\$121.59	\$415.54
Miami Beach Convention Center	Miami FL	172.18	121.77	121.59	415.54
Broward County Convention Center	Fort Lauderdale FL	155.32	110.23	91.38	356.93
Tampa Convention Center	Tampa FL	148.30	91.96	90.29	330.55
Prime Osborne Convention Center	Jacksonville FL	133.28	102.18	89.33	324.79
Manatee Civic and Convention Center	Palmetto FL	145.30	95.13	84.16	324.59
Sarasota Bradenton Convention Center	Sarasota FL	145.30	95.13	84.16	324.59
Lakeland Center	Lakeland FL	136.40	99.58	86.22	322.20
Proposed Tallahassee Convention Center	Tallahassee FL	128.44	78.81	81.73	288.98
Palm Beach County Convention Center	Palm Beach FL		na		
Ocean Center	Daytona Beach FL		na		
	AVERAGE	\$148.52	\$101.84	\$94.49	\$344.86
Competitive Regional Venues					
Charlotte Convention Center	Charlotte NC	\$149.53	\$103.32	\$110.89	\$363.74
Jackson Convention Complex	Jackson MS	131.60	116.60	82.64	330.84
Charleston Area Convention Center	North Charleston SC	147.87	82.29	79.95	310.11
Birmingham-Jefferson Convention Complex	Birmingham AL	142.35	79.63	86.22	308.20
Baton Rouge River Center	Baton Rouge LA	131.14	85.56	90.05	306.75
Virginia Beach Convention Center	Virginia Beach VA	138.74	72.67	81.90	293.31
Proposed Tallahassee Convention Center	Tallahassee FL	128.44	78.81	81.73	288.98
Mobile Convention Center	Mobile AL	130.77	68.14	85.55	284.46
Savannah International Trade & Convention Center	Savannah GA	123.38	74.72	85.18	283.28
Shreveport Convention Center	Shreveport LA	119.29	68.39	81.79	269.47
Von Braun Center	Huntsville AL		na		
Myrtle Beach Convention Center	Myrtle Beach SC		na		
	AVERAGE	\$134.31	\$83.01	\$86.59	\$303.91
Comparable National Venues					
Austin Convention Center	Austin TX	\$162.97	\$138.23	\$107.19	\$408.39
Empire State Plaza Convention Center	Albany NY	165.85	106.06	111.72	383.63
Greater Richmond Convention Center	Richmond VA	142.29	94.59	93.56	330.44
Raleigh Convention Center	Raleigh NC	132.56	91.68	99.00	323.24
Monona Terrace Convention Center	Madison WI	131.00	79.00	99.31	309.31
Proposed Tallahassee Convention Center	Tallahassee FL	128.44	78.81	81.73	288.98
Columbia Metropolitan Convention Center	Columbia SC	123.22	69.37	83.44	276.03
Lansing Center	Lansing MI		na		
Salem Conference Center	Salem OR		na		
	AVERAGE	\$140.90	\$93.96	\$96.56	\$331.43

Source: Business Travel News 2010 Corporate Travel Index

Visitors to Tallahassee enjoy lower per capita spending levels than the majority of it competing cities. This is a distinct advantage for Tallahassee when trying to attract more price sensitive groups, such as SMERF and government conventions.

Conclusions and Implications for Tallahassee

When analyzed in the context of the overall market characteristics, a study of comparable cities and venues is an important indicator of the appropriate programming for a convention center in Tallahassee. It is important to position the venue to be able to attract its fair share of events in the very competitive Florida meetings market.

A study of market characteristics also provides clues as to the potential number and type of events that would make up the demand profile of the proposed convention center. As compared to the in-state competition and other venues in cities in the southeastern U.S., the depth and breadth of the Tallahassee economy is somewhat limited. Government functions, rather than corporations, comprise the bulk of employment, resulting in fewer business establishments and a lower median household income for its residents. While much of a convention center's demand comes from sources outside of a city, the overall strength of the local economy does indicate its ability to fund the collateral development and other programs that support the convention center. Additionally, a market's strength in a given industry can generate trade shows, conventions, and meetings. Local corporate groups are also an important source of meeting and banquet demand. Air service to Tallahassee is limited, making the City a less convenient and more expensive destination for meeting attendees who arrive by plane. Once in Tallahassee, however, attendee costs for lodging, meals, and car rental are lower than most other cities. In total, the comparable venue analysis presented in this section points to below-average demand levels for Tallahassee and a demand profile with a higher percentage of price-sensitive attendees.

7. Building Program Recommendations

HVS relied on an in-depth user survey, other market research, a site inspection, review of comparable convention centers, analysis of historical operations at the Tallahassee Leon County Civic Center (“Civic Center”), and knowledge of industry practices to recommend a convention center program for the proposed Tallahassee Convention Center (“TCC”) and integrated headquarter hotel property. This facility program should serve as a guide for subsequent physical planning aimed at providing the desired program elements on the proposed site.

Currently, the Civic Center provides a valuable resource for civic events and consumer shows; however, a review of historical demand (see Section 8), demonstrates that the Civic Center under performs its peers with respect to its ability to attract conventions and tradeshow. As presented in Section 5, user surveys clearly indicate that a key reason for meeting planners not selecting Tallahassee as a host city for their events is a lack of adequate meeting facilities. Also cited is the lack of an adequate hotel room block in a proximate or integrated hotel property.

HVS program recommendations place the new TCC and headquarter hotel in the position to serve local demand for civic and sporting events and attract state and regional conventions and tradeshow. Functional requirements revolve around the principal that the venue must host simultaneous events with different venue needs, such as local public shows that use exhibition space, corporate meetings that use meeting and banquet space, and sporting events which use exhibition space as the main competition area and meeting rooms for staging and other support functions.

Other key assumptions that influence our convention center program recommendations include:

- The Civic Center will continue as an independent operation in its current location as the main civic arena for the Tallahassee area.
- The close proximity of the Civic Center to the proposed TCC site would allow for coordinated efforts to book larger events which could utilize both venues.
- The proposed headquarters hotel would independently operate the meeting and ballroom areas contained within the hotel footprint. Booking policy would allow Visit Tallahassee and TCC staff long range booking access to these areas for major conventions, trade shows, and other high impact events

**Convention Center
Program
Recommendations**

HVS recommends new building infrastructure such that the proposed TCC's total convention facility package includes approximately:

- A 100,000 square foot multi-purpose hall, divisible into 4 divisions,
- A 15,000 square foot ballroom with 4 main divisions and 6 sub-divisions,
- 27,000 square feet of flexible meeting space with 20 main divisions and a variety of room sizes and configurations, and
- A headquarter hotel with 300 guest rooms.

The following figure shows the recommended amounts and capacities of event spaces at the proposed convention center and headquarters hotel.



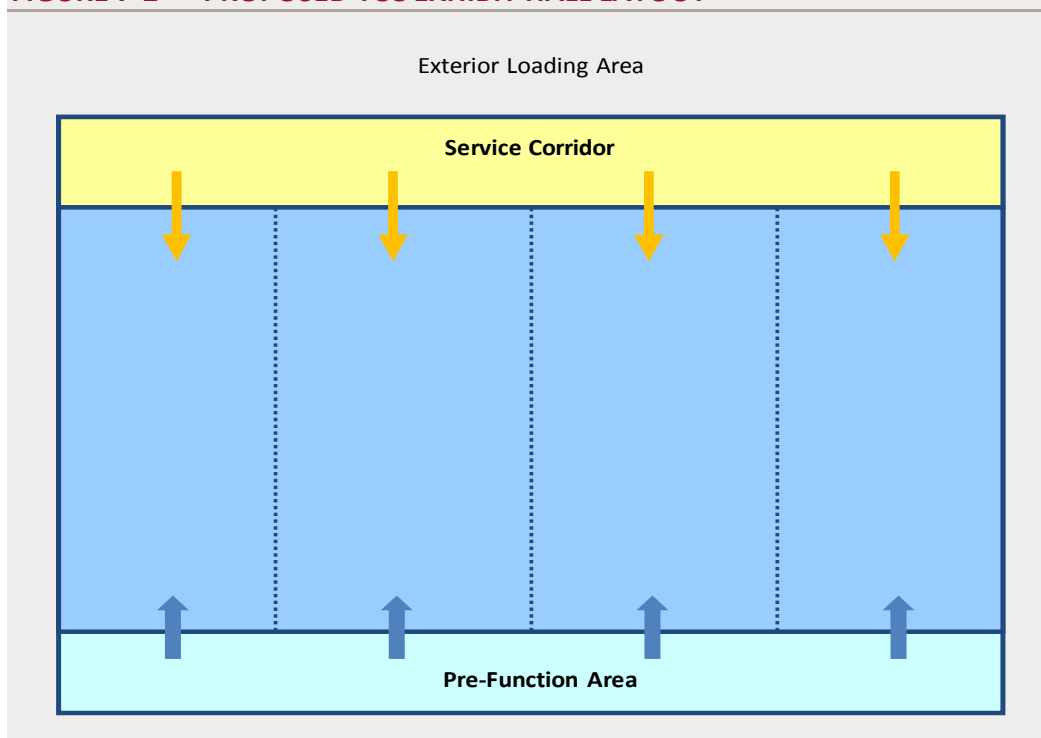
FIGURE 7-1 FACILITY PROGRAM RECOMMENDATIONS

Event Space	Total Area (SF)	Seating Capacities			Exhibit Booths (10'x10')
		Theatre	Banquet	Classroom	
CONVENTION CENTER					
Exhibit Hall	100,000	11,100	8,300	6,900	570
Sub-Divisions					
Three-fourths Hall	75,000	8,330	6,250	5,170	430
Half-Hall	50,000	5,560	4,170	3,450	290
Quarter-Hall	25,000	2,780	2,080	1,720	140
Meeting Rooms	15,000				
Room Block 1	8,000	890	670	550	
Sub-division 1a	2,000	220	170	140	
Sub-division 1b	2,000	220	170	140	
Sub-division 1c	2,000	220	170	140	
Sub-division 1d	2,000	220	170	140	
Room Block 2	6,200	690	520	430	
Sub-division 2a	1,550	170	130	110	
Sub-division 2b	1,550	170	130	110	
Sub-division 2c	1,550	170	130	110	
Sub-division 2d	1,550	170	130	110	
Boardrooms (2)	400				
HEADQUARTER HOTEL					
Ballroom	15,000	1,670	1,250	1,030	90
Sub-Divisions					
Division 1	3,750	420	310	260	
Sub-division 1a	1,250	140	100	90	
Sub-division 1b	1,250	140	100	90	
Sub-division 1c	1,250	140	100	90	
Division 2	3,750	420	310	260	
Division 3	3,750	420	310	260	
Division 4	3,750	420	310	260	
Sub-division 4a	1,250	140	100	90	
Sub-division 4b	1,250	140	100	90	
Sub-division 4c	1,250	140	100	90	
Meeting Rooms	12,000				
Room Block 1	6,000	670	500	410	
Sub-division 1a	1,500	170	130	100	
Sub-division 1b	1,500	170	130	100	
Sub-division 1c	1,500	170	130	100	
Sub-division 1d	1,500	170	130	100	
Room Block 2	5,200	580	430	360	
Sub-division 2a	1,300	140	110	90	
Sub-division 2b	1,300	140	110	90	
Sub-division 2c	1,300	140	110	90	
Sub-division 2d	1,300	140	110	90	
Boardrooms (2)	400				
TOTAL FUNCTION SPACE	142,000				

Exhibit Hall

The exhibit hall would have minimal floor, ceiling and wall finishes and be primarily designed to serve as flexible multi-purpose space. It could host exhibitions, business events, as well as indoor sporting events such as volleyball, cheerleading, or martial arts tournaments. Flexible partitioning would allow the exhibit hall to support banquets from approximately 2,000 to 8,000 persons and assemblies of up to 11,000 persons. The floor would have a uniform grid of utility boxes for communications and power. Movable walls would be of high quality to provide good sound separation between halls. Ceiling heights should accommodate sporting events such as volleyball. The space should have proper lighting and airflow, key considerations of badminton, table tennis, and other sports event planners. Temporary staging capacity and light rigging points would be necessary to accommodate assemblies and various types of entertainment events. The following figure shows the recommended layout of the exhibit hall and associated spaces.

FIGURE 7-2 PROPOSED TCC EXHIBIT HALL LAYOUT



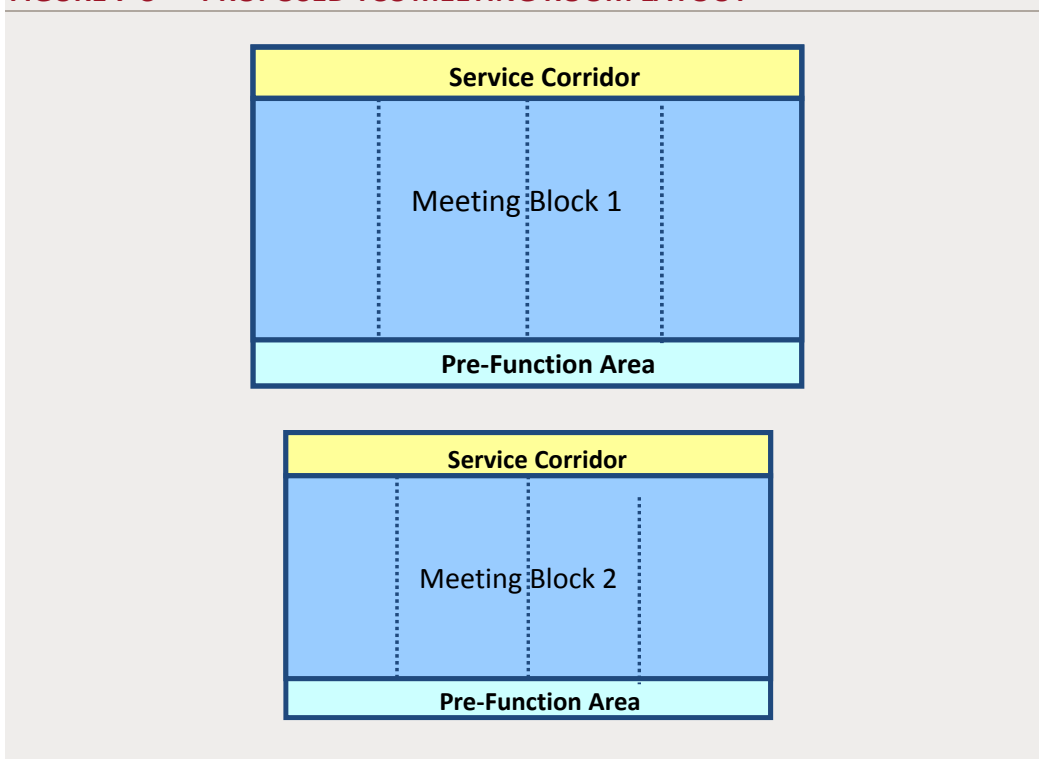
The exhibit hall should be divisible in half or into four independently accessed halls of 25,000 square feet. Loading docks should provide access to the service corridor which runs along the rear of the exhibit hall. Attendee access through pre-function areas should be separate from service access such that each of the

**Convention Center
Meeting Rooms**

subdivisions of the hall can be separately operating during simultaneous events. For example, one hall could be loaded and set up while an event is occurring in a neighboring hall.

Meeting Space is essential to provide breakout space for larger conference and convention events and to support stand-alone meetings. While site constraints and other design issues will affect the final layout, the following figure shows the recommended organization of meeting space within the proposed TCC.

FIGURE 7-3 PROPOSED TCC MEETING ROOM LAYOUT



Two large meeting room blocks, each divisible into four sections, would be able to serve as meeting space as well as a banquet space with banquet seating for up to 670 persons for the 8,000 square foot block and 520 for the 6,200 square foot block. In order to serve meals and other food service efficiently, this large meeting room should be serviced via rear access to the service corridor. Temporary walls would create a variety of configurations for maximum flexibility and allow for simultaneous events.

Ancillary and Support Spaces

In addition to the exhibit and meeting function spaces provided above, the gross floor area of the convention center would include the following elements:

- Pre-function – A well-appointed pre-function area provides meeting planners areas for greeting and registration, social gatherings, and well-defined public access to the exhibit hall and meeting rooms.
- Circulation – Circulation space provides for the movement of attendees into and through the Convention Center. These areas would include an entrance lobby, hallways, and connecting walkways and bridges as required. Depending on the concept plan, these areas could also include vertical circulation (stairwells, elevators, and escalators).
- Service access – Service corridors provide non-public access to the event hall and meeting rooms as well as connection to the facility's loading docks, mechanical rooms, and storage.
- Drop-off zone – The Convention Center should have a vehicular drop-off area and pedestrian access solely for the uses of event attendees.
- Loading areas – Service access that is separate from the drop-off zone, truck docks, and waste disposal areas are needed to support the Convention Center.
- Kitchen – a production kitchen could serve the needs of the junior ballroom or larger events which use a portion of the exhibit hall. The capacity of the kitchen should allow it to serve at least 2,000 persons, which would accommodate those events using a 25,000 square foot division of the exhibit hall.
- Storage – Adequate and convenient equipment storage is important to the efficient operation of the facility.
- Facility Operations – Spaces are needed to support the facility's physical plant, including HVAC, plumbing, electrical and fire protection systems.
- Parking – the on-site capacity for parking should be determined in view of the amount of available off-site parking that could service the Convention Center.

A more precise determination of the floor areas would require a concept plan created by a design firm that illustrates how the proposed Convention Center would fit on the site. The process of concept planning will likely require adjustments to the recommended floor areas.

8. Convention Center Demand Analysis

HVS based event demand projections at the proposed Tallahassee Convention Center on the following research and analysis:

- The recommended facility program presented Section 7,
- Industry data and trends reports,
- Key market and economic indicators outlined in Section 3,
- Comparable venue program and operating data,
- Existing state and regional competitive venues,
- User surveys,
- Interviews with government official and other stakeholders, and
- Interviews with representatives from Visit Tallahassee.

In developing the demand projections, HVS assumes that all recommendations throughout this report are implemented. Projections assume that the proposed facility opens on January 1, 2014. HVS estimates that event demand will stabilize in the fourth year of operation—2018. Demand projections also assume highly qualified, professional sales and management teams for the proposed TCC and headquarters hotel.

For this convention center analysis, event demand projections reflect those events which would be held in the new convention center. Some events may use portions of the hotel’s meeting infrastructure, such as the ballroom. As such, HVS assumes that clearly defined booking policies between the convention center and hotel operations seamlessly accommodate this joint utilization of meeting space when necessary. To avoid double counting demand, those events which are solely based within the hotel meeting spaces are captured in the hotel operating pro forma presented in Section 7 of this report.

Historical Demand

Since its opening in 1981, the Tallahassee Leon County Civic Center (“Civic Center”) has served as the Tallahassee’s main sports, entertainment, and convention venue. The Donald L. Tucker Center is a 13,800-seat arena located within the Civic Center. The venue is the home of Florida State University’s men’s and women’s basketball programs and hosts a variety of concerts, family shows, graduations and other entertainment throughout the year. The Civic Center also

houses a 35,000 square foot exhibit hall and 16,000 square feet of meeting space which is capable of hosting trade shows, consumer shows, banquets, and meetings. Since 1981, however, several competing state and regional cities have developed new convention venues or expanded and updated existing venues to serve the changing needs of the meetings industry. As such, the City of Tallahassee is not in the market to compete for traveling association meetings and conventions and recent demand at the Civic Center has relied heavily on locally promoted events and government-based meetings. The figure below presents a historical look at the number of events by event type

FIGURE 8-1 HISTORICAL CIVIC CENTER DEMAND

	2008	2009	2010
Events			
Conventions & Tradeshow	18	12	12
Consumer Shows	11	4	10
Banquets	87	74	62
Meetings & Conferences	358	382	382
Assemblies	14	10	8
Sports	33	36	28
Concerts & Entertainment	31	25	36
Other	17	18	12
Total	569	561	550
Estimate of Average Attendance			
Conventions & Tradeshow	989	613	1,617
Consumer Shows	1,892	2,370	1,469
Banquets	576	649	788
Meetings & Conferences	68	57	63
Assemblies	4,514	6,250	3,803
Sports	3,293	4,147	3,357
Concerts & Entertainment	3,292	3,599	2,475
Other	1,260	1,401	766
Estimate of Total Attendance			
Conventions & Tradeshow	17,810	7,350	19,400
Consumer Shows	20,810	9,480	14,691
Banquets	50,110	48,023	48,881
Meetings & Conferences	24,475	21,605	23,967
Assemblies	63,197	62,500	30,425
Sports	108,658	149,301	93,984
Concerts & Entertainment	102,059	89,985	89,100
Other	21,427	25,222	9,194
Total	408,546	413,466	329,642

Source: Tallahassee Leon County Civic Center, restated by HVS

The Civic Center’s arena hosts approximately 70 to 80 events each year, consisting mainly of FSU basketball games, concerts, family shows, and college and high school graduations. The 35,000 square foot exhibition hall hosts a variety of public consumer shows, career fairs, private industry trade shows, and government meetings. Numerous smaller meetings mainly consist of civic organizations and government groups.

The Tallahassee Sports Council, established in 1989, is a volunteer advisory group that works in a variety of ways to bring sports events and programs to Tallahassee and establish Tallahassee’s reputation as an ideal site for competition. With the goal of maximizing the economic benefits to Tallahassee and Leon County, the Tallahassee Sports Council has helped Visit Tallahassee successfully book sporting events at all levels of competition in a number of venues throughout the area. The figure below presents a historical look at the types of sports events during the last year and the associated visitors to the area and room nights generated.

FIGURE 8-2 HISTORICAL SPORTS EVENTS 2009-10

Type	Number of		Total Visitors	Room Nights
	Events	Event Days		
Track & Field	9	18	10,430	4,392
Baseball	10	27	6,293	2,988
Aquatics	9	32	3,842	1,740
Softball	5	13	3,739	2,491
Wrestling	4	6	3,424	809
Basketball	7	19	3,349	815
Tennis	8	34	3,045	1,751
Gymnastics	3	6	1,662	1,045
Soccer	5	10	1,530	823
Racing	4	4	1,375	394
Ultimate	2	6	950	446
Other	8	19	855	320
Cheerleading	1	1	800	40
Equestrian	1	3	750	338
Volleyball	4	9	570	465
Martial Arts	3	5	547	83
Cycling	4	8	462	168
Golf	2	5	391	151
Fishing	2	6	275	425
Football	1	2	120	97
Bowling	2	5	118	69
	94	238	44,527	19,850

Source: Tallahassee Sports Council

The Sports Council attributes approximately 20,000 annual room nights to sports tournaments and other programs. In terms of visitors to the Tallahassee community, the greatest successes for the Sports Council have mainly come from outdoor sports, such as track and field, baseball, aquatics and softball. Excellent facilities, such as the Messer Sports Complex and the Trousdell and Morcom Aquatics Centers have contributed to Tallahassee's successes in booking and hosting these events. Indoor sports, such as volleyball and basketball, and mat sports, such as wrestling and martial arts, have not had the same level of success, mainly due to a lack of proper facilities to host these events.

Convention Center Demand Projections

Market research, interviews with key local stakeholders, an analysis of comparable and competitive convention venues, and a detailed user survey suggest that the proposed convention center should be able to attract a modest number of state-based conventions and trade shows. Occasional regional conventions and trade shows may book the proposed facility, however, these event do not represent a primary or consistent source of demand. The primary factors which hinder Tallahassee's ability to book a greater number of high impact events is its northern location in the state and the limited and cost-prohibitive air service options into the city. The facility would be able to attract a more significant number of association-based meetings, conferences, seminars, and smaller conventions due to its presence in the state capitol and proximity to associations' headquarters.

A more significant potential exists in sporting events which would use the exhibition hall as a competition surface. Tallahassee has proven itself as an excellent location for regional tournaments in a variety of outdoor and aquatic sports. This is due, in part, to Tallahassee's location and proximity to several population centers in the southeast making it within a three-hour drive to almost 4 million people and within a four-hour drive time to over 7 million people. An indoor venue would capitalize on this already established presence in the youth sports market. The presence of two major universities as well as Tallahassee Community College indicates a strong potential for collegiate sports competition and tournament either at the varsity or club levels.

HVS forecast the event demand for the proposed TCC for a 10-year period. For the purposes of this analysis, HVS assumes the proposed convention center and headquarter hotel will open on January 1, 2014. These projections reflect a comprehensive survey of potential users of the facility, an analysis of the event history of the Civic Center, and research on comparable convention center properties.

FIGURE 8-3 CONVENTION CENTER DEMAND PROJECTIONS

	2014	2015	2016	2017	2018
Events					
Conventions & Tradeshows	6	6	7	8	8
Consumer Shows	17	19	22	24	24
Banquets	30	30	30	30	30
Meetings & Conferences	48	54	57	60	60
Assemblies	4	4	5	5	5
Sports	8	10	11	12	12
Concerts & Entertainment	4	4	4	4	4
Other	10	11	11	12	12
Total	127	138	147	155	155
Average Attendance					
Conventions & Tradeshows	525	525	525	525	525
Consumer Shows	2,500	2,500	2,500	2,500	2,500
Banquets	400	400	400	400	400
Meetings & Conferences	150	150	150	150	150
Assemblies	3,000	3,000	3,000	3,000	3,000
Sports	2,200	2,200	2,200	2,200	2,200
Concerts & Entertainment	2,500	2,500	2,500	2,500	2,500
Other	1,500	1,500	1,500	1,500	1,500
Total Attendance					
Conventions & Tradeshows	3,150	3,150	3,675	4,200	4,200
Consumer Shows	42,500	47,500	55,000	60,000	60,000
Banquets	12,000	12,000	12,000	12,000	12,000
Meetings & Conferences	7,200	8,100	8,550	9,000	9,000
Assemblies	12,000	12,000	15,000	15,000	15,000
Sports	17,600	22,000	24,200	26,400	26,400
Concerts & Entertainment	10,000	10,000	10,000	10,000	10,000
Other	15,000	16,500	16,500	18,000	18,000
Total	120,000	130,000	140,000	150,000	150,000

HVS assumes that convention center demand would ramp up relatively slowly during the first three years of operation and reach full potential in year four. These events would include:

Conventions & Trade Shows— Conventions and trade shows are events that require a combination of exhibition, banquet, and meeting space. The exhibit hall could be divided and set up in various configurations to accommodate these

events. Meeting and junior ballroom space is also available to accommodate the break out meetings and meals which are typically part of these multi-day events. Larger conventions which require additional meeting and ballroom space could use space within the proposed headquarter hotel. The source of convention and trade show events would be primarily state associations that would rotate to Tallahassee for their annual events. Also included in this demand category are regional and potentially national SMERF conventions which also rotate to venues throughout the southeast.

Consumer Shows—Consumer shows are ticketed, public events that would attract local attendees such as home and garden shows, craft fairs, and gun shows. The exhibit hall would be the main exhibit space for vendors. Some meeting space would also be necessary for these events as support and back of house uses. Food and beverage services would be limited to concessions.

Banquets—Banquets are stand-alone social events typically booked by local corporations, social and civic organizations, and private clients. The 15,000 square foot Grand Ballroom proposed for the headquarter hotel would be the main banquet facility for the complex. As such, the majority of banquets would be booked directly by the hotel and are captured in the hotel pro forma in Section 7 of this report. Demand for banquets within the proposed TCC would take two forms. First, the proposed 5,000 square foot Junior Ballroom could serve as alternate space when the hotel's Grand Ballroom is booked. Second, portions of the Exhibit Hall could be booked for banquets and other social event which are too large for the Grand Ballroom.

Meetings and Conferences—Meeting and conferences are events that require breakout meeting space but would not use banquet or exhibit space. Food service would be limited to coffee breaks, breakfasts, or luncheons that would be served in meeting rooms. Locally based state associations, local area businesses, civic organizations, and government agencies would host meetings and conferences. Although the size of the meetings and conferences could range from 25 to 300 persons, most meetings and conferences would be small events that use a single meeting room. The exhibit hall could also be used to handle larger meetings or several smaller simultaneous meetings.

Assemblies— Assemblies include religious events, lectures, large meetings, graduations and other civic ceremonies which require a large seating capacity. The Civic Center is currently the main venue for such events, and HVS assumes that the majority of graduations and other ceremonies which require a large amount of seating would appropriately remain in the arena. HVS projects that a modest number of smaller assemblies would book the proposed TCC, using portions of the exhibit hall in a theater setting. Assemblies are typically single day events.

Sports—Given continued emphasis on marketing to sports events at all levels of competition and the addition of the proposed convention center space as a venue for indoor playing surfaces, HVS assumes that Tallahassee Sports Council would be able to book an additional 12 events per year. These events would be a mix of mix of a variety of sports, including volleyball, basketball, mat sports, badminton, table tennis, and fencing. Events would range from youth to adult to collegiate competitions. HVS projects an average event duration of 2.5 days per event which his consistent with current demand reflecting a number of multi-day tournaments. Potential also exists for some sports events to use both the proposed TCC and the Civic Center. For example, a basketball tournament could have up to eight courts in the exhibit hall for preliminary competitions with the Civic Center arena serving as the championship venue.

Concerts and Entertainment—HVS assumes that the Civic Center would remain the primary entertainment venue for concerts, family shows and other performances. The exhibit hall in the proposed TCC would have the ability to host smaller concerts, comedy shows, local productions, and other entertainment. The facility would also be available for shows which cannot book the Civic Center due to scheduling conflicts. HVS, therefore projects 4 concert and entertainment events annually with an average attendance of 2,500.

Other— Other events include a variety of local-oriented facility rentals which include such events as exams, charity events, speeches, radio/television satellite broadcasts, dance recitals, blood drives, and other civic uses are also placed in this other category.

Comparable Analysis

Since no directly comparable venues are currently in the Tallahassee market, the forecast of demand for the proposed TCC needs to be based on reasonable assumptions about future demand. The mix of actual events could vary significantly from these forecasts. The following analysis of comparable venues provides a test of the reasonableness of these event demand forecasts.

The following figure compares recent historical demand for nine of the comparable venues presented in Section 6a with the demand projected for the proposed TCC. The comparable venues represent both state and regional competitors which are similarly sized convention centers. The venues represent a variety of markets with a mix of relative destination appeal. Where available, average and total attendance figures are also presented.



FIGURE 8-4 HISTORICAL EVENTS AND ATTENDANCE AT COMPARABLE VENUES

Data Year	Proposed Tallahassee Convention Center	Mobile Convention Center	Ocean Center	Broward County Convention Center	Jackson Convention Complex	Greater Richmond Convention Center	Raleigh Convention Center	Shreveport Convention Center	Tampa Convention Center	Virginia Beach Convention Center	Average*	Proposed Tallahassee Convention Center
	Tallahassee	Mobile	Daytona Beach	Fort Lauderdale	Jackson	Richmond	Raleigh	Shreveport	Tampa	Virginia Beach		Tallahassee
	CY 0	CY 2010	FY 2010	CY 2010	FY 2010	FY 2009	FY 2010	CY 2010	CY 2010	CY 2010		
Number of Events												
Conventions & Tradeshows	8	9	18	28	17	36	55	15	6	29	24	8
Consumer Shows	24	8	6	17	7	32	24	10	14	33	17	24
Banquets	30	16	8	28	71	50	68	31	1	78	39	30
Meetings & Conferences	60	21	0	35	131	115	188	46	12	151	87	60
Assemblies	5	57	0	8	8	0	21	15	3	6	17	5
Sports	12	3	6	9	8	11	10	4	3	20	8	12
Concerts & Entertainment	4	4	7	0	8	0	0	2	4	2	5	4
Other	12	9	29	21	12	278	0	9	8	14	48	12
Total	155	127	74	146	264	522	366	132	51	333	224	155
Average Attendance												
Conventions & Tradeshows	525	-	3,292	-	1,724	2,358	1,186	-	-	2,182	2,148	525
Consumer Shows	2,500	-	10,000	-	2,693	2,732	10,750	-	-	3,997	6,035	2,500
Banquets	400	-	457	-	269	472	401	-	-	306	381	400
Meetings & Conferences	150	-	-	-	207	176	105	-	-	131	155	150
Assemblies	3,000	-	-	-	1,197	0	2,711	-	-	11,683	5,197	3,000
Sports	2,200	-	1,788	-	1,400	5,757	1,645	-	-	10,859	4,290	2,200
Concerts & Entertainment	2,500	-	4,405	-	2,650	0	0	-	-	3,043	3,366	2,500
Other	1,500	-	3,121	-	819	223	0	-	-	655	1,205	1,500
Total Attendance												
Conventions & Tradeshows	4,200	-	59,250	-	29,300	84,885	65,240	-	-	63,270	60,389	4,200
Consumer Shows	60,000	-	60,000	-	18,850	87,438	258,010	-	-	131,913	111,242	60,000
Banquets	12,000	-	3,653	-	19,075	23,622	27,270	-	-	23,896	19,503	12,000
Meetings & Conferences	9,000	-	-	-	27,175	20,288	19,711	-	-	19,850	21,756	9,000
Assemblies	15,000	-	-	-	9,575	0	56,936	-	-	70,098	45,536	15,000
Sports	26,400	-	10,730	-	11,200	63,329	16,450	-	-	217,171	63,776	26,400
Concerts & Entertainment	10,000	-	30,835	-	21,200	0	0	-	-	6,085	19,373	10,000
Other	18,000	-	90,515	-	9,830	61,860	0	-	-	9,172	42,844	18,000
Total	154,600	-	293,149	-	146,205	341,422	443,617	-	-	541,455	353,170	154,600

*Average the only available data.

Sources: Event Data from Respective Facilities as Classified by HVS

Because of the unique operating and market characteristics of each individual facility, none venues in the above figure are perfect comparables to the proposed venue in Tallahassee. Taking market factors into consideration, the demand projections for the proposed Convention Center Complex are consistent with event demand currently found in its state-wide and regional competition. Specific conclusions include the following.

- Event demand levels are reflective of the unique market characteristics as well as the differences in the overall size and breadth of the local market economies. As demonstrated in Section 6a, Tallahassee has a smaller and less diverse economy than most of the cities presented above. Demand projections reflect this with lower than average event numbers and attendance levels.
- Throughout the last decade, other competing cities in Florida and the southeastern US have made significant investment into their meeting and convention assets. The proposed TCC would establish Tallahassee as a potential destination for a number of meetings and conventions that it is currently unable to host. As a destination, complementary downtown development is essential for Tallahassee to be successful in booking these events.
- Demand for locally generated events, such as sports, concerts and consumer shows, depend heavily on local market factors which are specific to each venue. These factors include local competition, population demographics, and the local market economy. These factors should be considered when comparing local event demand amongst the venues.

Room Night Projections

HVS calculated the potential generation of room nights by the proposed TCC. These room nights represent new, induced demand into the Tallahassee market as a direct result of the development of the convention center. Assumptions used to generate room night estimates are shown below.

FIGURE 8-5 ASSUMPTIONS FOR ROOM NIGHT GENERATION

	Nights per Lodger	Percent Lodgers
Conventions & Tradeshows	2.5	60%
Consumer Shows	1.5	5%
Banquets	1.0	5%
Meetings & Conferences	1.5	20%
Assemblies	1.0	10%
Sports	1.5	60%
Concerts & Entertainment	1.0	5%
Other	1.0	5%

Conventions, trade shows, and sporting events are the strongest generators of room nights. Because Tallahassee is the capitol city and a number of state associations are based locally, the majority of meeting and conferences are association rather than corporate-based events. Therefore, a higher percentage of attendees may be from out of town and require lodging. The following figure presents the resulting room night generation.

FIGURE 8-6 ROOM NIGHT ESTIMATES

Type	2014	2015	2016	2017	2018
Conventions & Tradeshows	4,725	4,725	5,513	6,300	6,300
Consumer Shows	3,188	3,563	4,125	4,500	4,500
Banquets	600	600	600	600	600
Meetings & Conferences	2,160	2,430	2,565	2,700	2,700
Assemblies	1,200	1,200	1,500	1,500	1,500
Sports	15,840	19,800	21,780	23,760	23,760
Concerts & Entertainment	500	500	500	500	500
Other	750	825	825	900	900
Total	28,963	33,643	37,408	40,760	40,760

In a stabilized year, HVS estimates that the Event Center would generate approximately 41,000 room nights in the local area market. Some of these room nights would be blocked through contracts with groups and others would result from individual hotel reservations.

9. Convention Center Financial Analysis

HVS uses a proprietary financial operating model to estimate revenues and expenses at conventions centers. This model quantifies the key variables and operating ratios that determine revenue potential and expenses levels. Unless otherwise indicated, the model assumes an annual inflation rate of 3.0 percent applies both to revenues and expenses.

For the purposes of this study, HVS assumes that the proposed Tallahassee Convention Center would be owned by the City of Tallahassee. The City would contract with a third party venue operator to actively manage the convention center spaces.

Convention Center Revenues

Convention Center event revenue line items include facility rental, food and beverage sales, event services, and parking fees. The model uses a series of revenue assumptions based on attendance or floor area utilization that reflect the projected utilization levels of function space. Floor area utilization is measured in Gross Square Foot Days (“GSFD”)—the amount of floor area rented times the number of days it is rented including move-in and move-out days.

To formulate the revenue assumptions, HVS relied industry information, knowledge of the performance of comparable venues, and information on price levels from local area sources. We adjusted the assumptions for inflation and other anticipated trends in price levels.

The figure below summarizes the revenue assumptions for the proposed Convention Center by type of event.

FIGURE 9-1 EVENT REVENUE ASSUMPTIONS

Type	Facility Rental		Food & Beverage (Gross)		Event Services (Gross)		Parking (Gross)	
		per GSF		per Attendee		per GSF		per Attendee
Conventions & Tradeshows	\$	0.08	\$	30.00	\$	0.08	\$	2.10
Consumer Shows		0.08		3.50		0.06		1.58
Banquets		0.02		45.00		-		-
Meetings & Conferences		0.30		15.00		0.05		1.50
Assemblies		0.05		-		-		-
Sports		0.05		3.50		0.01		1.13
Concerts & Entertainment		0.05		5.00		-		1.13
Other		0.08		-		0.05		0.45

Facility Rental—Facility rental revenue includes the revenue the Convention Center receives from clients that reserve one or more function areas in the facility. Despite having published rates, convention centers typically charge rental fees based on negotiated daily rental fees. Not all events are charged a facility rental fee. A facility may waive the space rental charges if the event meets a certain minimum of food and beverage charges as is usually the case for most banquets.

Food and Beverage—Most events that use the Convention Center’s function spaces will also arrange for food service for their attendees during their events. This food service includes catering which can range from coffee breaks associated with a meeting to a full dinner associated with a convention or banquet. Consumer shows and sporting events may generate concessions revenue. Most conventions and conferences generate demand for multiple meals during the course of these multi-day events. Meetings and banquets generally include a single meal or refreshment services. HVS projects estimated gross food and beverage revenues on a per capita basis depending on the type of event. Events like conventions and tradeshows typically spend the most per attendee. Consumer shows have lower per capita spending.

Event Services—Event Services include the fees charged to tenants for services that could include business services, audio and video technical assistance, set-up and take down of function spaces, cleaning services, security services, electricity and other utilities, commissions from decorators and other services provided by third-party contractors at events. Many events also require audio, video, communications and internet services. Banquets and other upscale events can often require elaborate decorating services. Almost all events require cleaning

services; cleaning of common areas may be complimentary for most events while cleaning services offered to individual exhibitors can represent a significant source of revenue. Service charges vary by type of event. Some of these services may be included in the rental charges for using the facility, but others will be add-on service charges. The HVS model estimates event services revenue based on the amount of space rented.

Parking—Parking revenue results from fees charged per vehicle at certain events. HVS applied the following parameters to calculate event parking revenue.

FIGURE 9-2 PARKING REVENUE ASSUMPTIONS

Type	Parking Fee per Vehicle	Percent Attendees by Car	Passengers per Vehicle
Conventions & Tradeshows	\$ 7.00	60%	2
Consumer Shows	7.00	90%	4
Banquets	-		
Meetings & Conferences	5.00	60%	2
Assemblies	-		
Sports	5.00	90%	4
Concerts & Entertainment	5.00	90%	4
Other	2.00	90%	4

Additional parking revenue may be earned during non-event days from daily parking and special event parking, such as during Florida State home football games. For the purpose of this analysis, non-event parking revenue is included in Other revenue discussed below.

In addition to variable event revenues, the convention center would also earn other revenues as described below.

Advertising and Sponsorship Revenue—This line item includes revenue from the sale of fixed advertising signage on concourses, interior and exterior fascia, and outdoor marquee displays. The advertising rates a convention center is able to charge is dependent upon the estimated number of events and the total attendance. HVS projects that the total facility would generate approximately \$75,000 in advertising and sponsorship revenue annually, which is consistent with venues of comparable size. Revenue estimates should be reassessed as design of advertising elements progresses.

Other Revenue—Other revenue could include damages billed to tenants, special fees or dues, interest income, and certain non-recurring income. Other revenue

may also include daily parking charges for spaces in convention center lots and auto and RV parking during Florida State University football games.

Convention Center Operating Expenses

HVS estimated direct event expenses for the proposed Convention Center as a blend of fixed costs and variable percentage of operating revenues as summarized below.

FIGURE 9-3 CONVENTION CENTER EXPENSE ASSUMPTIONS

Expenditure	Variable Expense	Percentage Revenue	Fixed Expense for Base Year
Operating Expense			
Salaries			\$1,432,800
Benefits		25.0% of Salaries	
Food & Beverage Costs		75.0% of Food & Beverage (Gross)	
Event Services Costs		90.0% of Event Services (Gross)	
Contractual Services		2.5% of Total Operating Rev	\$25,000
Administrative & General		3.0% of Total Operating Rev	\$50,000
Marketing & Sales			\$30,000
Repair & Maintenance		5.0% of Total Operating Rev	\$50,000
Supplies & Equipment		3.0% of Total Operating Rev	\$25,000
Utilities	\$0.05 per GSF		\$100,000
Parking Costs		25.0% of Parking (Gross)	
Other Expense			\$25,000
Non-Operating Expense			
Capital Maintenance		2.0% of Total Operating Rev	
Management Fees			\$150,000
Insurance			

Salaries & Benefits—HVS created a detailed projection of salaries and associated benefits for permanent full and part-time employees dedicated to administration, marketing, building operations, and other functions. This category does not include part time food & beverage and event staffing, which are included in departmental costs. The proposed staffing schedule reflects what HVS considers to be an adequate level of staffing required to effectively operate the convention center and achieve the level of revenues projected. The following figure presents a proposed staffing schedule with 30 full time equivalent positions. Benefits are assumed to be 25 percent of gross salaries.



FIGURE 9-4 CONVENTION CENTER STAFFING SCHEDULE

Position	Number	Salary	Total Salary
ADMINISTRATION/FINANCE			
General Manager	1	125,000	125,000
Office Manager/Ass't to GM	1	40,000	40,000
Director of Finance & Administration	1	90,000	90,000
Staff Accountant	1	50,000	50,000
SALES & MARKETING			
Director of Sales & Marketing	1	90,000	90,000
Senior Sales Manager	1	60,000	60,000
Sales/Marketing Manager	3	40,000	120,000
Sales Coordinator	1	25,000	25,000
EVENT SERVICES			
Director of Event Services	1	80,000	80,000
Event Manager	3	40,000	120,000
BUILDING OPERATIONS			
Director of Operations	1	90,000	90,000
Administrative Assistant	1	30,000	30,000
Chief Engineer	1	60,000	60,000
Maintenance Technician	2	30,000	60,000
Housekeeping/Set-up Manager	2	40,000	80,000
Custodians/Housekeeping	4	15,000	60,000
Director of Security/Parking	1	75,000	75,000
Ass't Security Director	1	35,000	35,000
TECHNOLOGY			
Computer/Network Manager	1	72,800	72,800
Audio/Visual Technician	2	35,000	70,000
TOTALS	30		1,432,800

Food and Beverage Costs—HVS assumes that the food and beverage operation would be operated by a third party food service operator. Costs are food service are, therefore, estimated as a percentage of gross food and beverage sales and reflect a sales commission that the food service operator would pay to the venue.

Event Services Costs—Event services costs are the costs incurred by the facility for client reimbursed expenses such as audio visual set-up, security, cleaning, event set-up and event labor

Contractual Services—The facility may require outsourced operations and maintenance services as well as professional services in conducting convention center operations such as legal, accounting, tax, consulting or other advice.

Administrative & General—Office and administrative operations incur day-to-day facility expenses. Such expenses typically include travel, telephone, printing, permits, and other miscellaneous services

Marketing and Sales—Marketing costs include the costs associated with promoting the facility and its events. These may include advertising fees, printing and other costs associated with creating promotion materials.

Repair & Maintenance—Both routine and one-time facility maintenance expenses are primarily the responsibility of in-house facility operations personnel. More specialized activities, such as HVAC system maintenance, electrical work, and maintenance of other mechanical systems often must be contracted out to third parties.

Supplies & Equipment—Items such as computers, office machines, furniture, consumables, and chemicals are required to support the operations of the facility.

Utilities—Utilities, including electricity, gas, water, and other charges often represent one of the largest expenses incurred by facility operators.

Other Expenses—These other expenses could include expenses such as special training expenses, special costs associated with managing volunteer workers, collection costs, credit losses, bank fees, and other small miscellaneous expenses.

Non-Operating Expenses

Management Fees—Management fees would be paid to a third party management firm for the successful marketing, operation, and maintenance of the convention center.

Insurance—This item represents the cost of providing building insurance for the facility.

Capital Maintenance Reserve—An annual contribution based upon 4 percent of total arena operating revenues would be used to fund major capital improvements as the arena ages.

Convention Center Operating Pro Forma

The figure below presents the ten-year financial projections for the proposed Convention Center. The projections are in inflated dollars beginning January 1, 2014, the first full fiscal year of projected operation.

FIGURE 9-5 DETAILED FORECAST OF CONVENTION CENTER INCOME AND EXPENSE

	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
OPERATING REVENUE										
Facility Rental	\$824,000	\$950,000	\$1,110,000	\$1,251,000	\$1,289,000	\$1,328,000	\$1,367,000	\$1,408,000	\$1,451,000	\$1,494,000
Food & Beverage (Gross)	1,096,000	1,181,000	1,282,000	1,377,000	1,419,000	1,461,000	1,505,000	1,550,000	1,597,000	1,644,000
Event Services (Gross)	520,000	587,000	695,000	789,000	813,000	837,000	862,000	888,000	915,000	942,000
Parking (Gross)	133,000	154,000	177,000	198,000	204,000	210,000	216,000	223,000	230,000	236,000
Advertising & Sponsorships	82,000	84,000	87,000	90,000	92,000	95,000	98,000	101,000	104,000	107,000
Other Revenue	44,000	45,000	46,000	48,000	49,000	51,000	52,000	54,000	55,000	57,000
Total	\$2,699,000	\$3,001,000	\$3,397,000	\$3,753,000	\$3,866,000	\$3,982,000	\$4,100,000	\$4,224,000	\$4,352,000	\$4,480,000
OPERATING EXPENSES										
Salaries	\$1,566,000	\$1,613,000	\$1,661,000	\$1,711,000	\$1,762,000	\$1,815,000	\$1,869,000	\$1,926,000	\$1,983,000	\$2,043,000
Benefits	391,000	403,000	415,000	428,000	441,000	454,000	467,000	481,000	496,000	511,000
Food & Beverage Costs	822,000	886,000	961,000	1,033,000	1,064,000	1,096,000	1,129,000	1,163,000	1,197,000	1,233,000
Event Services Costs	468,000	528,000	625,000	710,000	731,000	753,000	776,000	799,000	823,000	848,000
Contractual Services	95,000	103,000	114,000	124,000	127,000	131,000	135,000	139,000	143,000	148,000
Administrative & General	136,000	146,000	160,000	172,000	177,000	183,000	188,000	194,000	200,000	206,000
Marketing & Sales	33,000	34,000	35,000	36,000	37,000	38,000	39,000	40,000	42,000	43,000
Repair & Maintenance	190,000	206,000	228,000	247,000	255,000	262,000	270,000	278,000	287,000	295,000
Supplies & Equipment	108,000	118,000	131,000	142,000	147,000	151,000	156,000	160,000	165,000	170,000
Utilities	669,000	763,000	875,000	975,000	1,004,000	1,034,000	1,065,000	1,097,000	1,130,000	1,164,000
Parking Costs	33,000	39,000	44,000	50,000	51,000	53,000	54,000	56,000	57,000	59,000
Other Expense	27,000	28,000	29,000	30,000	31,000	32,000	33,000	34,000	35,000	36,000
Total	\$4,538,000	\$4,867,000	\$5,278,000	\$5,658,000	\$5,827,000	\$6,002,000	\$6,181,000	\$6,367,000	\$6,558,000	\$6,756,000
OPERATING INCOME (LOSS)	(\$1,839,000)	(\$1,866,000)	(\$1,881,000)	(\$1,905,000)	(\$1,961,000)	(\$2,020,000)	(\$2,081,000)	(\$2,143,000)	(\$2,206,000)	(\$2,276,000)
NON-OPERATING EXPENSES										
Capital Maintenance	\$54,000	\$60,000	\$68,000	\$75,000	\$77,000	\$80,000	\$82,000	\$84,000	\$87,000	\$90,000
Management Fees	164,000	169,000	174,000	179,000	184,000	190,000	196,000	202,000	208,000	214,000
Total	\$218,000	\$229,000	\$242,000	\$254,000	\$262,000	\$270,000	\$278,000	\$286,000	\$295,000	\$303,000
TOTAL NET INCOME (LOSS)	(\$2,056,000)	(\$2,095,000)	(\$2,123,000)	(\$2,158,000)	(\$2,223,000)	(\$2,290,000)	(\$2,358,000)	(\$2,429,000)	(\$2,502,000)	(\$2,577,000)

Comparable Analysis

To test the reasonableness of the operating projections for the proposed Tallahassee Convention Center, HVS compiled available operating data from six similarly sized venues in the southeastern U.S. HVS compared the comparables' operating data to a projected stabilized year of operation in Tallahassee stated in 2011 dollars. To maintain confidentiality of the data, the names of the venues are not included.

FIGURE 9-6 COMPARABLE VENUE OPERATING DATA

Data Year	Comp 1	Comp 2	Comp 3	Comp 4	Comp 5	Comp 6	Average of Available Data	Proposed TCC Stabilized Year in 2011 \$
	FY 2009	FY 2009	FY 2009	FY 2009	FY 2010	FY 2009		
Total Operating Revenue	2,829,661	3,836,982	3,576,172	8,765,631	2,583,479	1,755,350	3,891,213	3,142,920
Total Operating Expense	4,906,973	4,794,185	9,724,692	12,529,242	3,910,372	3,691,126	6,592,765	4,737,592
Operating Income (Loss)	<u>(2,077,312)</u>	<u>(957,203)</u>	<u>(6,148,520)</u>	<u>(3,763,611)</u>	<u>(1,326,893)</u>	<u>(1,935,776)</u>	<u>(2,701,553)</u>	<u>(1,594,672)</u>
				Average Exhibit Space			157,090	100,000
				Average Income (Loss) per SF			(\$21.01)	(\$15.95)
				Average Total Function Space			226,597	142,000
				Average Income (Loss) per SF			(\$14.72)	(\$11.23)

Very few convention center across the country are able to produce an operating profit. While the operations of convention centers can vary widely depending on local staffing levels, departmental responsibilities, and a variety of other factors, the operating revenue and expense projections for the proposed TCC are well within the range established by the comparable analysis. Assuming a professional management team is in place, the TCC should operate efficiently and be able to maintain a below average operating loss from operations.

HVS financial projections are intended to show the expected levels of revenues and expenses over a ten year period. Projections show smooth growth over time. However, event demand and booking cycles are not always smooth. Business can be affected by unpredictable local and national economic factors. Event demand is often cyclical, based on rotation patterns and market conditions. Therefore, HVS recommends interpreting the financial projections as a mid-point of a range of possible outcomes and over a multi-year period rather than relying on projections for any one specific year.

10. Hotel Analysis and Recommendations

Supply and Demand Analysis

In the economic principle of supply and demand, price varies directly, but not proportionately, with demand and inversely, but not proportionately, with supply. In the lodging industry, supply is measured by the number of guestrooms available, and demand is measured by the number of rooms occupied; the net effect of supply and demand towards equilibrium results in a prevailing price, or average rate. The purpose of this section is to investigate current supply and demand trends as indicated by the current competitive market, and set forth a basis for the projection of future supply and demand growth.

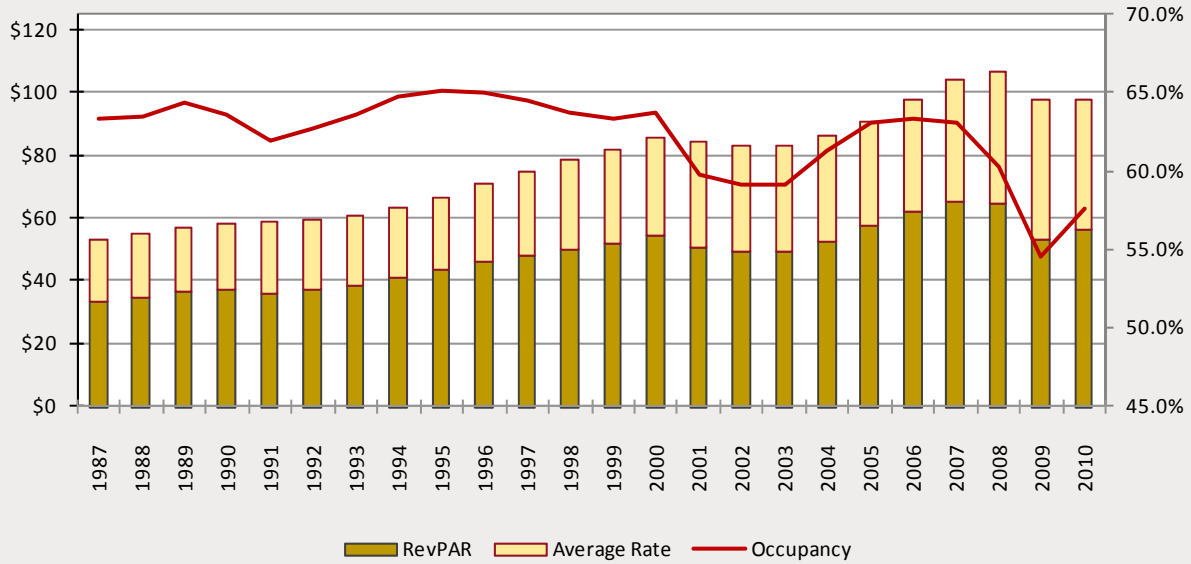
National Trends Overview

Supply and demand trends within the immediate area most directly affect the proposed subject property's local lodging market. However, the national lodging market also influences individual market conditions. We have reviewed national lodging trends to provide a context for the forecast of the supply and demand for the proposed subject property's competitive set.

Smith Travel Research (STR) is an independent research firm that compiles data on the lodging industry; typical hotel buyers routinely use STR data. Figure 1 presents annual hotel occupancy and average rate data since 1987. Figure 2 presents more recent information (2009 and 2010). This data is categorized by geography, price point, type of location, and chain scale. The statistics include occupancy, average rate, and rooms revenue per available room (RevPAR). RevPAR is calculated by multiplying occupancy by average rate, and provides an indication of how well rooms revenue is being maximized.



FIGURE 10-1 NATIONAL OCCUPANCY AND AVERAGE RATE TRENDS



Source: STR



FIGURE 10-2 NATIONAL OCCUPANCY AND AVERAGE RATE TRENDS – 2009 AND 2010 CALENDAR YEAR DATA

	Occupancy			Average Rate			RevPAR		
	2009	2010	% Change	2009	2010	% Change	2009	2010	% Change
United States	54.5 %	57.6 %	5.7 %	\$98.17	\$98.08	(0.1) %	\$53.50	\$56.47	5.5 %
Region									
New England	54.1 %	58.5 %	8.1 %	\$114.65	\$115.93	1.1 %	\$62.00	\$67.77	9.3 %
Middle Atlantic	59.6	63.3	6.2	134.32	138.57	3.2	80.10	87.78	9.6
South Atlantic	53.9	57.1	5.9	98.65	97.46	(1.2)	53.18	55.64	4.6
East North Central	50.2	53.9	7.4	85.50	85.13	(0.4)	42.92	45.90	6.9
East South Central	51.2	54.0	5.3	75.23	75.08	(0.2)	38.56	40.51	5.1
West North Central	52.8	55.1	4.3	77.15	77.95	1.0	40.72	42.91	5.4
West South Central	53.4	55.1	3.2	83.74	82.71	(1.2)	44.71	45.58	2.0
Mountain	54.0	56.7	4.9	91.95	90.28	(1.8)	49.69	51.16	3.0
Pacific	59.3	63.0	6.3	112.77	112.54	(0.2)	66.86	70.89	6.0
Price									
Luxury	61.5 %	65.4 %	6.3 %	\$147.61	\$146.54	(0.7) %	\$90.81	\$95.84	5.5 %
Upscale	55.9	58.9	5.4	107.21	106.44	(0.7)	59.94	62.71	4.6
Midprice	51.2	53.8	5.2	78.66	78.33	(0.4)	40.25	42.16	4.7
Economy	49.0	51.5	5.1	59.04	58.28	(1.3)	28.95	30.04	3.8
Budget	51.3	54.0	5.3	48.26	47.30	(2.0)	24.74	25.54	3.2
Location									
Urban	61.8 %	65.7 %	6.3 %	\$136.45	\$139.60	2.3 %	\$84.32	\$91.73	8.8 %
Suburban	53.7	57.3	6.8	85.02	83.62	(1.6)	45.64	47.94	5.0
Airport	59.8	63.7	6.5	90.67	88.54	(2.3)	54.19	56.38	4.0
Interstate	49.5	51.4	3.8	69.43	69.93	0.7	34.38	35.95	4.6
Resort	56.8	59.4	4.6	129.86	129.30	(0.4)	73.73	76.81	4.2
Small Metro/Town	49.6	51.6	4.1	81.14	81.45	0.4	40.26	42.06	4.5
Chain Scale									
Luxury	61.4 %	66.2 %	7.8 %	\$244.52	\$249.65	2.1 %	\$150.18	\$165.29	10.1 %
Upper Upscale	63.6	67.7	6.4	143.09	142.16	(0.6)	90.97	96.19	5.7
Upscale	60.9	65.4	7.3	108.63	106.97	(1.5)	66.20	69.97	5.7
Mid-scale w/ F&B	49.0	51.1	4.4	83.33	82.48	(1.0)	40.82	42.16	3.3
Mid-scale w/o F&B	55.5	58.3	5.2	85.43	84.75	(0.8)	47.39	49.44	4.3
Economy	48.9	51.3	5.1	50.95	49.38	(3.1)	24.89	25.35	1.8
Independents	52.4	55.0	4.9	95.12	95.42	0.3	49.88	52.46	5.2

Source: STR - December 2010 Lodging Review

The onset of the recession in December of 2007 first became evident in lodging trends in the spring of 2008 as demand levels decreased from the peak recorded in the previous year. The pace of decline sped up in the fall of 2008, as both corporate and consumer spending fell dramatically in the wake of the financial crisis and in response to intensifying recessionary pressures. Continued increases in lodging supply, which grew by 2.7% in 2008 and 3.2% in 2009, combined with demand decreases, resulted in a national average occupancy of 55.1% in 2009, an historic low. Aggressive price cuts and discounting that were implemented in the face of falling occupancy levels caused average rate to decrease by 8.8% in that same year. The resulting \$53.71 RevPAR recorded in 2009 was on par with the level recorded in 2004.

Demand growth resumed in 2010, led by select markets that had recorded positive growth trends in the fourth quarter of 2009. The pace of demand growth accelerated through the year. Lodging demand in the U.S. increased by 7.7% in 2010 as compared with 2009 levels. A return of business travel and some group activity contributed to these positive trends. The significant price discounts that were widely available in the first half of 2010 partly fueled the resurgence in demand. These discounting policies, largely phased out in the latter half of the year, balanced much of the early rate loss. Average rate decreased by only 0.1% in 2010 when compared with 2009. Moderate demand growth is forecast for 2011 and thereafter, and the commercial and meeting/group demand segments are expected to continue to strengthen. These trends, combined with the low levels of supply growth anticipated through 2012, should boost occupancy to above the 60% mark by 2012. Strengthening occupancy levels should permit hotels to further reduce and eventually eliminate the deep discounts implemented in response to the recession. The net result will be accelerated rate growth as occupancy nears stabilization.

Leon County Lodging Overview

The proposed subject property will compete with existing lodging properties in Leon County. While the facility will compete most directly with those properties identified as primary and secondary competitors, the overall supply and demand characteristics of the lodging market in Leon County is applicable to the subsequent analysis.

At the request of “Visit Tallahassee,” Smith Travel Research has provided the following data. While not every property in Leon County reports its data to STR, the information is a very good indication of the health of the lodging industry. This data accounts for the supply and demand trends for roughly 80% of the entire county’s lodging supply.

FIGURE 10-3 RECENT LODGING TRENDS IN LEON COUNTY

	Total Room Supply	Percent Change	Total Demand for Room Nights	Percent Change	Occupancy	ADR	Percent Change	RevPAR	Percent Change
2007	2,091,723	-	1,173,169	-	56.1 %	\$83.15	-	\$46.63	-
2008	2,158,869	3.2 %	1,149,262	-2.0 %	53.2	80.87	-2.7 %	43.05	-7.7 %
2009	2,206,205	2.2	1,119,192	-2.6	50.7	77.98	-3.6	39.56	-8.1
2010	2,229,054	1.0	1,197,431	7.0	53.7	76.43	-2.0	41.06	3.8
Compound Average Change:		2.1 %		0.7 %			-2.8 %		-4.2 %

Source: Smith Travel Research

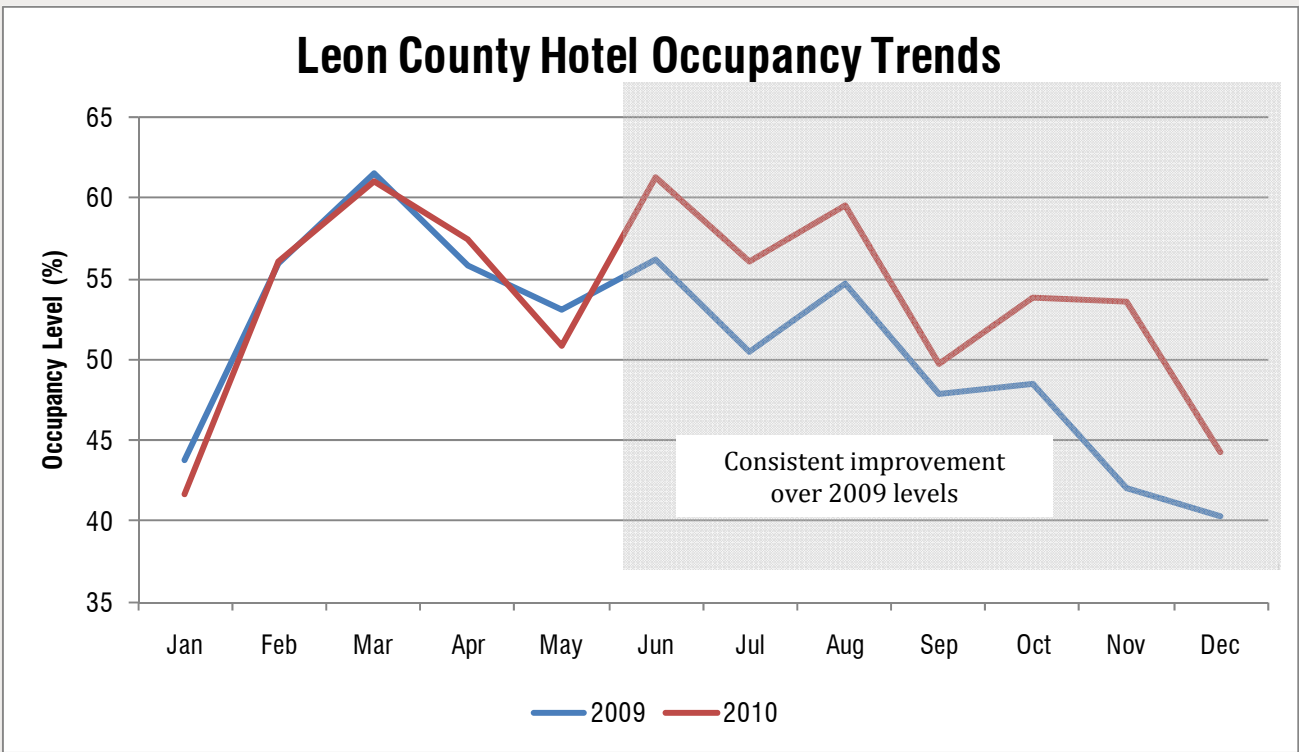
The data suggests that, since 2007, the number of available rooms in Leon County has increased by an average 2.1% per year while the demand for room nights has increased by an average of only 0.7% per year. Subsequently, countywide occupancy levels have declined from 56.1% in 2007 to 50.7% in 2009, before increasing to 53.7% in 2010.

Given the most recent economic downturn, the county's average ADR has declined each year since 2007, the smallest decline having occurred in 2010 (2.0%). Overall, countywide ADR has declined by an average of 2.8% per year between 2007 and 2010. The largest ADR decline in recent history occurred in the 2009 calendar year during which ADR declined by 3.6% from \$80.87 to \$77.98. The decline recorded in Leon County from 2009 to 2010 (2.0%) was modestly larger than the decline recorded in the South Atlantic region (1.2%, according to STR).

The following figure illustrates the recent monthly occupancy trends recorded in the Leon County hotel industry.



FIGURE 10-4 LEON COUNTY OCCUPANCY LEVELS DURING 2009 AND 2010



As the data suggests, Leon County hotels reached their lowest occupancy levels in recent years in the 2009 calendar year (50.7%). The preceding figure suggests that Leon County hotels began consistently registering improved occupancy levels in June of 2010. In general, this data is consistent with the recovery of the national economy.

The following figure illustrates the associated seasonality index. This seasonality index is derived by dividing one month's occupancy level by the annual occupancy level; a number above 1.0 implies that the month receives a share greater than its fair share of the year's total room nights. A number below 1.0 implies that a month receives below its fair share of the year's total room nights.



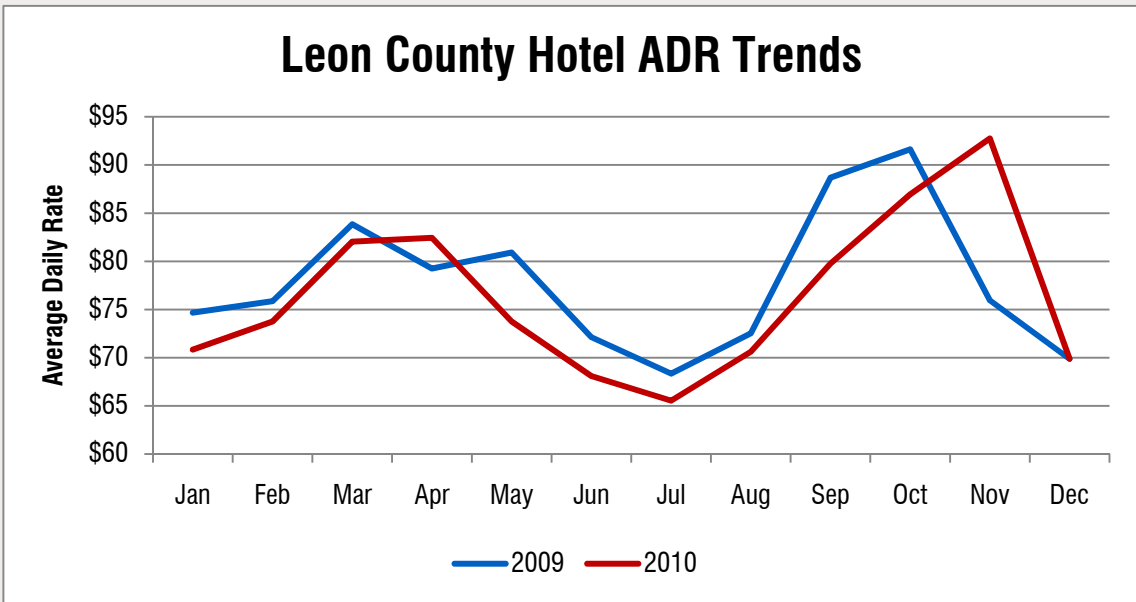
FIGURE 10-5 LEON COUNTY OCCUPANCY SEASONALITY INDEX (2010)

Seasonality Index	
January	0.78
February	1.04
March	1.13
April	1.07
May	0.94
June	1.14
July	1.04
August	1.11
September	0.93
October	1.00
November	1.00
December	0.82

The index indicates that the months of February, March, and April as well as the months of June, July, and August achieved the highest occupancy levels in 2010 and responsible for more than their fair share of the year’s overall revenue. The following figure illustrates the month-by-month trends in ADR achieved by the Leon County hotel industry from 2009 through 2010.



FIGURE 10-6 LEON COUNTY ADR LEVELS DURING 2009 AND 2010



While the aggregate ADR in the calendar year 2010 (\$76.43) is modestly lower, 2.0%, than what Leon County hotels achieved in 2009 (\$77.98), the market is expected to improve with regards to ADR. The development of new hotels, the renovation of existing hotels, and the closure of poorly performing hotels in the area could support marketwide ADR growth (along with the improving economy) in 2011.

Examples of the dynamic nature of the Tallahassee lodging market developing include: (1) Starwood’s aLoft in the downtown area opening in August of 2009, (2) Hotel Duval commencing an affiliation with Marriott as a member of their “Autograph Collection” in July of 2010, (3) the old Holiday Inn/Hotel on Capitol Hill will be renovated and re-branded as a Four Points (set to open around June/July of 2011), (4) the poorly-performing Ramada in north Tallahassee closed, and (5) a new Fairfield Inn is set to open just east of downtown along the Apalachee Parkway corridor. These developments should each improve the marketwide ADR.

Leon County Tourist Development Tax

Also of note, the Leon County Tax Collector is responsible for collecting the Tourist Development Tax ("TDT"). The TDT, passed in 1988, collects a percentage of the total payment received for the rental of any temporary (less than six months) accommodation. Virtually all of the TDT is collected from the rental of rooms in hotels and motels, which make the amount collected a good indicator of the health of the lodging industry in Leon County. The government raised the TDT from 3.0% to 4.0% in November of 2004 and from 4.0% to the current level of 5.0% (of the total payment received for the rental of all temporary accommodation) in May of 2009.

Given the fact that the TDT has increased as a percentage of the rental revenue, it would not be appropriate to compare this amount of tax collected over time without correcting for these changes. HVS used the amount of tax collected to calculate the amount of rooms revenue received. The following figure presents the resulting rooms revenue calculation based on the tax revenue and the tax rate at the time of collection.



FIGURE 10-7 TRENDS IN ROOMS REVENUE BASED ON LEON COUNTY TOURIST DEVELOPMENT TAX

	Calculated Leon County Rooms Revenue ('000s)												Percent Change	
	January	February	March	April	May	June	July	August	September	October	November	December		Total
2000	\$4,403	\$4,170	\$5,221	\$6,235	\$5,763	\$4,571	\$4,484	\$5,047	\$4,707	\$5,995	\$3,725	\$7,283	\$61,605	-
2001	6,561	2,167	4,039	9,631	6,062	4,567	4,630	4,816	4,874	4,339	7,134	2,928	61,748	0.2 %
2002	6,593	5,094	5,700	5,041	6,834	4,726	5,720	5,786	5,859	5,139	4,747	6,616	67,856	9.9
2003	5,700	5,147	5,309	6,812	6,124	3,467	8,466	5,555	5,964	7,087	2,969	4,288	66,888	-1.4
2004	8,473	4,814	6,853	7,986	6,353	6,172	5,984	5,915	6,418	8,474	5,746	6,781	79,969	19.6
2005	5,590	4,966	6,911	8,267	8,180	6,093	5,882	6,867	7,010	6,972	8,220	5,050	80,008	0.0
2006	6,953	5,850	7,007	8,866	8,722	6,810	6,571	6,018	7,431	7,153	7,761	8,713	87,854	9.8
2007	5,863	6,032	6,774	8,969	9,115	9,143	6,944	5,774	7,150	6,166	8,906	7,690	88,527	0.8
2008	5,789	5,931	7,008	8,584	9,112	6,319	6,169	5,757	6,772	6,455	6,789	7,958	82,642	-6.6
2009	5,460	5,031	6,000	7,466	5,247	6,354	5,851	5,200	6,101	6,533	7,073	5,105	66,628	-19.4
2010	4,928	4,623	5,891	7,290	7,141	5,976	6,232	5,868	6,489	5,883	7,340	7,442	75,102	12.7
Average Annual Change:	1.1%	1.0%	1.2%	1.6%	2.2%	2.7%	3.3%	1.5%	3.3%	-0.2%	7.0%	0.2%	2.0%	

November 2004: TDT Tax raised from 3% to 4% of revenues
 May 2009: TDT Tax raised from 4% to 5% of revenues

Source: Leon County Tax Collector

County-wide rooms revenue increased by an average of 5.6% per year from 2000 through 2007 before declining by 6.6% and 19.4% in 2008 and 2009, respectively. A 12.7% increase in rooms revenue occurred from 2009 to 2010. While this data fails to account for a number of variables such as room supply, the number of occupied rooms, and average rate, it does provide a broad indication of the current condition of the lodging industry and the historical trends in total revenue earned throughout all of Leon County.

From this data HVS can determine which months of the year have been able to capture more revenue than previously and which months of the year have lost revenue. November is the month during which revenue has increased by the largest relative amount, an average of 7.0% per year, from 2000 through 2010. Each month of the year, except October, has increased revenue since 2000.

FIGURE 10-8 LEON COUNTY AVERAGE MONTHLY REVENUE GROWTH (2000-2010)

Average Annual Revenue Growth	
November	7.0%
July	3.3%
September	3.3%
June	2.7%
May	2.2%
April	1.6%
August	1.5%
March	1.2%
January	1.1%
February	1.0%
December	0.2%
October	-0.2%

The following table illustrates a revenue index for the year 2010; this index indicates which months of the year accounted for more or less than their fair share (assuming revenues were split evenly over the twelve months of a year). The months during which more than the fair share of revenue was collected have been highlighted in the preceding figure.

FIGURE 10-9 LEON COUNTY MONTHLY REVENUE INDEX (2010)

Revenue Index	
January	0.79
February	0.74
March	0.94
April	1.16
May	1.14
June	0.95
July	1.00
August	0.94
September	1.04
October	0.94
November	1.17
December	1.19

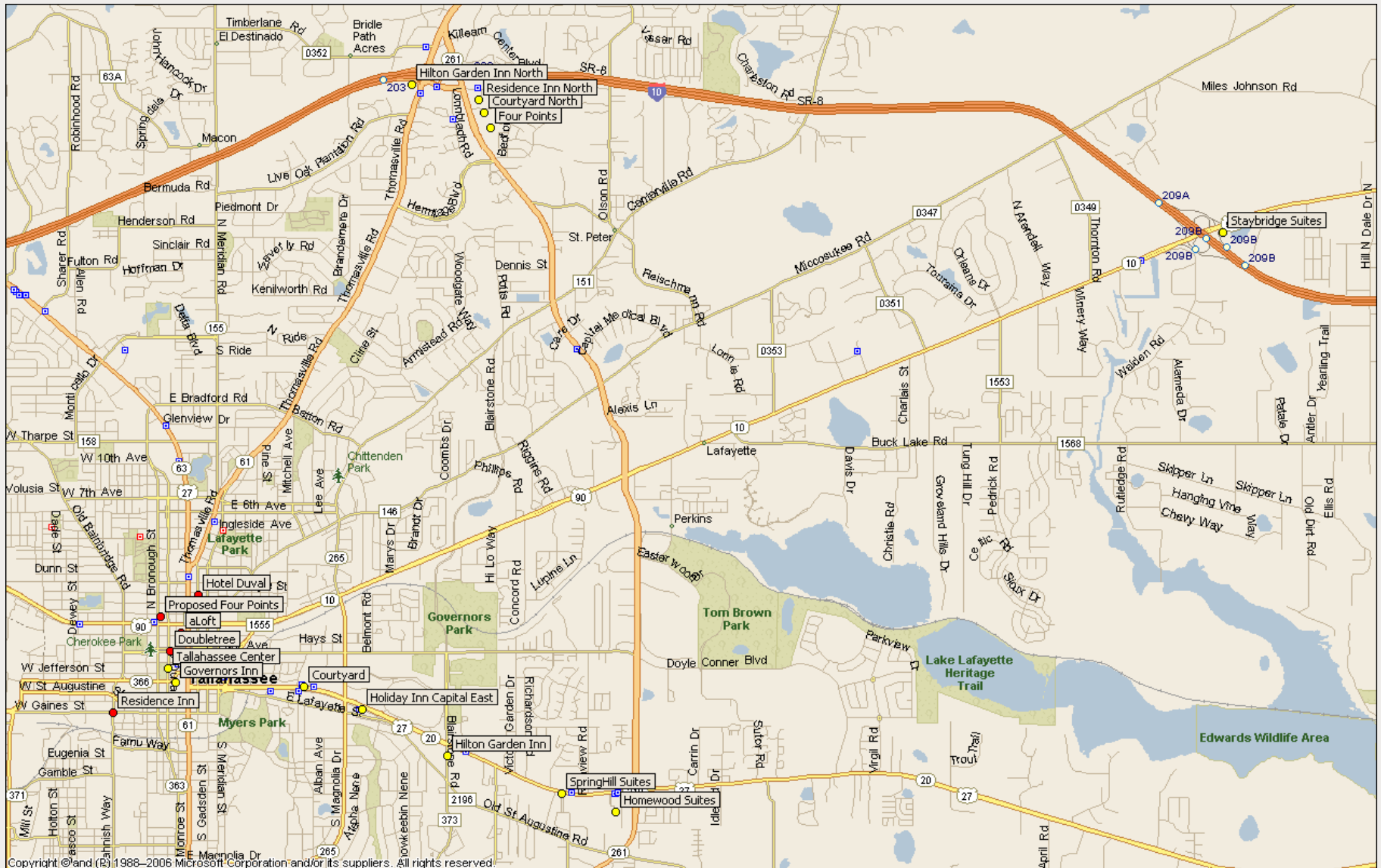
Definition of Subject Hotel Market

As discussed, the proposed convention center hotel will be located in the downtown area of Tallahassee, Florida, proximate to the central business district.

Of the Leon County supply set analyzed earlier in this section, the proposed subject property would compete with a smaller set of hotels based on various factors. These factors may include location, price point, product quality, length of stay (such as an extended-stay focus vs. non-extended-stay focus), room type (all-suite vs. standard), hotel age, or brand, among other factors. We have reviewed these pertinent attributes and established an expected competitive set. In general, HVS has included area properties rated “upscale” and above as well as proximate lodging facilities that offer guests food service.

The map on the following page illustrates the locations of the proposed subject property and its future competitors. “Primary competitors” are indicated by red circles while “secondary competitors” are indicated by yellow circles.

MAP OF PRIMARY AND SECONDARY COMPETITION



Our survey of the primarily competitive hotels in the local market shows a range of lodging types and facilities. HVS inspected and evaluated each primary competitor. Descriptions of our findings are presented below. Narrative pertaining to our review of the proposed subject property's specific "competitive set" within the greater Tallahassee area commences subsequent to our review of national occupancy, average rate, and RevPAR trends.

**The Competitive Set:
Historical Supply and
Demand Trends**

Smith Travel Research ("STR") is an independent research firm that compiles and publishes data on the lodging industry, routinely used by typical hotel buyers. At our request, STR has compiled historical supply and demand data for a group of hotels considered applicable to this analysis for the proposed subject property. The following figure presents this information along with the market-wide occupancy, average rate, and rooms revenue per available room (RevPAR). RevPAR is calculated by multiplying occupancy by average rate and provides an indication of how well rooms revenue is being maximized.



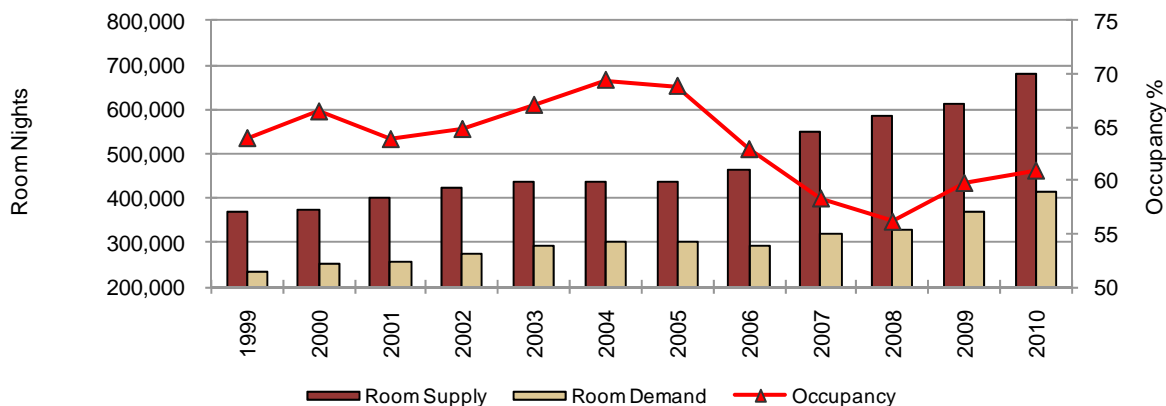
FIGURE 10-10 HISTORICAL SUPPLY AND DEMAND TRENDS

Year	Average Daily Room Count	Available Room Nights	Change	Occupied Room Nights	Change	Occupancy	Average Rate	Change	RevPAR	Change		
1999	1,006	367,190	—	234,881	—	64.0 %	\$84.48	—	\$54.04	—		
2000	1,029	375,746	2.3 %	249,746	6.3 %	66.5	87.80	3.9 %	58.36	8.0 %		
2001	1,099	401,135	6.8	256,204	2.6	63.9	87.14	(0.8)	55.65	(4.6)		
2002	1,154	421,251	5.0	273,053	6.6	64.8	88.85	2.0	57.59	3.5		
2003	1,193	435,445	3.4	292,103	7.0	67.1	91.12	2.6	61.12	6.1		
2004	1,193	435,445	0.0	302,304	3.5	69.4	96.05	5.4	66.69	9.1		
2005	1,193	435,445	0.0	299,834	(0.8)	68.9	100.26	4.4	69.04	3.5		
2006	1,276	465,640	6.9	293,015	(2.3)	62.9	111.36	11.1	70.07	1.5		
2007	1,508	550,481	18.2	321,000	9.6	58.3	114.60	2.9	66.82	(4.6)		
2008	1,603	585,142	6.3	328,459	2.3	56.1	114.19	(0.4)	64.10	(4.1)		
2009	1,683	614,440	5.0	367,190	11.8	59.8	105.44	(7.7)	63.01	(1.7)		
2010	1,865	680,725	10.8	414,717	12.9	60.9	103.11	(2.2)	62.82	(0.3)		
Average Annual Compounded Change: 1999-2010			5.8 %				5.3 %				1.8 %	1.4 %
Hotels Included in Sample		Competitive Status	Number of Rooms	Year Affiliated	Year Opened	General Location						
Hotel On Capitol Hill (Previous Holiday Inn Select; Proposed Four Points)		Closed	164	Sep-09	Jun 1960	CBD*						
Holiday Inn Tallahassee Capitol East		Secondary	149	Aug-00	Sep 1969	East of CBD						
Doubletree Tallahassee		Primary	243	Feb-97	May 1971	CBD						
Autograph Collection Hotel Duval		Primary	117	Jul-10	Jun 1986	CBD						
Courtyard Tallahassee		Secondary	154	Aug-87	Aug 1987	East of CBD						
Residence Inn Tallahassee		Secondary	78	May-96	May 1996	North of CBD / I-10						
Hilton Garden Inn Tallahassee		Secondary	99	Nov-97	Nov 1997	North of CBD / I-10						
Courtyard Tallahassee N I 10 Capital Cir		Secondary	93	Oct-00	Oct 2000	North of CBD / I-10						
Homewood Suites Tallahassee		Secondary	94	Jun-02	Jun 2002	North of CBD / I-10						
Hilton Garden Inn Tallahassee Central		Secondary	85	Mar-06	Mar 2006	CBD						
Residence Inn Tallahassee Univ @ The Capitol		Primary	135	Dec-06	Dec 2006	CBD						
Staybridge Suites Tallahassee I 10 East		Secondary	104	Feb-07	Feb 2007	North of CBD / I-10						
Four Points Tallahassee North		Secondary	100	Mar-08	Mar 2008	North of CBD / I-10						
Springhill Suites Tallahassee Central		Secondary	88	Oct-08	Oct 2008	East of CBD						
aLoft Hotel Tallahassee Downtown		Primary	162	Aug-09	Aug 2009	CBD						
Total			1,865									

*Central Business District

Source: Smith Travel Research

FIGURE 10-11 HISTORICAL SUPPLY AND DEMAND GRAPH



Source: Smith Travel Research

It is important to note some limitations of the STR data. Hotels are occasionally added to or removed from the sample, and not every property reports data in a consistent and timely manner; these factors can influence the overall quality of the information by skewing the results. These inconsistencies may also cause the STR data to differ from the results of our competitive survey. Nonetheless, STR data provide the best indication of aggregate growth or decline in existing supply and demand in this submarket of Tallahassee; thus, these trends have been considered in our analysis. Opening dates, as available, are presented for each reporting hotel in the previous table.

These data reflect an overall market occupancy level of 60.9% in 2010, which compares to 59.8% for 2009. The overall average occupancy level for the calendar years presented equates to 60.8%. Primary sources of demand for room nights in this market are generated from the strong government presence and the fact that Tallahassee represents the home to many state-wide associations, corporate entities, and two major universities. The largest universities in Tallahassee (Florida State University and Florida A&M) generate demand from their educational programs as well as their athletic programs. Transient business also accounts for a portion of the lodging demand, primarily for the hotel facilities located outside of the downtown area and more proximate to the Interstate 10 corridor to the north of the central business district ("CBD"). Within the selected competitive set, demand for room nights has increased by an average of 5.3% per year while the increase in supply has outpaced that rate slightly, at an average of 5.8% per year. From 1999 through 2004, the increases

in the number of occupied room nights outpaced the increases in supply and marketwide occupancy levels rose from 64.0% to 69.4%. Strong demand trends and relatively limited new supply encouraged developers to build hotels in the Tallahassee area over the following years. From 2006 through 2010, room supply increased by an average of 9.4% per year while demand increased by an average of only 6.9%; these trends in the supply and demand of room nights have yielded declining occupancy levels. Occupancy levels within the market appeared to have "bottomed out" in 2008 at 56.1% (following the opening of the Residence Inn, the Staybridge Suites, and the Four Points). Demand increased significantly in 2009 and 2010, contrary to trends reported nationwide. The Tallahassee area saw an increase in the capacity for high-quality lodging facilities (along with the "ramping up" of the hotel properties that opened in 2007 and 2008, the Springhill Suites by Marriott and the aLoft by Starwood opened) which allowed for the competitive set to incorporate demand that was previously displaced, or "unaccommodated," to surrounding areas. These increases in demand in 2009 and 2010 outpaced the increases in supply and marketwide occupancy rose from its 2008 low of 56.1% to 60.9% in 2010. This data suggests that the market is recovering and the effects of the economic downturn are evaporating from a demand perspective. Interviews, with area managers confirm this trend, reporting increases in room nights by the market's major corporate accounts.

These data from STR also reflect an overall market average rate level of \$103.11 in 2010, which compares to \$105.44 for 2009. The average across all calendar years presented for average rate equates to \$107.92. Average daily rate ("ADR") in the local market registered positive growth year-on-year from 1999 through 2007 except for a modest decline in 2001 (0.8%); over this time period, ADR grew by an average of 3.9% per year. The market was relatively stable during this period of time with consistent increases in the amount of room supply. The consistent nature of the Tallahassee market along with strong occupancy levels encouraged development in the mid-2000s. The nature of hotel construction resulted in a period of "lag" and new competitive hotels did not begin opening until 2006. With the significant amount of additional room supply entering the market in 2006 and 2007, competition between lodging facilities limited rate growth even though the local and the national economies were thriving. The entrance of new high-quality hotels (the Springhill Suites and the aLoft Hotel), renovations to existing hotels (Hotel Duval, specifically), and the closure of poorly-performing hotels (Hotel on Capitol Hill, for example) have mitigated the declines in marketwide ADR; marketwide ADR began to decline in 2008 (0.4%), accelerating in 2009 (7.7%) and continuing through 2010 (2.2%). This decline in ADR was consistent with the contraction of the national economy. The latest data indicate that the rate of decline in this market's average daily rate is slowing, evidence that a recovery is underway, and average daily rate appears to

have reached its bottom in the low \$100-range. The current ADR level of approximately \$103 is consistent with the marketwide rates achieved in 2005/06. Rate recovery, while slow to begin with, is now expected, and hotels should regain pricing power with the forecasted increases in occupancy.

These occupancy and average rate trends resulted in a RevPAR level of \$62.82 in 2010, a modest decline of 0.3% from the 2009 level. Within this submarket of Tallahassee, RevPAR peaked at approximately \$70 in 2006.

**Seasonality in the
Competitive Set**

Monthly occupancy and average rate trends are presented in the following tables.

FIGURE 10-12 MONTHLY OCCUPANCY TRENDS

Month	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
January	54.9 %	56.7 %	59.2 %	60.4 %	60.7 %	61.3 %	59.0 %	59.6 %	56.1 %	53.9 %	52.4 %	49.2 %
February	66.0	68.0	70.4	80.5	72.1	74.6	74.9	75.9	63.8	67.7	69.9	68.8
March	78.2	80.3	77.1	68.4	76.4	84.1	79.8	72.5	71.2	65.1	72.1	69.2
April	69.8	75.6	75.1	71.7	71.1	76.2	79.8	71.4	68.1	67.8	66.1	65.5
May	56.5	61.9	60.1	61.1	65.8	63.3	66.4	61.4	56.2	54.9	68.7	56.0
June	54.8	62.7	60.9	59.9	71.7	73.1	72.3	63.0	62.8	57.9	70.4	67.2
July	58.3	57.6	61.8	59.0	64.1	59.0	69.2	53.8	49.5	47.6	58.4	57.1
August	67.5	64.9	65.6	69.6	71.8	71.0	71.8	63.2	61.6	57.8	62.3	65.8
September	67.9	65.9	51.7	61.6	69.8	77.9	69.8	62.4	50.4	50.6	56.8	58.3
October	73.6	66.2	72.3	72.3	70.6	76.2	72.0	65.7	62.0	53.4	55.1	64.2
November	67.9	79.5	61.8	64.8	58.3	64.3	61.4	65.2	55.7	55.5	46.8	60.8
December	52.5	58.6	50.8	51.3	53.2	53.0	50.6	45.1	42.7	43.2	44.9	50.0
Annual Occupancy	64.0 %	66.5 %	63.9 %	64.8 %	67.1 %	69.4 %	68.9 %	62.9 %	58.3 %	56.1 %	59.8 %	60.9 %

Source: Smith Travel Research

FIGURE 10-13 MONTHLY AVERAGE RATE TRENDS

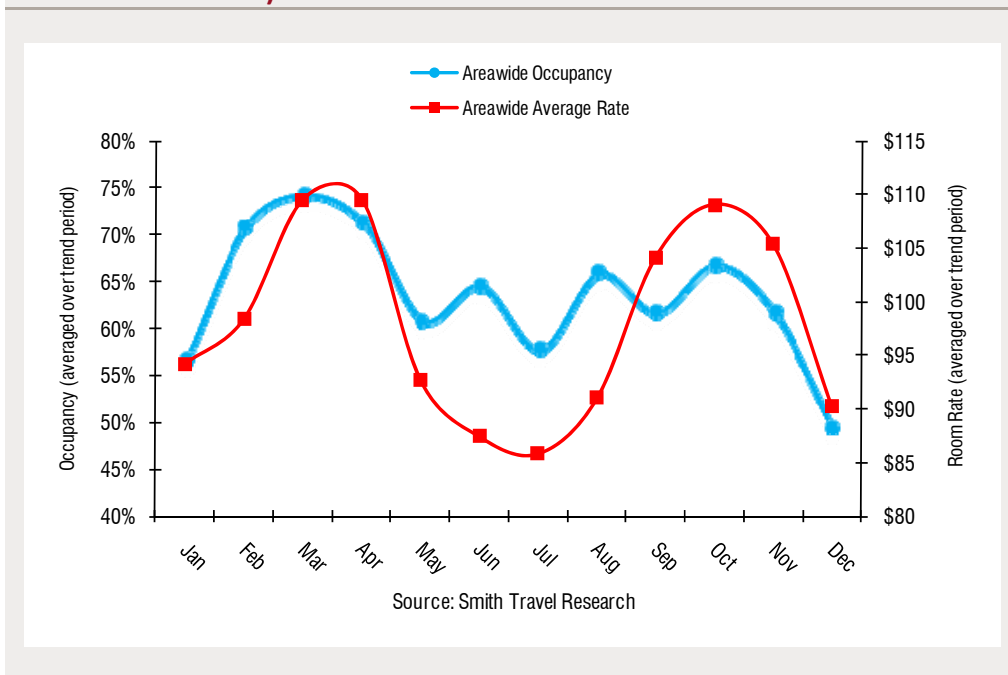
Month	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
January	\$83.67	\$83.14	\$85.03	\$91.31	\$84.36	\$88.20	\$94.20	\$99.30	\$111.34	\$109.03	\$104.34	\$96.85
February	84.57	87.00	89.21	99.08	87.72	95.81	98.85	107.45	112.84	112.96	104.98	100.16
March	92.23	93.88	95.59	94.00	101.12	107.23	112.22	120.88	130.48	127.67	122.30	115.58
April	91.38	98.04	97.10	94.53	99.42	101.48	115.32	125.40	133.32	134.23	111.30	112.93
May	79.69	79.43	81.77	82.77	89.53	89.16	91.21	106.05	105.67	106.45	101.34	99.69
June	76.42	75.41	77.51	79.63	80.85	84.28	86.95	97.99	102.05	102.28	94.59	91.66
July	75.77	76.38	75.14	77.21	80.79	85.04	87.71	96.03	97.40	98.84	91.24	88.87
August	80.99	82.60	78.65	83.36	83.40	89.43	94.69	101.81	102.67	102.22	97.34	94.71
September	88.76	93.95	90.39	89.95	104.10	104.02	108.45	117.52	111.67	116.93	116.00	107.56
October	91.72	96.10	99.58	93.66	100.69	107.61	114.04	119.29	134.72	120.33	119.97	110.42
November	84.88	94.38	87.88	96.35	92.46	103.25	101.04	133.37	116.26	127.84	104.18	121.87
December	76.19	84.63	81.18	80.09	85.53	88.90	91.21	102.22	104.36	101.27	93.94	92.85
Annual Average Rate	\$84.48	\$87.80	\$87.14	\$88.85	\$91.12	\$96.05	\$100.26	\$111.36	\$114.60	\$114.19	\$105.44	\$103.11

Source: Smith Travel Research

The illustrated monthly occupancy and average rates patterns reflect important seasonal characteristics. We have reviewed these trends in developing our forthcoming forecast of market-wide demand and average rate.

The following figure further confirms the preceding data and analysis which indicates that the months of March and April achieve the highest occupancy and ADR levels while ADR peaks again in September, October, and November. December is the worst-performing month with regard to occupancy as (1) the government sector is typically absent for a good majority of the month, (2) many students in the area return to their parents' homes, and (3) those that do vacation and travel in Florida tend to utilize lodging along the east or west coast of the state as opposed to the center.

FIGURE 10-14 HISTORICAL OCCUPANCY AND AVERAGE RATE TRENDS (1999-2010)



Patterns of Demand

A review of the trends in occupancy, average rate, and RevPAR by the night of the week over the past three fiscal years provides some insight into the impact that the current economic conditions have had on the competitive lodging market. The data, as requested from Smith Travel Research, is set forth in the following table. The highest occupancy, ADR, and RevPAR levels have been highlighted.

FIGURE 10-15 OCCUPANCY, AVERAGE RATE AND REVPAR BY DAY OF WEEK

Occupancy (%)	Sunday	Monday	Tuesday	Wednesday	Thursday	Friday	Saturday	Total Year
Jan 08 - Dec 08	34.9 %	56.1 %	65.4 %	64.3 %	56.6 %	57.7 %	57.6 %	56.1 %
Jan 09 - Dec 09	38.2	59.9	68.9	68.3	58.5	63.4	61.2	59.8
Jan 10 - Dec 10	37.6	59.6	70.5	69.0	59.7	64.4	65.6	60.9
Change (Occupancy Points)								
FY 08 - FY 09	3.3	3.8	3.5	3.9	1.9	5.7	3.6	3.6
FY 09 - FY 10	-0.6	-0.3	1.5	0.8	1.2	0.9	4.4	1.2
ADR (\$)	Sunday	Monday	Tuesday	Wednesday	Thursday	Friday	Saturday	Total Year
Jan 08 - Dec 08	\$104.26	\$116.87	\$120.98	\$119.55	\$112.36	\$110.08	\$109.55	\$114.19
Jan 09 - Dec 09	100.17	110.24	111.18	109.80	103.24	100.63	99.87	105.44
Jan 10 - Dec 10	92.70	103.15	106.02	105.40	99.75	104.90	104.82	103.11
Change (Dollars)								
FY 08 - FY 09	-\$4.09	-\$6.63	-\$9.80	-\$9.75	-\$9.12	-\$9.45	-\$9.68	-\$8.74
FY 09 - FY 10	-7.47	-7.09	-5.16	-4.41	-3.49	4.27	4.94	-2.33
Change (Percent)								
FY 08 - FY 09	-3.9 %	-5.7 %	-8.1 %	-8.2 %	-8.1 %	-8.6 %	-8.8 %	-7.7 %
FY 09 - FY 10	-7.5	-6.4	-4.6	-4.0	-3.4	4.2	4.9	-2.2
RevPAR (\$)	Sunday	Monday	Tuesday	Wednesday	Thursday	Friday	Saturday	Total Year
Jan 08 - Dec 08	\$36.42	\$65.55	\$79.09	\$76.89	\$63.62	\$63.48	\$63.12	\$64.10
Jan 09 - Dec 09	38.29	65.99	76.62	74.94	60.38	63.81	61.12	63.01
Jan 10 - Dec 10	34.89	61.48	74.70	72.74	59.57	67.51	68.75	62.82
Change (Dollars)								
FY 08 - FY 09	\$1.87	\$0.44	-\$2.46	-\$1.95	-\$3.24	\$0.33	-\$2.00	-\$1.08
FY 09 - FY 10	-3.40	-4.51	-1.92	-2.21	-0.81	3.70	7.64	-0.19
Change (Percent)								
FY 08 - FY 09	5.1 %	0.7 %	-3.1 %	-2.5 %	-5.1 %	0.5 %	-3.2 %	-1.7 %
FY 09 - FY 10	-8.9	-6.8	-2.5	-2.9	-1.3	5.8	12.5	-0.3

Source: Smith Travel Research

It is evident that Tuesday and Wednesday nights are the most popular and the most profitable for this set of Tallahassee hotels; this can be attributed to the

significant portion of government travel and business travel (including individual commercial travelers and corporate groups) that occurs mid-week.

SUPPLY

Based on an evaluation of the occupancy, rate structure, market orientation, chain affiliation, location, facilities, amenities, reputation, and quality of each area hotel, as well as the comments of management representatives, we have identified several properties that are expected to be primarily competitive with the proposed subject property. Additional lodging facilities have been judged to be only secondarily competitive; although the facilities, rate structures, or market orientations of these hotels prevent their inclusion among the primarily competitive supply, they are expected to compete with the proposed subject property to some extent.

The table on the following page summarizes the important operating characteristics of the future primary competitors and the aggregate secondary competitors. This information was compiled from personal interviews, inspections, lodging directories, and our in-house library of operating data. The table also sets forth each property's penetration factors; penetration is the ratio between a specific hotel's operating results and the corresponding data for the market. If the penetration factor is greater than 100%, the property is performing better than the market as a whole; conversely, if the penetration is less than 100%, the hotel is performing at a level below the market-wide average.

FIGURE 10-16 PRIMARY COMPETITORS – ESTIMATED OPERATING PERFORMANCE

Property	Number of Rooms	Est. Segmentation				Estimated 2008				Estimated 2009				Estimated 2010						
		Government	Commercial	Meeting and Group	Leisure	Weighted Annual Room Count	Occ.	Average Rate	RevPAR	Weighted Annual Room Count	Occ.	Average Rate	RevPAR	Weighted Annual Room Count	Occ.	Average Rate	RevPAR	RevPAR Change	Occupancy Penetration	Yield Penetration
aLoft	162	25 %	45 %	10 %	20 %	-	-	-	-	68	33 %	\$124.00	\$40.92	162	51 %	\$112.00	\$57.12	39.6 %	83.0 %	86.6 %
Doubletree	243	25	35	20	20	243	64 %	130.00	83.20	243	66	118.00	77.88	243	64	111.00	71.04	(8.8)	104.1	107.7
Hotel Duval	117	20	35	20	25	89	50	100.00	50.00	29	40	100.00	40.00	117	71	128.00	90.88	127.2	115.5	137.7
Residence Inn (Gaines Street)	135	20	35	15	30	135	72	118.00	84.96	135	76	109.00	82.84	135	74	105.00	77.70	(6.2)	120.4	117.8
Closed Holiday Inn Select/Hotel on Capitol Hill (Proposed Four Points)	164	15	30	20	35	164	32	87.00	27.84	-	-	-	-	-	-	-	-	-	-	-
Sub-Totals/Averages	821	23 %	37 %	17 %	23 %	631	55.4 %	\$116.39	\$64.51	475	62.5 %	\$114.63	\$71.66	657	64.1 %	\$113.13	\$72.51	1.2 %	104.3 %	109.9 %
Secondary Competitors	1,140	12 %	42 %	9 %	37 %	589	57.3 %	\$115.40	\$66.08	652	58.8 %	\$103.54	\$60.85	652	58.8 %	\$101.01	\$59.39	(2.4) %	95.7 %	90.0 %
Totals/Averages	1,961	18 %	39 %	13 %	30 %	1,220	56.3 %	\$115.90	\$65.27	1,128	60.4 %	\$108.38	\$65.41	1,309	61.5 %	\$107.35	\$65.98	0.9 %	100.0 %	100.0 %

PRIMARY COMPETITOR #1 - ALOFT



aLoft
200 North Monroe Street
Tallahassee, Florida

FIGURE 10-17 ESTIMATED HISTORICAL OPERATING STATISTICS

Year	Wtd. Annual Room Count	Annual Occupancy	Average Rate	RevPAR	Occupancy Penetration	Yield Penetration
Estimated 2009*	68	33 %	124	41	54.7 %	62.6 %
Estimated 2010	162	51	112	57	83.0	86.6

*Aug. - Dec.

The aLoft, located in downtown Tallahassee, is owned and operated by McKibbon Hotel Group ("MHG"). MHG also operates three Marriott-affiliated properties in Tallahassee; the Courtyard on Raymond Diehl Road, the Residence Inn on Raymond Diehl Road, and the TownePlace Suites on Capital Circle. Facilities at the aLoft include a "grab-and-go" out of which breakfast and other light fare may be purchased, an outdoor pool, a fitness room, a guest laundry

room, and approximately 2,250 square feet of meeting space. Guestrooms offer 42-inch LCD televisions, mini-refrigerators, complimentary wireless Internet, and a "plug-and-play" I-pod docking station. The hotel also features a lounge with a pool table and cocktail bar. This hotel benefits from its affiliation with Starwood and their popular Starwood Preferred Guest Program, its location given its proximity to the capitol and along the busy Monroe Street, and its recent construction when compared to the majority of the other downtown Tallahassee lodging supply. Overall, the property appeared to be in excellent condition upon inspection. Its accessibility is comparable to that of the subject site. Its visibility to passing motorists traveling on Monroe Street is excellent.



PRIMARY COMPETITOR #2 - DOUBLETREE



**Doubletree
101 South Adams Street
Tallahassee, Florida**

FIGURE 10-18 ESTIMATED HISTORICAL OPERATING STATISTICS

Year	Wtd. Annual Room Count	Occupancy	Average Rate	RevPAR	Occupancy Penetration	Yield Penetration
Estimated 2008	243	64 %	\$130	\$83	113.7 %	127.5 %
Estimated 2009	243	66	118	78	109.4	119.1
Estimated 2010	243	64	111	71	104.1	107.7

According to the Leon County Property Appraiser, the Doubletree is owned by W2005 Wyn Hotels (in care of Goldman Sachs Investments); the facility is reportedly operated by Hilton. W2005 Wyn Hotels purchased the property in March of 2004 for \$15,596,200 (approximately \$64,181 per room). Facilities include a restaurant, an outdoor pool, an exercise room, garage parking, and 6,000 square feet of meeting space. The hotel was built in 1971. In the early

1980s, the hotel was operated as a Holiday Inn and then a Sheraton before operating independent of a flag. After its purchase in 1996 by Patriot American, the property underwent an extensive renovation and was branded as a Doubletree. Recent renovations include the lobby area in 2009, the furniture in the public areas in early-2010, and in mid-2010 the mattresses/bedding packages in most guestrooms were replaced and the corridors on floors 13 through 16 were renovated. Upcoming renovations slated for 2011 include the meeting space and the hotel's two suites. This hotel benefits from its "preferred" status with most government associations as well as its location proximate to the capitol. The hotel is large enough to house visiting athletic teams, however these teams are often displaced to other hotels due to the fact that there are not enough unoccupied rooms. Overall, the property appeared to be in very good condition. Its accessibility and its visibility are expected to be comparable to the proposed convention center hotel.



PRIMARY COMPETITOR #3 - HOTEL DUVAL (THE AUTOGRAPH COLLECTION)



Hotel Duval
415 North Monroe Street
Tallahassee, Florida

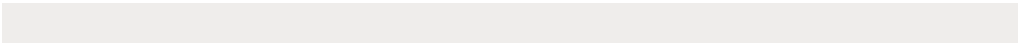
FIGURE 10-19 ESTIMATED HISTORICAL OPERATING STATISTICS

Year	Wtd. Annual Room Count	Occupancy	Average Rate	RevPAR	Occupancy Penetration	Yield Penetration
Estimated 2008*	89	50 %	\$100	\$50	88.8 %	76.6 %
Estimated 2009 ^	29	40	100	40	66.3	61.2
Estimated 2010	117	71	128	91	115.5	137.7

*Jan. - Sept.
^Oct. - Dec.

The 117-room Hotel Duval is owned by Duval Partners LLC. This facility maintains an affiliation with Marriott under the "Autograph Collection." The Autograph Collection affiliation intends to bring hotels that are considered boutique, iconic, unique, and independent hotels into the "Marriott family." The lodging facility, previously known as the Tallahassee Park Plaza, was closed for

renovations from October 2008 through September 2009 to undergo renovations; the property re-opened in October of 2009 as the Hotel Duval. The property commenced an affiliation with Marriott as a member of their Autograph Collection in July of 2010. Facilities include a breakfast and lunch dining area called LeRoc, Shula's 347 Grill, Level 8 rooftop lounge, an exercise room, approximately 7,500 square feet of meeting/function space, a business center, and an in-room touch-screen concierge service/personal computer (with Internet access) called "ICE." Market participants estimated that Duval Partners LLC spent roughly \$30 million, or approximately \$256,000 per guestroom, on the property-wide complete renovation. This hotel benefits from its image in the marketplace as one of Tallahassee's premier boutique lodging facilities (confirmed with the membership to Marriott's Autograph Collection) as well as its eighth-floor lounge visible to passing motorists. This facility also offers approximately 64 square feet of meeting space per guestroom, making it a leader in the Tallahassee area. Overall, the property appeared to be in interior of the property appeared to be in excellent condition. The exterior of the property that was visible to passing motorists appeared to be in good condition. Its accessibility and its visibility attributes are comparable to those expected of the proposed hotel and convention center.

A solid grey rectangular bar spanning the width of the page, positioned below the main text block.



PRIMARY COMPETITOR #4 - RESIDENCE INN (GAINES STREET)



**Residence Inn
600 West Gaines Street
Tallahassee, Florida**

FIGURE 10-20 ESTIMATED HISTORICAL OPERATING STATISTICS

Year	Wtd. Annual Room Count	Occupancy	Average Rate	RevPAR	Occupancy Penetration	Yield Penetration
Estimated 2008	135	72 %	\$118	\$85	127.9 %	130.2 %
Estimated 2009	135	76	109	83	125.9	126.6
Estimated 2010	135	74	105	78	120.4	117.8

The 135-room Residence Inn is owned by the Finvarb Group and is operated by Marriott. Facilities include a breakfast dining area, an outdoor pool and whirlpool, a fitness room, a full-service business center, a nightly manager's reception, and 4,200 square feet of meeting space. The hotel was built in 2006 and has not undergone any significant renovations since its opening. This hotel benefits from its location immediately proximate to Florida State University as

well as its affiliation with Marriott. Marriott offers one of the most popular rewards programs in the country. The rooms are fully-equipped with a dishwasher, microwave, pots, pans, serving dishes, refrigerator, and toaster, which makes this facility popular among extended-stay guests as well as budget-conscious travelers. Overall, the property appeared to be in very good condition. Its accessibility is similar to that of the subject site, and its visibility is similar to the expected visibility of the Proposed Convention Center Hotel.

Secondary Competitors

We have also reviewed other area lodging facilities to determine whether any may compete with the proposed subject property on a secondary basis. The room count of each secondary competitor has been weighted based on its assumed degree of competitiveness in the future with the proposed subject property. By assigning degrees of competitiveness, we can assess how the subject property and its competitors may react to various changes in the market, including new supply, changes to demand generators, and renovations or franchise changes of existing supply. The table on the following page sets forth the pertinent operating characteristics of the secondary competitors.

FIGURE 10-21 SECONDARY COMPETITORS – ESTIMATED OPERATING PERFORMANCE

Property	Number of Rooms	Est. Segmentation				Total Competitive Level	Estimated 2008				Estimated 2009				Estimated 2010			
		Government	Commercial	Meeting and Group	Leisure		Weighted Annual Room Count	Occ.	Average Rate	RevPAR	Weighted Annual Room Count	Occ.	Average Rate	RevPAR	Weighted Annual Room Count	Occ.	Average Rate	RevPAR
Governors Inn	41	20 %	35 %	20 %	25 %	75 %	31	60 %	\$130.00	\$78.00	31	60 %	\$115.00	\$69.00	31	62 %	\$120.00	\$74.40
Springhill Suites	88	15	40	10	35	75	11	38	124.00	47.12	66	69	99.00	68.31	66	74	96.00	71.04
Hilton Garden Inn (Blairstone Road)	85	20	45	10	25	70	60	71	129.00	91.59	60	68	120.00	81.60	60	69	117.00	80.73
Tallahassee Center	55	15	40	10	35	65	36	35	150.00	52.50	36	40	125.00	50.00	36	45	120.00	54.00
Holiday Inn (Apalachee Parkway)	149	15	45	10	30	60	89	40	90.00	36.00	89	40	86.00	34.40	89	37	85.00	31.45
Homewood Suites	94	10	45	5	40	60	56	67	117.00	78.39	56	68	106.00	72.08	56	70	103.00	72.10
Courtyard by Marriott (Apalachee Parkway)	154	15	45	10	30	60	92	64	119.00	76.16	92	62	105.00	65.10	92	61	99.00	60.39
Hilton Garden Inn (Thomasville Road)	99	10	45	5	40	50	50	72	121.00	87.12	50	71	113.00	80.23	50	69	111.00	76.59
Four Points	100	5	45	10	40	50	42	32	96.00	30.72	50	42	87.00	36.54	50	37	68.00	25.16
Residence Inn (Raymond Diehl Road)	78	5	40	5	50	50	39	71	109.00	77.39	39	68	98.00	66.64	39	74	98.00	72.52
Courtyard by Marriott (Raymond Diehl Road)	93	5	45	10	40	45	42	61	119.00	72.59	42	59	107.00	63.13	42	59	104.00	61.36
Staybridge Suites	104	5	25	5	65	40	42	60	94.00	56.40	42	62	86.00	53.32	42	56	91.00	50.96
Totals/Averages	1,140	12 %	42 %	9 %	37 %	57 %	589	57.3 %	\$115.40	\$66.08	652	58.8 %	\$103.54	\$60.85	652	58.8 %	\$101.01	\$59.39

We have identified twelve hotels that are expected to compete with the proposed subject property on a secondary level.

- **The Governors Inn**

- This 41-room lodging facility is an upscale boutique hotel located immediately proximate to the primary demand generators. This facility is a condo-hotel and, given the disparity in the target market and its lack of a full-service restaurant, this facility is projected to be only secondarily competitive.

- **Springhill Suites**

- This 88-room Springhill Suites, opened in October of 2008, is estimated to compete based on its location just east of the CBD and given its classification as “upper upscale.” Given the fact that it is not within walking distance to the State Capitol, it lacks a full-service restaurant, and the disparity in target market (Springhill Suites attracts a significantly higher percentage of leisure guests than the downtown properties) this facility is estimated to only compete secondarily.

- **Hilton Garden Inn (Blairstone Road)**

- This 85-room property is located proximate to the CBD but not within walking distance which limits its ability to capture a large portion of the “government” demand. This full-service property does strongly compete within the “commercial” market segment for guests who are not insistent upon staying in the CBD area. Given its location out of the downtown area, it is estimated to only compete on a secondary basis.

- **Tallahassee Center**

- This condo-hotel offers transient guests a fully-furnished apartment proximate to the State Capitol. While lacking a full-service restaurant on site, there are a variety of options in the surrounding plaza. This facility performs well with regards to extended-stay demand, occasionally officials from the government sector staying for the entire legislative session. As a result of the differences in this property’s target market, guestroom facilities, and typical length-of-stay, this property is estimated to be only secondarily competitive.

- **Holiday Inn (Apalachee Parkway)**

- The attached Applebee’s restaurant essentially makes this 149-room lodging facility a full-service hotel. The location out of the immediate downtown area as well as its inferior quality and varying target market makes this property only secondarily competitive.

- **Homewood Suites**

- The 94-room Homewood Suites is located to the east of the CBD. This property tends to offer lower rates than the properties that have been included in the set from within the downtown area. The market segmentation and target market are slightly different (more of a leisure component) than the anticipated market segmentation and target market for the proposed property given its location. As a result, this property is considered to be secondarily competitive.

- **Courtyard by Marriott (Apalachee Parkway)**

- The 154-room Courtyard is located to the east of the CBD, along the Apalachee Parkway corridor. This dated property (constructed in 1987) offers lower rates than the downtown properties and is not within walking distance to many of the primary demand generators. This property attracts more leisure business than corporate and government and its dated amenities and signs of functional obsolescence have been considered when deeming this property to be only secondarily competitive.

The following properties are located north of the downtown area, approximately a 10-15 minute drive from the CBD. These properties are clustered by Interstate 10 and receive a significant portion of their demand from transient business passing through. During peak periods of demand, these properties also receive excess demand for room nights that is not accommodated by the hotel properties in the downtown area; events include but are not limited to collegiate football games, legislative sessions, and major university events such as graduation. These properties have been included at varying degrees of competitiveness:

- **Hilton Garden Inn (Thomasville Road);**
- **Four Points by Sheraton;**
- **Residence Inn (Raymond Diehl Road);**
- **Courtyard by Marriott (Raymond Diehl Road);** and
- **Staybridge Suites.**

Summary of Proximate Competitors' Amenities

The table on the following page presents a summary of the facilities and amenities available at the surrounding hotels.



FIGURE 10-22 SUMMARY OF THE FACILITIES AVAILABLE AT PROXIMATE HOTELS

	Driving Distance from Proposed Subject Property (Miles)	Number of Guestrooms	Amount of Meeting Space	Meeting Space per Guestroom	Food and Beverage Outlets	Business Center	Swimming Pool	Exercise Room	STR Chain Scale	
DOWNTOWN	Residence Inn	0.3	135	4,200	31.1	1) Continental Breakfast	Y	Y	Y	Upscale
	Governors Inn	0.6	41	1,500	36.6	1) Continental Breakfast	N	N	N	Independent
	Tallahassee Center	0.6	55	1,400	25.5	No On-Site Dining	Y	N	Y	Independent
	Doubletree	0.7	243	6,000	24.7	1) Jacob's on the Plaza (B, L, D)	Y	Y	Y	Upscale
	aLoft	0.9	162	2,250	13.9	1) Grab-and-Go 2) w xyz Lounge (Light Fare)	Y	Y	Y	Upscale
	Hotel Duval	1.1	117	7,500	64.1	1) Shula's (L, D) 2) Level 8 Lounge (Light Fare) 3) Le Roc (B, L)	N*	N	Y	Upper Upscale
SURROUNDING AREA	Courtyard by Marriott	1.7	154	1,250	8.1	1) Courtyard Café (B)	Y	Y	Y	Upscale
	Holiday Inn (Apalachee Parkway)	1.8	149	1,600	10.7	1) Continental Breakfast 2) Applebees (L, D)	Y	Y	Y	Upper Midscale
	Hilton Garden Inn (Blairstone Road)	2.6	85	1,200	14.1	1) Pavilion Lounge (Light Fare) 2) Great American Grill (B, L, D)	Y	Y	Y	Upscale
	SpringHill Suites	3.4	88	635	7.2	1) Continental Breakfast	Y	Y	Y	Upscale
	Homewood Suites	3.9	94	3,180	33.8	1) Continental Breakfast	Y	Y	Y	Upscale
	Hilton Garden Inn (North Tallahassee)	5.5	99	735	7.4	1) Pavilion Lounge (Light Fare) 2) Great American Grill (B, L, D)	Y	Y	Y	Upscale
	Courtyard by Marriott (North Tallahassee)	6.0	93	648	7.0	1) Courtyard Café (B)	Y	Y	Y	Upscale
	Residence Inn (North Tallahassee)	6.0	78	0	0.0	1) Continental Breakfast	N	Y	Y	Upscale
	Four Points (North Tallahassee)	6.3	100	750	7.5	1) Capitol Café (B) 2) Capitol Lounge (Light Fare)	Y	Y	Y	Upscale
	Downtown Average	0.7	131	3,808	29.1	-	-	-	-	-
Overall Average	2.6	116	2,190	18.9	-	-	-	-	-	

*Each room is equipped with a touch-screen computer

Supply Changes

It is important to consider any new hotels that may have an impact on the proposed subject property's operating performance. Based upon our research and inspection, new supply considered in our analysis is presented in the following table.

FIGURE 10-23 NEW SUPPLY

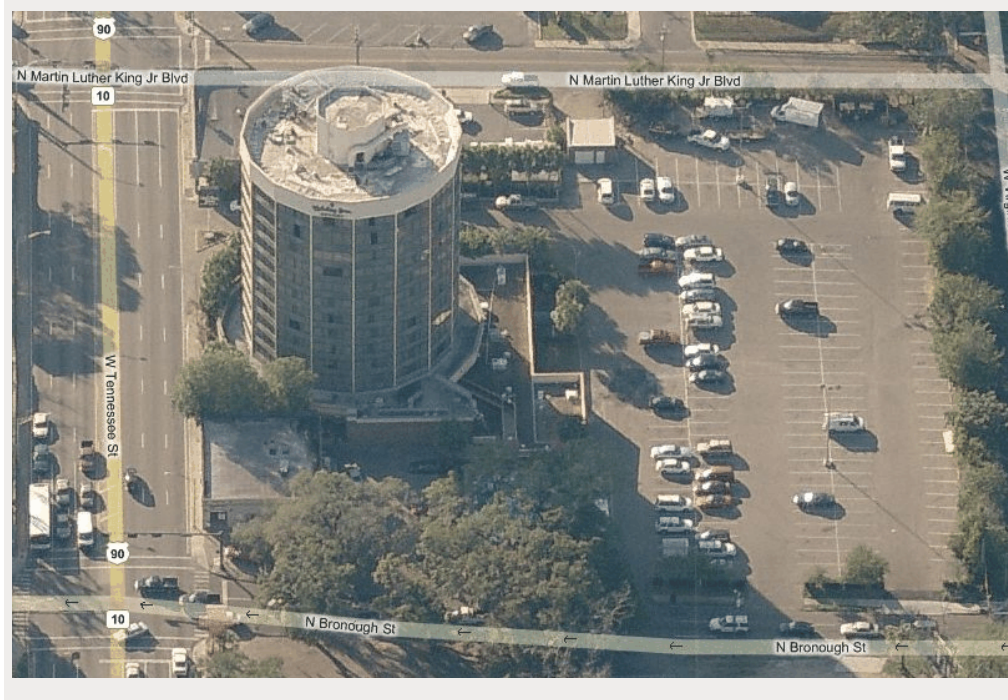
Proposed Property	Total Competitive Level	Estimated Opening Date	Development Stage
Proposed Convention Center Hotel	100 %	January 1, 2014	Speculative
Proposed Four Points by Sheraton	100	August 1, 2011	Closed for Renovation
Proposed Fairfield Inn	0	Late-2011	Speculative
Re-opening of the Closed Ramada Inn	0	Not Available	Rumored
Proposed Hotel and Casino-Gretna	0	Not Available	Speculative

Proposed Four Points by Sheraton

*316 West Tennessee Street
Tallahassee, Florida*

The property originally opened in 1960. Recently, the structure was home to a 164-room Holiday Inn Select before it lost its flag in November of 2008. Subsequent to the closing of the Holiday Inn Express, the facility operated for a relatively short period of time as the Hotel on Capitol Hill. Currently, the structure is closed and undergoing a complete renovation (everything from the exterior façade to the public spaces and the corridors to the guestrooms) in order to comply with Starwood's superior brand standards for a Four Points and to be more competitive in the market area.

EXISTING HOTEL STRUCTURE – PROPOSED 164-ROOM FOUR POINTS HOTEL



Originally, the target opening date for the 164-room property was June 2011. Through delays in the renovation process, it is widely-believed throughout the market that the property will not be open for business until the fall of 2011. The property is expected to be primarily competitive with the proposed subject property as well as the majority of the downtown Tallahassee lodging properties. We have based our projections on the assumption that this property will open on August 1, 2011.

The property's historical performance as a Holiday Inn must be incorporated into the analysis of the demand characteristics of the greater market; however the occupancy and average rate levels achieved as a Holiday Inn will not translate to the future occupancy and average rate levels as a Four Points. The following table illustrates the difference, on average, between the performance of a Holiday Inn and the performance of a Four Points. We have presented data from 2005 and 2006 as this is considered a "normalized" hotel market. This period of time is considered to be "normal" because it is prior to the peak of the market and prior to the economic downturn that ensued in 2008.

FIGURE 10-24 “NORMAL” DISPARITY BETWEEN THE HOLIDAY INN AND THE FOUR POINTS BRANDS

	2005			2006		
	Occupancy	ADR	RevPAR	Occupancy	ADR	RevPAR
Holiday Inn	61.5 %	\$85.15	\$52.37	62.8 %	\$91.35	\$57.37
Four Points	67.3	91.62	61.66	67.5	99.43	67.12
Difference	5.8 Points	7.6%	17.7%	4.7 Points	8.8%	17.0%

As illustrated, during a “normal” hotel market, the Four Points brand has achieved approximately a 17% RevPAR premium when compared to the Holiday Inn brand. The proposed Four Points, a brand considered to be “upscale,” will be primarily competitive with the proposed subject property.

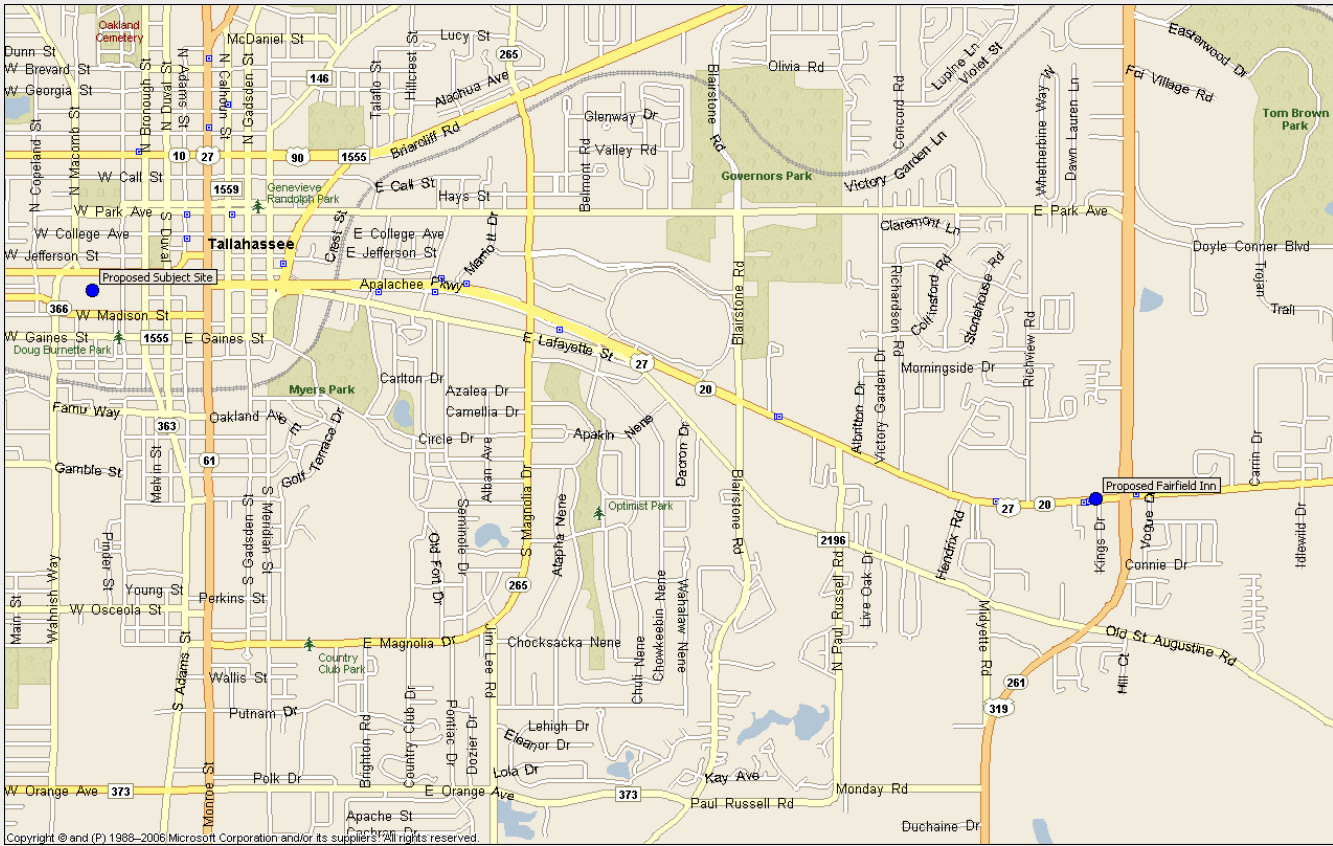
Proposed Fairfield Inn

*2997 Apalachee Parkway
Tallahassee, Florida*

LBA Hospitality, the operators of the 85-room Hilton Garden Inn on South Blair Street and the 79-room Fairfield Inn on North Monroe Street, are slated to open an additional Fairfield Inn at the end of 2011, depending on the speed of the building construction and fitout. The site is the closed Dutch Inn, east of the downtown area, on Apalachee Parkway. According to the Leon County Property Appraiser, the 50-room Dutch Inn sold in July 2010 for \$1,125,000, or \$22,500 per room.



LOCATION OF THE PROPOSED FAIRFIELD INN – 2997 APALACHEE PARKWAY



Given the distance to the downtown area, the lower chain scale (Fairfield Inns are considered to be “midscale” properties) and the scope of the service provided (Fairfield Inns are “limited service” properties i.e. they do not offer a full-service restaurant), HVS has not considered this property to be primarily or secondarily competitive with the proposed subject property. The prospective operators of this property, LBA Hospitality, would anticipate receiving, aside from a portion of the base demand in the area, a level demand that the downtown lodging facilities are unable to accommodate during busy periods of time such as FSU or FAMU sporting events (specifically, football games), as well as during portions of March and April when the State of Florida legislature is in session.

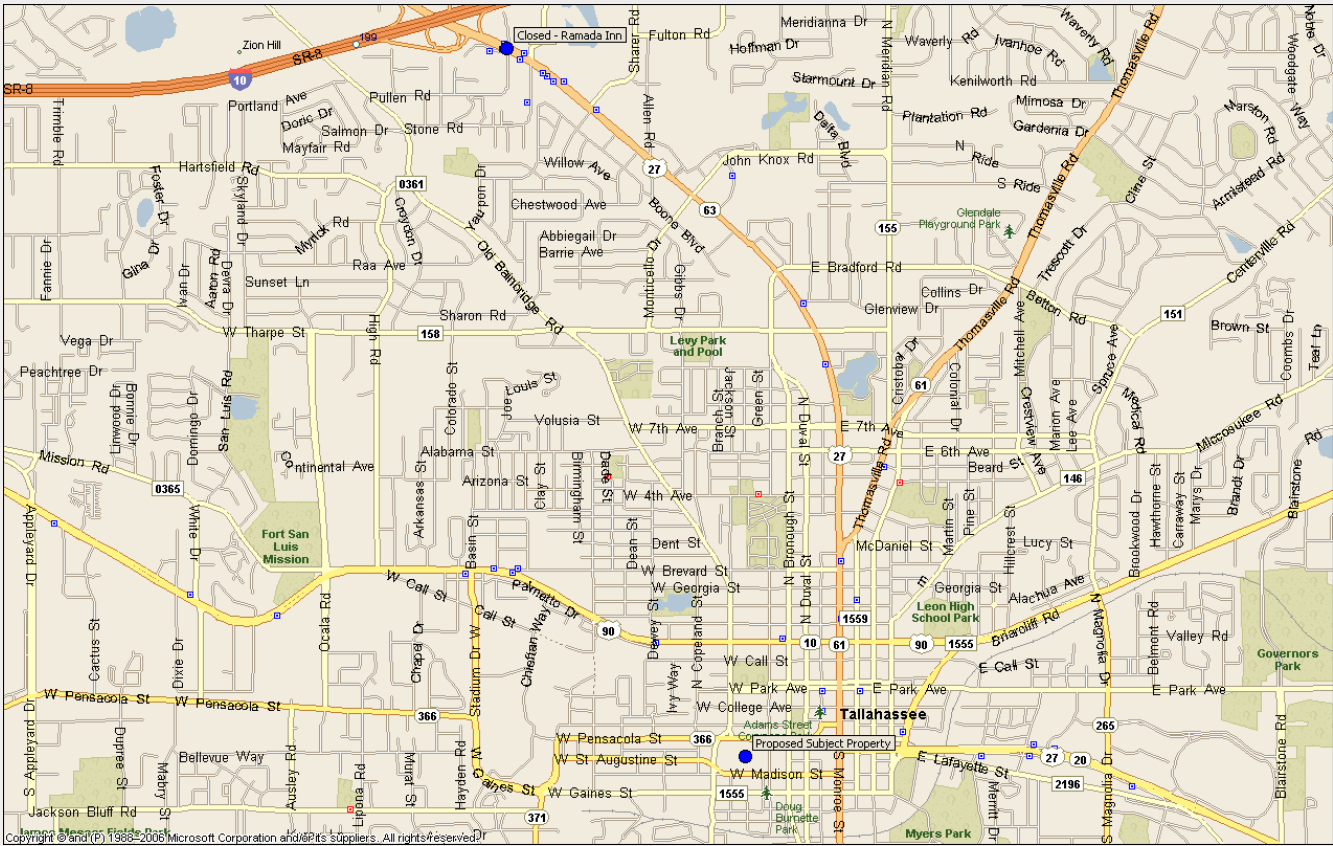
Closed Ramada Inn

*2900 North Monroe Street
Tallahassee, Florida*

The Ramada Inn located on 2900 North Monroe Street closed in February 2010, after being in receivership for approximately one year, due to negative cash flows. According to the Leon County Property Appraiser, the property was sold four months after its closing, in June 2010, for the price of \$1,200,000 (or \$6,000 per room, based on its 200-room inventory). This property is located north of the central downtown area, proximate to the intersection of Interstate 10 and North Monroe Street. The 200-room property features over 6,000 square feet of meeting and banquet space (or 30 square feet per guestroom) with a total of 9 breakout rooms. The main ballroom offers more than 3,000 square feet of function space and can reportedly accommodate up to 275 delegates for banquets. While there have been discussions regarding renovating this property and re-opening it with a Ramada flag or potentially a new flag, for the purpose of this analysis we have assumed that this property, if re-opened at all, would be re-opened as a Ramada and would not be competitive with the proposed subject hotel.



LOCATION OF THE CLOSED RAMADA INN – 2900 NORTH MONROE STREET



While the now-closed property already has the facilities for a full service restaurant, lobby bar, business center, and outdoor swimming pool, the quality of the facilities prior to the closure was inferior to the expected quality of the proposed subject property and the distance to the primary demand generators makes this property, even if re-opened, not primarily or secondarily competitive with the proposed subject property.

Proposed Hotel and Casino
Gretna, Florida

It has been reported that the Poarch Band of Creek Indians, in partnership with Florida developer David Romanik, will be developing a horse racing and a poker facility to the city of Gretna, Florida. Gretna, located approximately thirty miles

northwest of Tallahassee and eight miles south of the Georgia border, has a population under 2,000 people.

According to Channel 4 News of Dothan, Alabama, the mixed-use facility that is scheduled to open in the winter of 2011 is estimated to create approximately 400 jobs and attract roughly 500,000 adults to its poker facility. Currently, there are three operating racetrack and poker rooms in the state of Florida; in total, these facilities are estimated to employ more than 1,500 full-time employees and they generate an estimated \$5.15 million in state and local taxes for the communities they serve. Gretna City Manager Antonio Jefferson predicts that, after the second year of operation, when a retail store and a hotel will be added, they expect a six to seven million dollar economic impact each year.

When complete, the mixed-use facility will be approximately a 40-minute drive from the Tallahassee area. Given the different target market and its relatively isolated location with regard to its distance from Tallahassee and its demand generators, we have not included this as a primary or secondary competitor to the subject property.

Supply Conclusion

While we have taken reasonable steps to investigate proposed hotel projects and their status, due to the nature of real estate development, it is impossible to determine with certainty every hotel that will be opened in the future, or what their marketing strategies and effect in the market will be. Depending on the outcome of current and future projects, the future operating potential of the proposed subject property may be positively or negatively affected. Future improvement in market conditions will raise the risk of increased competition. Our forthcoming forecast of stabilized occupancy and average rate is intended to reflect such risk.

As discussed throughout this section, we have identified various properties that are expected to be competitive to some degree with the proposed subject property. We have also investigated potential increases in competitive supply in this downtown submarket of Tallahassee. The proposed Convention Center Hotel would be entering into a dynamic market of varying product types and price points.

DEMAND

HVS uses the historical supply data presented as a starting point to present our forecast for demand change. The following table presents the most recent trends for the subject hotel market as tracked by HVS. These data pertain to the competitors discussed previously in this section; performance results are estimated, rounded for the competition, and in some cases weighted if there are secondary competitors present. In this respect, the information in the table

differs from the previously presented STR data and is consistent with the supply and demand analysis developed for this report.

FIGURE 10-25 HISTORICAL MARKET TRENDS

Year	Accommodated Room Nights	% Change	Room Nights Available	% Change	Market Occupancy	Market ADR	% Change	Market RevPAR	% Change
Est. 2008	250,746	—	445,288	—	56.3 %	\$115.90	—	\$65.27	—
Est. 2009	248,377	(0.9) %	411,555	(7.6) %	60.4	108.38	(6.5) %	65.41	0.2 %
Est. 2010	293,672	18.2	477,840	16.1	61.5	107.35	(1.0)	65.98	0.9
Avg. Annual Compounded Chg., Est. 2008-Est. 2010:		8.2 %		3.6 %			(3.8) %		0.5 %

Demand Analysis Using Market Segmentation

For the purpose of demand analysis, the overall market is divided into individual segments based on the nature of travel. Based on our fieldwork, area analysis, and knowledge of the local lodging market, we estimate the 2010 distribution of accommodated room night demand as follows.

FIGURE 10-26 ACCOMMODATED ROOM NIGHT DEMAND

Market Segment	Marketwide	
	Accommodated Demand	Percentage of Total
Government	52,355	18 %
Commercial	115,690	39
Meeting and Group	38,299	13
Leisure	87,328	30
Total	293,672	100 %

The market's demand mix comprises government demand, with this segment representing roughly 18% of the accommodated room nights in this downtown submarket of Tallahassee. The commercial comprises 39% of the total, with the final portions meeting and group and leisure in nature contributing roughly 13% and 30%, respectively.

Using the distribution of accommodated hotel demand as a starting point, we will analyze the characteristics of each market segment in an effort to determine future trends in room night demand.

Government Segment

Government demand consists of individuals visiting government entities in the subject market, in addition to high-volume accounts generated by major government institutions or military bases. Brand loyalty (particularly frequent-traveler programs), as well as location and convenience with respect to government offices, influence lodging choices in this segment. “Preferred” hotels regularly honor published per-diem rates, which are established annually and may vary by season. Demand generated from government sources is typically strongest Monday through Thursday nights, declines significantly on Friday and Saturday, and increases somewhat on Sunday night. Government demand is relatively constant throughout the year, declining somewhat in late December and during other holiday periods. Some longer-term demand may be present, depending on the purpose of the visit. Trends with the most direct correlation on government demand include changes in government employment, as well as trends for local government institutions.

A major factor considered in the development of our growth rates is the grounded presence of a large facet of government-related entities throughout the capital city. The State Capitol, the Florida Supreme Court, the First District Court of Appeals, the Florida Education Association, and the Florida Department of Education are all located in the downtown area; these major agencies serve as anchors for government demand, especially during legislative sessions. Considering recent and historical trends, we project demand change rates of 1.0% in 2011, stabilizing at 2.0% in 2012.

Commercial Segment

Commercial demand consists mainly of individual businesspeople passing through the subject market or visiting area businesses, in addition to high-volume corporate accounts generated by local firms. Brand loyalty (particularly frequent-traveler programs), as well as location and convenience with respect to businesses and amenities, influence lodging choices in this segment. Companies typically designate hotels as “preferred” accommodations in return for more favorable rates, which are discounted in proportion to the number of room nights produced by a commercial client. Commercial demand is strongest Monday through Thursday nights, declines significantly on Friday and Saturday, and increases somewhat on Sunday night. It is relatively constant throughout the year, with marginal declines in late December and during other holiday periods.

Commercial demand in the subject market is highly tied to the economic health of the city and to a lesser degree, the state (given that Tallahassee is the state

capitol). A major factor considered in the development of our growth rates is the presence of a significant number of corporate offices for local, regional, and national entities in the various office parks surrounding the downtown area. IBM, Fringe Benefit Management, Embarq Corporation, and General Dynamics operate in the area and are anticipated to bolster commercial room night demand. Additionally, the foundation of the city's business success stems from research. Innovation Park, one of the industry leaders in high-technology research and development, has consistently driven a significant number of room nights to the area. Of note, the National High Magnetic Field Laboratory is headquartered at Innovation Park; this laboratory attracts scientists from around the world as well as numerous businesses who come to conduct research. The projected recovery of the local and national economy and the reduction in the unemployment rate have been considered in our projections. Considering recent and historical trends, we project demand change rates of 4.0% in 2011, 5.0% in 2012, and 6.0% in 2013. After these first three projection years, we have forecast demand growth will taper off and slow to 5.0% in 2014 before stabilizing at 3.0% in 2015.

Meeting and Group Segment

The meeting and group market includes meetings, seminars, conventions, trade association shows, and similar gatherings of ten or more people. Peak convention demand typically occurs in the spring and fall. Although there are numerous classifications within the meeting and group segment, the primary categories considered in this analysis are corporate groups, associations, and SMERFE (social, military, ethnic, religious, fraternal, and educational) groups. Corporate groups typically meet during the business week most commonly in the spring and fall months. These groups tend to be the most profitable for hotels, as they typically pay higher rates and usually generate ancillary revenues including food, beverage and banquet revenue. SMERFE groups are typically price-sensitive and tend to meet on weekends and/or during the summer months or holiday season, when greater discounts are usually available. These groups generate limited ancillary revenues. The profile and revenue potential of associations varies depending on the group and the purpose of their meeting or event.

Meeting and group demand in this market is highly driven by the government associations and the local corporate entities in the area. As such, the high concentration of healthcare, high-technology research and development, and professional services firms as well the presence of FSU and FAMU is expected to continue to bolster group room-block needs locally. A substantial portion of meeting and group demand in the market is associated with SMERFE-related sources. A measurable percentage of the market make-up comprises first-class, suburban residential neighborhoods; as such, the area is attractive for weddings and reunions. The introduction of the Turnbull Conference Center should drive

a modest amount of room nights into the area. Based on the collective meeting and group demand circumstances, we expect modest growth to occur in this segment. Considering recent and historical trends, we project demand change rates of 3.0% in 2011, 4.0% in 2012, and 5.0% in 2013. After these first three projection years, we have forecast that demand growth tapers off to 4.0% in 2014 before stabilizing at 3.0% in 2015.

Leisure Segment

Leisure demand consists of individuals and families spending time in an area or passing through en route to other destinations. Travel purposes include sightseeing, recreation, or visiting friends and relatives. Leisure demand also includes room nights booked through Internet sites such as Expedia, hotels.com, and Priceline; however, leisure may not be the purpose of the stay. This demand may also include business travelers and group and convention attendees who use these channels to take advantage of any discounts that may be available on these sites. Leisure demand is strongest Friday and Saturday nights and all week during holiday periods and the summer months. These peak periods represent the inverse of commercial visitation trends, underscoring the stabilizing effect of capturing weekend and summer tourist travel. Future leisure demand is related to the overall economic health of the region and the nation. Trends showing changes in state and regional unemployment and disposable personal income correlate strongly with leisure travel levels.

Leisure demand in the area is generally seasonal and is driven largely by the presence of FSU and FAMU (and their athletic programs), Interstate 10, and, to a lesser degree, the Civic Center. The Tallahassee Mall bring modest levels of room night demand into the area during holiday and back-to-school periods; this regional shopping area draws primarily weekend demand from surrounding communities that lack a similar depth of retail. Successful events such as Springtime Tallahassee and the Fourth of July celebrations should continue to bolster room night demand. Market Days (in the fall) and Winter Festival (in December) induce room nights from people living within the region. Leon County offers more than 60 recreational parks, including the popular Tallahassee/St. Marks Historic Railroad State Trail. Growth related to these sources should continue to expand minimally in the future. Considering recent and historical trends, we project demand change rates of 3.0% in 2011, 4.0% in 2012, and 5.0% in 2013. After these first three projection years, we have forecast that demand growth will taper off to 4.0% in 2014 before stabilizing at 3.0% in 2015.

Conclusion

The purpose of segmenting the lodging market is to define each major type of demand, identify customer characteristics, and estimate future growth trends. Starting with an analysis of the local area, four segments were defined as representing the subject property's lodging market. Various types of economic

and demographic data were then evaluated to determine their propensity to reflect changes in hotel demand. Based on this procedure, we forecast the following average annual compounded market segment growth rates.

FIGURE 10-27 AVERAGE ANNUAL COMPOUNDED MARKET SEGMENT GROWTH RATES

Market Segment	Annual Growth Rate					
	2011	2012	2013	2014	2015	2016
Government	1.0 %	1.0 %	1.0 %	1.0 %	1.0 %	1.0 %
Commercial	3.0	4.0	5.0	3.0	2.0	2.0
Meeting and Group	2.0	3.0	4.0	3.0	2.0	2.0
Leisure	2.0	3.0	4.0	3.0	2.0	2.0
Base Demand Growth	2.2 %	3.0 %	3.9 %	2.7 %	1.8 %	1.8 %

Latent Demand

A table presented earlier in this section illustrated the accommodated room night demand in the subject property's competitive market. Because this estimate is based on historical occupancy levels, it includes only those hotel rooms that were used by guests. Latent demand reflects potential room night demand that has not been realized by the existing competitive supply; this type of demand can be divided into (1) unaccommodated demand and (2) induced demand.

Unaccommodated Demand

Unaccommodated demand refers to individuals who are unable to secure accommodations in the market because all the local hotels are filled. These travelers must defer their trips, settle for less desirable accommodations, or stay in properties located outside the market area. Because this demand did not yield occupied room nights, it is not included in the estimate of historical accommodated room night demand. As additional lodging facilities are expected to enter the market, it is reasonable to assume that these guests will be able to secure hotel rooms in the future, and it is therefore necessary to quantify this demand.

Unaccommodated demand is further indicated as the market is somewhat seasonal, with distinct high and low seasons; such seasonality indicates that although year-end occupancy may not average in excess of 70%, the market sells out many nights during the year.

The following table presents our estimate of unaccommodated demand in the subject market.

Our interviews with market participants found that the market will typically sell out during weeknights while the state legislature is in session (early-March through mid-April) and over the weekends when either the FAMU or FSU football program is hosting another team from Florida or another strongly-ranked team. A portion of this demand for room nights, including demand from traveling sports teams, which is currently turned away, should return to the market concurrent with the supply increase. The following table illustrates the estimates of unaccommodated demand in the market by month and by market segment.

FIGURE 10-28 UNACCOMMODATED DEMAND ESTIMATE BY MONTH

	Government	Commercial	Meeting and Group	Leisure
January	-	-	-	-
February	-	-	-	-
March	5.0 %	5.0 %	5.0 %	-
April	5.0 %	5.0 %	5.0 %	-
May	-	-	-	-
June	-	-	-	-
July	-	-	-	-
August	-	-	-	-
September	-	-	-	-
October	-	-	-	5.0 %
November	-	-	-	5.0 %
December	-	-	-	-
Total	0.9 %	0.9 %	0.9 %	0.9 %

Accordingly, we have forecast 0.9% of the base-year demand to be classified as unaccommodated based upon an analysis of monthly and weekly peak demand and sell-out trends. This has been illustrated in the following table.

FIGURE 10-29 UNACCOMMODATED DEMAND ESTIMATE

Market Segment	Accommodated Room Night Demand	Unaccommodated Demand Percentage	Unaccommodated Room Night Demand
Government	52,355	0.9 %	484
Commercial	115,690	0.9	1,069
Meeting and Group	38,299	0.9	354
Leisure	87,328	0.9	749
Total	293,672	0.9 %	2,656

Induced Demand

Induced demand represents the additional room nights that are expected to be attracted to the market following the introduction of a new demand generator. Situations that can result in induced demand include the opening of a new manufacturing plant, the expansion of a convention center, or the addition of a new hotel with a distinct chain affiliation or unique facilities. The following table summarizes the estimate of induced demand according to HVS Convention, Sports, and Entertainment Facilities. For details pertaining to the analysis behind the induced demand for room nights, please refer to the report prepared by HVS Convention, Sports, and Entertainment Facilities; this report is intended to be read in tandem with the analysis prepared by that division of HVS.

FIGURE 10-30 SUMMARY OF INDUCED ROOM NIGHTS – AS ESTIMATED BY HVS CONVENTION, SPORTS, AND ENTERTAINMENT CONSULTING

Type	2014	2015	2016	2017	2018
Conventions & Tradeshows	4,725	4,725	5,513	6,300	6,300
Consumer Shows	2,125	2,375	2,750	3,000	3,000
Banquets	600	600	600	600	600
Meetings & Conferences	7,200	8,100	8,550	9,000	9,000
Assemblies	1,200	1,200	1,500	1,500	1,500
Sports	13,200	16,500	18,150	19,800	19,800
Concerts & Entertainment	500	500	500	500	500
Other	0	0	0	0	0
Total	29,550	34,000	37,563	40,700	40,700

Accordingly, we have incorporated 40,700 room nights as of stabilization (2018) into our analysis. As discussed, details supporting this conclusion can be found in the analysis prepared by HVS Convention, Sports, and Entertainment Facilities. This induced demand figure is phased in, beginning at 29,550 room nights in 2014.

**Accommodated
Demand and Market-
wide Occupancy**

Based upon a review of the market dynamics in the subject property's competitive environment, we have forecast growth rates for each market segment. Using the calculated potential demand for the market, we have determined market-wide accommodated demand based on the inherent limitations of demand fluctuations and other factors in the market area.

The following table details our projection of lodging demand growth for the subject market, including the total number of occupied room nights and any residual unaccommodated demand in the market based on a 300-room subject hotel. Two following tables illustrate the marketwide occupancy levels based on 325-room and 350-room scenarios.

These room night projections for the market area will be used in forecasting the proposed subject property's occupancy and average rate in Chapter 6.

FIGURE 10-31 FORECAST OF MARKET OCCUPANCY – 300-ROOM SCENARIO

	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Government Segment											
Base Demand	52,355	52,879	53,408	53,942	54,481	55,026	55,576	56,132	56,693	57,260	57,833
Unaccommodated Demand		489	494	499	504	509	514	519	524	529	535
Total Demand		53,368	53,901	54,440	54,985	55,535	56,090	56,651	57,217	57,790	58,367
Growth Rate		1.9 %	1.0 %	1.0 %	1.0 %	1.0 %	1.0 %	1.0 %	1.0 %	1.0 %	1.0 %
Commercial Segment											
Base Demand	115,690	119,160	123,927	130,123	134,027	136,707	139,441	142,230	145,075	147,976	150,936
Unaccommodated Demand		1,101	1,145	1,203	1,239	1,264	1,289	1,315	1,341	1,368	1,395
Total Demand		120,262	125,072	131,326	135,266	137,971	140,730	143,545	146,416	149,344	152,331
Growth Rate		4.0 %	4.0 %	5.0 %	3.0 %	2.0 %	2.0 %	2.0 %	2.0 %	2.0 %	2.0 %
Meeting and Group Segment											
Base Demand	38,299	39,065	40,237	41,847	43,102	43,964	44,843	45,740	46,655	47,588	48,540
Unaccommodated Demand		361	372	387	398	406	414	423	431	440	449
Total Demand		39,426	40,609	42,233	43,500	44,370	45,258	46,163	47,086	48,028	48,988
Growth Rate		2.9 %	3.0 %	4.0 %	3.0 %	2.0 %	2.0 %	2.0 %	2.0 %	2.0 %	2.0 %
Leisure Segment											
Base Demand	87,328	89,075	91,747	95,417	98,280	100,245	102,250	104,295	106,381	108,509	110,679
Unaccommodated Demand		764	787	818	843	860	877	894	912	930	949
Total Demand		89,839	92,534	96,235	99,122	101,105	103,127	105,189	107,293	109,439	111,628
Growth Rate		2.9 %	3.0 %	4.0 %	3.0 %	2.0 %	2.0 %	2.0 %	2.0 %	2.0 %	2.0 %
Induced Demand											
Induced Demand		0	0	0	29,550	34,000	37,563	40,700	40,700	40,700	40,700
Totals											
Base Demand	293,672	300,179	309,319	321,328	329,889	335,942	342,111	348,397	354,804	361,333	367,987
Unaccommodated Demand		2,715	2,798	2,906	2,984	3,038	3,094	3,151	3,208	3,267	3,327
Induced Demand		0	0	0	29,550	34,000	37,563	40,700	40,700	40,700	40,700
Total Demand		302,894	312,116	324,235	362,423	372,981	382,768	392,248	398,712	405,301	412,015
less: Residual Demand		1,123	0	0	0	0	0	0	0	0	0
Total Accommodated Demand		301,771	312,116	324,235	362,423	372,981	382,768	392,248	398,712	405,301	412,015
Overall Demand Growth		2.8 %	3.4 %	3.9 %	11.8 %	2.9 %	2.6 %	2.5 %	1.6 %	1.7 %	1.7 %
Existing Hotel Supply	1,309	1,473	1,473	1,473	1,473	1,473	1,473	1,473	1,473	1,473	1,473
Proposed Hotels											
Proposed Convention Center Hotel ¹					300	300	300	300	300	300	300
Proposed Four Points by Sheraton ²		69	164	164	164	164	164	164	164	164	164
Available Rooms per Night	477,840	562,792	597,560	597,560	707,060	707,060	707,060	707,060	707,060	707,060	707,060
Nights per Year	365	365	365	365	365	365	365	365	365	365	365
Total Supply	1,309	1,542	1,637	1,637	1,937	1,937	1,937	1,937	1,937	1,937	1,937
Rooms Supply Growth	—	17.8 %	6.2 %	0.0 %	18.3 %	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %
Marketwide Occupancy	61.5 %	53.6 %	52.2 %	54.3 %	51.3 %	52.8 %	54.1 %	55.5 %	56.4 %	57.3 %	58.3 %

¹ Opening in January 2014 of the 100% competitive, 300-room Proposed Convention Center Hotel

² Opening in August 2011 of the 100% competitive, 164-room Proposed Four Points by Sheraton

FIGURE 10-32 FORECAST OF MARKET OCCUPANCY – 325-ROOM SCENARIO

	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Government Segment											
Base Demand	52,355	52,879	53,408	53,942	54,481	55,026	55,576	56,132	56,693	57,260	57,833
Unaccommodated Demand		489	494	499	504	509	514	519	524	529	535
Total Demand		53,368	53,901	54,440	54,985	55,535	56,090	56,651	57,217	57,790	58,367
Growth Rate		1.9 %	1.0 %	1.0 %	1.0 %	1.0 %	1.0 %	1.0 %	1.0 %	1.0 %	1.0 %
Commercial Segment											
Base Demand	115,690	119,160	123,927	130,123	134,027	136,707	139,441	142,230	145,075	147,976	150,936
Unaccommodated Demand		1,101	1,145	1,203	1,239	1,264	1,289	1,315	1,341	1,368	1,395
Total Demand		120,262	125,072	131,326	135,266	137,971	140,730	143,545	146,416	149,344	152,331
Growth Rate		4.0 %	4.0 %	5.0 %	3.0 %	2.0 %	2.0 %	2.0 %	2.0 %	2.0 %	2.0 %
Meeting and Group Segment											
Base Demand	38,299	39,065	40,237	41,847	43,102	43,964	44,843	45,740	46,655	47,588	48,540
Unaccommodated Demand		361	372	387	398	406	414	423	431	440	449
Total Demand		39,426	40,609	42,233	43,500	44,370	45,258	46,163	47,086	48,028	48,988
Growth Rate		2.9 %	3.0 %	4.0 %	3.0 %	2.0 %	2.0 %	2.0 %	2.0 %	2.0 %	2.0 %
Leisure Segment											
Base Demand	87,328	89,075	91,747	95,417	98,280	100,245	102,250	104,295	106,381	108,509	110,679
Unaccommodated Demand		764	787	818	843	860	877	894	912	930	949
Total Demand		89,839	92,534	96,235	99,122	101,105	103,127	105,189	107,293	109,439	111,628
Growth Rate		2.9 %	3.0 %	4.0 %	3.0 %	2.0 %	2.0 %	2.0 %	2.0 %	2.0 %	2.0 %
Induced Demand											
Induced Demand		0	0	0	29,550	34,000	37,563	40,700	40,700	40,700	40,700
Totals											
Base Demand	293,672	300,179	309,319	321,328	329,889	335,942	342,111	348,397	354,804	361,333	367,987
Unaccommodated Demand		2,715	2,798	2,906	2,984	3,038	3,094	3,151	3,208	3,267	3,327
Induced Demand		0	0	0	29,550	34,000	37,563	40,700	40,700	40,700	40,700
Total Demand		302,894	312,116	324,235	362,423	372,981	382,768	392,248	398,712	405,301	412,015
less: Residual Demand		1,123	0	0	0	0	0	0	0	0	0
Total Accommodated Demand		301,771	312,116	324,235	362,423	372,981	382,768	392,248	398,712	405,301	412,015
Overall Demand Growth		2.8 %	3.4 %	3.9 %	11.8 %	2.9 %	2.6 %	2.5 %	1.6 %	1.7 %	1.7 %
Existing Hotel Supply	1,309	1,473	1,473	1,473	1,473	1,473	1,473	1,473	1,473	1,473	1,473
Proposed Hotels											
Proposed Convention Center Hotel ¹					325	325	325	325	325	325	325
Proposed Four Points by Sheraton ²		69	164	164	164	164	164	164	164	164	164
Available Rooms per Night	477,840	562,792	597,560	597,560	716,185	716,185	716,185	716,185	716,185	716,185	716,185
Nights per Year	365	365	365	365	365	365	365	365	365	365	365
Total Supply	1,309	1,542	1,637	1,637	1,962	1,962	1,962	1,962	1,962	1,962	1,962
Rooms Supply Growth	—	17.8 %	6.2 %	0.0 %	19.9 %	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %
Marketwide Occupancy	61.5 %	53.6 %	52.2 %	54.3 %	50.6 %	52.1 %	53.4 %	54.8 %	55.7 %	56.6 %	57.5 %

¹ Opening in January 2014 of the 100% competitive, 325-room Proposed Convention Center Hotel

² Opening in August 2011 of the 100% competitive, 164-room Proposed Four Points by Sheraton

FIGURE 10-33 FORECAST OF MARKET OCCUPANCY – 350-ROOM SCENARIO

	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Government Segment											
Base Demand	52,355	52,879	53,408	53,942	54,481	55,026	55,576	56,132	56,693	57,260	57,833
Unaccommodated Demand		489	494	499	504	509	514	519	524	529	535
Total Demand		53,368	53,901	54,440	54,985	55,535	56,090	56,651	57,217	57,790	58,367
Growth Rate		1.9 %	1.0 %	1.0 %	1.0 %	1.0 %	1.0 %	1.0 %	1.0 %	1.0 %	1.0 %
Commercial Segment											
Base Demand	115,690	119,160	123,927	130,123	134,027	136,707	139,441	142,230	145,075	147,976	150,936
Unaccommodated Demand		1,101	1,145	1,203	1,239	1,264	1,289	1,315	1,341	1,368	1,395
Total Demand		120,262	125,072	131,326	135,266	137,971	140,730	143,545	146,416	149,344	152,331
Growth Rate		4.0 %	4.0 %	5.0 %	3.0 %	2.0 %	2.0 %	2.0 %	2.0 %	2.0 %	2.0 %
Meeting and Group Segment											
Base Demand	38,299	39,065	40,237	41,847	43,102	43,964	44,843	45,740	46,655	47,588	48,540
Unaccommodated Demand		361	372	387	398	406	414	423	431	440	449
Total Demand		39,426	40,609	42,233	43,500	44,370	45,258	46,163	47,086	48,028	48,988
Growth Rate		2.9 %	3.0 %	4.0 %	3.0 %	2.0 %	2.0 %	2.0 %	2.0 %	2.0 %	2.0 %
Leisure Segment											
Base Demand	87,328	89,075	91,747	95,417	98,280	100,245	102,250	104,295	106,381	108,509	110,679
Unaccommodated Demand		764	787	818	843	860	877	894	912	930	949
Total Demand		89,839	92,534	96,235	99,122	101,105	103,127	105,189	107,293	109,439	111,628
Growth Rate		2.9 %	3.0 %	4.0 %	3.0 %	2.0 %	2.0 %	2.0 %	2.0 %	2.0 %	2.0 %
Induced Demand											
Induced Demand		0	0	0	29,550	34,000	37,563	40,700	40,700	40,700	40,700
Totals											
Base Demand	293,672	300,179	309,319	321,328	329,889	335,942	342,111	348,397	354,804	361,333	367,987
Unaccommodated Demand		2,715	2,798	2,906	2,984	3,038	3,094	3,151	3,208	3,267	3,327
Induced Demand		0	0	0	29,550	34,000	37,563	40,700	40,700	40,700	40,700
Total Demand		302,894	312,116	324,235	362,423	372,981	382,768	392,248	398,712	405,301	412,015
less: Residual Demand		1,123	0	0	0	0	0	0	0	0	0
Total Accommodated Demand		301,771	312,116	324,235	362,423	372,981	382,768	392,248	398,712	405,301	412,015
Overall Demand Growth		2.8 %	3.4 %	3.9 %	11.8 %	2.9 %	2.6 %	2.5 %	1.6 %	1.7 %	1.7 %
Existing Hotel Supply	1,309	1,473	1,473	1,473	1,473	1,473	1,473	1,473	1,473	1,473	1,473
Proposed Hotels											
Proposed Convention Center Hotel ¹					350	350	350	350	350	350	350
Proposed Four Points by Sheraton ²		69	164	164	164	164	164	164	164	164	164
Available Rooms per Night	477,840	562,792	597,560	597,560	725,310	725,310	725,310	725,310	725,310	725,310	725,310
Nights per Year	365	365	365	365	365	365	365	365	365	365	365
Total Supply	1,309	1,542	1,637	1,637	1,987	1,987	1,987	1,987	1,987	1,987	1,987
Rooms Supply Growth	—	17.8 %	6.2 %	0.0 %	21.4 %	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %
Marketwide Occupancy	61.5 %	53.6 %	52.2 %	54.3 %	50.0 %	51.4 %	52.8 %	54.1 %	55.0 %	55.9 %	56.8 %

¹ Opening in January 2014 of the 100% competitive, 350-room Proposed Convention Center Hotel

² Opening in August 2011 of the 100% competitive, 164-room Proposed Four Points by Sheraton

Projection of Occupancy and Average Rate

The quality of a lodging facility's physical improvements has a direct influence on marketability, attainable occupancy, and average room rate. The design and functionality of the structure can also affect operating efficiency and overall profitability. This section investigates the subject property's proposed physical improvements and personal property in an effort to determine how they are expected to contribute to attainable cash flows.

Project Overview

The proposed convention center hotel ("the subject property") will be a full-service, convention headquarters lodging facility. The number of rentable units contained within the subject property is not yet been officially determined. HVS has performed occupancy and average rate analysis for a 300-, 325- and 350-room lodging facility in order to determine the optimum number of rooms for this facility; this analysis is detailed in the following narrative. Based on the forthcoming results of the occupancy and average rate analysis, we suggest that a developer would build the hotel as a 300-room facility. The benefits to developing a larger hotel do not outweigh the additional construction and operating costs. Additionally, the development of a slightly larger facility would not induce a significant amount of additional demand and therefore could inhibit county-wide occupancy levels. Additional rooms increase a property's undistributed operating expenses and make a hotel subject to additional risk should the rooms not be filled.

It should be noted that current zoning restrictions imposed by the City of Tallahassee limit the maximum height of the building to 100 feet and seven stories; local zoning restrictions also limit the development to 85% of the lot area, or a 4.51-acre footprint out of the parcel's total 5.31 acres. Based on input from the City of Tallahassee, the Tallahassee Community Redevelopment Agency, and the typical amount of time it takes to fully develop a hotel (i.e. secure the funding, have the appropriate architects and engineers design the facility, and construct and fitout the facility) HVS has anticipated that the proposed subject hotel will open on January 1, 2014, approximately two-and-one-half years from the writing of this report.

Along with average rate results, the occupancy levels achieved by a hotel are the foundation of the property's financial performance and market value. Most of a lodging facility's other revenue sources (such as food, beverages, and telephone income) are driven by the number of guests, and many expense levels also vary with occupancy. To a certain degree, occupancy attainment can be manipulated by management. For example, hotel operators may choose to lower rates in an effort to maximize occupancy. Our forecasts reflect an operating strategy that we believe would be implemented by a typical, professional hotel management team to achieve an optimal mix of occupancy and average rate.



Penetration Rate Analysis

The subject property's forecasted market share and occupancy levels are based upon its anticipated competitive position within the market, as quantified by its penetration rate. The penetration rate is the ratio of a property's market share to its fair share. A complete discussion of the concept of penetration is presented in the addenda.

Historical Penetration Rates by Market Segment

In the following table, the penetration rates attained by the primary competitors and the aggregate secondary competitors are set forth for each segment for the base year.

FIGURE 10-34 HISTORICAL PENETRATION RATES

Property	<i>Government</i>	<i>Commercial</i>	<i>Meeting and Group</i>	<i>Leisure</i>	<i>Overall</i>
aLoft	116 %	95 %	64 %	56 %	83 %
Doubletree	146	93	160	70	104
Hotel Duval	130	103	177	97	116
Residence Inn (Gaines Street)	135	107	138	121	120
Secondary Competition	66	102	65	118	96

The Doubletree achieved the highest penetration rate within the government segment. The highest penetration rate in the commercial and the leisure segments was achieved by the Residence Inn (Gaines Street), while the Hotel Duval led the market with the highest meeting and group penetration rate.

Forecast of Subject Property's Occupancy

Because the supply and demand balance for the competitive market is dynamic, there is a circular relationship between the penetration factors of each hotel in the market. The performance of individual new hotels has a direct effect upon the aggregate performance of the market, and consequently upon the calculated penetration factor for each hotel in each market segment. The same is true when the performance of existing hotels changes, either positively (following a refurbishment, for example) or negatively (when a poorly maintained or marketed hotel loses market share).

A hotel's penetration factor is calculated as its achieved market share of demand divided by its fair share of demand. Thus, if one hotel's penetration performance increases, thereby increasing its achieved market share, this leaves less demand available in the market for the other hotels to capture and the penetration performance of one or more of those other hotels consequently declines (other things remaining equal). This type of market share adjustment takes place every

time there is a change in supply, or a change in the relative penetration performance of one or more hotels in the competitive market.

Our projections of penetration, demand capture and occupancy performance for the subject property account for these types of adjustments to market share within the defined competitive market. Consequently, the actual penetration factors applicable to the subject property and its competitors for each market segment in each projection year may vary somewhat from the penetration factors delineated in the previous tables.

The following tables set forth, by market segment, the projected adjusted penetration rates for the subject property and each hotel in the competitive set.

FIGURE 10-35 GOVERNMENT SEGMENT ADJUSTED PENETRATION RATES

300-Room Scenario					
Hotel	2014	2015	2016	2017	2018
aLoft	147 %	144 %	143 %	143 %	143 %
Doubletree	165	162	160	160	160
Hotel Duval	146	144	142	142	142
Residence Inn (Gaines Street)	152	150	148	148	148
Secondary Competition	75	73	73	73	73
Proposed Convention Center Hotel	90	100	104	104	104
Proposed Four Points by Sheraton	101	100	99	99	99
325-Room Scenario					
Hotel	2014	2015	2016	2017	2018
aLoft	147 %	144 %	143 %	143 %	143 %
Doubletree	165	162	160	160	160
Hotel Duval	146	144	142	142	142
Residence Inn (Gaines Street)	152	150	148	148	148
Secondary Competition	75	73	73	73	73
Proposed Convention Center Hotel	90	100	104	104	104
Proposed Four Points by Sheraton	102	100	99	99	99
350-Room Scenario					
Hotel	2014	2015	2016	2017	2018
aLoft	147 %	144 %	143 %	143 %	143 %
Doubletree	165	162	160	160	160
Hotel Duval	146	144	142	142	142
Residence Inn (Gaines Street)	153	150	148	148	148
Secondary Competition	75	73	73	73	73
Proposed Convention Center Hotel	90	100	104	104	104
Proposed Four Points by Sheraton	102	100	99	99	99

Government penetration rates are not expected to vary significantly between scenarios. Within the government segment, the proposed subject hotel's penetration is positioned at an above-market-average level by the stabilized period. The fact that this property located further away from many of the government demand generators than the competing hotels, the expected

competitiveness and ability to capture government demand is somewhat limited relative to some of the other primary competitors. The proposed subject property is expected to outperform the nearby proposed Four Points in the government market segment.

FIGURE 10-36 COMMERCIAL SEGMENT ADJUSTED PENETRATION RATES

300-Room Scenario					
Hotel	2014	2015	2016	2017	2018
aLoft	122 %	120 %	118 %	118 %	118 %
Doubletree	103	101	99	99	99
Hotel Duval	114	112	110	110	110
Residence Inn (Gaines Street)	119	117	115	115	115
Secondary Competition	113	112	110	110	110
Proposed Convention Center Hotel	94	104	113	113	113
Proposed Four Points by Sheraton	105	104	102	102	102
325-Room Scenario					
Hotel	2014	2015	2016	2017	2018
aLoft	122 %	120 %	118 %	118 %	118 %
Doubletree	103	101	99	99	99
Hotel Duval	114	112	110	110	110
Residence Inn (Gaines Street)	119	117	115	115	115
Secondary Competition	114	111	109	109	109
Proposed Convention Center Hotel	94	104	113	113	113
Proposed Four Points by Sheraton	106	104	102	102	102
350-Room Scenario					
Hotel	2014	2015	2016	2017	2018
aLoft	122 %	120 %	118 %	118 %	118 %
Doubletree	103	101	99	99	99
Hotel Duval	114	112	110	110	110
Residence Inn (Gaines Street)	119	117	114	114	114
Secondary Competition	114	111	109	109	109
Proposed Convention Center Hotel	95	104	112	112	112
Proposed Four Points by Sheraton	106	104	102	102	102

Commercial penetration rates are not expected to vary significantly between scenarios. The proposed hotel is expected to become a reasonable choice for corporate-transient demand in the greater Tallahassee area, with the nearby aLoft anticipated to be the most competitive within this segment. Based on the assumption of a nationally-competitive brand, the large amount of meeting space, and the anticipated size, quality, location, and amenities of the proposed property should contribute to this property's competitiveness.

FIGURE 10-37 MEETING AND GROUP SEGMENT ADJUSTED PENETRATION RATES

300-Room Scenario					
Hotel	2014	2015	2016	2017	2018
aLoft	86 %	79 %	76 %	76 %	76 %
Doubletree	172	159	152	152	152
Hotel Duval	191	176	168	168	168
Residence Inn (Gaines Street)	149	138	132	132	132
Secondary Competition	70	65	62	62	62
Proposed Convention Center Hotel	108	149	171	171	171
Proposed Four Points by Sheraton	108	99	95	95	95
325-Room Scenario					
Hotel	2014	2015	2016	2017	2018
aLoft	86 %	79 %	75 %	75 %	75 %
Doubletree	172	158	150	150	150
Hotel Duval	191	175	167	167	167
Residence Inn (Gaines Street)	149	137	130	130	130
Secondary Competition	70	64	61	61	61
Proposed Convention Center Hotel	108	148	169	169	169
Proposed Four Points by Sheraton	108	99	94	94	94
350-Room Scenario					
Hotel	2014	2015	2016	2017	2018
aLoft	86 %	79 %	75 %	75 %	75 %
Doubletree	172	157	149	149	149
Hotel Duval	190	174	165	165	165
Residence Inn (Gaines Street)	149	136	129	129	129
Secondary Competition	70	64	61	61	61
Proposed Convention Center Hotel	107	147	168	168	168
Proposed Four Points by Sheraton	107	98	93	93	93

The proposed subject property is expected to become the foremost choice for meeting and group demand in the greater Tallahassee area. While several properties in the competitive market, including the nearby Doubletree and the Hotel Duval, encompass adequate more meeting space, the amount of space proposed for the subject property is significantly larger and more dedicated.

The function space at the Doubletree is generally dated and somewhat limited based on the number of available rooms; corporate-level staff indicated the facility is often in need of additional function space. Therefore, we believe that the proposed hotel will become a leading choice for corporate and moderately-sized meetings/banquet events given the upscale nature of the proposed function space and the assumed modern, technologically advanced product. The proposed convention center hotel will have a lower adjusted penetration rate as the subject increases in size due to the limitation associated with the size of the existing meeting and group market segment. This segment is exclusive of any induced demand; induced demand is accounted for separately and follows the narrative that pertains to the leisure segment.

FIGURE 10-38 LEISURE SEGMENT ADJUSTED PENETRATION RATES

300-Room Scenario					
Hotel	2014	2015	2016	2017	2018
aLoft	82 %	80 %	77 %	77 %	77 %
Doubletree	82	80	78	78	78
Hotel Duval	113	110	108	108	108
Residence Inn (Gaines Street)	142	138	134	134	134
Secondary Competition	138	134	131	131	131
Proposed Convention Center Hotel	70	85	100	100	100
Proposed Four Points by Sheraton	105	102	100	100	100
325-Room Scenario					
Hotel	2014	2015	2016	2017	2018
aLoft	82 %	80 %	78 %	78 %	78 %
Doubletree	82	80	78	78	78
Hotel Duval	114	111	108	108	108
Residence Inn (Gaines Street)	142	138	134	134	134
Secondary Competition	138	135	131	131	131
Proposed Convention Center Hotel	70	85	100	100	100
Proposed Four Points by Sheraton	105	102	100	100	100
350-Room Scenario					
Hotel	2014	2015	2016	2017	2018
aLoft	82 %	80 %	78 %	78 %	78 %
Doubletree	82	80	78	78	78
Hotel Duval	114	111	108	108	108
Residence Inn (Gaines Street)	143	139	134	134	134
Secondary Competition	139	135	131	131	131
Proposed Convention Center Hotel	71	86	100	100	100
Proposed Four Points by Sheraton	106	103	100	100	100

The proposed subject property's leisure penetration rate is positioned appropriately within the range of existing competitors, supported by the hotel's proposed location relative to Florida State and among future development of upscale retail and amenities assuming the redevelopment of Gaines Street. Assuming the redevelopment of the Gaines Street corridor occurs, this location will be replete with upscale retail outlets and restaurants; the goal is for this

area to be a pedestrian-friendly focal point for regional and local shopping and dining. With the proposed subject property's location being so favorable to weekend uses and being adjacent to the existing Civic Center, we would expect the hotel to experience relatively high levels of peak weekends, with weekend-transient leisure supplemented by strong weekend group. The proposed subject property is expected to realize a leisure penetration level above fair share by the stabilized year.

Induced Demand

The above forecasted penetration rates by market segment are exclusive of the induced demand. Induced demand for room nights from the convention center will heavily favor the proposed adjacent subject hotel; however some of the demand will not be accommodated at the proposed convention center hotel. In cases where an event attendee or delegate is looking for an additional value, a different experience, different amenities, or in the event that the hotel is full, some event attendees and delegates will be accommodated at competing hotels. The following table illustrates the adjusted penetration rates for the induced demand segment of demand.



FIGURE 10-39 INDUCED DEMAND SEGMENT ADJUSTED PENETRATION RATES

300-Room Scenario					
Hotel	2014	2015	2016	2017	2018
aLoft	118 %	118 %	118 %	118 %	118 %
Doubletree	118	118	118	118	118
Hotel Duval	94	94	94	94	94
Residence Inn (Gaines Street)	118	118	118	118	118
Secondary Competition	47	47	47	47	47
Proposed Convention Center Hotel	236	236	236	236	236
Proposed Four Points by Sheraton	106	106	106	106	106
325-Room Scenario					
Hotel	2014	2015	2016	2017	2018
aLoft	116 %	116 %	116 %	116 %	116 %
Doubletree	116	116	116	116	116
Hotel Duval	93	93	93	93	93
Residence Inn (Gaines Street)	116	116	116	116	116
Secondary Competition	46	46	46	46	46
Proposed Convention Center Hotel	232	232	232	232	232
Proposed Four Points by Sheraton	104	104	104	104	104
350-Room Scenario					
Hotel	2014	2015	2016	2017	2018
aLoft	114 %	114 %	114 %	114 %	114 %
Doubletree	114	114	114	114	114
Hotel Duval	91	91	91	91	91
Residence Inn (Gaines Street)	114	114	114	114	114
Secondary Competition	46	46	46	46	46
Proposed Convention Center Hotel	228	228	228	228	228
Proposed Four Points by Sheraton	103	103	103	103	103

The following table illustrates the composition of the subject property's demand based on the preceding adjusted penetration rates.

FIGURE 10-40 MARKET SEGMENTATION FORECAST – SUBJECT PROPERTY

300-Room Scenario					
	2014	2015	2016	2017	2018
Government	14 %	13 %	12 %	12 %	12 %
Commercial	35	33	33	32	32
Meeting and Group	13	15	16	16	16
Leisure	19	20	21	21	21
Induced Demand	19	19	18	19	19
Total	100 %	100 %	100 %	100 %	100 %

325-Room Scenario					
	2014	2015	2016	2017	2018
Government	14 %	13 %	12 %	12 %	12 %
Commercial	35	33	33	32	33
Meeting and Group	13	15	16	16	16
Leisure	19	20	21	21	21
Induced Demand	19	18	18	19	19
Total	100 %	100 %	100 %	100 %	100 %

350-Room Scenario					
	2014	2015	2016	2017	2018
Government	14 %	13 %	12 %	12 %	12 %
Commercial	35	33	33	33	33
Meeting and Group	13	15	16	16	16
Leisure	19	20	21	21	21
Induced Demand	19	18	18	19	18
Total	100 %	100 %	100 %	100 %	100 %

As illustrated above, no significant change in the segmentation is anticipated to occur as a result of the changes in the room count.

300-Room Scenario

The subject property's occupancy forecast is set forth as follows for the 300-room scenario, with the adjusted projected penetration rates used as a basis for calculating the amount of captured market demand.

FIGURE 10-41 FORECAST OF SUBJECT PROPERTY'S OCCUPANCY – 300-ROOM SCENARIO

	2014	2015	2016	2017	2018
Government Segment					
Demand	54,985	55,535	56,090	56,651	57,217
Market Share	14.0 %	15.4 %	16.2 %	16.2 %	16.2 %
Capture	7,677	8,574	9,063	9,154	9,245
Penetration	90 %	100 %	104 %	104 %	104 %
Commercial Segment					
Demand	135,266	137,971	140,730	143,545	146,416
Market Share	14.6 %	16.1 %	17.5 %	17.5 %	17.5 %
Capture	19,771	22,158	24,565	25,057	25,558
Penetration	94 %	104 %	113 %	113 %	113 %
Meeting and Group Segment					
Demand	43,500	44,370	45,258	46,163	47,086
Market Share	16.7 %	23.1 %	26.5 %	26.5 %	26.5 %
Capture	7,251	10,241	11,982	12,222	12,466
Penetration	108 %	149 %	171 %	171 %	171 %
Leisure Segment					
Demand	99,122	101,105	103,127	105,189	107,293
Market Share	10.8 %	13.2 %	15.4 %	15.4 %	15.4 %
Capture	10,750	13,344	15,913	16,232	16,556
Penetration	70 %	85 %	100 %	100 %	100 %
Induced Demand					
Demand	29,550	34,000	37,563	40,700	40,700
Capture	10,797	12,423	13,725	14,872	14,872
Total Room Nights Captured	56,247	66,741	75,249	77,535	78,697
Available Room Nights	109,500	109,500	109,500	109,500	109,500
Subject Occupancy	51 %	61 %	69 %	71 %	72 %
Marketwide Available Room Nights	707,060	707,060	707,060	707,060	707,060
Fair Share	15 %	15 %	15 %	15 %	15 %
Marketwide Occupied Room Nights	362,423	372,981	382,768	392,248	398,712
Market Share	16 %	18 %	20 %	20 %	20 %
Marketwide Occupancy	51 %	53 %	54 %	55 %	56 %
Total Penetration	100 %	116 %	127 %	128 %	127 %

Based on our analysis of the proposed subject property and market area, we have selected a stabilized occupancy level of 72.0%. The stabilized occupancy is



intended to reflect the anticipated results of the property over its remaining economic life, given any and all changes in the life cycle of the hotel. Thus, the stabilized occupancy excludes from consideration any abnormal relationship between supply and demand, as well as any nonrecurring conditions that may result in unusually high or low occupancies. Although the subject property may operate at occupancies above this stabilized level, we believe it equally possible for new competition and temporary economic downturns to force the occupancy below this selected point of stability.

These projections reflect years beginning January 1, 2014, corresponding to the first projection year for the subject property’s forecast of income and expense.

FIGURE 10-42 FORECAST OF OCCUPANCY – 300-ROOM SCENARIO

	<u>Year</u>	<u>Subject Property's Occupancy</u>
	2014	51 %
	2015	61
	2016	69
	2017	71
Stabilization	2018	72

325-Room Scenario

The subject property's occupancy forecast is set forth as follows for the 325-room scenario. As is the case for the other scenarios, the adjusted projected penetration rates used as a basis for calculating the amount of captured market demand.

FIGURE 10-43 FORECAST OF SUBJECT PROPERTY'S OCCUPANCY – 325-ROOM SCENARIO

Market Segment	2014	2015	2016	2017	2018
Government Segment					
Demand	54,985	55,535	56,090	56,651	57,217
Market Share	15.0 %	16.5 %	17.3 %	17.3 %	17.3 %
Capture	8,222	9,170	9,688	9,785	9,883
Penetration	90 %	100 %	104 %	104 %	104 %
Commercial Segment					
Demand	135,266	137,971	140,730	143,545	146,416
Market Share	15.6 %	17.2 %	18.6 %	18.6 %	18.6 %
Capture	21,161	23,688	26,231	26,755	27,290
Penetration	94 %	104 %	113 %	113 %	113 %
Meeting and Group Segment					
Demand	43,500	44,370	45,258	46,163	47,086
Market Share	17.8 %	24.5 %	28.1 %	28.1 %	28.1 %
Capture	7,748	10,885	12,700	12,954	13,213
Penetration	108 %	148 %	169 %	169 %	169 %
Leisure Segment					
Demand	99,122	101,105	103,127	105,189	107,293
Market Share	11.6 %	14.1 %	16.5 %	16.5 %	16.5 %
Capture	11,541	14,299	17,021	17,361	17,708
Penetration	70 %	85 %	100 %	100 %	100 %
Induced Demand					
Demand	29,550	34,000	37,563	40,700	40,700
Capture	11,352	13,061	14,430	15,635	15,635
Total Room Nights Captured	60,024	71,103	80,069	82,490	83,729
Available Room Nights	118,625	118,625	118,625	118,625	118,625
Subject Occupancy	51 %	60 %	67 %	70 %	71 %
Marketwide Available Room Nights	716,185	716,185	716,185	716,185	716,185
Fair Share	17 %	17 %	17 %	17 %	17 %
Marketwide Occupied Room Nights	362,423	372,981	382,768	392,248	398,712
Market Share	17 %	19 %	21 %	21 %	21 %
Marketwide Occupancy	51 %	52 %	53 %	55 %	56 %
Total Penetration	100 %	115 %	126 %	127 %	127 %

Based on our analysis of the proposed subject property and market area, we have selected a stabilized occupancy level of 71.0%. As is the case with other



scenarios, the stabilized occupancy is intended to reflect the anticipated results of the property over its remaining economic life, given any and all changes in the life cycle of the hotel. These projections reflect years beginning January 1, 2014, corresponding to the first projection year for the subject property's forecast of income and expense.

FIGURE 10-44 FORECAST OF OCCUPANCY – 325-ROOM SCENARIO

	<u>Year</u>	<u>Subject Property's Occupancy</u>
	2014	51 %
	2015	60
	2016	67
	2017	70
Stabilization	2018	71

350-Room Scenario

The subject property's occupancy forecast is set forth as follows for the 350-room scenario. As is the case for the other scenarios, the adjusted projected penetration rates used as a basis for calculating the amount of captured market demand.

FIGURE 10-45 FORECAST OF SUBJECT PROPERTY'S OCCUPANCY – 350-ROOM SCENARIO

	2014	2015	2016	2017	2018
Government Segment					
Demand	54,985	55,535	56,090	56,651	57,217
Market Share	15.9 %	17.6 %	18.4 %	18.4 %	18.4 %
Capture	8,753	9,752	10,296	10,399	10,503
Penetration	90 %	100 %	104 %	104 %	104 %
Commercial Segment					
Demand	135,266	137,971	140,730	143,545	146,416
Market Share	16.6 %	18.2 %	19.8 %	19.8 %	19.8 %
Capture	22,518	25,177	27,849	28,406	28,974
Penetration	95 %	104 %	112 %	112 %	112 %
Meeting and Group Segment					
Demand	43,500	44,370	45,258	46,163	47,086
Market Share	18.9 %	25.9 %	29.6 %	29.6 %	29.6 %
Capture	8,231	11,505	13,388	13,656	13,929
Penetration	107 %	147 %	168 %	168 %	168 %
Leisure Segment					
Demand	99,122	101,105	103,127	105,189	107,293
Market Share	12.4 %	15.1 %	17.6 %	17.6 %	17.6 %
Capture	12,319	15,233	18,100	18,462	18,831
Penetration	71 %	86 %	100 %	100 %	100 %
Induced Demand					
Demand	29,550	34,000	37,563	40,700	40,700
Capture	11,874	13,662	15,094	16,354	16,354
Total Room Nights Captured	63,695	75,330	84,727	87,278	88,592
Available Room Nights	127,750	127,750	127,750	127,750	127,750
Subject Occupancy	50 %	59 %	66 %	68 %	69 %
Marketwide Available Room Nights	725,310	725,310	725,310	725,310	725,310
Fair Share	18 %	18 %	18 %	18 %	18 %
Marketwide Occupied Room Nights	362,423	372,981	382,768	392,248	398,712
Market Share	18 %	20 %	22 %	22 %	22 %
Marketwide Occupancy	50 %	51 %	53 %	54 %	55 %
Total Penetration	100 %	115 %	126 %	126 %	126 %



Based on our analysis of the proposed subject property and market area, we have selected a stabilized occupancy level of 69.0%. As is the case with other scenarios, the stabilized occupancy is intended to reflect the anticipated results of the property over its remaining economic life, given any and all changes in the life cycle of the hotel. These projections reflect years beginning January 1, 2014, corresponding to the first projection year for the subject property’s forecast of income and expense.

FIGURE 10-46 FORECAST OF OCCUPANCY – 350-ROOM SCENARIO

	<u>Year</u>	<u>Subject Property's Occupancy</u>
	2014	50 %
	2015	59
	2016	66
	2017	68
Stabilization	2018	69

As discussed previously in this chapter of the report, we suggest that a developer would build the hotel as a 300-room facility. The benefits to developing a larger hotel do not outweigh the additional construction and operating costs. Additionally, the development of a slightly larger facility would not induce a significant amount of additional demand and therefore could inhibit county-wide occupancy levels. Additional rooms increase a property’s undistributed operating expenses and make a hotel subject to additional risk should the rooms not be filled.

Average Rate Analysis

One of the most important considerations in estimating the value of a lodging facility is a supportable forecast of its attainable average rate, which is more formally defined as the average rate per occupied room. Average rate can be calculated by dividing the total rooms revenue achieved during a specified period by the number of rooms sold during the same period. The projected average rate and the anticipated occupancy percentage are used to forecast rooms revenue, which in turn provides the basis for estimating most other income and expense categories.

Market Segmentation Method

In the market segmentation method, average room rate is projected by individual market segment. This is the preferred method for forecasting average rate, based on the operational and marketing practices of hotel operators. Consistent with hotel management's tracking of historical average rates by market segment and their own budgeting methods, segmentation of demand and average rate allows for yield management resulting in the maximization of room revenue.

The average rates achieved by the market in each segment in 2010 serve as the basis for our average rate projection. Each market segment's average rate is projected out through the stabilized year based upon the annual rate of change anticipated for that market segment. For each forecast year, the segmented average rate is multiplied by the number of occupied rooms previously projected to be captured in that segment; this results in a forecast of total rooms revenue for each market segment. The segmented rooms revenue is summed, resulting in a forecast of the total rooms revenue. Dividing the total rooms revenue by the total number of occupied rooms results in the overall weighted average room rate.

The following table identifies the historical segmented average rates and the growth rates that have been applied to each rate through the stabilized year. As a context for the average rate growth factors, note that we have applied a base underlying inflation rate of 3.0% throughout our projection.

Note: we do not anticipate a significant change in the average daily rate for the different scenarios. As such, the following table illustrates our average rate forecast for each scenario.

FIGURE 10-47 SUBJECT PROPERTY'S AVERAGE RATE FORECAST

	2010	2011	2012	2013	2014	2015	2016	2017	Stabilization 2018
Government Segment									
Average Rate Growth	—	1.0 %	2.0 %	2.0 %	3.0 %	3.0 %	3.0 %	3.0 %	3.0 %
Captured Room Nights		0	0	0	7,677	8,574	9,063	9,154	9,245
Rooms Revenue		\$0	\$0	\$0	\$747,859	\$860,236	\$936,587	\$974,331	\$1,013,597
Average Rate (No Discount)	\$90.00	\$90.90	\$92.72	\$94.57	\$97.41	\$100.33	\$103.34	\$106.44	\$109.64
Commercial Segment									
Average Rate Growth	—	3.0 %	4.5 %	5.0 %	4.0 %	3.5 %	3.0 %	3.0 %	3.0 %
Captured Room Nights		0	0	0	19,771	22,158	24,565	25,057	25,558
Rooms Revenue		\$0	\$0	\$0	\$2,509,767	\$3,072,955	\$3,693,646	\$3,880,544	\$4,076,900
Average Rate (Before Discount)	\$120.00	\$123.60	\$129.16	\$135.62	\$141.04	\$145.98	\$150.36	\$154.87	\$159.52
Discount	-	-	-	-	10.0 %	5.0 %	-	-	-
Average Rate (After Discount)	\$120.00	\$123.60	\$129.16	\$135.62	\$126.94	\$138.68	\$150.36	\$154.87	\$159.52
Meeting and Group Segment									
Average Rate Growth	—	3.0 %	4.5 %	5.0 %	4.0 %	3.5 %	3.0 %	3.0 %	3.0 %
Captured Room Nights		0	0	0	7,251	10,241	11,982	12,222	12,466
Rooms Revenue		\$0	\$0	\$0	\$767,077	\$1,183,545	\$1,501,346	\$1,577,315	\$1,657,127
Average Rate (Before Discount)	\$100.00	\$103.00	\$107.64	\$113.02	\$117.54	\$121.65	\$125.30	\$129.06	\$132.93
Discount	-	-	-	-	10.0 %	5.0 %	-	-	-
Average Rate (After Discount)	\$100.00	\$103.00	\$107.64	\$113.02	\$105.78	\$115.57	\$125.30	\$129.06	\$132.93
Leisure Segment									
Average Rate Growth	—	3.0 %	4.5 %	5.0 %	4.0 %	3.5 %	3.0 %	3.0 %	3.0 %
Captured Room Nights		0	0	0	10,750	13,344	15,913	16,232	16,556
Rooms Revenue		\$0	\$0	\$0	\$1,421,453	\$1,927,734	\$2,492,452	\$2,618,570	\$2,751,070
Average Rate (Before Discount)	\$125.00	\$128.75	\$134.54	\$141.27	\$146.92	\$152.06	\$156.63	\$161.32	\$166.16
Discount	-	-	-	-	10.0 %	5.0 %	-	-	-
Average Rate (After Discount)	\$125.00	\$128.75	\$134.54	\$141.27	\$132.23	\$144.46	\$156.63	\$161.32	\$166.16
Induced Demand									
Average Rate Growth	—	3.0 %	4.5 %	5.0 %	4.0 %	3.5 %	3.0 %	3.0 %	3.0 %
Captured Room Nights		0	0	0	10,797	12,423	13,725	14,872	14,872
Rooms Revenue		\$0	\$0	\$0	\$1,142,188	\$1,435,758	\$1,719,793	\$1,919,321	\$1,976,901
Average Rate (Before Discount)	\$100.00	\$103.00	\$107.64	\$113.02	\$117.54	\$121.65	\$125.30	\$129.06	\$132.93
Discount	-	-	-	-	10.0 %	5.0 %	-	-	-
Average Rate (After Discount)	\$100.00	\$103.00	\$107.64	\$113.02	\$105.78	\$115.57	\$125.30	\$129.06	\$132.93
Total									
Captured Room Nights					56,247	66,741	75,249	77,535	78,697
Rooms Revenue					\$6,588,343	\$8,480,228	\$10,343,824	\$10,970,081	\$11,475,593
Weighted Total Average Rate					\$117.13	\$127.06	\$137.46	\$141.49	\$145.82
Average Rate Growth					-	8.5 %	8.2 %	2.9 %	3.0 %
Average Rate Penetration					92.4 %	97.3 %	102.2 %	102.1 %	102.2 %
Marketwide Average Rate Growth	—	3.0 %	4.5 %	5.0 %	4.5 %	3.0 %	3.0 %	3.0 %	3.0 %
Marketwide Average Rate	\$107.35	\$110.57	\$115.55	\$121.32	\$126.78	\$130.59	\$134.50	\$138.54	\$142.70



The stabilized average daily rate deflated to current dollars equates to \$117.38. The following average rates will be used to project the subject property's rooms revenue; this forecast reflects years which begin January 1, 2014 and correspond with our financial projections.

FIGURE 10-48 FORECAST OF AVERAGE RATE

	<u>Year</u>	<u>Average Rate</u> (After Discount)
Opening	2014	\$117.13
	2015	127.06
	2016	137.46
	2017	141.49
Stabilization	2018	145.82

In this chapter of our report, we have compiled a forecast of income and expense for the proposed subject property. This forecast is based on the facilities program set forth previously (a 300-room hotel facility), as well as the occupancy and average rate forecast discussed previously.

The amenities accounted for in the analysis of the hotel component include:

- A full-service restaurant that serves hotel guests, conference and event attendees/delegates, and receives a modest amount of “outside capture”
- Approximately 30,000 square feet of meeting and event space that, for the purpose of this analysis, is attributed to the hotel component and not the convention center
- As detailed within this section, the amenities and services that are generally offered at a full-service convention center hotel

The forecast of income and expense is expressed in current dollars for each year. The stabilized year is intended to reflect the anticipated operating results of the property over its remaining economic life, given any or all applicable stages of build-up, plateau, and decline in the life cycle of the hotel. Thus, income and expense estimates from the stabilized year forward exclude from consideration any abnormal relationship between supply and demand, as well as any nonrecurring conditions that may result in unusual revenues or expenses. The ten-year period reflects the typical holding period of large real estate assets such as hotels. In addition, the ten-year time frame provides for the stabilization of

income streams and comparison of yields with alternate types of real estate. The forecasted income streams reflect the future benefits of owning specific rights in income-producing real estate.

**Comparable Operating
Statements**

In order to project future income and expense for the proposed subject property, we have included a sample of individual comparable operating statements from our database of hotel statistics. All financial data is presented according to the three most common measures of industry performance: ratio to sales (RTS), amounts per available room (PAR), and amounts per occupied room night (POR). These historical income and expense statements will be used as benchmarks in our forthcoming forecast of income and expense.

FIGURE 10-49 COMPARABLE OPERATING STATEMENTS: RATIO TO SALES

	<u>Comp 1</u>	<u>Comp 2</u>	<u>Comp 3</u>	<u>Comp 4</u>
Number of Rooms:	200 to 250	290 to 370	220 to 290	380 to 470
Days Open:	365	365	364	365
Occupancy:	68%	55%	74%	67%
Average Rate:	\$141	\$155	\$118	\$139
RevPAR:	\$96	\$85	\$87	\$93
REVENUE				
Rooms	68.8 %	62.4 %	56.1 %	64.6 %
Food	25.5	34.0	39.1	21.3
Beverage	4.4	0.0	3.9	9.6
Food & Beverage	30.0	34.0	43.0	31.0
Rental Income	0.0	0.3	0.0	0.0
Other Operated Departments	1.0	0.9	0.3	0.4
Other Income	0.3	2.7	0.6	4.1
Total	100.0	100.0	100.0	100.0
DEPARTMENTAL EXPENSES*				
Rooms	19.0	25.8	23.8	18.4
Food & Beverage	57.3	78.2	50.1	58.9
Rental Income	0.0	88.2	0.0	0.0
Other Operated Departments	52.7	119.6	97.9	232.9
Other Expenses	0.0	0.7	0.0	54.1
Total	30.8	43.8	35.2	33.2
DEPARTMENTAL INCOME				
	69.2	56.2	64.8	66.8
OPERATING EXPENSES				
Administrative & General	8.0	11.2	8.0	7.4
Marketing	7.0	9.6	8.7	7.4
Franchise Fee	4.9	0.0	2.2	4.1
Property Operations & Maintenance	5.7	4.7	2.9	4.6
Utilities	4.0	5.6	3.5	4.4
Total	29.5	31.2	25.4	27.7
HOUSE PROFIT				
	39.7	25.0	39.4	39.1

* Departmental expense ratios are expressed as a percentage of departmental revenues

FIGURE 10-50 COMPARABLE OPERATING STATEMENTS: AMOUNTS PER AVAILABLE ROOM

	<u>Comp 1</u>	<u>Comp 2</u>	<u>Comp 3</u>	<u>Comp 4</u>
Number of Rooms:	200 to 250	290 to 370	220 to 290	380 to 470
Days Open:	365	365	364	365
Occupancy:	68%	55%	74%	67%
Average Rate:	\$141	\$155	\$118	\$139
RevPAR:	\$96	\$85	\$87	\$93
REVENUE				
Rooms	\$34,943	\$31,164	\$31,608	\$33,781
Food	12,974	17,001	22,031	11,160
Beverage	2,251	0	2,188	5,045
Food & Beverage	15,225	17,001	24,220	16,205
Rental Income	0	152	0	0
Other Operated Departments	485	427	188	186
Other Income	141	1,336	349	2,153
Total	50,793	49,928	56,365	52,325
DEPARTMENTAL EXPENSES				
Rooms	6,643	8,047	7,514	6,231
Food & Beverage	8,727	13,296	12,129	9,546
Rental Income	0	134	0	0
Other Operated Departments	256	511	184	433
Other Expenses	0	9	0	1,165
Total	15,626	21,863	19,827	17,374
DEPARTMENTAL INCOME				
	35,167	28,065	36,537	34,951
OPERATING EXPENSES				
Administrative & General	4,062	5,610	4,502	3,854
Marketing	3,551	4,806	4,925	3,852
Franchise Fee	2,489	0	1,263	2,141
Property Operations & Maintenance	2,872	2,366	1,647	2,381
Utilities	2,013	2,795	1,969	2,287
Total	14,987	15,576	14,306	14,515
HOUSE PROFIT				
	20,180	12,489	22,231	20,436

FIGURE 10-51 COMPARABLE OPERATING STATEMENTS: AMOUNTS PER OCCUPIED ROOM

	<u>Comp 1</u>	<u>Comp 2</u>	<u>Comp 3</u>	<u>Comp 4</u>
Number of Rooms:	200 to 250	290 to 370	220 to 290	380 to 470
Days Open:	365	365	364	365
Occupancy:	68%	55%	74%	67%
Average Rate:	\$141	\$155	\$118	\$139
RevPAR:	\$96	\$85	\$87	\$93
REVENUE				
Rooms	\$141.00	\$154.96	\$117.81	\$138.73
Food	52.35	84.53	82.11	45.83
Beverage	9.08	0.00	8.16	20.72
Food & Beverage	61.43	84.53	90.27	66.55
Rental Income	0.00	0.75	0.00	0.00
Other Operated Departments	1.96	2.13	0.70	0.76
Other Income	0.57	6.64	1.30	8.84
Total	204.95	248.26	210.08	214.88
DEPARTMENTAL EXPENSES				
Rooms	26.81	40.01	28.00	25.59
Food & Beverage	35.21	66.11	45.21	39.20
Rental Income	0.00	0.67	0.00	0.00
Other Operated Departments	1.03	2.54	0.69	1.78
Other Expenses	0.00	0.05	0.00	4.78
Total	63.05	108.71	73.90	71.35
DEPARTMENTAL INCOME	141.90	139.55	136.18	143.53
OPERATING EXPENSES				
Administrative & General	16.39	27.89	16.78	15.83
Marketing	14.33	23.90	18.36	15.82
Franchise Fee	10.04	0.00	4.71	8.79
Property Operations & Maintenance	11.59	11.76	6.14	9.78
Utilities	8.12	13.90	7.34	9.39
Total	60.47	77.45	53.32	59.61
HOUSE PROFIT	81.43	62.10	82.86	83.92

The comparables' departmental income ranged from 56.2% to 69.2% of total revenue. The comparable properties achieved a house profit ranging from 25.0% to 39.7% of total revenue. We will refer to the comparable operating data in our discussion of each line item, which follows later in this section of the report.

Premise of Forecast

In 2010, occupancy gains have been considerable on a nationwide basis and, in many markets, average rates began to show signs of recovery beginning in the second half of the year. With demand recovery established in 2010, hotel operators are expected to continue to pursue price increases for 2011. Operators and investors in the market anticipate an acceleration of revenue growth thereafter as the economy and lodging market gain traction in the recovery; this outlook is reflected in our forecasts. Strong RevPAR growth and continued monitoring of expenses are anticipated to positively affect the overall net operating income.

Fixed and Variable Component Analysis

HVS uses a fixed and variable component model to project a lodging facility's revenue and expense levels. This model is based on the premise that hotel revenues and expenses have one component that is fixed and another that varies directly with occupancy and facility usage. A projection can be made by taking a known level of revenue or expense and calculating its fixed and variable components. The fixed component is then increased in tandem with the underlying rate of inflation, while the variable component is adjusted for a specific measure of volume such as total revenue.

The following table illustrates the revenue and expense categories that can be projected using this fixed and variable component model. These percentages show the portion of each category that is typically fixed and variable; the middle column describes the basis for calculating the percentage of variability, while the last column sets forth the fixed percentage that has been utilized in this valuation.

FIGURE 10-52 RANGE OF FIXED AND VARIABLE RATIOS

Category	Percent Fixed	Percent Variable	Index of Variability	Selected Fixed Ratio
Revenues				
Food & Beverage	25 - 50 %	50 - 75 %	Occupancy	25 %
Other Operated Departments	10 - 40	60 - 90	Occupancy	10
Other Income	30 - 70	30 - 70	Occupancy	10
Departmental Expenses				
Rooms	50 - 70	30 - 50	Occupancy	60
Food & Beverage	35 - 60	40 - 65	Food & Beverage Revenue	55
Other Operated Departments	40 - 60	40 - 60	Other Operated Departments Revenue	60
Other Expenses	30 - 70	30 - 70	Other Income	70
Undistributed Operating Expenses				
Administrative & General	65 - 85	15 - 35	Total Revenue	75
Marketing	65 - 85	15 - 35	Total Revenue	75
Franchise Fee	0	100	Occupancy	0
Prop. Operations & Maint.	55 - 75	25 - 45	Total Revenue	75
Utilities	75 - 95	5 - 25	Total Revenue	75
Management Fee	0	100	Total Revenue	0
Fixed Expenses				
Property Taxes	100	0	Total Revenue	100
Insurance	100	0	Total Revenue	100
Reserve for Replacement	0	100	Total Revenue	0

Our fixed and variable projection model is based upon variables that we input for each revenue and expense item for a “base year,” which in this case is the year 2010. The base-year forecast sets forth the ratios to revenue, amounts per available room, or amounts per occupied room that we believe can be achieved at the stated base-year average rate and occupancy. Our input variables are derived from the comparable hotel statements. The model then calculates a base-year forecast of income and expense in these base-year dollars.

The actual forecast is derived by adjusting each year’s revenue and expense by the amount fixed (the fixed expense multiplied by the inflated base-year amount) plus the variable amount (the variable expense multiplied by the inflated base-year amount) multiplied by the ratio of the projection year’s occupancy to the base-year occupancy (in the case of departmental revenue and expense) or the ratio of the projection year’s revenue to the base year’s revenue (in the case of undistributed operating expenses). Fixed expenses remain fixed, increasing only with inflation. Our discussion of the revenue and expense

forecast in this report is based upon the output derived from the fixed and variable model. This forecast of revenue and expense is accomplished through a step-by-step approach, following the format of the *Uniform System of Accounts for the Lodging Industry*. Each category of revenue and expense is estimated separately and combined at the end in the final statement of income and expense.

Inflation Assumption

A general rate of inflation must be established that will be applied to most revenue and expense categories. The following table shows inflation estimates made by economists at some noted institutions and corporations.

FIGURE 10-53 INFLATION ESTIMATES

Name	Firm	Previous Projections for Dec. '10 in July '10 Survey	Projected Increase in Consumer Price Index (Annualized Rate Versus 12 Months Earlier)	
			June 2011	December 2011
Paul Ashworth	Capital Economics	0.0 %	1.5 %	1.0 %
Paul Ballew	Nationwide	2.2	1.7	2.2
Nariman Behravesh	IHS Global Insight	0.7	2.0	1.3
Richard Berner/David Greenlaw	Morgan Stanley	1.5	2.5	2.5
Ram Bhagavatula	Combinatorics Capital	2.0	2.0	2.6
Jay Brinkmann	Mortgage Bankers Association	0.8	1.1	1.0
Michael Carey	Credit Agricole CIB	1.1	1.8	1.4
Joseph Carson	AllianceBernstein	1.5	1.6	2.0
Julia Coronado	BNP Paribas	—	1.6	1.0
Mike Cosgrove	Econoclast	1.0	1.6	1.8
Lou Crandall	Wrightson ICAP	1.1	3.1	3.0
J. Dewey Daane	Vanderbilt University	2.0	1.5	2.0
Richard DeKaser*	Woodley Park Research	0.4	—	—
Douglas Duncan	Fannie Mae	0.8	1.7	1.3
Brian Fabbri*	BNP Paribas	1.2	—	—
Maria Fiorini Ramirez/Joshua Shapiro	MFR, Inc.	0.9	2.0	2.1
Stephen Gallagher*	Societe Generale	1.1	—	—
Ethan Harris	Bank of America Securities-Merrill Lynch	0.8	1.9	0.8
Maury Harris	UBS	—	1.8	1.9
Jan Hatzius	Goldman Sachs & Co.	0.6	1.2	1.0
Tracy Herrick	The Private Bank	2.0	1.5	3.0
Stuart Hoffman	PNC Financial Services Group	1.0	2.2	1.7
Gene Huang	FedEx Corp.	1.8	1.9	2.6
William B. Hummer	Wayne Hummer Investments LLC	1.3	1.7	1.8
Dana Johnson	Comerica Bank	0.7	2.5	1.9
Kurt Karl	Swiss Re	1.3	2.1	1.5
Bruce Kasman	JP Morgan Chase & Co.	0.9	1.7	1.2
Paul Kasriel	The Northern Trust	0.7	1.9	1.9
Joseph A. LaVorgna	Deutsche Bank Securities Inc.	1.2	1.7	2.0
Edward Leamer/David Shulman	UCLA Anderson Forecast	1.1	1.9	1.8
Don Leavens/Tim Gill	NEMA Business Information Services	0.7	2.2	2.4
John Lonski	Moody's Investors Service	0.9	2.5	2.2
Dean Maki	Barclays Capital	1.3	1.9	1.6
David Malpass	Encima Global LLC	2.2	2.4	2.5
Aneta Markowska	Societe Generale	—	1.2	1.8
Jim Meil	Eaton Corp.	2.1	1.4	1.9
Mark Nielson, Ph. D.	MacroEcon Global Advisors	3.2	2.5	3.2
Michael P. Niemira	International Council of Shopping Centers	2.4	2.4	2.9
Jim O'Sullivan	MF Global	0.9	1.6	1.3
Nicholas S. Perna	Perna Associates	1.2	1.8	1.7
Joel Prakken/ Chris Varvares	Macroeconomic Advisers	0.7	1.7	1.1
Arun Raha	Economic and Revenue Forecast Council	2.5	2.0	2.4
David Resler	Nomura Securities International Inc.	—	1.5	0.9
John Ryding/Conrad DeQuadros	RDQ Economics	2.1	2.2	2.6
Ian Shepherdson	High Frequency Economics	0.7	2.0	0.5
John Silvia	Wells Fargo & Co.	0.5	2.4	2.0
Allen Sinai	Decision Economics Inc.	1.0	2.4	2.6
James F. Smith	Parsec Financial Management	0.2	0.7	1.0
Sean M. Snaith	University of Central Florida	1.2	1.8	1.7
Sung Won Sohn	California State University	1.8	1.2	2.2
Neal Soss	Credit Suisse	0.8	1.5	0.4
Stephen Stanley	Pierpont Securities	1.0	2.8	2.7
Susan M. Sterne	Economic Analysis	2.6	1.9	2.2
Diane Swonk	Mesirow Financial	0.8	1.7	1.2
Bart van Ark	The Conference Board	0.8	1.7	2.0
Brian S. Wesbury/ Robert Stein	First Trust Advisors, L.P.	1.9	2.4	3.0
William T. Wilson	Skolkovo Inst. for Emerging Market Studies	1.7	1.4	1.8
David Wyss	Standard and Poor's	1.0	1.7	1.6
Lawrence Yun	National Association of Realtors	1.2	2.5	2.7
		1.3 %	1.9 %	1.9 %
Actual Inflation for 2010		1.6 %		

*No forecasts submitted for January 2011 survey

Source: wsj.com, January 17, 2011

As the preceding table indicates, the financial analysts who were surveyed in early 2011 anticipated inflation rates ranging from 0.7% to 3.1% (on an annualized basis) for the six-month period ending June 2011; the average estimate was 1.9%. The same group forecast 1.3% inflation for the six-month period ending December 2011, and the actual inflation rate during this period was 1.6%.

As a further check on these inflation projections, we have reviewed historical increases in the Consumer Price Index (CPI-U). Because the value of real estate is predicated on cash flows over a relatively long period, inflation should be considered from a long-term perspective.

FIGURE 10-54 NATIONAL CONSUMER PRICE INDEX (ALL URBAN CONSUMERS)

<u>Year</u>	<u>National Consumer Price Index</u>	<u>Percent Change from Previous Year</u>
2000	172.2	—
2001	177.1	2.8 %
2002	179.9	1.6
2003	184.0	2.3
2004	188.9	2.7
2005	195.3	3.4
2006	201.6	3.2
2007	207.3	2.8
2008	215.3	3.8
2009	214.5	-0.4
2010	218.1	1.6
Average Annual Compounded Change		
	2000 - 2010:	2.4 %
	2005 - 2010:	2.2
Source: Bureau of Labor Statistics		

Between 2000 and 2010, the national CPI increased at an average annual compounded rate of 2.4%; from 2005 to 2010, the CPI rose by a slightly below average annual compounded rate of 2.2%. In 2010, the CPI increased by 1.6%, an increase from the levels of % and -0.4% recorded in and 2009, respectively.

In consideration of the most recent trends, the projections set forth previously, and our assessment of probable property appreciation levels, we have applied an underlying inflation rate of 2.0% in 2014, 2.0% in 2015, and 3.0% in 2016 and thereafter. This stabilized inflation rate takes into account normal, recurring

inflation cycles. Inflation is likely to fluctuate above and below this level during the projection period. Any exceptions to the application of the assumed underlying inflation rate are discussed in our write-up of individual income and expense items.

Summary of Projections

Based on an analysis that will be detailed throughout this section, we have formulated a forecast of income and expense. The following table presents a detailed forecast through the fifth projection year, including amounts per available room and per occupied room. The second table illustrates our ten-year forecast of income and expense, presented with a lesser degree of detail. The forecasts pertain to years beginning January 1, 2014 and are expressed in inflated dollars for each year.

FIGURE 10-55 DETAILED FORECAST OF INCOME AND EXPENSE

	2014 (Calendar Year)				2015				2016				2017				Stabilized			
Number of Rooms:	300				300				300				300				300			
Occupancy:	51%				61%				69%				71%				72%			
Average Rate:	\$117.13				\$127.06				\$137.46				\$141.49				\$145.82			
RevPAR:	\$59.74				\$77.51				\$94.85				\$100.45				\$104.99			
Days Open:	365				365				365				365				365			
Occupied Rooms:	55,845	%Gross	PAR	POR	66,795	%Gross	PAR	POR	75,555	%Gross	PAR	POR	77,745	%Gross	PAR	POR	78,840	%Gross	PAR	POR
REVENUE																				
Rooms	\$6,541	51.8 %	\$21,803	\$117.13	\$8,487	54.4 %	\$28,290	\$127.06	\$10,386	56.4 %	\$34,620	\$137.46	\$11,000	56.5 %	\$36,667	\$141.49	\$11,496	56.6 %	\$38,320	\$145.81
Food & Beverage	5,439	43.1	18,129	97.39	6,349	40.7	21,163	95.05	7,155	38.8	23,849	94.70	7,528	38.7	25,093	96.83	7,835	38.6	26,118	99.38
Other Operated Departments	64	0.5	214	1.15	77	0.5	258	1.16	89	0.5	296	1.18	94	0.5	313	1.21	98	0.5	326	1.24
Other Income	578	4.6	1,925	10.34	696	4.5	2,319	10.42	800	4.3	2,666	10.58	845	4.3	2,817	10.87	881	4.3	2,938	11.18
Total Revenues	12,622	100.0	42,072	226.01	15,609	100.0	52,030	233.68	18,429	100.0	61,431	243.92	19,467	100.0	64,890	250.39	20,311	100.0	67,703	257.62
DEPARTMENTAL EXPENSES *																				
Rooms	1,985	30.3	6,617	35.55	2,173	25.6	7,244	32.53	2,344	22.6	7,814	31.03	2,442	22.2	8,140	31.41	2,529	22.0	8,431	32.08
Food & Beverage	4,080	75.0	13,599	73.05	4,420	69.6	14,735	66.18	4,733	66.2	15,777	62.64	4,921	65.4	16,405	63.30	5,093	65.0	16,977	64.60
Other Operated Departments	104	161.6	346	1.86	113	145.9	376	1.69	121	136.3	404	1.60	126	134.2	420	1.62	130	133.2	435	1.65
Other Expenses	216	37.5	722	3.88	232	33.3	773	3.47	246	30.8	822	3.26	256	30.3	853	3.29	264	30.0	881	3.35
Total	6,385	50.6	21,283	114.33	6,938	44.5	23,128	103.88	7,445	40.4	24,817	98.54	7,745	39.8	25,817	99.62	8,017	39.5	26,724	101.69
DEPARTMENTAL INCOME																				
	6,237	49.4	20,789	111.68	8,670	55.5	28,902	129.81	10,984	59.6	36,615	145.38	11,722	60.2	39,072	150.77	12,294	60.5	40,979	155.93
UNDISTRIBUTED OPERATING EXPENSES																				
Administrative & General	1,608	12.7	5,359	28.79	1,670	10.7	5,566	25.00	1,740	9.4	5,800	23.03	1,803	9.3	6,011	23.20	1,863	9.2	6,211	23.64
Marketing	1,482	11.7	4,941	26.54	1,513	9.7	5,042	22.65	1,531	8.3	5,104	20.27	1,587	8.2	5,290	20.41	1,640	8.1	5,466	20.80
Franchise Fee	327	2.6	1,090	5.86	424	2.7	1,415	6.35	519	2.8	1,731	6.87	550	2.8	1,833	7.07	575	2.8	1,916	7.29
Prop. Operations & Maint.	599	4.7	1,996	10.72	678	4.3	2,259	10.15	760	4.1	2,535	10.06	830	4.3	2,765	10.67	857	4.2	2,857	10.87
Utilities	735	5.8	2,450	13.16	786	5.0	2,619	11.76	835	4.5	2,784	11.05	866	4.4	2,885	11.13	894	4.4	2,981	11.35
Total	4,751	37.5	15,836	85.07	5,070	32.4	16,900	75.91	5,386	29.1	17,954	71.29	5,635	29.0	18,785	72.49	5,830	28.7	19,432	73.94
HOUSE PROFIT																				
	1,486	11.9	4,953	26.61	3,600	23.1	12,001	53.90	5,598	30.5	18,661	74.09	6,086	31.2	20,288	78.28	6,464	31.8	21,547	81.99
Management Fee	379	3.0	1,262	6.78	468	3.0	1,561	7.01	553	3.0	1,843	7.32	584	3.0	1,947	7.51	609	3.0	2,031	7.73
INCOME BEFORE FIXED CHARGES																				
	1,107	8.9	3,691	19.83	3,132	20.1	10,440	46.89	5,045	27.5	16,818	66.78	5,502	28.2	18,341	70.77	5,855	28.8	19,516	74.26
FIXED EXPENSES																				
Property Taxes	416	3.3	1,387	7.45	422	2.7	1,408	6.32	431	2.3	1,436	5.70	444	2.3	1,479	5.71	457	2.3	1,524	5.80
Insurance	199	1.6	662	3.56	205	1.3	682	3.06	211	1.1	703	2.79	217	1.1	724	2.79	224	1.1	745	2.84
Reserve for Replacement	126	1.0	421	2.26	312	2.0	1,041	4.67	553	3.0	1,843	7.32	779	4.0	2,596	10.02	812	4.0	2,708	10.30
Total	741	5.9	2,470	13.27	939	6.0	3,131	14.06	1,194	6.4	3,982	15.81	1,440	7.4	4,798	18.52	1,493	7.4	4,977	18.94
NET INCOME																				
	\$366	3.0 %	\$1,221	\$6.56	\$2,193	14.1 %	\$7,310	\$32.83	\$3,851	21.1 %	\$12,836	\$50.97	\$4,063	20.8 %	\$13,542	\$52.26	\$4,362	21.4 %	\$14,539	\$55.32

*Departmental expenses are expressed as a percentage of departmental revenues.

FIGURE 10-56 TEN-YEAR FORECAST OF INCOME AND EXPENSE

	2014		2015		2016		2017		2018		2019		2020		2021		2022		2023	
Number of Rooms:	300		300		300		300		300		300		300		300		300		300	
Occupied Rooms:	55,845		66,795		75,555		77,745		78,840		78,840		78,840		78,840		78,840		78,840	
Occupancy:	51%		61%		69%		71%		72%		72%		72%		72%		72%		72%	
Average Rate:	\$117.13	% of	\$127.06	% of	\$137.46	% of	\$141.49	% of	\$145.82	% of	\$150.20	% of	\$154.70	% of	\$159.34	% of	\$164.12	% of	\$169.05	% of
RevPAR:	\$59.74	Gross	\$77.51	Gross	\$94.85	Gross	\$100.45	Gross	\$104.99	Gross	\$108.14	Gross	\$111.38	Gross	\$114.73	Gross	\$118.17	Gross	\$121.71	Gross
REVENUE																				
Rooms	\$6,541	51.8 %	\$8,487	54.4 %	\$10,386	56.4 %	\$11,000	56.5 %	\$11,496	56.6 %	\$11,841	56.6 %	\$12,197	56.6 %	\$12,563	56.6 %	\$12,939	56.6 %	\$13,328	56.6 %
Food & Beverage	5,439	43.1	6,349	40.7	7,155	38.8	7,528	38.7	7,835	38.6	8,070	38.6	8,313	38.6	8,562	38.6	8,819	38.6	9,083	38.6
Other Operated Departments	64	0.5	77	0.5	89	0.5	94	0.5	98	0.5	101	0.5	104	0.5	107	0.5	110	0.5	114	0.5
Other Income	578	4.6	696	4.5	800	4.3	845	4.3	881	4.3	908	4.3	935	4.3	963	4.3	992	4.3	1,022	4.3
Total	12,622	100.0	15,609	100.0	18,429	100.0	19,467	100.0	20,311	100.0	20,920	100.0	21,549	100.0	22,195	100.0	22,860	100.0	23,547	100.0
DEPARTMENTAL EXPENSES*																				
Rooms	1,985	30.3	2,173	25.6	2,344	22.6	2,442	22.2	2,529	22.0	2,605	22.0	2,683	22.0	2,764	22.0	2,847	22.0	2,932	22.0
Food & Beverage	4,080	75.0	4,420	69.6	4,733	66.2	4,921	65.4	5,093	65.0	5,246	65.0	5,403	65.0	5,565	65.0	5,732	65.0	5,904	65.0
Other Operated Departments	104	161.6	113	145.9	121	136.3	126	134.2	130	133.2	134	133.2	138	133.2	143	133.2	147	133.2	151	133.2
Other Expenses	216	37.5	232	33.3	246	30.8	256	30.3	264	30.0	272	30.0	281	30.0	289	30.0	298	30.0	307	30.0
Total	6,385	50.6	6,938	44.5	7,445	40.4	7,745	39.8	8,017	39.5	8,258	39.5	8,505	39.5	8,761	39.5	9,023	39.5	9,294	39.5
DEPARTMENTAL INCOME																				
	6,237	49.4	8,670	55.5	10,984	59.6	11,722	60.2	12,294	60.5	12,663	60.5	13,043	60.5	13,435	60.5	13,837	60.5	14,253	60.5
UNDISTRIBUTED OPERATING EXPENSES																				
Administrative & General	1,608	12.7	1,670	10.7	1,740	9.4	1,803	9.3	1,863	9.2	1,919	9.2	1,977	9.2	2,036	9.2	2,097	9.2	2,160	9.2
Marketing	1,482	11.7	1,513	9.7	1,531	8.3	1,587	8.2	1,640	8.1	1,689	8.1	1,740	8.1	1,792	8.1	1,846	8.1	1,901	8.1
Franchise Fee	327	2.6	424	2.7	519	2.8	550	2.8	575	2.8	592	2.8	610	2.8	628	2.8	647	2.8	666	2.8
Prop. Operations & Maint.	599	4.7	678	4.3	760	4.1	830	4.3	857	4.2	883	4.2	909	4.2	937	4.2	965	4.2	994	4.2
Utilities	735	5.8	786	5.0	835	4.5	866	4.4	894	4.4	921	4.4	949	4.4	977	4.4	1,007	4.4	1,037	4.4
Total	4,751	37.5	5,070	32.4	5,386	29.1	5,635	29.0	5,830	28.7	6,005	28.7	6,185	28.7	6,370	28.7	6,561	28.7	6,758	28.7
HOUSE PROFIT																				
	1,486	11.9	3,600	23.1	5,598	30.5	6,086	31.2	6,464	31.8	6,658	31.8	6,858	31.8	7,064	31.8	7,275	31.8	7,494	31.8
Management Fee	379	3.0	468	3.0	553	3.0	584	3.0	609	3.0	628	3.0	646	3.0	666	3.0	686	3.0	706	3.0
INCOME BEFORE FIXED CHARGES																				
	1,107	8.9	3,132	20.1	5,045	27.5	5,502	28.2	5,855	28.8	6,030	28.8	6,212	28.8	6,398	28.8	6,590	28.8	6,788	28.8
FIXED EXPENSES																				
Property Taxes	416	3.3	422	2.7	431	2.3	444	2.3	457	2.3	471	2.3	485	2.3	499	2.3	514	2.3	530	2.3
Insurance	199	1.6	205	1.3	211	1.1	217	1.1	224	1.1	230	1.1	237	1.1	244	1.1	252	1.1	259	1.1
Reserve for Replacement	126	1.0	312	2.0	553	3.0	779	4.0	812	4.0	837	4.0	862	4.0	888	4.0	914	4.0	942	4.0
Total	741	5.9	939	6.0	1,194	6.4	1,440	7.4	1,493	7.4	1,538	7.4	1,584	7.4	1,632	7.4	1,681	7.4	1,731	7.4
NET INCOME																				
	\$366	3.0 %	\$2,193	14.1 %	\$3,851	21.1 %	\$4,063	20.8 %	\$4,362	21.4 %	\$4,493	21.4 %	\$4,628	21.4 %	\$4,767	21.4 %	\$4,909	21.4 %	\$5,057	21.4 %

*Departmental expenses are expressed as a percentage of departmental revenues.

Forecast of Income and Expense

The following description sets forth the basis for the forecast of income and expense. We anticipate that it will take five years for the subject property to reach a stabilized level of operation. Each revenue and expense item has been forecast based upon our review of the proposed subject property's operating budget and comparable income and expense statements. Our forecast is based upon calendar years beginning January 1, 2014 and is expressed in inflated dollars for each year.

Rooms Revenue

Rooms revenue is determined by two variables: occupancy and average rate. We projected occupancy and average rate in a previous section of this report. The proposed subject property is expected to stabilize at an occupancy level of 72% with an average rate of \$145.82 in 2018. Following the stabilized year, the subject property's average rate is projected to increase along with the underlying rate of inflation.

Food and Beverage Revenue

Food and beverage revenue is generated by a hotel's restaurants, lounges, coffee shops, snack bars, banquet rooms, and room service. In addition to providing a source of revenue, these outlets serve as an amenity that assists in the sale of guestrooms. With the exception of properties with active lounges or banquet facilities that draw local residents, in-house guests generally represent a substantial percentage of a hotel's food and beverage patrons. In the case of the proposed Convention Center Hotel, food and beverage department will include a restaurant and a lounge.

Although food and beverage revenue varies directly with changes in occupancy, the small portion generated by banquet sales and outside capture is relatively fixed. The comparable statements illustrated food and beverage revenue between 43.6% to 76.6% of rooms revenue, or \$45.83 and \$90.27 per occupied room.

The proposed subject property's food and beverage operation is expected to be an important component of the hotel. Therefore, based upon our review of comparable operating statements, we have positioned an appropriate revenue level given the hotel's planned facility and price point. We would expect future moderate growth to occur within this category after the hotel's opening. We project food and beverage revenue to be \$97.39 per occupied room in the first projection year, or 83.1% of rooms revenue, declining to 68.2% of rooms revenue upon stabilization.

Other Operated Departments

According to the Uniform System of Accounts, Other Operated Departments include any major or minor operated department other than rooms, food, and beverage. These departmental revenues and expenses are presented in the Other Operated Department revenue and expense line items on a Summary Operating Statement, with sub-schedules setting forth the individual departmental revenues and expenses in more detail. An Other Operated Department revenue and expense

may be presented in the summary statement if it is considered a significant factor in the hotel operation. Telephone revenue and expense is now considered a component of Other Operated Departments and is being reported as a separate line item more infrequently now that telephone revenue has become so inconsequential. We forecast the proposed subject property's other operated departments revenue to stabilize at 0.9% of rooms revenue or \$1.24 per occupied room by the stabilized year, 2018. Other income is derived from sources other than guestrooms, food and beverage, and telephone services. Other income revenue for the comparables ranged from \$0.57 to \$8.84 on a per-occupied-room basis. Changes in this revenue item through the projection period result from the application of the underlying inflation rate and projected changes in occupancy. We forecast the proposed subject property's other income to stabilize at \$11.18 per occupied room by the stabilized year, 2018.

Other Income

Rooms Expense

Rooms expense consists of items related to the sale and upkeep of guestrooms and public space. Salaries, wages, and employee benefits account for a substantial portion of this category. Although payroll varies somewhat with occupancy and managers can generally scale the level of service staff on hand to meet an expected occupancy level, much of a hotel's payroll is fixed. A base level of front desk personnel, housekeepers, and supervisors must be maintained at all times. As a result, salaries, wages, and employee benefits are only moderately sensitive to changes in occupancy.

Commissions and reservations are usually based on room sales, and thus are highly sensitive to changes in occupancy and average rate. While guest supplies vary 100% with occupancy, linens and other operating expenses are only slightly affected by volume.

The comparables illustrated rooms expense ranging between 18.4% and 25.8% of rooms revenue; on a per-occupied-room basis, the range was between \$25.59 and \$40.01. We have projected rooms expense for the subject at 30.3% in the first year (or \$35.55 per occupied room), stabilizing at 22.0% in 2018 (or \$32.08 per occupied room). The proposed subject property's rooms department expense has been positioned based upon our review of the comparable operating data and our understanding of the hotel's future service level and price point.

Food and Beverage Expense

Food expenses consist of items necessary for the primary operation of a hotel's food and banquet facilities. The costs associated with food sales and payroll are moderately to highly correlated to food revenues. Items such as china, linen and uniforms are less dependent on volume. Although the other expense items are basically fixed, they represent a relatively insignificant factor. Beverage expenses consist of items necessary for the operation of a hotel's lounge and bar areas. The

costs associated with beverage sales and payroll are moderately to highly correlated to beverage revenues.

The comparables illustrate food and beverage expense ranging between 50.1% and 78.2% of food and beverage revenue. We have projected a stabilized expense ratio of 65.0% in 2018. The proposed subject property's food and beverage operation is expected to be efficiently managed and operate at an expense level that is in line with other comparable operations.

Other Operated Departments Expense

This expense consists of all costs associated with this department, including telephone. In the case of small hotels with automated telephone systems, the operation of telephones may be an additional responsibility of front desk personnel; however, most large properties employ full-time operators. The bulk of the telephone expense consists of the cost of local and long-distance calls billed by the telephone companies that provide these services. With the decrease in telephone usage and revenues, the actual cost of calls has decreased. However, the labor costs associated with a dedicated switchboard staff remain in place, as the principal role of these individuals is to direct incoming calls, and respond to and/or direct calls from hotel guests. Consequently, in those hotels with a dedicated switchboard staff, the profitability of the telephone department has decreased, and in many instances these departments now operate at a loss. In properties where the calls are handled by the front desk staff, profit levels have decreased, but most continue to generate a modest profit margin.

Other Income Expense

The comparables illustrated other operated departments expense ranging between \$0.69 and \$2.54 per occupied room. We have projected a stabilized expense of \$1.65 in 2018, or 133.2% of departmental revenue. Other income expense consists of costs associated with other income and is dependent on the nature of the revenue. For example, if a hotel leases its gift shop to an outside operator, the gift shop expenses are limited to items such as rental fees and commissions. If the property operates its own gift shop, both revenues and expenses will be higher, and the hotel is responsible for the cost of goods sold, payroll, and so forth.

We have projected a stabilized expense ratio of 30.0% in 2018. Expenses related to the proposed subject property's other income sources should be minimal and associated with the other revenue components discussed previously.

Administrative and General Expense

Administrative and general expense includes the salaries and wages of all administrative personnel who are not directly associated with a particular department. Expense items related to the management and operation of the property are also allocated to this category.

Most administrative and general expenses are relatively fixed. The exceptions are cash overages and shortages; commissions on credit card charges; provision for doubtful accounts, which are moderately affected by the number of transactions or total revenue; and salaries, wages, and benefits, which are very slightly influenced by volume.

On a percentage of total revenue basis, the comparable operations indicate an administrative and general expense range from 7.4% to 11.2%, or \$3,854 to \$5,610 per available room. Based upon our review of the comparable operating data and the expected scope of facility for the proposed subject property, we have positioned the administrative and general expense level at a market- and property-supported level. In the first projection year, we have projected administrative and general expense for the proposed subject property to be \$5,359 per available room, or 12.7% of total revenue. By the 2018 stabilized year, these amounts change to \$6,211 per available room and 9.2% of total revenue.

Marketing Expense

Marketing expense consists of all costs associated with advertising, sales, and promotion; these activities are intended to attract and retain customers. Marketing can be used to create an image, develop customer awareness, and stimulate patronage of a property's various facilities.

The marketing category is unique in that all expense items, with the exception of fees and commissions, are totally controlled by management. Most hotel operators establish an annual marketing budget that sets forth all planned expenditures. If the budget is followed, total marketing expenses can be projected accurately.

Marketing expenditures are unusual because although there is a lag period before results are realized, the benefits are often extended over a long period. Depending on the type and scope of the advertising and promotion program implemented, the lag time can be as short as a few weeks or as long as several years. However, the favorable results of an effective marketing campaign tend to linger, and a property often enjoys the benefits of concentrated sales efforts for many months.

On a percentage of total revenue basis, the comparable operations indicate a marketing expense range from 7.0% to 9.6%, or \$3,551 to \$4,925 per available room. Based upon our review of the comparable operating data and the expected scope of facility for the proposed subject property, we have positioned the marketing expense level at a market- and property-supported level. In the first projection year, we have projected marketing expense for the proposed subject property to be \$4,941 per available room, or 11.7% of total revenue. By the 2018 stabilized year, these amounts change to \$5,466 per available room and 8.1% of total revenue.

Franchise Fee

HVS has recommended that the proposed full-service subject property operate under a franchise agreement with a nationally-recognized brand. Based on the analysis contained within this report, HVS suggests that the national brand selected by the City of Tallahassee be considered "an upper upscale chain" or "an upscale chain" with regards to its quality. Appropriate brands for a full-service convention center hotel could include, but are not limited to, Embassy Suites, Hilton, Marriott, Omni, Renaissance, Westin, Sheraton, Crowne Plaza, and Radisson. Based on the assumption that the proposed subject property will operate under a franchise agreement, HVS has included an industry-standard franchise fee in its financial projections. As such, a franchise fee has been forecast at 5.0% of rooms revenue.

Property Operations and Maintenance

Property operations and maintenance expense is another expense category that is largely controlled by management. Except for repairs that are necessary to keep the facility open and prevent damage (e.g., plumbing, heating, and electrical items), most maintenance can be deferred for varying lengths of time.

Maintenance is an accumulating expense. If management elects to postpone performing a required repair, they have not eliminated or saved the expenditure; they have only deferred payment until a later date. A lodging facility that operates with a lower-than-normal maintenance budget is likely to accumulate a considerable amount of deferred maintenance.

The age of a lodging facility has a strong influence on the required level of maintenance. A new or thoroughly renovated property is protected for several years by modern equipment and manufacturers' warranties. However, as a hostelry grows older, maintenance expenses escalate. A well-organized preventive maintenance system often helps delay deterioration, but most facilities face higher property operations and maintenance costs each year, regardless of the occupancy trend. The quality of initial construction can also have a direct impact on future maintenance requirements. The use of high-quality building materials and construction methods generally reduces the need for maintenance expenditures over the long term.

On a percentage of total revenue basis, the comparable operations indicate a property operations and maintenance expense range from 2.9% to 5.7%, or \$1,647 to \$2,872 per available room. We expect the proposed subject property's maintenance operation to be well managed, and expense levels should stabilize at a typical level for a property of this type. Changes in this expense item through the projection period result from the application of the underlying inflation rate and projected changes in occupancy. In the first projection year, we have projected property operations and maintenance expense for the proposed subject property to be \$1,996 per available room, or 4.7% of total revenue. By the 2018 stabilized

year, these amounts change to \$2,857 per available room and 4.2% of total revenue.

Utilities Expense

The utilities consumption of a lodging facility takes several forms, including water and space heating, air conditioning, lighting, cooking fuel, and other miscellaneous power requirements. The most common sources of hotel utilities are electricity, natural gas, fuel oil, and steam. This category also includes the cost of water service.

Total energy cost depends on the source and quantity of fuel used. Electricity tends to be the most expensive source, followed by oil and gas. Although all hotels consume a sizable amount of electricity, many properties supplement their utility requirements with less expensive sources, such as gas and oil, for heating and cooking.

On a percentage of total revenue basis, the comparable operations indicate a utilities expense range from 3.5% to 5.6%, or \$1,969 to \$2,795 per available room. The changes in this utilities line item through the projection period are a result of the application of the underlying inflation rate and projected changes in occupancy. In the first projection year, we have projected utilities expense for the proposed subject property to be \$2,450 per available room, or 5.8% of total revenue. By the 2018 stabilized year, these amounts change to \$2,981 per available room and 4.4% of total revenue.

Management Fee

Management expense consists of the fees paid to the managing agent contracted to operate the property. Some companies provide management services and a brand-name affiliation (first-tier management company), while others provide management services alone (second-tier management company). Some management contracts specify only a base fee (usually a percentage of total revenue), while others call for both a base fee and an incentive fee (usually a percentage of defined profit). Basic hotel management fees are almost always based on a percentage of total revenue, which means they have no fixed component. While base fees typically range from 2% to 4% of total revenue, incentive fees are deal specific and often are calculated as a percentage of income available after debt service and, in some cases, after a preferred return on equity.

Details pertaining to a management agreement and the prospective terms were not yet determined at the time of this report; therefore, the management fee which have been applied in our projections is reflective upon current industry standards. The projected management fees are intended to represent what would be expected on a base-fee basis. We have assumed a market-appropriate base management fee of 3.0% of “total revenues” throughout our study. In this case, the total revenues in which the management fee is based off of includes the revenues

attributed to the hotel component only (i.e. exclusive of the revenues attributed to the convention center component).

Property Taxes

Property (or ad valorem) tax is one of the primary revenue sources of municipalities. Based on the concept that the tax burden should be distributed in proportion to the value of all properties within a taxing jurisdiction, a system of assessments is established. Theoretically, the assessed value placed on each parcel bears a definite relationship to market value, so properties with equal market values will have similar assessments and properties with higher and lower values will have proportionately larger and smaller assessments.

Depending on the taxing policy of the municipality, property taxes can be based on the value of the real property or the value of the personal property and the real property. We have based our estimate of the proposed subject property's market value (for tax purposes) on an analysis of county assessments of comparable hotel properties in the local county.

FIGURE 10-57 COUNTY-ASSESSED VALUE OF COMPARABLE HOTELS

Hotel	Number of Rooms	Total Assessment			Total
		Land	Improvements	Personal*	
aLoft	162	\$1,134,000	\$4,848,822	\$3,380,908	\$9,363,730
Doubletree	243	1,701,000	7,568,976	1,834,721	11,104,697
Residence Inn (Gaines Street)	135	945,000	7,221,443	591,849	8,758,292
<i>Assessments per Room</i>					
aLoft		\$7,000	\$29,931	\$20,870	\$57,801
Doubletree		7,000	31,148	7,550	45,698
Residence Inn (Gaines Street)		7,000	53,492	4,384	64,876
Positioned Subject - Per Room	300	\$7,000	\$40,000	\$18,000	\$65,000
Positioned Subject - Total		\$2,100,000	\$12,000,000	\$5,400,000	\$19,500,000

*After \$25,000 exemption

Leon County Property Assessor

We have positioned the proposed subject property's future assessment levels based upon the illustrated comparable data. We have positioned the assessment closest to the Residence Inn with regards to the value of the improvements and closest to the aLoft with regards to the value of the personal property; overall, the positioned assessment is well supported by the market data.

Tax rates are based on the city and county budgets, which change annually. The most recent tax rate in this jurisdiction was reported at 21.12900%. The following table shows changes in the tax rate during the last several years.

FIGURE 10-58 COUNTY TAX RATES

Year	Personal Property Tax Rate	Real Property Tax Rate
2008	20.42650	20.42650
2009	20.84200	20.84200
2010	21.12900	21.12900

Leon County Property Assessor

Based on comparable assessments and the tax rate information, the proposed subject property's projected property tax expense levels are calculated as follows.

FIGURE 10-59 PROJECTED PROPERTY TAX EXPENSE

Year	Assessed Value			Total	Pers. Prop. Tax Rate	Property Tax Rate	Tax Forecast
	Land	Improvements	Personal				
Positioned	\$2,100,000	\$12,000,000	\$5,400,000	\$19,500,000	21.13	21.13	\$412,016
2014	\$2,100,000	\$12,000,000	\$5,400,000	\$19,500,000	21.34	21.34	\$416,136
2015	2,100,000	12,000,000	5,400,000	19,500,000	21.66	21.66	422,378
2016	2,100,000	12,000,000	5,400,000	19,500,000	22.09	22.09	430,825

Insurance Expense

The insurance expense category consists of the cost of insuring the hotel and its contents against damage or destruction by fire, weather, sprinkler leakage, boiler explosion, plate glass breakage, and so forth. General insurance costs also include premiums relating to liability, fidelity, and theft coverage. Insurance rates are based on many factors, including building design and construction, fire detection and extinguishing equipment, fire district, distance from the firehouse, and the area's fire experience. Insurance expenses do not vary with occupancy.

Based on comparable data and the structural attributes of the proposed project, we project the proposed subject property's insurance expense at \$745 per available room by the stabilized year (positioned at \$600 on a per-available-room basis in base-year dollars). This forecast equates to 1.1% of total revenue on a

stabilized basis. In subsequent years, this amount is assumed to increase in tandem with inflation.

Reserve for Replacement

Furniture, fixtures, and equipment are essential to the operation of a lodging facility, and their quality often influences a property's class. This category includes all non-real estate items that are capitalized, rather than expensed. The furniture, fixtures, and equipment of a hotel are exposed to heavy use and must be replaced at regular intervals. The useful life of these items is determined by their quality, durability, and the amount of guest traffic and use.

Periodic replacement of furniture, fixtures, and equipment is essential to maintain the quality, image, and income-producing potential of a lodging facility. Because capitalized expenditures are not included in the operating statement but nevertheless affect an owner's cash flow, a forecast of income and expense should reflect these expenses in the form of an appropriate reserve for replacement.

The International Society of Hospitality Consultants (ISHC) undertook a major industry-sponsored study of the capital expenditure requirements for full-service/luxury, select-service, and extended-stay hotels. The most recent findings of the study were published in a report in 2007¹. Historical capital expenditures of well-maintained hotels were investigated through the compilation of data provided by most of the major hotel companies in the United States. A prospective analysis of future capital expenditure requirements was also performed based upon the cost to replace short- and long-lived building components over a hotel's economic life. The study showed that the capital expenditure requirements for hotels vary significantly from year to year, and depend upon both the actual and effective age of a property. The results of this study showed that hotel lenders and investors are requiring reserves for replacement ranging from 4% to 5% of total revenue.

Based on the results of this study, our review of the subject asset and comparable lodging facilities, and our industry expertise, we estimate that a reserve for replacement of 4% of total revenues is sufficient to provide for the timely and periodic replacement of the subject property's furniture, fixtures, and equipment. This amount is ramped up during the initial projection period.

Conclusion

In conclusion, our analysis reflects a profitable operation, with net income expected to total 21.4% of total revenue by the stabilized year. The stabilized total revenue comprises primarily rooms and food and beverage revenue, with a

¹ The International Society of Hotel Consultants, *CapEx 2007, A Study of Capital Expenditure in the U.S. Hotel Industry*.

secondary portion derived from other income sources. On the cost side, departmental expenses total 39.5% of revenue by the stabilized year, while undistributed operating expenses total 28.7% of total revenues; this assumes that the property will be operated competently by a well-known hotel operator. After a 3.0% of total revenues management fee, and 7.4% of total revenues in fixed expenses, a net income ratio of 21.4% is forecast by the stabilized year.

11. Economic Impact

Methodology

HVS identified the new spending that would occur in the local economy due to the operations of the proposed Tallahassee Convention Center and Headquarter Hotel, (“TCC”) assuming that the facilities open on January 1, 2014. HVS direct spending estimates include only new spending that originates from outside the two market areas analyzed in this report: the City of Tallahassee (the “State”) and the State of Florida (the “City”). Spending by delegates who live within the market area is a transfer of income from one sector of the area’s economy to another; therefore, this analysis does not count spending by local residents as a new economic impact.

HVS assumes that all of the overnight delegates, exhibitors, and event planners attending major conventions and tradeshow at the proposed TCC would bring new spending to the City’s economy. A large percentage of these events would transfer from other locations in the State. Therefore, new State spending is significantly lower for these events. Consumer shows that target local area attendees generate a mix of new and transfer spending. Many consumer shows attract attendees, exhibitors, and event planners from outside the City’s boundaries who may reside in surrounding suburban or outlying areas. Therefore, a portion of spending that occurs at these shows included in the impact analysis. The majority of sporting events represents new demand to the City, and they will bring a significant portion of attendees from outside the City. A smaller, but material portion of sports attendees would come from outside the State, since many events will likely have a regional or national base of attendance. A larger portion of attendees at meetings, banquets, and concerts do not represent new spending because most of these events would have occurred somewhere else in the City and the State if the TCC did not exist

Direct, Indirect, and Induced Spending

Spending falls into three categories:

- Direct spending impacts include the new spending from four sources as defined below. For example, a delegate’s expenditure on a restaurant meal is a direct economic impact.
- Indirect spending impacts are generated from the business spending resulting from the initial direct spending. For example, a delegate’s direct expenditure on a restaurant meal causes the restaurant to purchase food and other items from suppliers. The portion of these restaurant purchases that remain within the State and the City is counted as an indirect impact.

- Induced spending impacts represent the change in local consumption due to the personal spending by employees whose incomes are affected by direct and indirect spending. For example, a waiter at a local restaurant may have more personal income as a result of convention delegates dining at the restaurant. The amount of the increased income that the waiter spends in the local economy is considered an induced impact.

HVS enters the direct spending estimate into the IMPLAN input-output model of the local economy to estimate indirect and induced spending. The sum of direct, indirect, and induced spending estimates make up the total estimated spending impact of the proposed TCC operations.

Indirect and induced impacts are often referred to as multiplier effects. The relationship between direct spending and the multiplier effects can vary based upon the specific size and characteristics of a local area's economy.

Sources of Direct Spending

HVS identified four sources of new direct spending impact for the State and the City:

- **Overnight Attendees:** Participants, including delegates, event organizers and exhibitors, who attend convention center events and require paid lodging.
- **Daytrip Attendees:** Participants, including delegates, event organizers and exhibitors, who attend convention center events and do not require paid lodging.
- **Event Organizers:** Individuals, associations, or other organizations that plan, sponsor, organize, and coordinate events that take place at the convention center.
- **Exhibitors:** Individuals or companies that rent exhibition space, typically from event organizers, to display information or products at convention center events. Exhibitors typically are present at conventions, tradeshows, and consumer shows.

Overnight and Daytrip Attendee Assumptions

Attendees at conventions, tradeshows, and other events are classified as either overnight or daytrip delegates, depending on whether they require overnight lodging. Typically, events attract a mix of local and non-local attendees. For example, nearly all delegates to national conventions require lodging, while regional tradeshows and local consumer shows may have a much lower percentage of delegates requiring paid lodging. HVS estimated the percentage of room nights, day trips, exhibitor spending and organizer spending that is new to the State and to the City. The figure below summarizes these assumptions.

FIGURE 11-1 NEW TO THE MARKET

Event Type	Percent Lodgers	New to the Local Area market			
		Room Nights	Day Trips	Organizer Spending	Exhibitor Spending
State					
Conventions & Tradeshows	60%	21%	0%	25%	25%
Consumer Shows	5%	25%	0%	25%	25%
Banquets	5%	0%	0%	na	na
Meetings & Conferences	20%	10%	0%	na	na
Assemblies	10%	10%	0%	na	na
Sports	60%	60%	25%	na	na
Concerts & Entertainment	5%	25%	0%	na	na
Other	5%	0%	0%	na	na
City					
Conventions & Tradeshows	60%	100%	65%	90%	90%
Consumer Shows	5%	50%	25%	90%	90%
Banquets	5%	10%	10%	na	na
Meetings & Conferences	20%	50%	40%	na	na
Assemblies	10%	80%	25%	na	na
Sports	60%	90%	70%	na	na
Concerts & Entertainment	5%	90%	25%	na	na
Other	5%	0%	10%	na	na

The assumptions of the percent of attendees that are new to each market area are based on survey results and industry norms. Since the State is a smaller market area than the City, HVS assumes that the percent room nights, day trips, and exhibitor and organizer spending that is new to the City is significantly less than the spending that is new to the State.

Sources of Impact

Combining the event demand forecast (described in the Section 7 of this report) with the assumptions of the percent of demand that is new to the market, yields an estimate of the sources of impact shown in the table below.

FIGURE 11-2 SOURCES OF NEW IMPACT (FOR A STABILIZED YEAR)

Event Type	Gross Attendees	Overnight Guest Stays	Day Trips	Organizers
				Attendee - Days
State				
Conventions & Tradeshows	4,200	1,323	0	12,600
Consumer Shows	60,000	1,125	0	60,000
Banquets	12,000	0	0	0
Meetings & Conferences	9,000	270	0	0
Assemblies	15,000	150	0	0
Sports	26,400	14,256	6,600	0
Concerts & Entertainment	10,000	125	0	0
Other	18,000	0	0	0
Total	154,600	17,249	6,600	72,600
City				
Conventions & Tradeshows		6,300	3,276	12,600
Consumer Shows		2,250	14,250	60,000
Banquets		60	1,140	0
Meetings & Conferences		1,350	4,320	0
Assemblies		1,200	3,375	0
Sports		21,384	18,480	0
Concerts & Entertainment		450	2,375	0
Other		0	1,710	0
Total		32,994	48,926	72,600

These estimates of attendee days, overnight stays, and day trips provide the basis for estimating new spending.

Spending Parameters

Delegates, attendees, event organizers, and exhibitors spend locally on lodging, meals, local transportation, facility rentals, vendor services, meeting room rentals, equipment rentals, and other goods and services.

In order to estimate average spending by overnight delegates, daytrip delegates, event organizers, and exhibitors in the State and City, HVS evaluated data from two visitor spending surveys. First, the 2004 Destination Marketing Association International (“DMAI”) survey (the most recent one available) focuses on spending by convention and tradeshow participants. Second, the Corporate Travel Index (“CTI”) survey focuses on visitor spending in the top 100 business destinations in the country. HVS uses the CTI survey to index the national results contained in the

DMAI survey so that they more accurately reflect the probable level of spending in the market.

Adjusting the average DMAI data with the CTI creates spending parameters for the State and City (referred to herein as the “Daily Spending Parameters”). All parameters are stated as the daily spending by individual overnight delegates, day trippers, event organizers, and exhibitors. All Daily Spending Parameters shown in the figures below are stated as the daily spending by individual overnight delegates, day trippers, event organizers, and exhibitors in 2011 dollars.

Overnight Attendee Spending

Multiplying the number of new overnight stays by the Daily Spending Parameters produces an estimate of new spending by overnight attendees as shown in the figure below.

FIGURE 11-3 OVERNIGHT ATTENDEE SPENDING (IN 2011 DOLLARS)

Daily Spending Parameter	Spending Per Overnight Stay	State	City
Lodging and Incidentals	\$117.74		
Hotel F&B	22.51		
Restaurants	41.56		
Tours/Sightseeing	4.60		
Admission to Museums, Theatre, etc.	0.00		
Recreation	1.54		
Sporting Events	0.71		
Retail Stores	24.10		
Local Transport	6.96		
Auto Rental	5.19		
Gasoline, Tolls, Parking	7.96		
Other	0.14		
Total	\$233.02	\$233.02	\$233.02
Overnight Guest Stays		17,249	32,994
Delegate Spending (\$ millions)		\$4.02	\$7.69

Net new spending by overnight attendees is typically the single largest source of direct economic impact generated by convention centers. HVS estimates that the new TCC convention center and headquarter hotel would generate approximately 33,000 overnight stays new to the City, and 17,250 overnight stays that are new to the State.

These overnight attendees would purchase lodging, restaurant meals, retail goods, transportation services, and other goods and services that would result in

approximately \$7.69 million and \$4.02 million in new spending to the City to the State respectively.

Daytrip Spending

Daytrip spending is generated by delegates and other attendees to conventions, tradeshows, and consumer shows who do not stay overnight. In most markets day trippers typically spend \$40–\$80 per day on meals, shopping, local transportation, recreation and entertainment and other goods and services while in town.

Multiplying the number of new delegates to the State and City by the estimated daily spending figure produces an estimate of new spending by daytrip delegates in the State and City, as shown below.

FIGURE 11-4 DAYTRIP SPENDING (IN 2011 DOLLARS)

Daily Spending Parameter	Spending per Day Trip*	State	City
Restaurants	\$20.78		
Retail Stores	12.05		
Local Transport	3.48		
Auto Rental	2.59		
Gasoline, Tolls, Parking	4.22		
Total	\$43.13	\$43.13	\$43.13
Day Trips		6,600	48,926
Day Tripper Spending (\$ millions)		\$0.28	\$2.11

Net new spending by day-trippers is typically a moderate source of direct economic impact generated by convention centers. HVS estimated that approximately 49,000 new day trips to the City and 6,600 new day trips to the State would generate \$280,000 and \$2.11 million to the State and City respectively.

Event Organizer Spending

In most markets, event organizers spend several thousands of dollars on lodging, meals, local transportation, facility rentals, equipment rentals and other goods and services required to plan and organize a successful event. Adjusted DMAI data provides estimates of organizer spending per attendee day as shown in the figure below.

FIGURE 11-5 EVENT ORGANIZER SPENDING

Daily Spending Parameter	Spending per Attendee Days	State	City
Hotel	\$1.25		
F&B	5.26		
Exhibition Space Fees	4.59		
Services Hired	4.32		
Equipment Rental	1.90		
Advertising	0.00		
Technology Services	0.32		
Additional Spaces	0.24		
Local Transportation	0.20		
Other	0.91		
Total	\$19.00	\$19.00	\$19.00
Attendee - Days		72,600	72,600
Percent Organizers New to Market		25%	90%
Event Organizer Spending (\$ millions)		\$0.34	\$1.24

Event organizer spending is based on the total number of delegate days, regardless of delegate origin. Not all event organizers, however, are new to the market. Based on \$19.00 in daily spending per delegate and assumptions regarding to percentage of exhibitor spending which would be new to the market area, HVS estimates that approximately 73,000 event organizers would generate approximately \$340,000 and \$1.24 million to the State and City respectively.

Exhibitor Spending

Exhibitor spending includes the local spending within the area by exhibitors that participate in events taking place at the proposed TCC. Exhibitors purchase lodging, meals, local transportation, vendor services, meeting room rentals, equipment rentals, and other goods and services required for their events. Adjusted DMAI data provides estimates of exhibitor spending per attendee day.

FIGURE 11-6 EXHIBITORS SPENDING (IN 2011 DOLLARS)

Daily Spending Parameter	Spending per Attendee Days	State	City
Hotel	\$42.11		
Vendor Services	9.99		
F&B	9.96		
Advertising	0.00		
Local Transportation	2.29		
Equipment Rental	8.58		
Service Hired	1.72		
Additional Meeting Rooms	1.28		
Other	4.47		
Total	\$80.40	\$80.40	\$80.40
Attendee - Days		72,600	72,600
Percent Exhibitors New to Market		25%	90%
Exhibitor Spending (\$ millions)		\$1.46	\$5.25

New spending by exhibitors is typically one of the larger sources of direct economic impact generated by convention centers. Exhibitor spending is based on the total number of delegate days, regardless of delegate origin. Not all exhibitors, however, are new to the market. Based on \$80.40 in daily spending per delegate and assumptions regarding to percentage of exhibitor spending which would be new to the market area, HVS estimates that approximately 73,000 event organizers would generate approximately 1.46 million and \$5.25 million to the State and City respectively.

Summary of Direct Spending

The following table summarizes the new spending estimates derived from overnight delegates, daytrip delegates, event organizers, and exhibitors.

FIGURE 11-7 ESTIMATED DIRECT SPENDING (IN 2011 DOLLARS)

Source	State Spending (\$ millions)	City Spending (\$ millions)
Overnight Attendees	\$4.02	\$7.69
Day Trippers	0.28	2.11
Event Organizers	0.34	1.24
Exhibitors	1.46	5.25
Total Direct Impact	\$6.11	\$16.29

Indirect and Induced Spending Estimates

Total estimated new direct spending attributed to activities of the proposed TCC as a result of the addition of a convention center and headquarters hotel opening on January 1, 2014 is \$6.11 million for the State and \$16.29 million for the City.

HVS uses the IMPLAN input-output model to estimate indirect and induced impacts. IMPLAN is a nationally recognized model developed at the University of Minnesota to estimate indirect and induced economic impacts. An input-output model generally describes the commodities and income that normally flow through the various sectors of a given economy. The new indirect and induced spending and employment effects shown here represent the estimated changes in the flow of income and goods caused by the estimated new direct spending. The IMPLAN model accounts for the specific characteristics of the local area economy and estimates the share of indirect and induced spending that it will retain.

HVS categorized new direct expenditures into spending categories that are inputs into the IMPLAN model. Specifically, the IMPLAN model relies on spending categories defined by the U.S. Census according to the NAICS. Because the spending data from the DMAI surveys do not match the NAICS spending categories, HVS translates the DMAI spending categories into the NAICS spending categories that most closely match the intent of the survey.

The following table shows new direct spending, categorized into each of several major NAICS spending categories, or sectors of the local economy, that are compatible with the IMPLAN model.

FIGURE 11-8 DISTRIBUTION OF DIRECT SPENDING

Category	State		City	
	\$	% Total	\$	% Total
Local Transport	\$ 188,000	3.1%	563,000	3.5%
Tours/Sightseeing	79,000	1.3%	152,000	0.9%
Gasoline, Tolls, Parking	165,000	2.7%	469,000	2.9%
Supplies & Misc. Retail	595,000	9.7%	1,741,000	10.7%
Auto Rental	107,000	1.8%	298,000	1.8%
Equipment Rental	190,000	3.1%	685,000	4.2%
Technology Services	187,000	3.1%	674,000	4.1%
Advertising & Promotion	0	0.0%	0	0.0%
Event Services	110,000	1.8%	395,000	2.4%
Sporting Events	12,000	0.2%	23,000	0.1%
Museums, Theatre, etc.	0	0.0%	0	0.0%
Recreation	27,000	0.4%	51,000	0.3%
Hotel Services	2,818,000	46.1%	6,718,000	41.2%
Space Rental	111,000	1.8%	399,000	2.4%
Food & Beverage	1,519,000	24.9%	4,125,000	25.3%
Parking	0	0.0%	0	0.0%
TOTAL	\$ 6,108,000	100%	16,293,000	100%

Spending in the hotel services sector would account for nearly half of all direct spending. The food & beverage and retail sectors would also have a significant share of the benefits of the proposed TCC activities. In addition, a broad range of economic sectors and businesses benefit from new spending in the numerous categories outlines in the preceding figure.

Indirect and Induced Spending

The following table shows the output of the IMPLAN model—the projected new direct, indirect, and induced economic impacts and that would attributable to the proposed convention center and headquarter hotel.

FIGURE 11-9 STABILIZED INDIRECT AND INDUCED SPENDING (\$2011)

	2017	
	Spending (in thousands)	Jobs
State		
Direct	\$6,100	70
Indirect	2,500	20
Induced	3,400	30
Total	\$12,000	120
City		
Direct	\$16,300	240
Indirect	4,400	40
Induced	4,400	40
Total	\$25,100	320

Total spending in a stabilized year (2017) of demand is estimated approximately \$12 million in the State and \$25.1 million in the City.

Jobs can also be used to measure economic impact. Total spending supports employment. Using the IMPLAN model, HVS estimates the proposed TCC and headquarter hotel would support roughly 120 new jobs in the State and 320 new jobs in the City.

Fiscal Impacts

Fiscal impacts represent the public sector share of the economic impacts, as represented by tax collections on new spending. The previously discussed spending estimates provide a basis for estimating potential tax revenue as some of the spending will be subject to taxation. The fiscal impacts presented in this section are subject to revision pending the verification of applicable City and State tax categories and rates which has been requested by HVS.

City Fiscal Impacts

The IMPLAN analysis results in indirect and induced spending classified into hundreds of detailed spending categories. HVS evaluated each of these spending categories to determine which taxes would apply to each type of spending output. The appropriate tax rates are then used to estimate the amount of tax revenue. The following table lists the local sales and use taxes that apply to spending in the City. The table also shows the respective tax rates for each category.

FIGURE 11-10 COUNTY SALES AND USE TAX RATES

Tax Categories - City/Leon County	Rates
Retail Sales	1.5%
Transient Accommodations*	5%
Communications Service	6.9%
Fuel	\$0.138 per gallon
* In addition to regular retail sales tax	

HVS applied these tax rates to a detailed breakdown of spending categories that result from direct, indirect and induced spending in the local economy. HVS then estimated the potential revenue from each tax source as shown in the following table. All figures represent fiscal impact during the first year of stabilized demand (2017) in 2011 dollars.

FIGURE 11-11 CITY ESTIMATED INCREMENTAL SALES AND USE TAX REVENUES

Leon County Tax Categories	Effective Tax Rates	Taxable Base Estimate	Tax Revenue Estimate (\$000)
Transient Accommodations *	6.5%	\$6,650,975	\$432,313
Retail Sales	1.5%	6,083,707	91,256
Fuel Sales **	4.84%	417,543	20,217
Communications Services	6.9%	235,139	16,225
Total			\$560,011
* Includes 5.0% County hotel tax and 1.5% local option retail sales tax			
** Effective tax rate base on \$0.138/gallon with average gas price of \$2.85/gallon.			

HVS estimates that the event activity associated with the proposed convention center in Tallahassee will generate approximately \$560,000 in local sales and use tax revenues in 2017.

State Fiscal Impacts

HVS applied the sales and use tax and corporate income tax to the detailed breakdown of spending categories that result from new direct, indirect and induced spending within the State. The following figure shows the respective tax rates for each category.

FIGURE 11-12 STATE SALES AND USE TAX RATES

Tax Categories - State	Rates
Retail Sales	6.0%
Communications Service	9.2%
Fuel	\$0.162 per gallon
Utility Service	2.50%
Corporate Income	5.50%

HVS applied these tax rates to a detailed breakdown of spending categories that result from direct, indirect and induced spending in the state economy. HVS then estimated the potential revenue from each tax source as shown in the following table. All figures represent fiscal impact during the first year of stabilized demand (2017) in 2011 dollars.

FIGURE 11-13 STATE ESTIMATED INCREMENTAL TAX REVENUES

State of Florida Tax Categories	Effective Tax Rates	Taxable Base Estimate	Tax Revenue Estimate
Retail Sales	6.0%	4,914,574	294,874
Fuel Sales *	5.68%	35,537	2,019
Communications Services	9.2%	187,894	17,230
Utility Service	2.5%	158,992	3,975
Corporate Income	5.5%	395,682	21,763
Total			\$339,860

* Effective tax rate base on \$0.162/gallon with average gas price of \$2.85/gallon.

HVS estimates that the event activity associated with the proposed headquarters hotel in the State will generate approximately \$340,000 in state sales and use tax revenues, personal income tax revenues, and corporate income tax revenues in a stabilized year (2011).

Summary and Conclusion

The following table shows a summary of the projected impact the proposed convention center and headquarters hotel would have on the local and state economies in 2017, stated in 2011 dollars.

FIGURE 11-14 SUMMARY OF IMPACTS FROM THE CONVENTION CENTER AND HOTEL IN A STABILIZED YEAR (IN 2011 DOLLARS)

Summary of Impacts	State of Florida	Leon County/Tallahassee
Economic Impact	\$12 million	\$25.1 million
Fiscal Impact	\$340,000	\$560,000
Jobs	120	320

HVS estimates the Proposed Convention Center and Headquarter Hotel would generate economic impacts of approximately \$25.1 million to the City in a stabilized year (2011) and \$12 million to the State. The fiscal impacts, or tax revenues, generated by the new spending associated with the proposed convention center, are projected at approximately \$560,000 for the City and \$340,000 for the State. The new economic activity associated with the project is projected to support roughly 320 full-time equivalent jobs annually for the City and 120 full-time equivalent jobs annually for the State.

These economic and fiscal impact estimates are subject to the assumptions and limiting conditions described throughout the report. Since the estimates are based on numerous assumptions about future events and circumstances and although we consider these reasonable assumptions, we cannot provide assurances that the project will achieve the forecasted results. Actual events and circumstances are likely to differ from the assumptions in this report and some of those differences may be material. The readers should consider these estimates as a mid-point in a range or potential outcomes.

12. Approach to Operation and Financing

Operation Scenarios

HVS recommends consideration of two alternative models for the operation of the proposed convention center and headquarters hotel: 1) an integrated hotel convention center operation and 2) a stand-alone convention center with an independently operated headquarters hotel. Previous sections of this report assume the latter scenario, two distinct operations which are coordinated and complement each other. This discussion takes a step back from that assumption and reviews the implications of both options. In both operating models the building program recommendations and demand projections would remain the same.

Integrated Hotel Convention Center Model

An integrated hotel convention center model offers meeting planners the advantage of coordinating event activities in a single venue. Importantly, such venues offer “one-stop shopping” for event planners that only need to negotiate contract with a single entity. An integrated hotel convention center may increase the attractiveness and marketability of the convention center to meeting planners.

An integrated hotel convention center model may also be more efficient than two stand-alone operations. Food and beverage operations can take advantage of a single food service operator and shared back-of-house space that serves both the hotel and convention center. Additionally, this model potentially allows for a singular administrative and sales and marketing department and team, saving administrative overhead costs. While the convention center side of the project operates at a loss, the combined convention center and hotel could yield significant profits and major economic impacts for the community.

Integrated hotel and convention centers are typically operated by hotel companies and their profit motive at times may come in conflict with public sector goals of generating high levels of economic impact. For example, a hotel operator may be motivated to reserve a large portion of room inventory for profitable transient business and leave fewer rooms available for convention groups that could have city-wide impacts on hotel occupancy. This booking strategy, while benefiting the hotel’s bottom line, may result in fewer bookings of community events or events that would create significant economic impacts. These potential conflicts are often dealt with through “room block commitment agreements” or “priority booking policies.”

Hotel operators may also lack experience in marketing, selling, and servicing locally based events such as consumer shows, sports tournaments, assemblies and

other community based events that do not generate room nights but are none-the-less important to the operation of the convention center. To address this issue, marketing and operating staff usually needs to be augmented to managing the wider variety of event types that occur in a convention center as opposed to a hotel operation.

**Stand-alone
Convention Center
Model**

The stand-alone model separates the operation of the convention center and hotel and is the traditional model implemented by most communities. These facilities are viewed as a form of public infrastructure. They are not expected to generate profit but exist for the purposes of stimulating economic development and offering services of the community. Stand-alone convention centers rely on the private sector to build adjacent amenities, including hotel rooms, restaurants, retail outlets and other entertainment amenities.

The coordination of marketing efforts is more complex than in an integrated operation. The coordinating role is often performed the by the local convention and visitors bureau and requires good working relationships, cooperation, and adherence to pre-established booking policies. Most stand-alone convention centers operate at a loss, and HVS estimates that a venue in Tallahassee would be no exception to that prevailing trend. A dedicated funding source is typically necessary to fund ongoing operating deficits.

The following figure summarizes the relative advantages and disadvantages of each operations model

FIGURE 12-1 ADVANTAGES AND DISADVANTAGES OF OPERATIONS MODELS

Integrated Hotel and Convention Center	
Advantages	Disadvantages
Convenience to users of integrated venues. One-stop shopping for event planners.	Hotel operator has incentive to generate profitable room nights at the expense of city-wide events and local community to use of the convention facilities.
Reduced operating costs due to shared operation: administrative, food and beverage, sales and marketing.	Operating loss from convention center must be covered by hotel profits.
Professional marketing and sales staff with resources of hotel brand.	Hotelier lack of experience in marketing, sales and servicing of local events.
High quality of service associated with hotel company brand standards.	
Stand-alone Convention Center	
Advantages	Disadvantages
Convention center can book local events which may have significant economic impact.	Reliance on private sector to build adjacent hotels and other amenities.
Standard model of operation, proven success in facilities around the country.	No opportunity to share operating costs, separate food & beverage, sales & marketing.
Greater control to set booking guidelines which have the greatest economic impact for the community.	Risk of operating losses, which need to be covered by other public sector revenue sources.

Ownership and Financing Assumptions

Ownership and financing approaches may be chosen independently of the method of operation and these approaches fall into one of three general categories: 1) private ownership and financing relies on conventional private sources of debt and equity, 2) public private partnerships (“PPPs”) which use a mix of private and public funding sources and more complex ownership arrangements, and 3) public financing and ownership which typically uses tax-exempt municipal debt to fund the project.

The feasibility of pure private development is measured by the anticipated level of return on investment in the project. Project generated income, including potential sale of the project needs to be sufficient to repay loans and provide an acceptable



return on equity in order for private investors to undertake the risk of the project. The feasibility of public project usually depends on whether publicly available resources including project related income or deficits are sufficient to repay the debt issued to finance the project. Public Private Partnerships involve a mix of these two definitions of feasibility. Typically the public sector provides incentives to buy down the equity requirements to the point where private investment in the project becomes feasible. A wide variety of public sector incentives have been employed on these types of projects including: tax abatements, tax increment financing, tax credits, favorable land leases, assumption of related infrastructure projects such as roads and parking, financing of public space in the building or outright cash grants to the project.

The figure below illustrates the potential combinations of operating and financing strategies.

FIGURE 12-2 POSSIBLE COMBINATIONS OF OPERATIONS AND OWNERSHIP SCENARIOS

		Ownership/Financing		
		Private	Public Private Partnership	Public
Operations	Integrated	Not Feasible	Private ownership of improvements on land leased from public sector. Requires substantial public incentives.	Public tax-exempt debt financing of entire project. Integrated venue operated under a Qualified Management Agreement ("QMA").
	Stand Alone	Private Ownership of hotel only. Convention Center not feasible.	Private ownership and operation of hotel. Public ownership and operation of convention center assets. Separate but coordinated operations.	Public debt financing of both projects. May be separate debt issuances. Separate QMAs for operation of hotel and convention center. Potential "self-operation" of the convention center.

While each of the approach offers its distinct advantages and disadvantages, understanding the circumstances under which each model works best often provides a better guide to the most appropriate model for a proposed development. The optimal approach for Tallahassee should be based on the model that best address the goals and desires of the community and its financial capacity.

Convention Center Financing

In the United States, cities usually finance the construction of convention facilities with public debt, which is repaid over a 20- to 30-year period. Cities justify public investment based on the potential economic impact of a project or because it represents the development of a community asset with broad support that would not be developed without public spending.

Projects that are relatively small or that are financed in municipalities with rapidly growing tax bases are sometimes paid for directly out of appropriated funds. This type of pay-as-you-go financing is not common for large projects, though. In Tallahassee, as in most cities, the difficulty of providing sufficient revenues to pay for the entire project during the construction period effectively eliminates the pay-as-you-go option.

The majority of facilities have funding through the issuance of long-term debt so that the payment of capital costs corresponds to the period over which the facility is used and its economic and the realization of public benefits. Cities typically structure the debt in the form of bonds or other municipal debt instruments. One approach is to repay debt using general fund revenue, backed by the full faith and credit of the issuer. These are general obligation bonds.

Governments, authorities, or public benefit corporations may issue revenue bonds which are repaid from specific tax sources and do not have a general claim on public resources. For convention center projects, cities often use taxes or fees that derive from the activities or businesses that are most likely to use or otherwise benefit from the facility. Hotel room occupancy taxes, sales taxes, car rental fees, parking taxes, prepared meal taxes, airport access fees, and development fees are the revenue sources most commonly used to repay debt service for convention center revenue bonds. In addition, cities frequently use these tax sources to finance ongoing operating and marketing needs of the facility.

The types of bonds used for particular projects depend on the size of the investment, lending rates, the creditworthiness of the borrowing entity, and the availability of revenue sources to repay the debt. The mix of revenue sources selected for particular projects depends on the comparative level of existing taxes or fees, as well as what is considered to be both fair and feasible under the unique political and economic circumstances of each development.

Development Cost Estimates

The first step in this process is to estimate the amount of funds required for the development of the proposed convention center. Based on the recommended program of functional elements presented in Section 7, HVS developed rough estimates of gross square footage and estimated the range of cost per square foot by functional areas. The following figure presents this estimated range of cost of the project.



FIGURE 12-3 ESTIMATED CONVENTION CENTER DEVELOPMENT COSTS

Functional Area	Estimated Program Area (SF)	Estimated Gross Area (SF)	Cost per SF Range			Total Cost Range	
Exhibit Hall	100,000	175,000	250	to	350	\$ 43,750,000	to \$61,250,000
Meeting Rooms	15,000	26,250	250	to	350	6,562,500	to 9,187,500
Back of House	na	60,000	160	to	200	9,600,000	to 12,000,000
Circulation	na	100,000	175	to	225	<u>17,500,000</u>	to <u>22,500,000</u>
						\$77,412,500	\$104,937,500
General Conditions		8.0%				6,193,000	to 8,395,000
Phasing and Temporary Work		2.0%				1,548,250	to 2,098,750
Insurance and Bonds		1.5%				1,161,188	to 1,574,063
Fees		3.0%				2,322,375	to 3,148,125
Estimating Contingency		10.0%				<u>7,741,250</u>	to <u>10,493,750</u>
						\$96,378,563	to \$130,647,188
			Grand Total				

Based on the building program presented in Section 7, HVS estimates that development cost of the proposed convention center would range from approximately \$96 to \$131 million. Infrastructure requirements and other site-specific issues can significantly influence development costs. The next steps in this project should, therefore, include more detailed planning in which an experienced convention center planner lays out the recommended program on the anticipated site of the development and prepares a more detailed estimate of development costs.

The following sections discuss potential strategies that the City and County can take to fund the project costs.

Bond Financing Strategies

In Tallahassee, as in most communities, a high level of commitment and a coordinated community-wide effort that includes city and county governments, and possibly the private sector, would be necessary to fund this project successfully. The proposed renovations to the civic center would require the City to issue some type of long-term bonds to fund its development and construction. The financing mechanisms, therefore, must fund an estimated \$96 to \$131 million in development costs. In addition to project funding requirement, costs of issuance could add as much as two percent to the total funding requirement. For revenue bonds, the need to borrow debt reserve funds could add another five to ten percent to the total issuance. Certain types of revenue bonds that rely on revenue sources that are generated by the project may require borrowing capitalized interest to fund debt service payments during and shortly after the

construction period. Consequently, the amount of debt issued is almost always greater than the amount of development costs.

The primary types of convention and civic center bond financing mechanisms are general obligation bonds and revenue bonds. They are described below.

Gross Receipts Tax (GRT) Improvement Bonds - Long-term bonds that pledge the gross tax receipts of the city. This type of debt would provide a strong credit and relatively low borrowing costs for the project. The use of GRT bonds is typically reserved for projects perceived to benefit the population as a whole, such as educational, environmental, transportation, or correctional facilities. Because convention centers often have a narrower group of users and people who benefit from these projects, GRT bonds are not often recommended as a financing vehicle. In lieu of financing an entire project through GRT bonds, some alternative uses of GRT debt might include: (i) restricting it to a portion of the project costs such as land acquisition, site preparation, and transportation access; (ii) creating a short-term means of paying for some or all construction costs until revenues triggered by the new facility are realized; and/or (iii) providing a guarantee to back-stop a new revenue source that is not initially creditworthy on its own or results in a lower bond rating without the backing of the gross receipts tax.

Revenue Bonds - Various taxes, fees, or other dedicated revenues could secure revenue bonds for the new convention center. Most of the recent convention center projects throughout the U.S. have used this financing structure, which can be tailored to fit the specific requirements of the involved state and local governments.

Municipal governments can pledge revenue from existing or projected taxes and fees to support the repayment of debt on convention center projects. Bonds that are backed by such sources are called “revenue” bonds because the revenue from these taxes and fees provide the ability to pay back debt. The interest rates paid on revenue bonds would vary depending on the reliability of the chosen revenue source. Interest rates will also vary from one municipality to another depending on their credit ratings.

Revenue Source for Financing Debt

If a city uses revenue bonds to finance a convention center project, the city must decide which revenue source or sources are appropriate and feasible for paying off the bonds. The following points summarize the characteristics of various taxing tools available for the proposed convention center project in Tallahassee.

Hotel Tax – Hotel taxes have the major advantage of primarily taxing out-of-town visitors rather than local residents. Convention centers in Orlando, Los Angeles, New Orleans, Atlanta, Charlotte, Houston, Indianapolis, Miami, Philadelphia, St.

Louis, and San Francisco have their debt service paid totally or in part by dedicated hotel tax revenues. Leon County's 5 percent Tourist Development Tax on transient accommodations is about average when comparing hotel tax rates in cities throughout the country. Similarly, when combined with the retail sales tax rate of 7.5 percent, the total tax on hotel accommodations is 12.5 percent which also tracks with national averages.

Gross Receipts Taxes - Sales taxes provide strong credit structures because they are relatively predictable and tend to track inflation and economic growth. A general sales tax increase or expansion of the base could provide a strong incremental revenue stream. However, these taxes are often difficult to implement because they primarily tax local residents and require a referendum and/or state legislative approval. Sales taxes can generate large amounts of revenue, but also burden the local economy. In some cases, municipalities have used a general sales tax increase over a fixed period of time to finance major capital projects such as stadiums and convention centers. This quick-pay method enables municipalities to generate the necessary revenue over a short period of time, but a general sales tax is a blunt taxing instrument that does not always provide a good match between who bears the burden of the tax and who benefits from it.

Prepared Meals Tax - Taxes on prepared meals (i.e. restaurants) have been used in several cities, particularly, to support the costs of convention and sporting facilities. Like hotel taxes, they are directed toward beneficiaries of the project and to some extent, non-residents. A subset of an overall sales tax, meals taxes can also generate substantial revenue. In some cases it can be difficult to define the appropriate geographic boundaries within which such a tax should be applied.

Development Fees / Land Lease Income - Fees for the right to develop projects near the proposed convention center or elsewhere in the downtown area could conceivably be used to assist in funding the facility. These so-called linkage fees have been imposed in other cities where available land adjacent to a convention center is at a premium. Development fees or land lease income from hotels, parking decks, retail stores, and other uses that can benefit from being adjacent to a convention center are sometimes used to help fund project costs.

Tax Increment Financing - Tax increment financing ("TIFs") is a tool that allows a certain portion of the incremental increase in tax revenues from a project to be used for developments that will benefit that project. Projections are based on the incremental property tax value of the ancillary economic development projects that are triggered by a major new facility. The tax base of a defined area (the TIF District) surrounding the project is frozen and any increases in the future tax base are used to repay TIF bonds. Depending on the size and scope of the TIF District, this concept may be useful as a means of offsetting a portion of the future debt

Convention Center Headquarters Hotel Financing

service on convention center bonds or providing an additional back-stop for another primary revenue source. TIF strategies can also be used to support ancillary hotel developments in some communities. However, assuming the proposed convention center would be a publicly owned entity, and as such is not subject to property taxes, TIF financing is not an option for this project.

Lease Financing – Lease financing, or certificate of participation financing, could be backed by any of the revenue sources discussed above.

Other Sources – Other sources of partial funding include private equity, developer equity, car rental taxes, taxi airport access fees, and parking taxes.

Convention center headquarters hotels stimulate local economic activity by supporting a convention center, attracting new visitors to the local community, and by providing conference facilities for use by area corporations. In an increasingly competitive meetings market, communities that offer high-quality facilities have an edge in attracting corporate development and events. Recognizing the barriers to private development, many communities are pursuing development of quality, full-service hotel conference centers to enhance their attractiveness for corporate development and their position in the market for events and provide their communities with a suitable event space for civic and other local events. These facilities serve many of the same roles as stand-alone convention centers, but also offer connected hotel rooms to help attract events to a convention center that draw attendees from out of town.

Conventional financing for convention center hotels presents great challenges, with only a handful of institutional lenders financing hotels in the current economic environment. Because of the high cost of conventional financing and the high construction cost of quality, full-service properties, very few proposals generate the forecasted cash flow necessary to attract sufficient private financing. Thus, many communities are turning to public financing of convention center hotels. The difference between the level of conventional financing that the projected revenues would support and the actual development costs is often referred to as the funding gap.

Public sector incentives and funding support for a convention center hotels can come from a variety of sources: contributions of land, infrastructure, and parking facilities; direct subsidy payments; or contingent pledges of financial support. In particular, tax-exempt bond financing can significantly change the financial calculus of a project's feasibility. Tax-exempt bond financing and other public support dramatically reduce interest rates and substantially reduce equity requirements.

The Ownership Entity

In recent years several public entities have used tax-exempt bonds to finance new hotels. For many proposals, tax-exempt bonds can provide the majority of the overall financing needs.

To use tax-exempt financing, the facility owner generally must be a public sector entity. In some cases, privately owned projects located in a federal empowerment zone, or in this case an area eligible to use Liberty Zone Bonds, can use tax-exempt financing. Often, the public sector owner is either a newly created public-benefit corporation or a subset of an existing tourism or facilities department. State law typically determines the appropriate structure of the ownership entity, whether a public-benefit corporation, a not-for-profit corporation, or an entity within a department of city government. Where a newly formed public benefit corporation is appropriate, it is typically a single-purpose entity created to develop, finance and own the hotel. The purpose of a public benefit corporation is to isolate the hotel operations from a public entity's other assets and revenues. Creating a new entity clearly delineates a city's responsibility and limits its obligations, responsibilities and liabilities.

Important Credit Features

Several factors influence investor decisions of whether to purchase the bonds for a hotel project. These factors include:

- Rationale for the project,
- Reliability and credibility of projections,
- Construction risk,
- Evaluation of uncertain revenue streams,
- Hotel operator and performance incentives, and
- The Development team.

Reviewing these factors will provide a better understanding of the public support needed to successfully finance hotel conference center developments. The bond financing must be tailored to shield bond investors from various risks inherent in a single project financing.

Rationale for the Project - A vital factor that Bond investors evaluate is the rationale for public investment and support of the hotel. Investors evaluate this factor by applying the concept of "essential public purpose"—meaning that, in times of fiscal strain, public bodies are most likely to reserve adequate funding for essential public purposes (law enforcement, fire protection, water and sewer plant

operation) and are most likely to reduce spending by cutting non-essential purposes (tourism advertising, cultural programming, operation of sports arenas). Because the health and safety of a citizenry are not endangered if the hotel defaults on its bonds, such a facility is considered a non-essential purpose. Therefore, a public entity must present investors with evidence of a considered strategy that justifies a potentially significant public contribution to support the long-term effectiveness of the facility. This evidence could include data that demonstrates that the travel and tourism industry are important components of the area's economic growth plan, as they clearly are in Tallahassee.

Reliability and Credibility of Projections - Bond investors carefully evaluate the feasibility study for a convention center hotel facility. Most credit analysts scrutinize feasibility reports carefully. Investors use the feasibility study to assess demand for the project and must be convinced that the demand described in the feasibility study actually will develop in the market. Investors ultimately must view positively:

- The economic profile of the greater metropolitan market,
- The expected future growth in the demand for event space,
- The potential demand for the hotel, and
- The projected average daily room rate and occupancy levels for the proposed hotel.

Construction Risk - Tax-exempt bond investors are familiar with the analytical techniques to evaluate construction risks. These investors are accustomed to analysis of construction contracts and construction performance and completion guarantees. Taxable financings often are paired with significant equity investments and the equity investor, rather than the debt provider, pays for construction cost overruns. However, publicly owned financings do not have a large equity investor, so there is a correspondingly greater priority in containing construction risks. Essential elements of success for publicly owned financings are:

- The choice of a qualified general contractor,
- Documentation of the construction contract, and
- Guarantee provisions.

The general contractor must provide a guaranteed maximum-price contract, agree to complete construction by a certain date, and pay liquidated damages equal, at a

minimum, to debt service on the bonds for any delay beyond the guaranteed completion date. The general contractor must demonstrate its financial strength to fulfill its obligations under the contract or must provide for third-party support of those obligations in the form of guarantees or bonds. The public sector ownership entity assumes any construction risks the general contractor or developer does not insure.

Evaluation of Uncertain Revenue Streams - Bond investors are generally cautious with respect to any “to-be-built” project with no operating history. In contrast, a typical debt offering is secured by an operating property with a known revenue stream. In addition to the critical construction risks, investors in convention center hotel bond financings must consider:

- That the bonds are paid from revenues drawn from a limited geographic area and a narrow range of economic activity,
- Sensitivity to economic and competitive conditions,
- Inherent uncertainty of revenue projections, and
- Limited ability to raise revenues if usage is lower than expected.

These features of a convention center hotel project limit how much projected revenues can be leveraged. Thus, investors will (a) impose high coverage levels, (b) require strong legal protections, and (c) discount future growth of revenues.

If the feasibility process indicates that public financing is necessary to implement the project, the participating public entity must determine appropriate and adequate sources of public financing.

Next Steps

The development of a comprehensive financing plan for both the proposed convention center and convention center hotel will require additional tasks, including:

- A thorough review of the potential funding sources,
- An overall assessment of the ability of the identified funding sources to provide sufficient revenues to finance the project’s overall development costs,
- Concept planning by an experienced convention center planner,
- Evaluation of the funding gap for the headquarter hotel,

- Securing a specific set of development incentives for the project,
- An analysis of potential risk factors,
- Identifying and securing participating public sector project participants, and
- Requesting and evaluating proposals from private developers.

The preceding tasks would enable Tallahassee to advance the project from the feasibility stage to the point of debt issuance and the commencement of project construction.

The annual financing cost is highly dependent upon the specific structure of the financing plan and additional analysis is required to develop a more detailed plan for this particular project. The financing plan for the hotel will seek to maximize owner equity in the project through the use of tax-exempt debt, minimizing any potential public sector incentives and/or equity contribution.

CASE STUDIES – CONVENTION CENTERS

A brief overview of financing methods and strategies used in other cities around the country can be useful to demonstrate a range of options that have been applied in different situations. HVS identified a number of recent projects to use as examples. The following brief case studies illustrate financing methods that have been used in other communities and that represent various strategies to obtain the financing necessary for their respective facilities.

GREATER RICHMOND CONVENTION CENTER, RICHMOND, VA



The Greater Richmond Convention Center Authority (“Authority”), a political subdivision of the Commonwealth of Virginia, was created on January 9, 1998 pursuant to the Public Recreational Facilities Authority Act, Chapter 56 of Title 15.2, Code of Virginia. The political subdivisions participating in the incorporation of the Authority are the City of Richmond and the Counties of Chesterfield, Hanover, and Henrico. These municipalities recognized that convention centers function as regional facilities and that a regional authority would enable the relevant communities to jointly operate and finance the facility. A five-member commission comprised of the chief administrative officer of each of the four incorporating subdivisions and the President and CEO of the Retail Merchants Association of Greater Richmond governs the Authority.

The City of Richmond would not have been capable of financing the expansion of the convention center on its own without creating a high level of fiscal distress. An initial \$10-million equity contribution from the State allowed project planning, land acquisition, and design work to proceed. In order to reflect its relative share of the benefit of the convention center, the City of Richmond agreed to pay for approximately half of the local cost of the convention center. However, its current share of available lodging-tax revenue is not sufficient to cover half of the annual

debt service and operating deficit. An inter-local agreement allows the City of Richmond to effectively borrow a portion of its share from the other localities until the city's lodging-tax revenue grows to a level that is sufficient to cover half of the cost and repay the other municipalities.

The Authority in the Richmond area was created to acquire, finance, expand, renovate, construct, lease, operate, and maintain the facility and grounds of a visitors and convention center or centers including the facility and grounds currently known as the Greater Richmond Convention Center. The purposes of the Authority are to facilitate the expansion of the convention center and to construct access, streetscape, or other on-site and off-site improvements, and to operate and maintain the venue. Each participating municipality pledged its gross revenues from the assigned lodging taxes to pay the Authority's debt and operating deficits. Any funds remaining after such debt service requirements and operating deficits are paid may be returned to the localities at the discretion of the Authority.

The surrounding counties agreed to this financing approach for several reasons, as listed below:

- The regional benefits of a vibrant downtown core and the important role that an expanded convention facility would play in strengthening that core,
- The benefits of having a large events venue capable of hosting national and regional consumer and cultural events and other civic functions,
- The economic benefits they will receive in increased hotel, restaurant, recreational, and other visitor spending that will occur within their communities, and
- The increased national and regional exposure that the expanded facility will generate through the incremental increase in out-of-area visitors to the region.

The formation of the Authority and the inter-local agreement required a great deal of intergovernmental cooperation over a period of approximately ten years. The Authority has begun to implement the expansion and is currently finalizing the financing.

FRONTIER AIRLINES CENTER, MILWAUKEE, WI



The County and City of Milwaukee (separate but overlapping jurisdictions) are also using a district approach to finance a new downtown convention center. The Wisconsin Center District (the “District”) is a “local exposition district,” composed of Milwaukee County and the City of Milwaukee, with limited taxing powers created under the 1993, Wisconsin Act 263.

The District Board is composed of appointees from the state, city, and county governments. The District was established to assume ownership of then-existing convention facilities and to construct and expand such facilities. In January 1996, the District issued \$184 million of dedicated tax revenue bonds to finance the development of the Frontier Airlines Center (formerly known as the Midwest Express Center), the first phase of which was completed in July 1998. In order to maximize financing capacity and reduce borrowing costs, the District issued senior and subordinated debt. Certain tax revenues remaining after the payment of debt service requirements are used to fund the operation of District assets and the marketing efforts of the convention and visitors bureau. In order to enhance credit of the issuance, the State of Wisconsin provided its moral obligation to back the debt issuance.

Phase one included a 127,000-square foot exhibition hall, a 38,000-square foot ballroom, as many as 32 meeting rooms, and associated pre-function and service areas. Phase two, which was completed in December 1999, involved the demolition of the former convention facility and expanded the exhibition hall to approximately 188,000 square feet.

The District generates its tax revenues from a hotel occupancy tax, a local food and beverage tax, and a local car rental tax. The District also generates net operating income or a net operating deficit from operations of its facilities, which include the Frontier Airlines Center, the Milwaukee Arena, and the Auditorium. Central oversight of these various public assembly facilities enables the District to prioritize its capital financing needs on a District-wide basis and address its most pressing needs.

GEORGIA INTERNATIONAL CONVENTION CENTER, ATLANTA, GA



The GICC was constructed in two phases, both of which were bond-financed. The College Park Business and Development Authority issued \$16 million in tax-exempt bonds in 1985 to finance the initial construction of the facility. In 1990, the Authority issued an additional \$28.5 million to finance expansion of the facility. The 1990 issue was split into a taxable and a tax-exempt series. The taxable proceeds from this debt issuance were used to finance a portion of the facility shared by the GICC and its adjoining hotel.

The GICC bonds are repaid from three different sources. First, net revenues of GICC operations are pledged to repay bonds. However, the GICC generally breaks even or experiences an operating deficit and has required tax support to cover its shortfalls. Second, a hotel tax and an excise tax on mixed-drink sales in the City of College Park are pledged to pay the debt service. These taxes generate approximately \$4.5 million annually. Third, a special taxing district for the area

that surrounds the GICC helps fund the facility. A separate tax is levied on all real and personal property within the district at a rate of 0.75 cents per \$100 of assessed valuation. The special district levy generated approximately \$900,000 in 1995.

ORANGE COUNTY CONVENTION CENTER, ORLANDO, FL



Aside from a land grant by the Lockheed-Martin Corporation, the OCCC was financed entirely from public sources. Subject to voter approval, Florida counties have statutory authority to levy a tourist development tax of up to four percent on hotel and accommodation charges. Orange County voters originally approved a two-percent tax, and in 1989 approved an increase to the current rate of four percent.

The OCCC was constructed in four phases. All four phases were financed primarily with bonds, although the County made small equity contributions from excess tourist development taxes. In 1994, the County issued \$165 million in revenue bonds and contributed \$70 million in commercial paper proceeds to finance portions of the Phase III and IV expansions. The commercial paper debt is subordinate to the tourist development revenue bonds and will be paid from future excess tourist development tax collections. The expansion planned in 1999

was projected to cost \$145 million to be funded by an additional \$86 million in tourist development tax revenue bonds and County commercial paper issuance.

The revenue bonds are payable from three sources: net revenues of the convention center, tourist development tax revenues, and a portion of the City of Orlando's sales tax revenues (up to \$5.25 million per year). The County's tourist development tax collections support debt service and operations of the OCCC. In 1995, tourism development taxes generated over \$51 million in revenue. The City of Orlando initially pledged a portion of its sales tax revenues to increase debt service coverage and expected to be released from this pledge by 1997, upon the achievement of certain coverage targets.

All revenue bond issues related to the OCCC have received an "A" rating or have been insured based on the strength of tax collections and Orange County's substantial tourism base. After the most recent bond issue in 1994, the coverage ratio of annual tax revenues to annual debt service (based on historical tax revenues) declined to 1.24 from 1.70. Despite the smaller coverage ratio, Moody's Investors Service affirmed an "A" rating because of the strong history of tax collections, the tourism base, and the ability of the County to make equity contributions to Phases IV and V from accrued excess tax revenues. These excess revenues have been transferred to the OCCC's renewal and replacement fund and will be used to make equity contributions to future expansions and capital improvements.

MCCORMICK PLACE, CHICAGO, IL



McCormick Place is owned and operated by the Metropolitan Pier and Exposition Authority. The governor of Illinois and the mayor of Chicago appoint the Authority's board members. The governor, with approval of the mayor, selects the Board Chair.

The 1985 expansion of McCormick Place, which required \$312 million in funding, was financed by two sources: 1) the State increased the sales tax on soft drinks and issued \$60 million in bonds backed by the State sales tax, and 2) State tax revenue bonds supported by a dedicated state hotel tax, which provided \$252 million.

The recently completed McCormick Place expansion required \$987 million in funding that included several infrastructure improvements. The city's and the state's share of infrastructure costs totaled approximately \$187 million. State general obligation bonds were issued and provided the underlying credit for the bonds. However, repayment of the bonds was supported by a mix of local taxes levied by the Authority, including a hotel tax, a restaurant tax levied on a special district within Chicago, an airport access fee, and a car rental tax.

COX CONVENTION CENTER, OKLAHOMA CITY, OK



The citizens of Oklahoma City voted to approve and extend a one-cent sales tax to support a collection of public recreation, entertainment, educational and cultural facilities known as Oklahoma City's Metropolitan Area Projects (MAPS). A five and one-half year, one-cent sales tax will fund the \$346-million MAPS initiative. The City upgraded and expanded its Cox Convention Center (formerly known as Myriad Convention Center) with a new 25,000-square foot ballroom, 21 new meeting rooms, new registration and pre-function areas, and a renovated exhibit hall. The City also constructed a new, 20,000-seat, downtown arena directly across the street from the Cox Convention Center.

The MAPS program also includes a new downtown minor league baseball stadium, a renovated Civic Center Music Hall, a canal in the Bricktown redevelopment area, a seven-mile development of the North Canadian River including three dams, State Fairgrounds improvements, a new downtown Library Learning Center, and a rubber-tired trolley transit system. The stadium, Bricktown Canal, Myriad, State Fairgrounds, and trolley projects are complete. The arena, music hall, and riverfront development projects are currently under construction, with the Library Learning Center scheduled to begin construction this year. The MAPS program has generated additional private investment in downtown Oklahoma City, including the recently completed Renaissance Hotel, with 311 rooms, adjacent to the Myriad. Additional planned projects include a performing arts theater, a restaurant, and a retail complex to be located one block east of the Myriad in Oklahoma City's historic Bricktown entertainment and restaurant district.

**Case Studies –
Convention Center
Hotels**

A brief overview of financing methods and strategies used in other cities around the country can be useful to demonstrate a range of options that have been applied in different situations. HVS identified a number of recent projects to use as examples. The following brief case studies illustrate financing methods that have been used in other communities and that represent various strategies to obtain the financing necessary for their respective facilities.

HOUSTON CONVENTION CENTER HOTEL – HOUSTON, TX



The Houston Convention Center Hotel is a 1,200 room, full service property managed by Hilton Hotels Corporation. The hotel opened in 2003 and connects to the George R. Brown Convention Center via a skywalk. The property has a total of 91,500 square feet of meeting and ballroom space, a 1,600 space parking garage, a full-service restaurant, and piano bar.

The detail of the capital structure presented below includes funds used for the expansion of the convention center.

- \$326.0 million in “AAA” insured HOT and Special Revenue Bonds, Series 2001B (fixed)
- \$150.0 million in “AAA” insured HOT and Special Revenue Adjustable Rate Bonds, Series 2001C (variable)

AUSTIN CONVENTION CENTER HOTEL – AUSTIN, TX



The Austin Convention Center Hotel is an 800-room full service hotel managed by Hilton Hotel Corporation. The property opened in January 2004 and houses 60,000 square feet of meeting and ballroom space, a 600-space underground parking garage, two full service restaurants, and a lobby bar.

The original capital structure, established in 2001 includes the following:

- \$109.665 million in “Baa3/BBB-” rated senior lien bonds
- \$134.95 million in subordinate lien bonds insured “AA” by ZC Specialty Insurance
- \$20.5 million in third-tier subordinate manager and developer bonds
- City Contribution - \$15.0 million cash

DENVER CONVENTION CENTER HOTEL – DENVER, CO



The Denver Convention Center Hotel is a 1,100-room, full service, first class hotel managed by the Hyatt Hotel Corporation. The property opened in December 2005 and is adjacent to the Colorado Convention Center. The hotel contains a total of 60,000 square feet of meeting and ballroom space, a 600 space parking garage below the hotel, a 300-seat full service restaurant, and a lobby lounge.

The Capital structure includes the following:

- \$354.8 million in “AAA” insured senior lien current interest bonds issued at a TIC of 4.61%
- \$10.0 million Letter of Credit from the hotel operator
- City Contribution - The City’s contingent appropriation pledge was equal to 45% of debt service on the bonds

BALTIMORE CONVENTION CENTER HOTEL – BALTIMORE, MD



The Baltimore Convention Center Hotel is a 756-room full service hotel managed by the Hilton Hotel Corporation. The hotel opened in August 2008 and connects to the convention center via an enclosed pedestrian bridge. The property contains a total of 62,000 square feet of meeting and ballroom space, street level retail, and outdoor parking.

The capital structure includes the following:

- \$247.5 million Senior Lien Revenue Bonds insured by XL Capital Assurance and further secured by a \$25 million letter of credit provided by the Hotel Operator.
- \$53.44 million Subordinate Revenue Bonds.
- City Contribution - An annual pledge (subject to appropriation) of the Hotel's property taxes (TIF payment), the prior year's site specific HOT, and a debt service guarantee from city-wide HOT (up to \$7 million annually).

PHOENIX CONVENTION CENTER HOTEL – PHOENIX, AZ



The Phoenix Convention Center Hotel is a 1,000-room property managed by Starwood as a Sheraton. The hotel opened in October 2008 and is one block from the Phoenix Convention Center. The property houses a total of 81,000 square feet of meeting space, a 500-space parking garage, full service restaurant, and lounge.

Capital structure includes the following:

- \$156.7 million Senior Lien Revenue Bonds
- \$164.4 million Subordinate Revenue Bonds
- \$25.0 million Taxable Revenue Bonds
- City Contribution - A pledge of city-wide taxes to fund Subordinate and Taxable bond debt service shortfalls

SAN ANTONIO CONVENTION CENTER HOTEL – SAN ANTONIO, TX



The San Antonio Convention Center Hotel is a 1,000-room, full service hotel managed by Hyatt Hotel Corporation. The hotel opened in 2008 and is immediately adjacent to the Henry B. Gonzales Convention Center. The property houses a total of 81,000 square feet of meeting and ballroom space, a full service restaurant, and lounge.

The hotel is privately owned. Capital structure includes the following:

- \$77.3 million in equity
- \$129.9 million of tax-exempt empowerment zone bonds
- \$78.3 million in taxable bonds
- Municipal Contribution
 - 10 years of State tax abatements
 - Subordinate pledge of city-wide hotel occupancy taxes on a contingent basis to fund debt service shortfalls on the tax-exempt and taxable bonds

DALLAS CONVENTION CENTER HOTEL – DALLAS, TX



The Dallas Convention Center Hotel is a 1,016-room full service hotel managed by Omni. The hotel's projected opening date in January 2012, and the property will be immediately adjacent to the Dallas Convention Center. The hotel houses a total of 80,000 square feet of meeting and ballroom space, a 720-car parking structure, full service restaurant, and lounge.

The capital structure of this publicly-owned facility includes the following:

- \$74.4 million in tax-exempt hotel revenue bonds
- \$388.1 million of taxable hotel revenue "Build America Bonds"
- \$17.2 million in taxable bonds
- Other Public Contribution
 - 10 years of State tax abatements
 - City backstop (subject to appropriation) for 100% of the total debt service

WASHINGTON DC CONVENTION CENTER HOTEL – WASHINGTON DC



The Washington DC Convention Center Hotel is a 1,167-room full service hotel managed by Marriott as a Marriott Marquis. The anticipated opening of the hotel is in 2013. The property will house a total of 100,000 square feet of meeting and ballroom space and a 400-car parking structure.

The capital structure of this public-private partnership includes the following:

- Private Portion
 - \$256 million in senior debt
 - \$75 million of investor equity
- Public Contribution
 - Purchase of land (execute 99 year ground lease with development team) - \$100 million (Est.)
 - District Tax Increment Financing
 - \$74 million Tax-Exempt Recovery Zone Fac. Bonds
 - \$70 million taxable recovery zone economic development bonds
 - \$17 million taxable “Build America Bonds”
 - \$47 million contribution from WCCA

13. Statement of Assumptions and Limiting Conditions

1. This report is to be used in whole and not in part.
2. All information, financial operating statements, estimates, and opinions obtained from parties not employed by HVS are assumed to be true and correct. We can assume no liability resulting from misinformation.
3. Unless noted, we assume that there are no encroachments, zoning violations, or building violations encumbering the subject property.
4. The property is assumed to be in full compliance with all applicable federal, state, local, and private codes, laws, consents, licenses, and regulations (including a liquor license where appropriate), and that all licenses, permits, certificates, franchises, and so forth can be freely renewed or transferred to a purchaser.
5. We are not required to give testimony or attendance in court by reason of this analysis without previous arrangements, and only when our standard per-diem fees and travel costs are paid prior to the appearance.
6. If the reader is making a fiduciary or individual investment decision and has any questions concerning the material presented in this report, it is recommended that the reader contact us.
7. We take no responsibility for any events or circumstances that take place subsequent to the date of our report.
8. The quality of a convention and lodging facility's on-site management has a direct effect on a property's economic performance. The demand and financial forecasts presented in this analysis assume responsible ownership and competent management. Any departure from this assumption may have a significant impact on the projected operating results and the value estimate.
9. The impact analysis presented in this report is based upon assumptions, estimates, and evaluations of the market conditions in the local and national economy, which may be subject to sharp rises and declines. Over the projection period considered in our analysis, wages and other operating expenses may increase or decrease due to market volatility and economic forces outside the control of the convention center and hotel's management.

10. We do not warrant that our estimates will be attained, but they have been developed on the basis of information obtained during the course of our market research and are intended to reflect reasonable expectations.
11. Many of the figures presented in this report were generated using sophisticated computer models that make calculations based on numbers carried out to three or more decimal places. In the interest of simplicity, most numbers have been rounded. Thus, these figures may be subject to small rounding errors.
12. It is agreed that our liability to the client is limited to the amount of the fee paid as liquidated damages. Our responsibility is limited to the client, and use of this report by third parties shall be solely at the risk of the client and/or third parties. The use of this report is also subject to the terms and conditions set forth in our engagement letter with the client.
13. Although this analysis employs various mathematical calculations, the final estimates are subjective and may be influenced by our experience and other factors not specifically set forth in this report.
14. This report was prepared by HVS Convention, Sports & Entertainment Facilities Consulting and HVS Consulting & Valuation, divisions of HVS Global Hospitality Services. All opinions, recommendations, and conclusions expressed during the course of this assignment are rendered by the staff of these two organizations, as employees, rather than as individuals.
15. This report is set forth as a market and feasibility study of the proposed subject project; this is not an appraisal report.

14. Certification

The undersigned hereby certify that, to the best of our knowledge and belief:

1. the statements of fact presented in this report are true and correct;
2. the reported analyses, opinions, and conclusions are limited only by the reported assumptions and limiting conditions, and are our personal, impartial, and unbiased professional analyses, opinions, and conclusions;
3. we have no (or the specified) present or prospective interest in the property that is the subject of this report and no (or the specified) personal interest with respect to the parties involved;
4. we have no bias with respect to the property that is the subject of this report or to the parties involved with this assignment;
5. our engagement in this assignment was not contingent upon developing or reporting predetermined results;
6. our compensation for completing this assignment is not contingent upon the developing or reporting predetermined results that favors the cause of the client;
7. Thomas Hazinski and John Lancet personally inspected the site and market described in this report; Catherine Sarrett and Christina Vetter participated in the analysis, but did not personally inspect the site;
8. the reported analyses, opinions, and conclusions were developed, and this report has been prepared, in conformity with the requirements of the Code of Professional Ethics and the Standards of Professional Appraisal Practice of the Appraisal Institute; and
9. the use of this report is subject to the requirements of the Appraisal Institute relating to review by its duly authorized representatives.

DRAFT DOCUMENT

Thomas A Hazinski
Managing Director
HVS Convention, Sports & Entertainment Facilities Consulting

DRAFT DOCUMENT

Catherine Sarrett
Project Manager
HVS Convention, Sports & Entertainment Facilities Consulting

DRAFT DOCUMENT

John Lancet
Associate Managing Director
HVS Consulting & Valuation, Miami

Appendix A - Comparable Venues

Competitive State Venues

Competitive State Venues include convention and conference facilities in Florida that offer exhibit, ballroom and meeting space and would compete directly with the Proposed Convention Center for state, regional and national business. Orlando CC is not included. The following descriptions provide information on facility programming, ownership, management, and other amenities of the Competitive State Venues.

BROWARD COUNTY CONVENTION CENTER

The Broward County Convention Center ("BRCCC") is located in Fort Lauderdale, Florida. The facility recently underwent a \$34 million, 230,000 square foot expansion and renovation. The facility currently houses 200,000 square feet of exhibition space, a 52,000 square foot ballroom, and 46,000 square feet of meeting space. Broward County is the owner of the BRCCC which is managed by SMG. A parking garage is connected to the BRCCC via two covered walkways. The development of an adjacent headquarter hotel is currently in the planning stages.





BROWARD COUNTY CONVENTION CENTER FLOOR PLANS

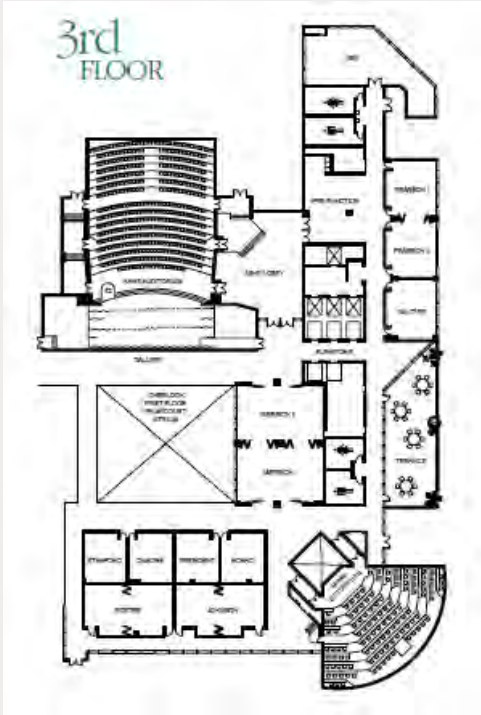


JAMES L. KNIGHT CENTER

The James L. Knight Convention Center (“JLKCC”) is located in downtown Miami, Florida. The facility has 28,000 square feet of exhibition space and is connected to both the 615-room Hyatt Regency which has an additional 23,000 square feet of meeting space and the University of Miami’s Department of Conference Services & Professional Development. Owned by the City of Miami and managed by Global Spectrum, the center is comprised of the James L. Knight Center, the Miami Convention Center, the Hyatt Regency Miami hotel and the University of Miami Conference Center. Adjacent to the Center is parking for 1,450 cars. The Center has 34 designated meeting rooms, a 444-seat auditorium, a 117-seat lecture hall, a 4,600-seat theater and can accommodate many other configurations with moveable walls.



JAMES L. KNIGHT CENTER FLOOR PLANS



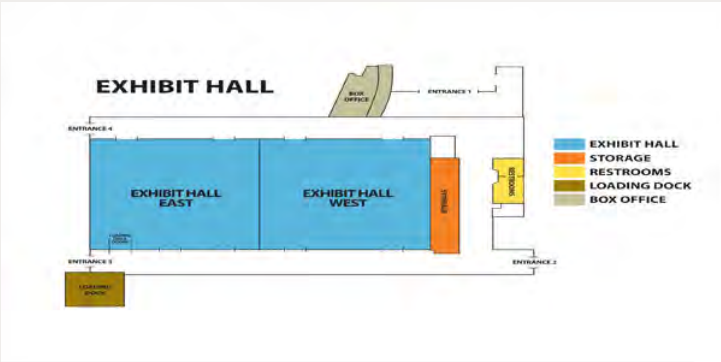
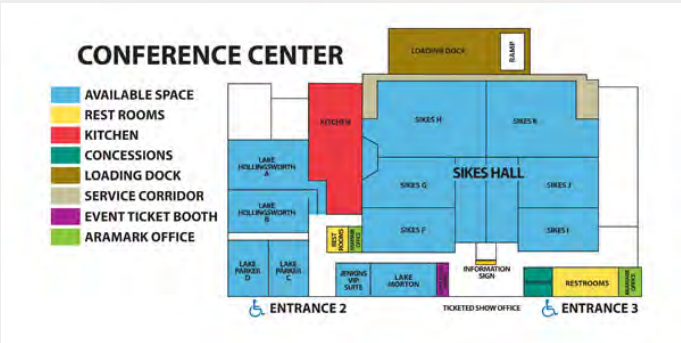


LAKELAND CENTER

The Lakeland Center (“LC”) is located in Lakeland, Florida. The facility opened in 1974 as the Lakeland Civic Center, an 8,200-seat multi-purpose arena. In addition to the arena, the complex currently houses 28,000 square feet of exhibition space, a 5,000 square foot ballroom, 31,000 square feet of meeting space, and a 2,300-seat performing arts theater. The City of Lakeland is the owner and manager of the LC. The 127-room Hyatt Place hotel is located adjacent to the LC.



LAKELAND CENTER FLOOR PLANS



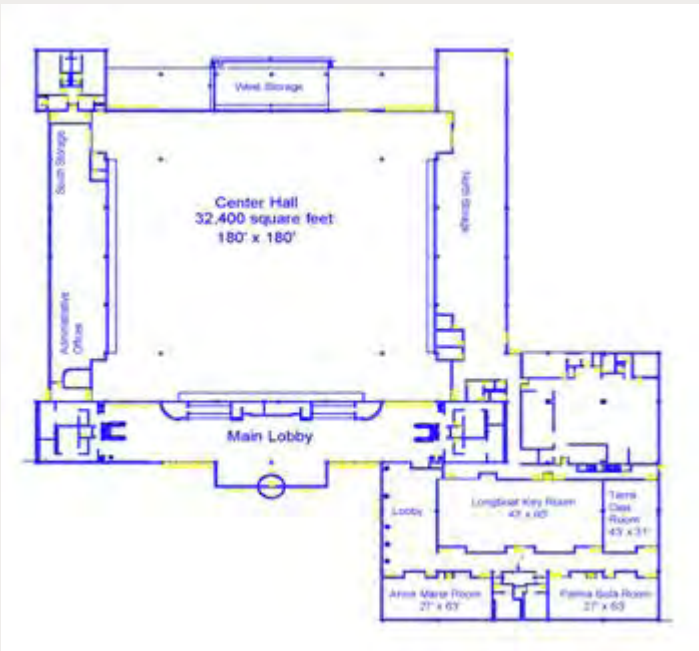
MANATEE CIVIC AND CONVENTION CENTER

The Manatee Civic and Convention Center (“MANCC”) opened in Palmetto, Florida in 1985. The facility has a total function space of 47,400 square feet. The MANCC includes a flexible exhibit hall



with 32,400 square feet that can be divided into two event areas with 16,200 square feet each. The facility also houses a conference center with seven carpeted meeting rooms offering a total of 15,000 square feet. A self-service business center is located near this block of meeting rooms. The facility has successfully attracted a significant amount of sports and entertainment event demand. Management is also trying to increase the number of conventions and conferences that come to the facility

MANATEE CIVIC AND CONVENTION CENTER FLOOR PLANS

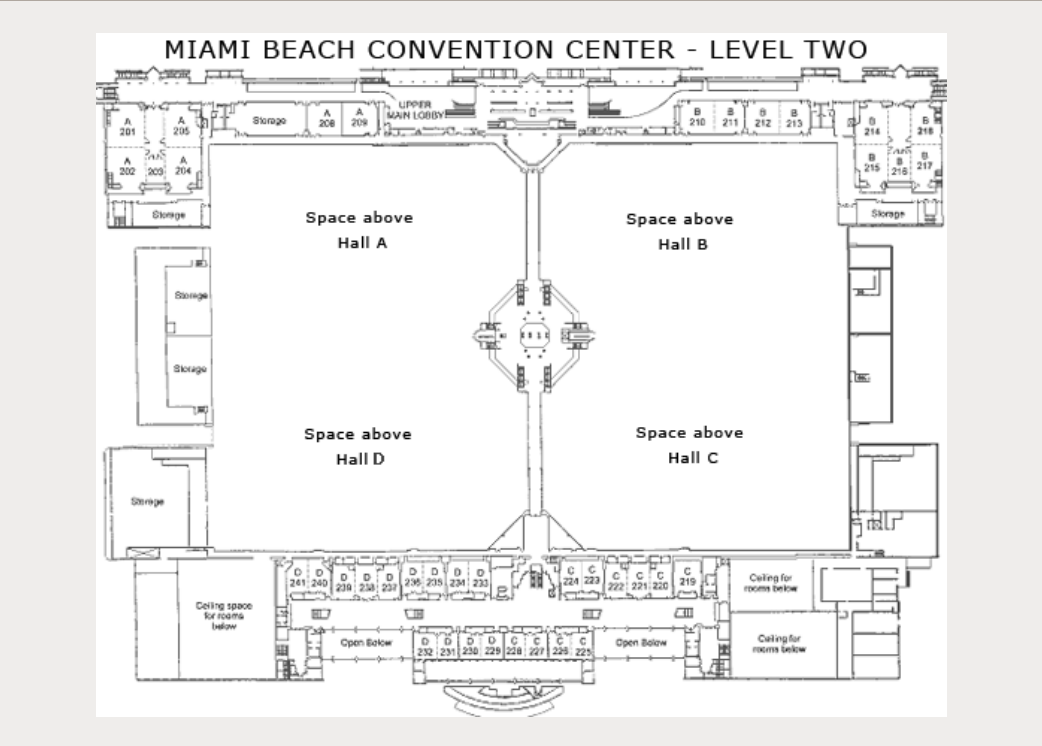


MIAMI BEACH CONVENTION CENTER

The Miami Beach Convention Center ("MBCC") opened in 1957 and underwent a \$92 million renovation in 1989, doubling the facility size to 647,848 square feet. MBCC spans four city blocks in the heart of Miami Beach, Florida, is a fifteen minute drive away from the airport, and a few blocks away from many beaches. Additionally, it is within walking distance of over 2,000 hotel rooms. Managed by Global Spectrum, MBCC offers 502,848 square feet of contiguous exhibit space divisible into 31 rooms and halls and 72 column-free meeting rooms over 145,000 square feet. Adjacent to the MBCC, the 2700-seat Jackie Gleason Theater has been fully renovated.



MIAMI BEACH CONVENTION CENTER FLOOR PLANS

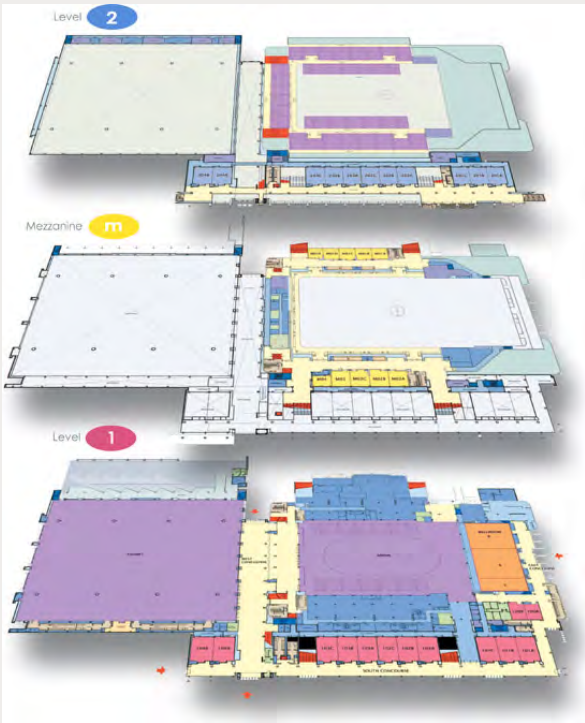


OCEAN CENTER

The Ocean Center (“OC”) is located in Daytona Beach, Florida. The facility, which originally opened in 1985, underwent a major expansion and renovation in 2009. In its current configuration, the facility has 168,000 square feet of exhibition space, an 11,700 square foot ballroom, and 32,000 square feet of meeting space. The complex also houses a 9,600-seat arena with an additional 42,000 square feet of flat floor exhibition space. Volusia County is the owner and manager of the complex. An 8,300-space parking garage is located across from the OC, and there is an additional 670 spaces of surface parking. The development of an adjacent headquarter hotel is currently in the planning stages.



OCEAN CENTER FLOOR PLANS

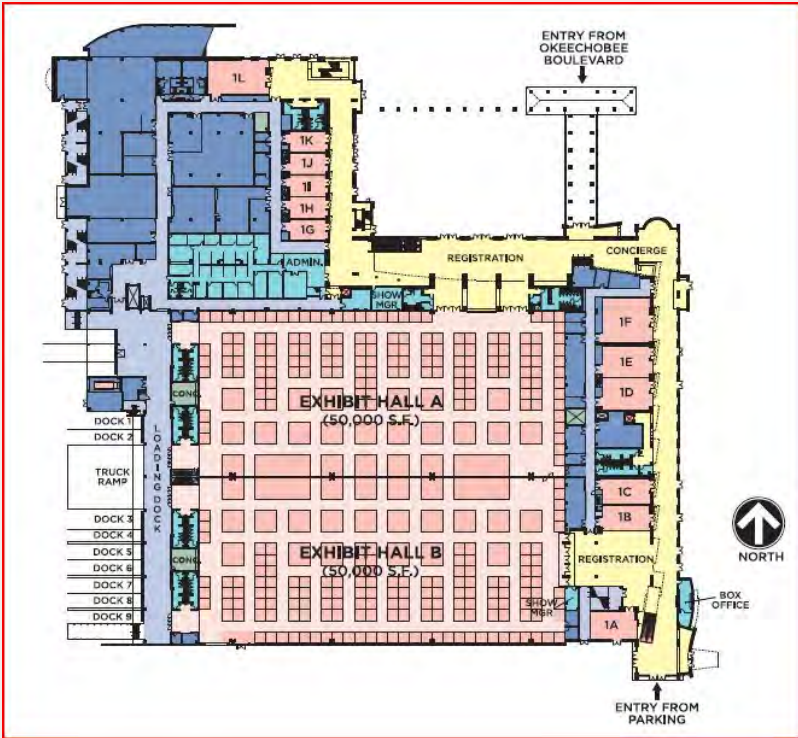


PALM BEACH COUNTY CONVENTION CENTER

The Palm Beach County Convention Center (“PBCC”) is located in West Palm Beach, Florida, approximately six miles from Palm Beach International. The 140,575 square-foot facility opened in 2004 at a cost of \$83 million and is operated by Global Spectrum. The facility is located next to CityPlace, an entertainment complex, and the Raymond F. Kravis Center for the Performing Arts. The Palm Beach County Convention Center has two exhibit halls totaling 99,300 square feet, a ballroom totaling 21,978 square feet, and 18 meeting rooms with over 19,297 square feet.



PALM BEACH COUNTY CONVENTION CENTER FLOOR PLANS

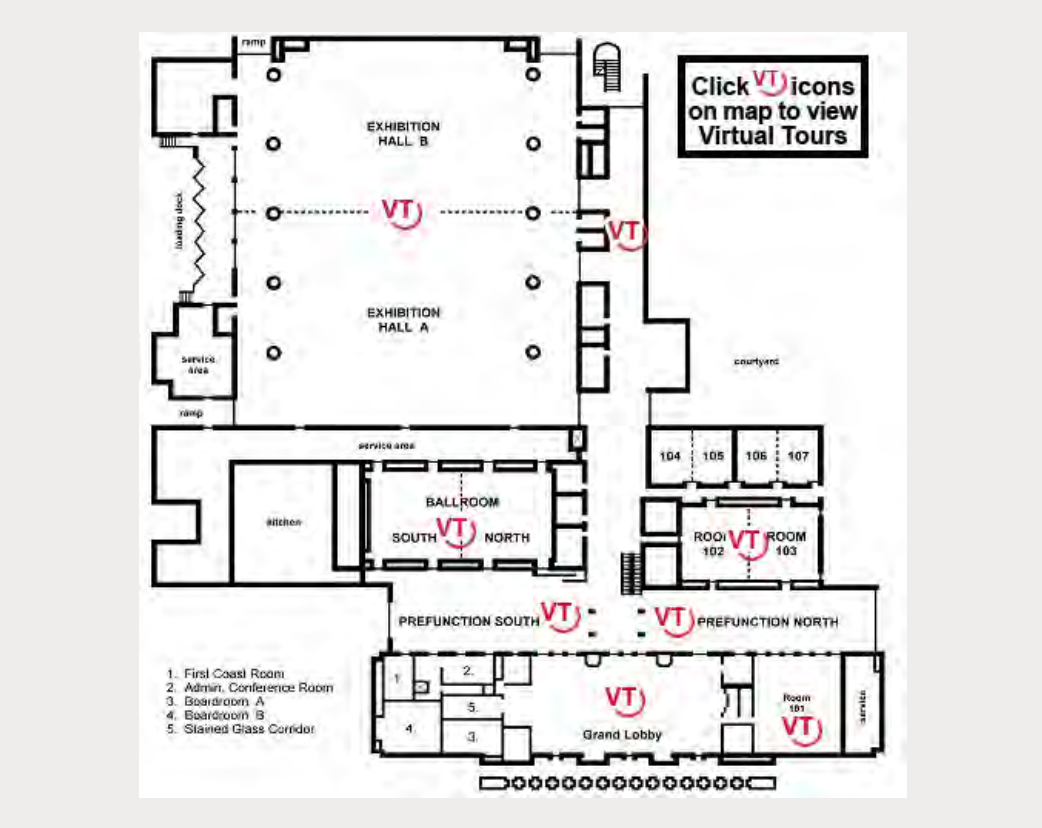


PRIME OSBORNE CONVENTION CENTER

The Prime Osborn Convention Center (“POCC”) is located in Jacksonville, Florida. The facility opened in 1986 and incorporates Jacksonville’s Union Railroad Station with several thousand square feet of new structure. The facility houses 79,000 square feet of exhibition space, a 10,000 square foot ballroom, and 24,000 square feet of meeting space. The City of Jacksonville is the owner of the POCC which is managed by SMG. SMG also manages several other city facilities, including an arena, a performing arts center, a baseball stadium, and an equestrian center.



PRIME OSBORNE CONVENTION CENTER FLOOR PLANS



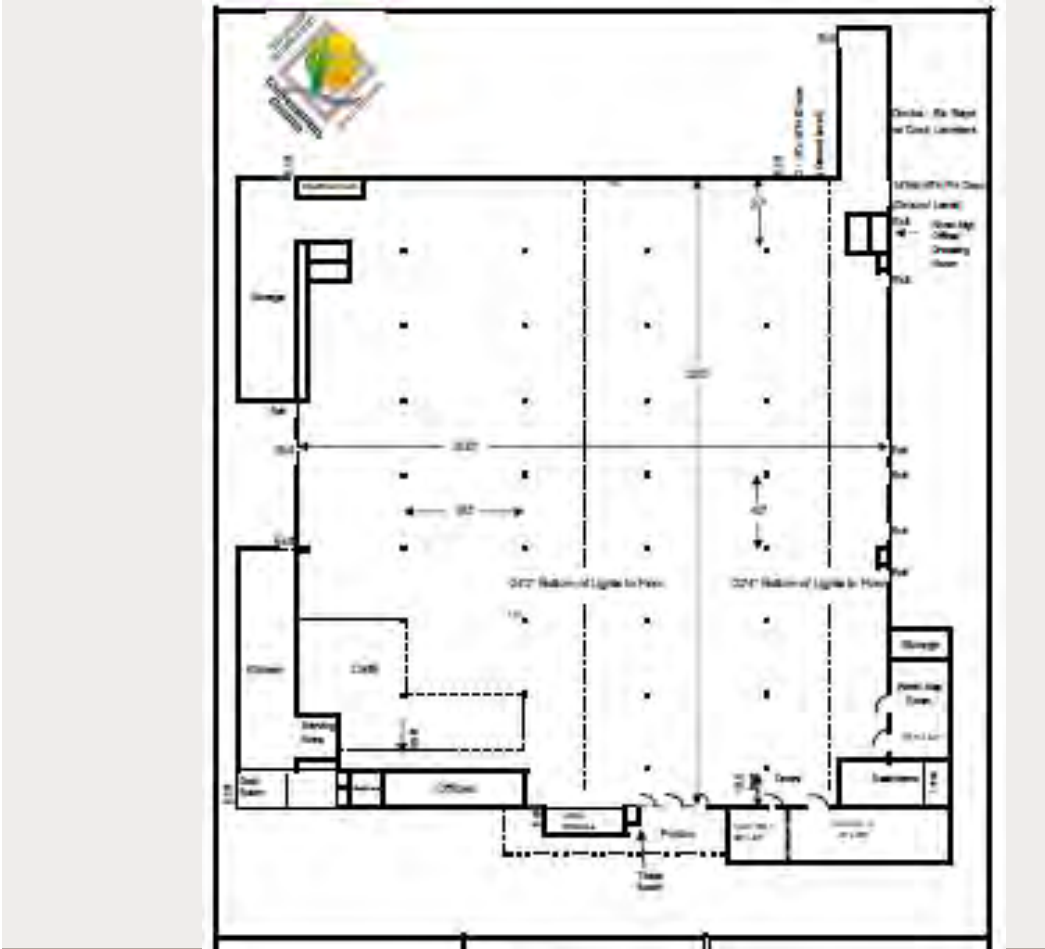
SARASOTA BRADENTON CONVENTION CENTER

The Sarasota Bradenton Convention Center (“SBC”) is located in



Sarasota, Florida. The facility is conveniently located adjacent to the Sarasota Bradenton International airport and approximately one hours’ drive from Tampa International Airport. The facility is privately owned and operated. The SBC houses 93,000 square feet of exhibition space, and 5,000 square feet of meeting space. An on-site Holiday Inn has 135 guest rooms and an additional 1,700 square foot ballroom. Surface parking for 750 vehicles is also available on site.

SARASOTA BRADENTON CONVENTION CENTER FLOOR PLANS





TAMPA CONVENTION CENTER

The Tampa Convention Center (“TCC”) was built in 1990 on the central west coast of Florida. The center is located roughly seven miles from Tampa International Airport, and is easily reached by several major highways. Since 2002, the City has been trying to upgrade the facilities, mostly through renovation projects. The facility offers a 36,000 square-foot ballroom that can



be separated into 4 areas, 40 meeting rooms over 42,767 square feet, with 10 overlooking the water, and 200,000 square feet of exhibition space that is divisible into 3 halls. The facility also has 450 parking spots with access to thousands of spots at nearby garages. The 360-room Embassy Suites Tampa- Downtown Convention Center hotel is linked via Sky Bridge and has a 3,683 square foot ballroom and six meeting rooms totaling 5,269 square feet.

TAMPA CONVENTION CENTER FLOOR PLANS



Competitive Regional Venues

Competitive Regional Venues include convention and conference facilities in the southeastern US that offer exhibit, ballroom and meeting space and would compete directly with the Proposed Convention Center for regional and national business. The following descriptions provide information on ownership, management, and operations of the Competitive Regional Venues.

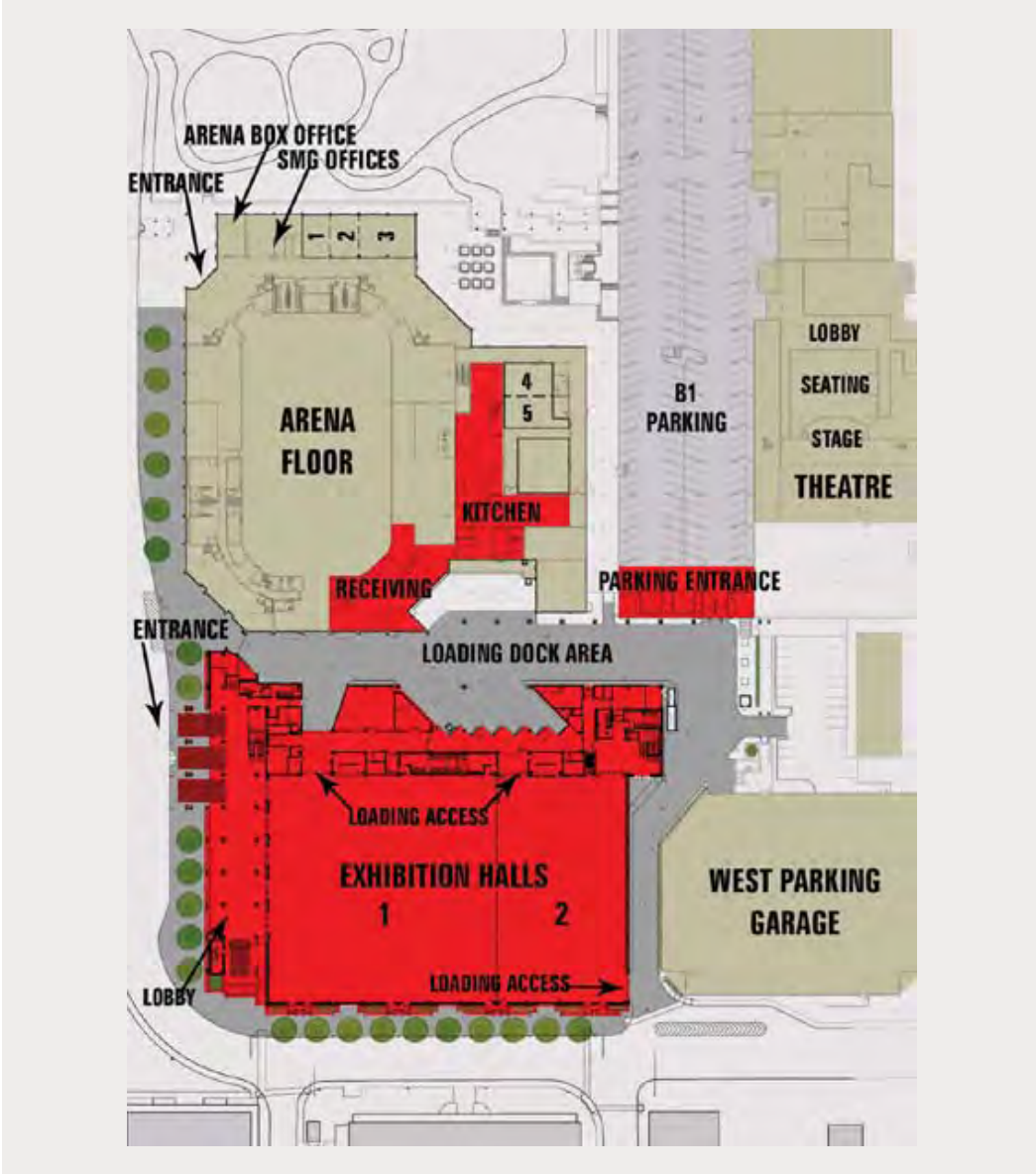
BATON ROUGE RIVER CENTER

The Baton Rouge River Center ("BRRC") is located in the capitol city of Baton Rouge, Louisiana. Originally known as the Riverside Centroplex, the complex's 10,000-seat arena was opened in the late 1970s and was renamed River Center Arena upon completion of the convention center addition in 2004. The arena floor can be



combined with the BRCC's new 70,000 square foot exhibit hall to create over 100,000 square feet of exhibit space. The facility also has a 26,000 square foot ballroom, 7,000 square feet of meeting space, and a 1,900-seat performing arts theater. The BRCC is attached to the Sheraton hotel with 300 guest rooms. The BRCC is owned the City of Baton Rouge and managed by SMG.

BATON ROUGE RIVER CENTER FLOOR PLANS



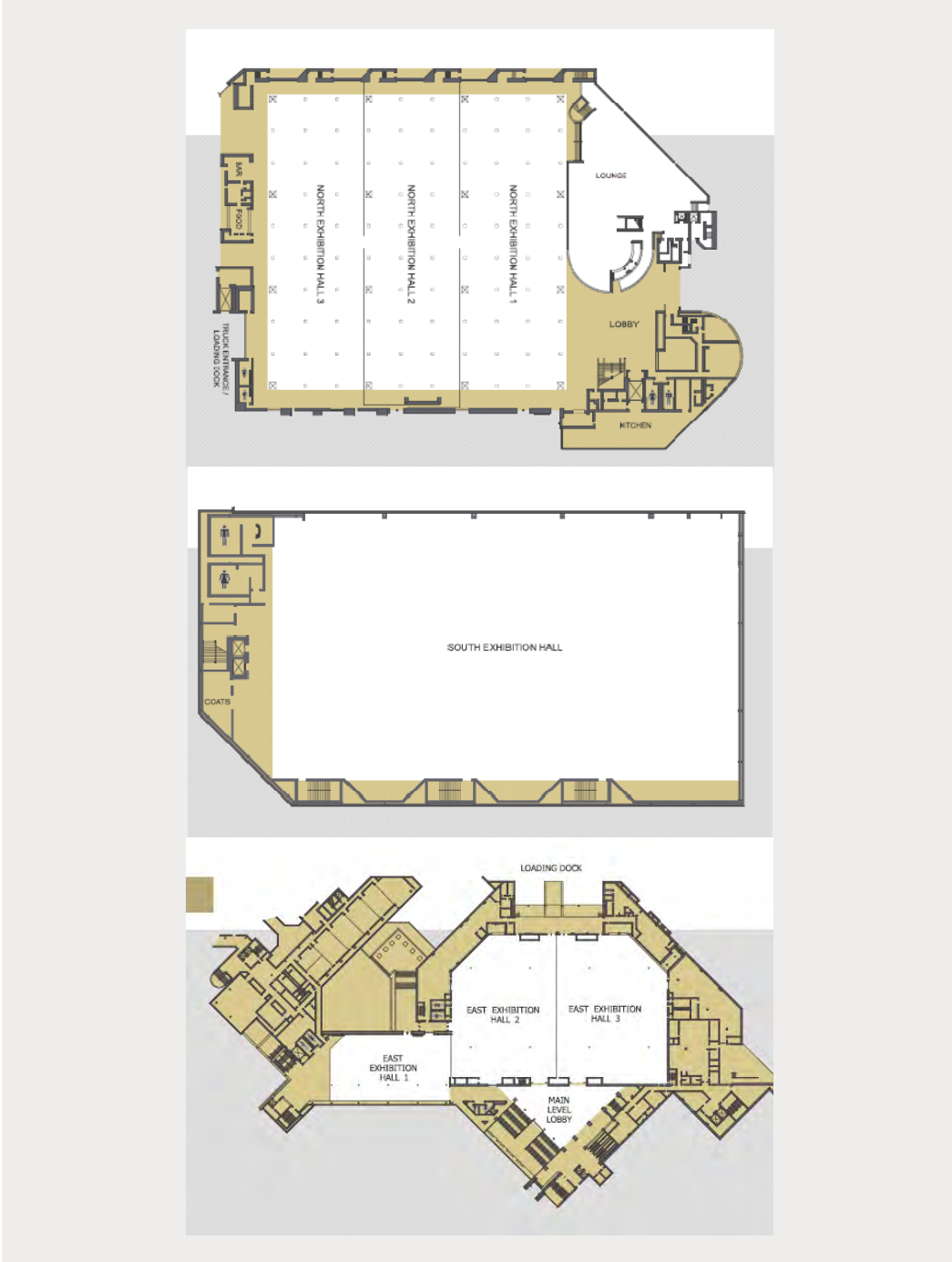
BIRMINGHAM-JEFFERSON CONVENTION COMPLEX

The Birmingham-Jefferson Convention Complex is a sports, convention and entertainment complex located in Birmingham Alabama. In addition to the convention center, it has a 17,000 seat arena, 3,000 seat concert hall, and 1,000 seat theater. It is attached to the Sheraton Birmingham Hotel with 838 guest rooms. The Birmingham-Jefferson Convention Complex has a 220,000 square foot exhibition hall, divisible into three sections. Adjoining the exhibition hall are 64 meeting rooms totaling 100,000 square feet of meeting space, including a 16,000 square foot ballroom.





BIRMINGHAM-JEFFERSON CONVENTION COMPLEX FLOOR PLANS



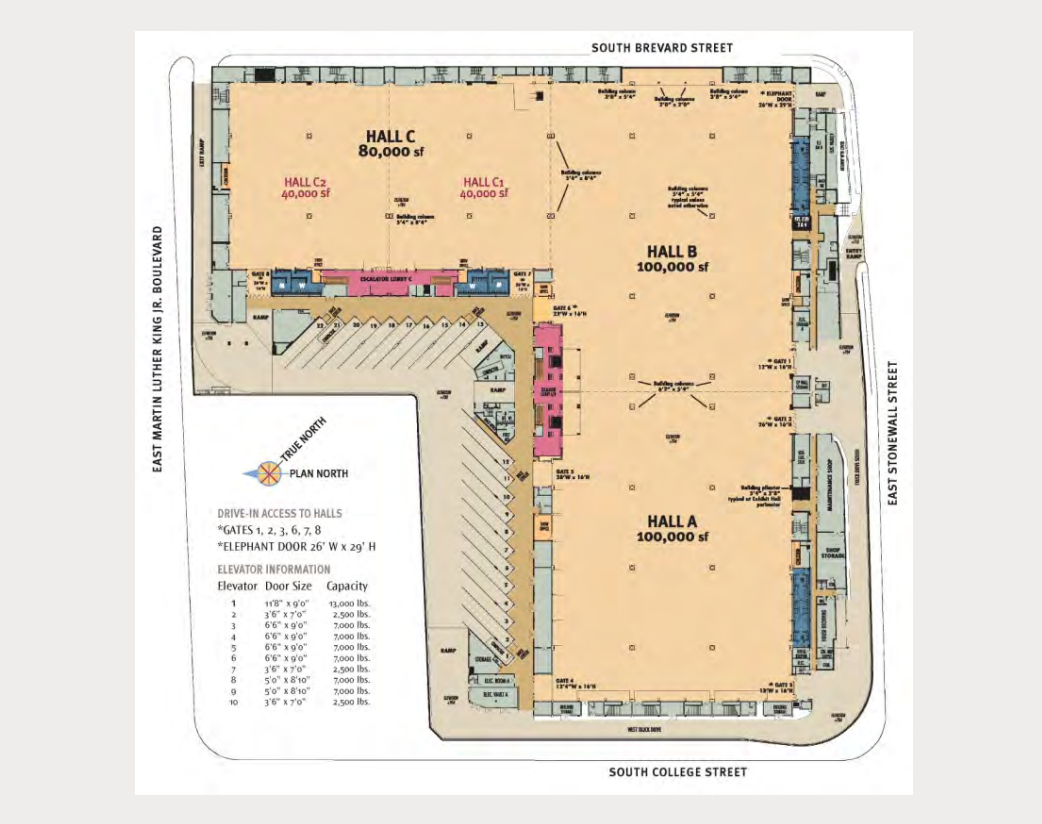


CHARLOTTE CONVENTION CENTER

The Charlotte Convention Center (“CCC”) is located in Charlotte, North Carolina and opened in 1995. The Center is owned by the City of Charlotte and operated by the Charlotte Regional Visitor’s Authority (CRVA) which also manages three other arenas and auditoriums in Charlotte. The facility has a total function space of 405,000 square feet which features 280,000 square feet of exhibition space, divisible by four, 46 meetings rooms totaling 90,000 square feet, and a 35,000 square foot ballroom.

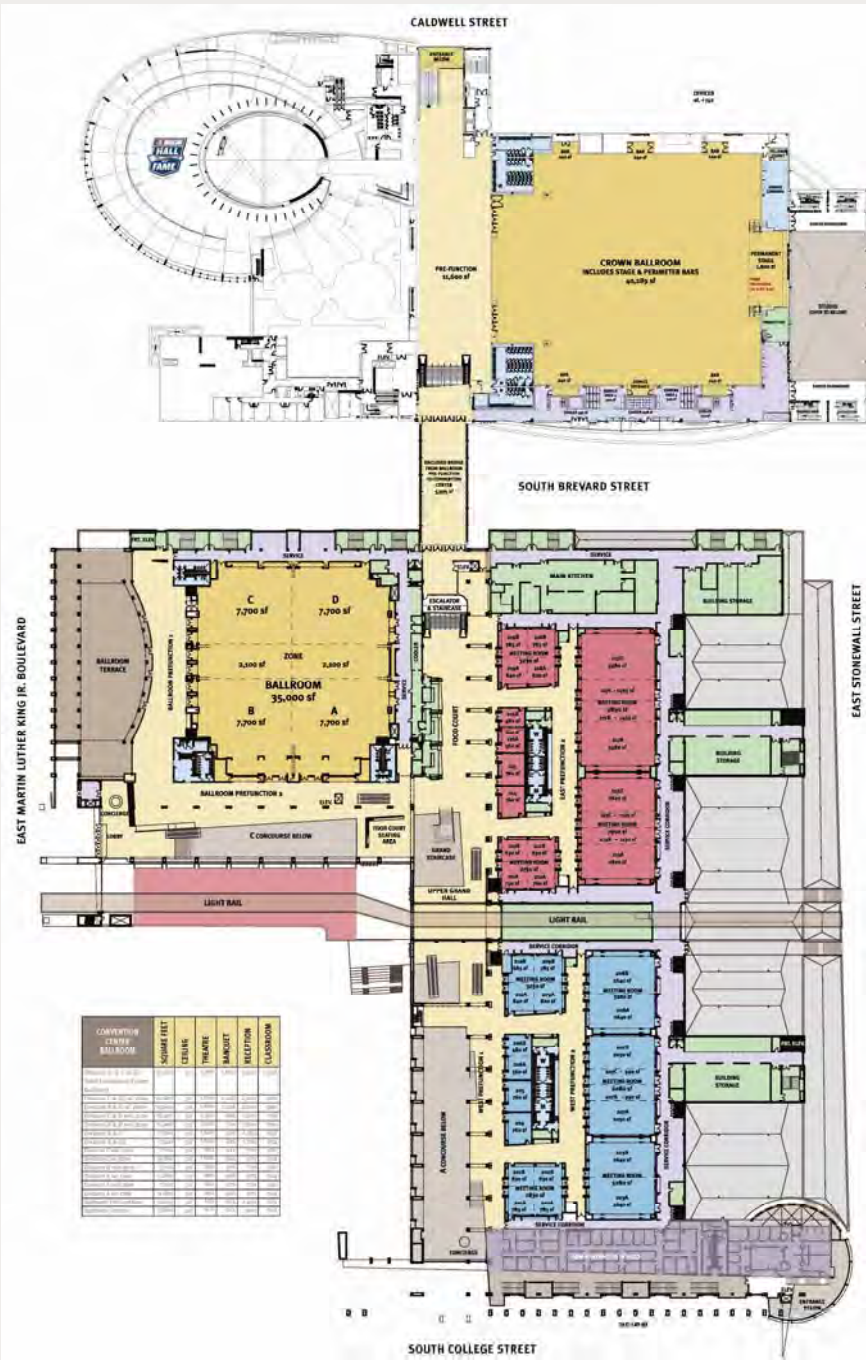


CHARLOTTE CONVENTION CENTER FLOOR PLANS





CHARLOTTE CONVENTION CENTER FLOOR PLANS (CON'T)



VIRGINIA BEACH CONVENTION CENTER

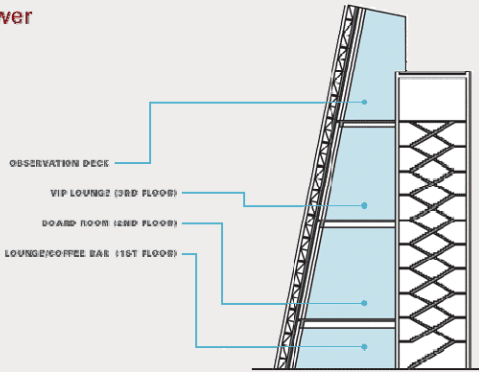


The Virginia Beach Convention Center ("VBCC"), in Virginia Beach, VA is owned and operated by the City. The facility sits roughly seven blocks from the Virginia Beach Oceanfront and Boardwalk. Adjacent to the VBCC is a 292-room Doubletree Hotel and 2,230 parking spaces. In 2007, the facility added 150,000 square feet of function space. The VBCC now features four exhibit halls totaling 150,012 square feet, divisible into four sections, a ballroom of 31,029 square feet, divisible into three sections, and 21 meeting rooms totaling 27,852 square feet. Additionally, a tower overlooking a scenic area, offers an observation deck, a VIP lounge, a boardroom and a coffee bar.

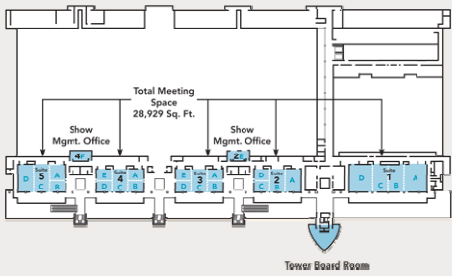


VIRGINIA BEACH CONVENTION CENTER FLOOR PLANS

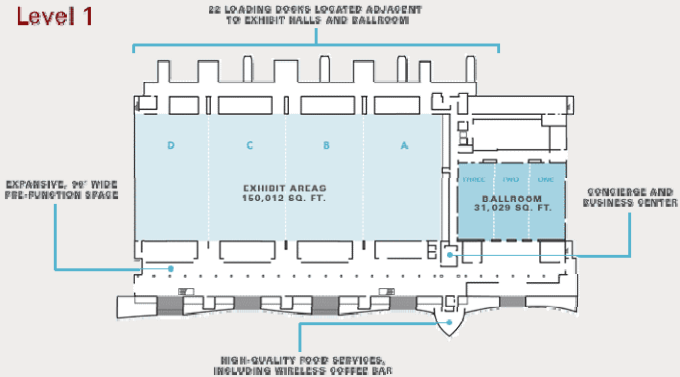
Tower



Level 2



Level 1

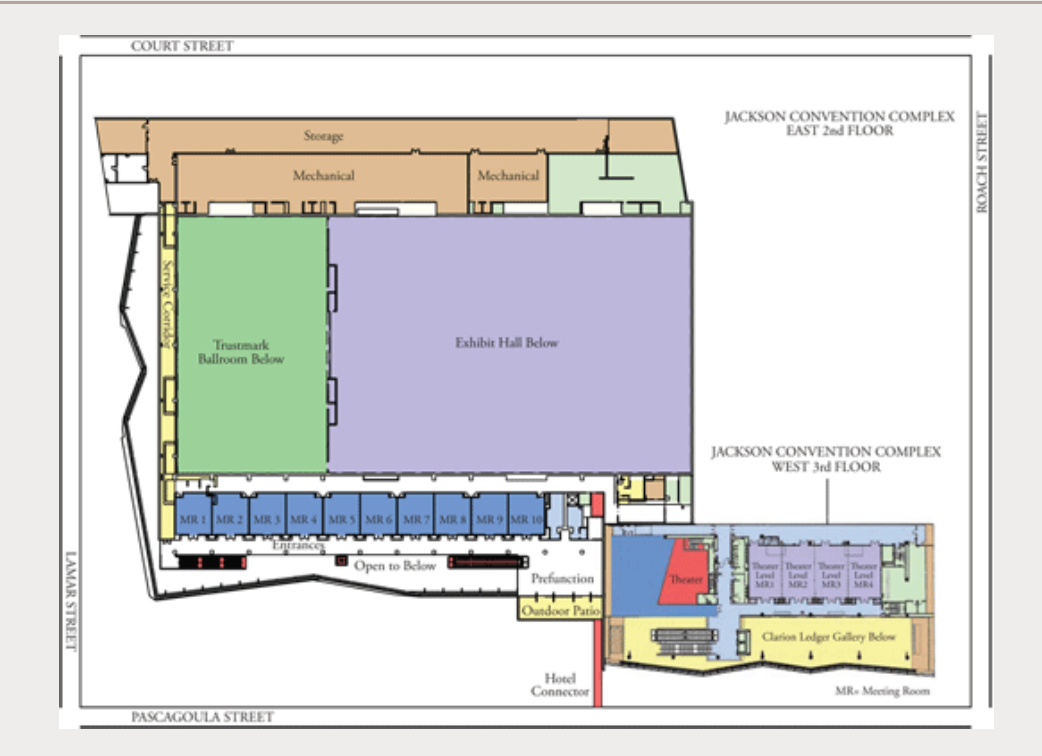


JACKSON CONVENTION COMPLEX

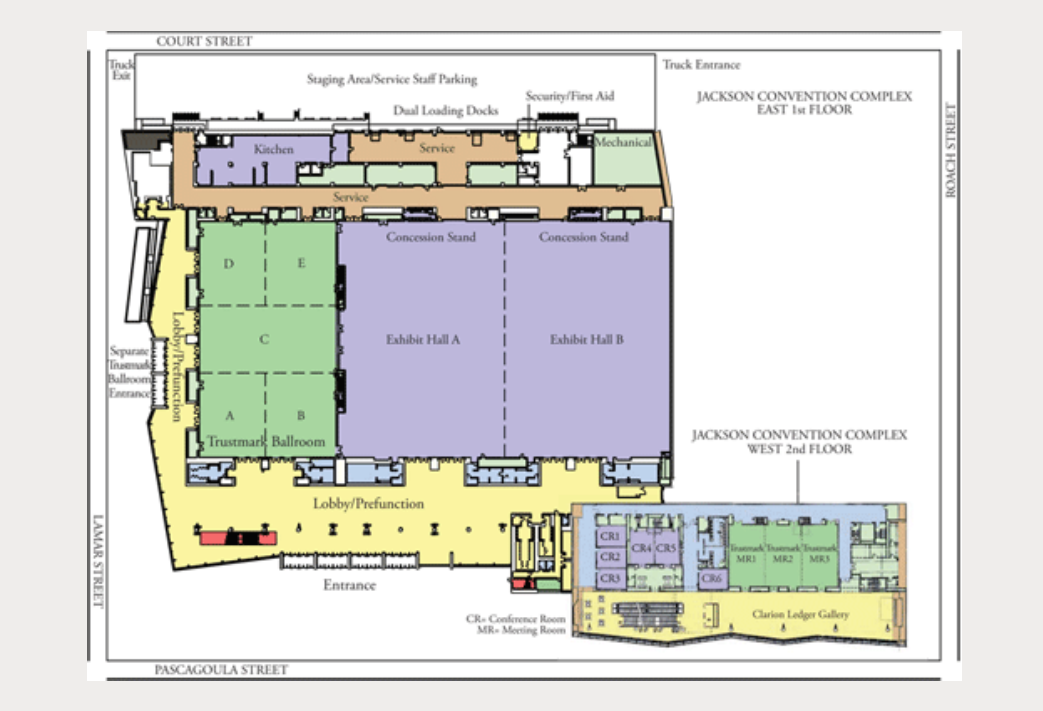
The Jackson Convention Complex (“JCC”) is located in downtown Jackson, MS, featuring 330,000 square feet of total function space. The complex opened in January 2009, a merger between the existing Mississippi TelCom Center and the newly completed Capital City Convention Center. The facility features two large exhibit halls with a combined 60,000 square feet, 5 ballrooms totaling 25,000 square feet, 22,241 square feet in 22 meeting rooms, and additional lobby and pre-function space. The venue is operated by SMG.



JACKSON CONVENTION COMPLEX FLOOR PLANS



JACKSON CONVENTION COMPLEX FLOOR PLANS (CON'T)

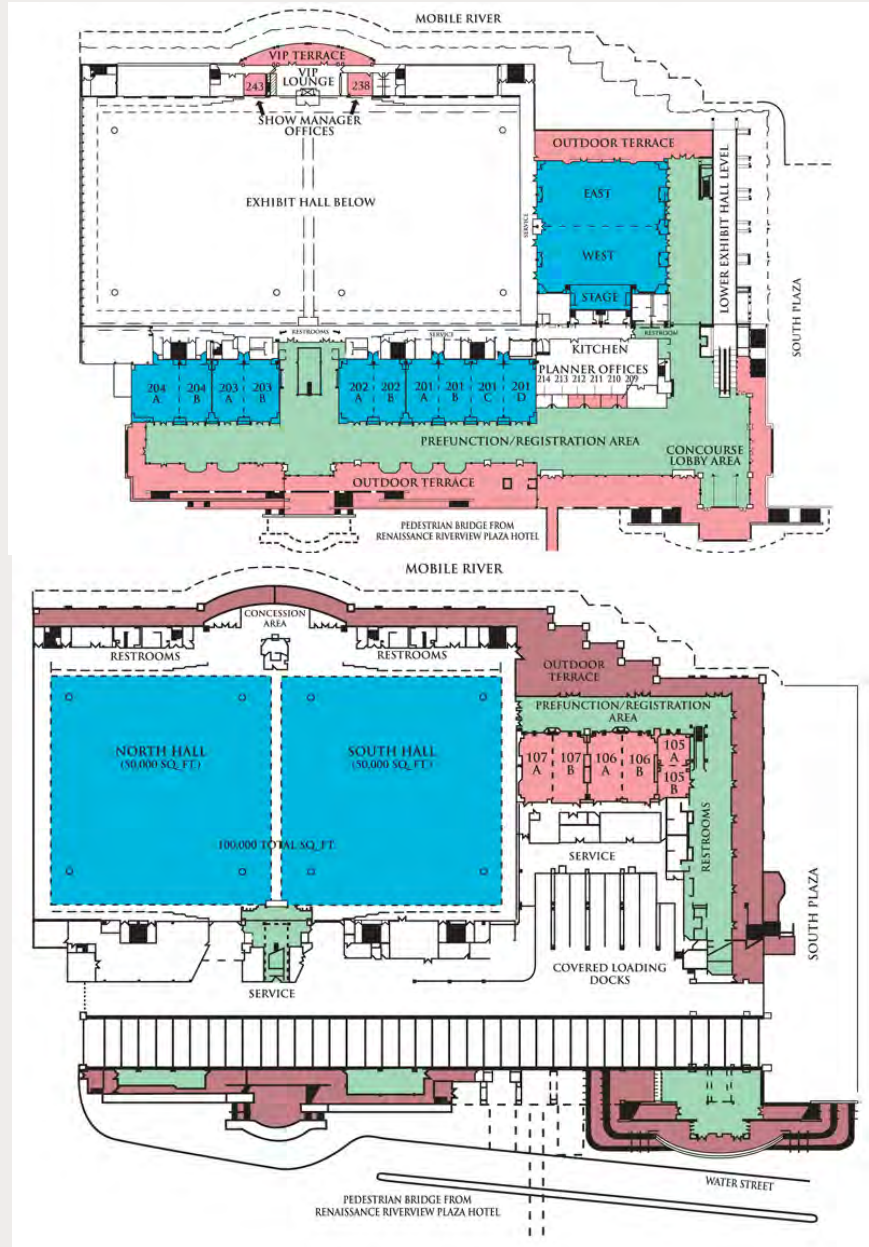


MOBILE CONVENTION CENTER

The Arthur Outlaw Mobile Convention Center (“MCC”) is located in Mobile, Alabama, approximately 17 miles from the Mobile Regional Airport. The facility has a 100,000 square foot exhibition hall, a 15,500 square foot ballroom, and 26,000 square feet of meeting space. A 25,000 square foot outdoor plaza has views of the river and downtown Mobile. It is attached to the Renaissance Riverview Plaza hotel with 372 guest rooms. The MCC is owned the City of Mobile and managed by SMG. A 1,550-space parking lot is attached the MCC via covered walkway, and there are an additional 286 spaces located below the facility.



MOBILE CONVENTION CENTER FLOOR PLANS



MYRTLE BEACH CONVENTION CENTER

The Myrtle Beach Convention Center (“MBCC”) is found in Myrtle Beach, South Carolina. The Center is owned and operated by the City of Myrtle Beach. The facility opened in 1970 and offers 131,931 square feet of total



function space. Connected to the Center is a 402-room Sheraton Hotel, the exclusive catering provider. The MBCC, which originally opened in 1970, is located in downtown Myrtle Beach, approximately three blocks from the shoreline, and six miles from the Myrtle Beach International Airport. The facility has three continuous exhibit halls totaling 100,800 square feet. It also has a 16,890 square foot ballroom, divisible into five sections. Additionally, it has 17 meeting rooms with a total of 14,241 square feet. The City is planning to undertake a 100,000 square foot expansion of the Myrtle Beach Convention Center in coming years, with \$950,000 for this expansion coming from the federal economic stimulus package.

MYRTLE BEACH CONVENTION CENTER FLOOR PLANS



CHARLESTON AREA CONVENTION CENTER

The Charleston Area Convention Center (“CACC”) first opened in 1999 in North Charleston, South Carolina. The CACC includes 77,000 square feet of exhibition space, a 25,000 square-foot ballroom that can be divided into six sections, twenty meeting rooms, and 3,500 parking spaces. The City of North Charleston owns the facility while SMG, a private management company, operates the center. The attached Embassy Suites headquarters hotel offers 255 full-service guest rooms. Additionally, the hotel leases and services the ballroom and meeting rooms at the convention center. Included in this facility is the North Charleston Coliseum, which is home to the South Carolina Stingrays of the East Coast Hockey League (ECHL) and the North Charleston Lowgators of the National Basketball Development League (NBDL).



CHARLESTON AREA CONVENTION CENTER FLOOR PLANS



SAVANNAH INTERNATIONAL TRADE & CONVENTION CENTER

The Savannah International Trade & Convention Center (“SITCC”) opened 2000 and is located in Savannah, Georgia, overlooking the Savannah River and Savannah’s landmark Historic District. The facility has a 97,750 square foot exhibition hall, a 25,000 square foot ballroom, 17,000 square feet of meeting space, and a 367-seat auditorium. The SITCC is attached to the Westin Savannah hotel with 403 guest rooms. Several other hotel properties are located in the Historic District, a two-minute water ferry ride from the facility. The SITCC is owned the City of Savannah and managed by SMG.



SAVANNAH INTERNATIONAL TRADE & CONVENTION CENTER FLOOR PLANS

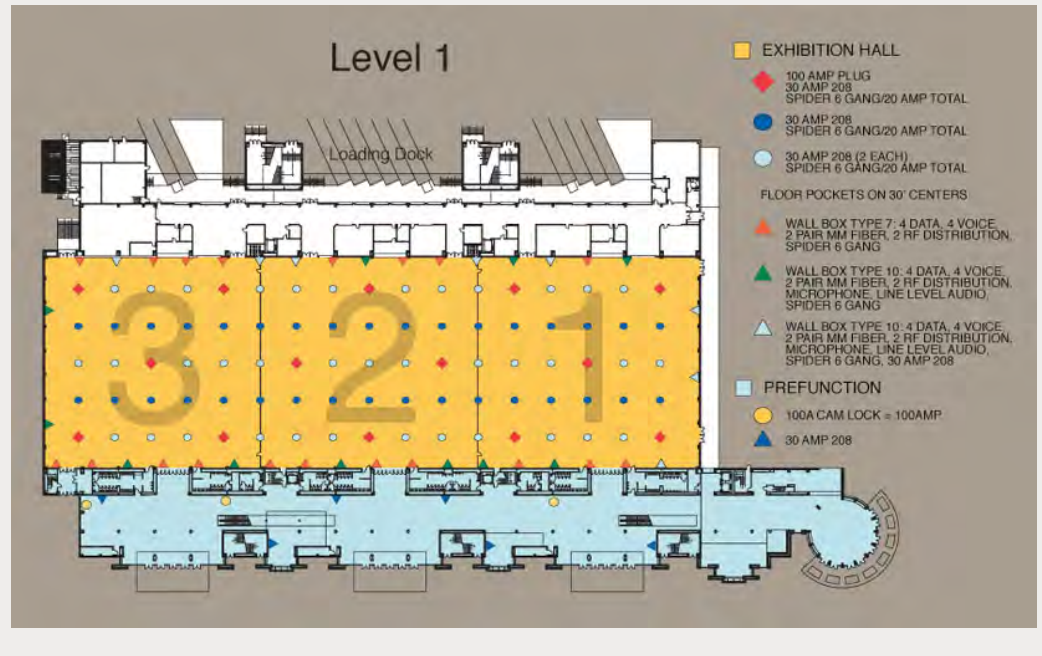


SHREVEPORT CONVENTION CENTER

The Shreveport Convention Center (“SCC”), located in downtown Shreveport, Louisiana, is the second largest convention center in Louisiana. The facility offers 95,000 square feet of exhibit space which can be divided into three exhibit halls, an 18,000 square foot ballroom, and 12 meeting rooms comprising 18,500 square feet. The facility connects, via a covered sky bridge, to the Hilton Shreveport, which has 313 guest rooms. The SCC is owned by the City of Shreveport and managed by SMG.



SHREVEPORT CONVENTION CENTER FLOOR PLANS



VON BRAUN CENTER

The Von Braun Center (“VBC”) opened in 1975 and is located in northeast Alabama, a short drive from Huntsville International Airport. The center is set-up in three sections: North, South, and East. The South Hall has 81,900 square feet of exhibition space, 16,650 square feet of ballroom space, and 2920 square feet of meeting space. The North Hall is the main meeting area with 11,972 square feet of meeting space on its second floor and 23,184 square feet of exhibit space on the first floor. The East Hall features 24,000 square feet of ballroom space. The VBC is a multi-purpose entertainment venue equipped to accommodate major concerts, Broadway performances, ballets, symphonies and a full range of sporting events. The 10,000 seat Arena, 2,153 seat Concert Hall and 502 seat Playhouse Theatre can also be used as meeting areas for conferences or seminars. The 295-room Embassy Suites has more than 7,000 square feet of additional meeting space and is connected via skybridge to Center.



VON BRAUN CENTER FLOOR PLANS



Comparable National Venues

Comparable National Venues include convention and conference facilities in state capitols that offer exhibit, ballroom, and meeting space and would be comparable to the proposed convention center. The following descriptions provide information on ownership, management, and operations of the Comparable National Venues.

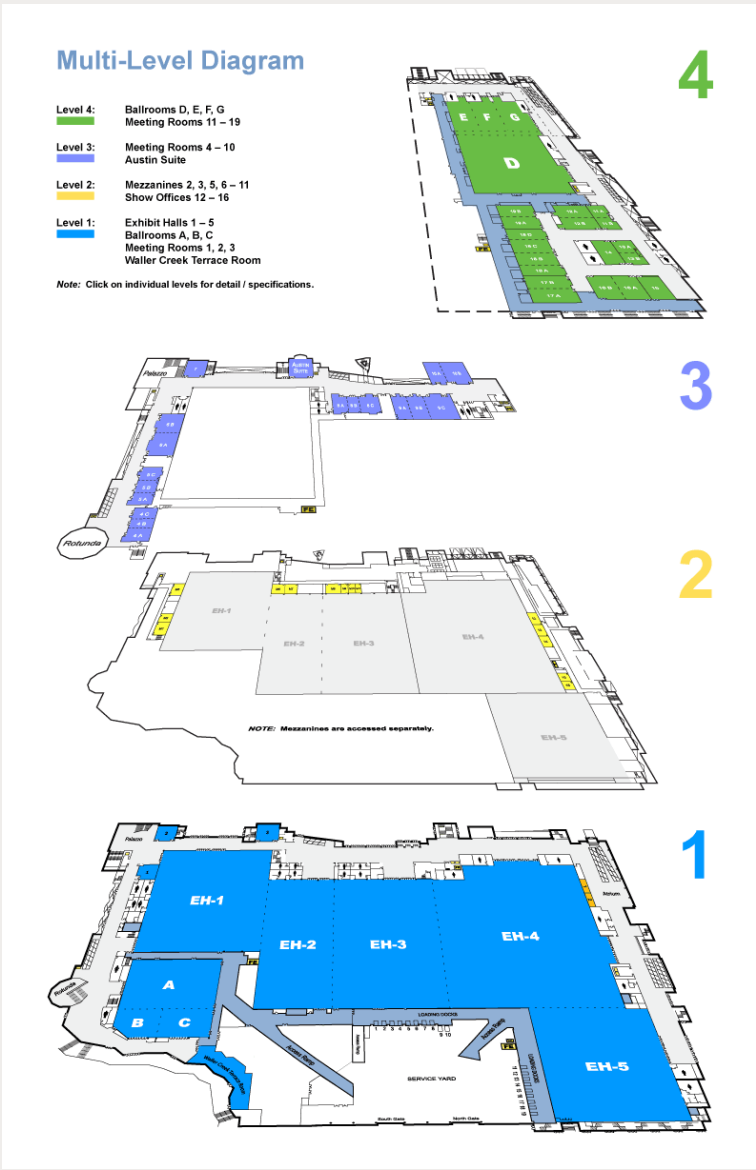
AUSTIN CONVENTION CENTER

The Austin Convention Center (“ACC”) covers six city blocks in downtown Austin, Texas and opened in 1992, replacing Palmer Auditorium, and most recently expanded in 2002. The ACC has a total of 364,439 square feet of function space and a two-level parking garage with a 1,685 car capacity. The facility features five exhibit halls that span 246,097 square feet, 7 ballrooms totaling 63,928 square feet, and 48 meetings rooms over 54,414 square feet. The Center is owned and operated by the City of Austin. The 800-room Austin Hilton, adjacent to the facility, offers an additional 60,000 square feet of function space, including two ballrooms and eleven meeting rooms.





AUSTIN CONVENTION CENTER FLOOR PLANS



COLUMBIA METROPOLITAN CONVENTION CENTER

Built in 2004, the Columbia Metropolitan Convention Center in downtown Columbia, SC offers 56,980 square feet of total function space. The facility includes a 24,700 square feet exhibition hall, 3 ballrooms totaling 27,235 sq ft, and 15,145 sq ft in 11 meeting rooms. There are 1,480 hotel rooms within one mile of the Center, including 222 hotel rooms at the adjacent Hilton Columbia Center. Though the Convention Center parking lot has 300 spaces, and the lot across the street can offer up to 500 spaces, the Convention Center can coordinate nearby parking for up to 2,200 vehicles. The convention center is located nine miles from the Columbia Metropolitan Airport. The venue is managed by the Midlands Authority for Convention, Sports & Tourism, which includes representatives of the City of Columbia, Lexington County, and Richland County.

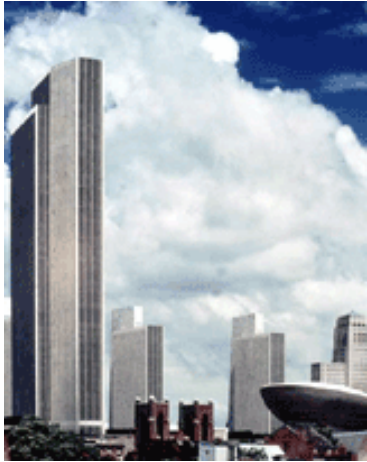


COLUMBIA METROPOLITAN CONVENTION CENTER FLOOR PLANS

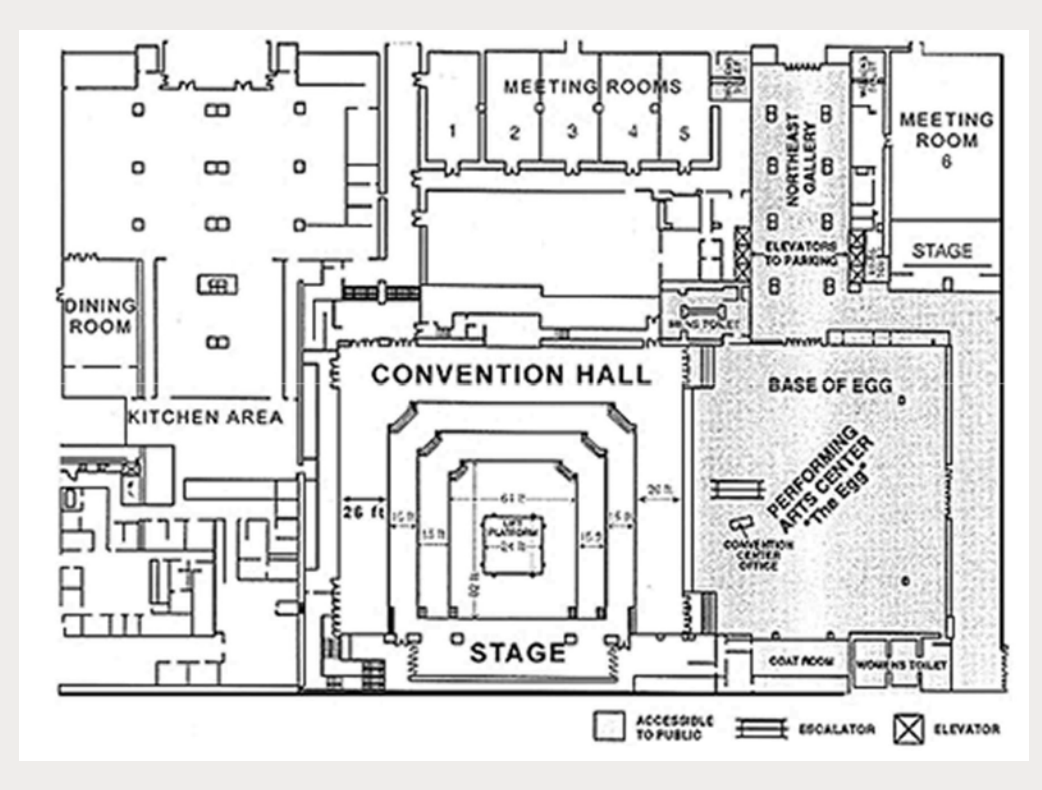


EMPIRE STATE PLAZA CONVENTION CENTER

The Empire State Plaza Convention Center (“ESPCC”) opened in 1978 in Albany, New York and has 38,750 square feet of total function space and is a part of the government complex near the Capital building. The Center has 26,000 square feet of multipurpose space and seven meeting rooms with approximately 13,000 square feet. The facility is linked to the Times Union Center via skywalk. Large consumer shows use both the Times Union and the ESPCC. The facility connects to The Egg, a unique multi-use theater. The Egg is a separate part of the ESPCC that has two meeting rooms with 10,000 square feet and 1,500 square feet respectively, the 982 seat Kitty Carlisle Hart Theatre and the 450 seat Lewis A. Sawyer Theatre. The Egg and the ESPCC are operated separately by two management teams that work for the State of New York.



EMPIRE STATE PLAZA CONVENTION CENTER FLOOR PLANS



GREATER RICHMOND CONVENTION CENTER

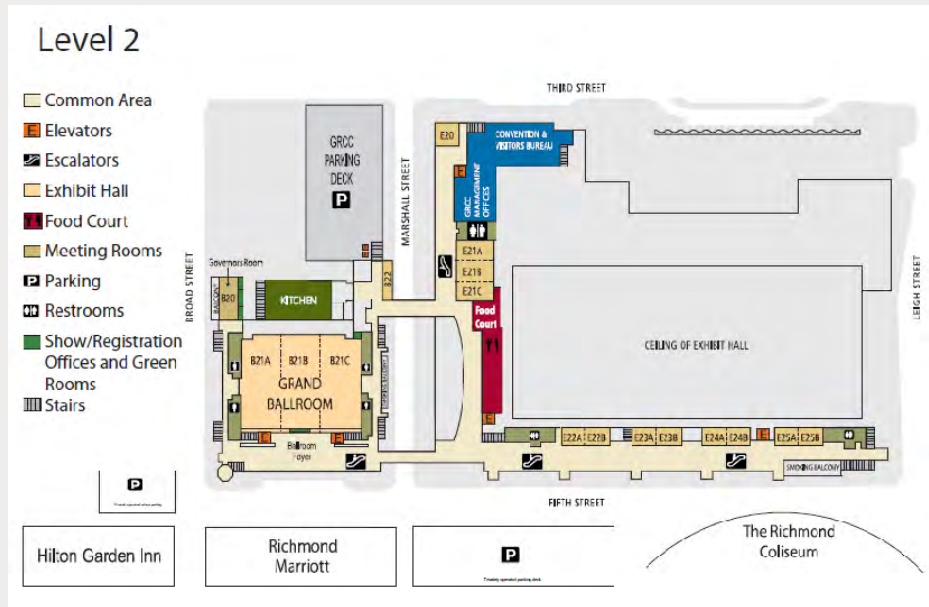
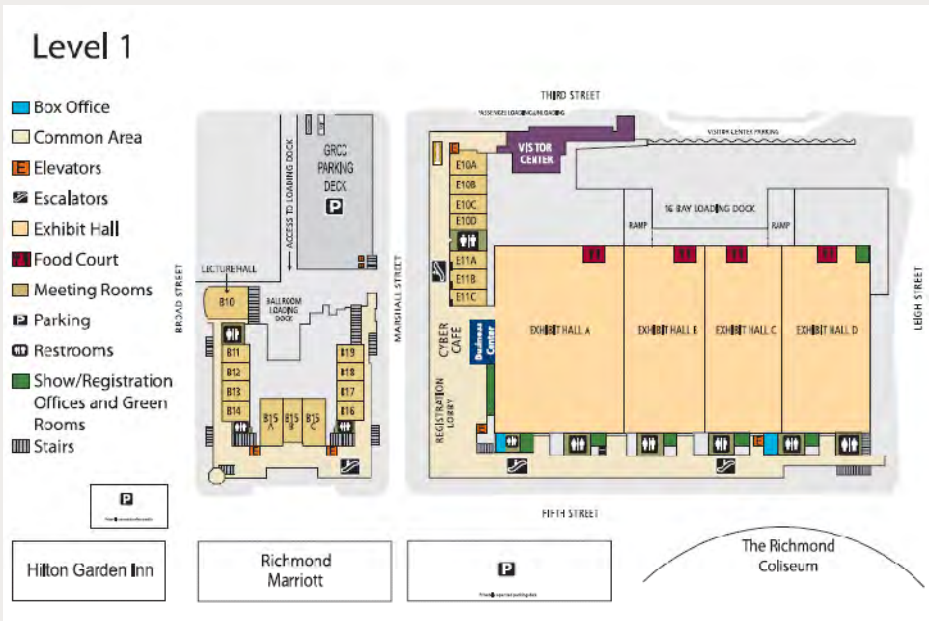
The Greater Richmond Convention Center (“GRCC”) sits in downtown Richmond, Virginia, covering more than five and a half city blocks. The Greater Richmond Convention Center Authority (“GRCCA”) is



composed of the government entities of the City of Richmond and the Henrico, Chesterfield and Hanover counties. The GRCCA owns the GRCC, while Global Spectrum manages it. The GRCC offers 178,159 square feet of contiguous exhibit space, divisible into four halls. Additionally, it has a ballroom of 30,550 square feet, divisible into three sections, and 32 meeting rooms totaling 47,027 square feet. The facility is located approximately 10 miles from the Richmond International Airport. Attached via skywalk to the GRCC is the Richmond Marriott with 401 guest rooms. The facility has 1,540 parking spaces on site.



GREATER RICHMOND CONVENTION CENTER FLOOR PLANS

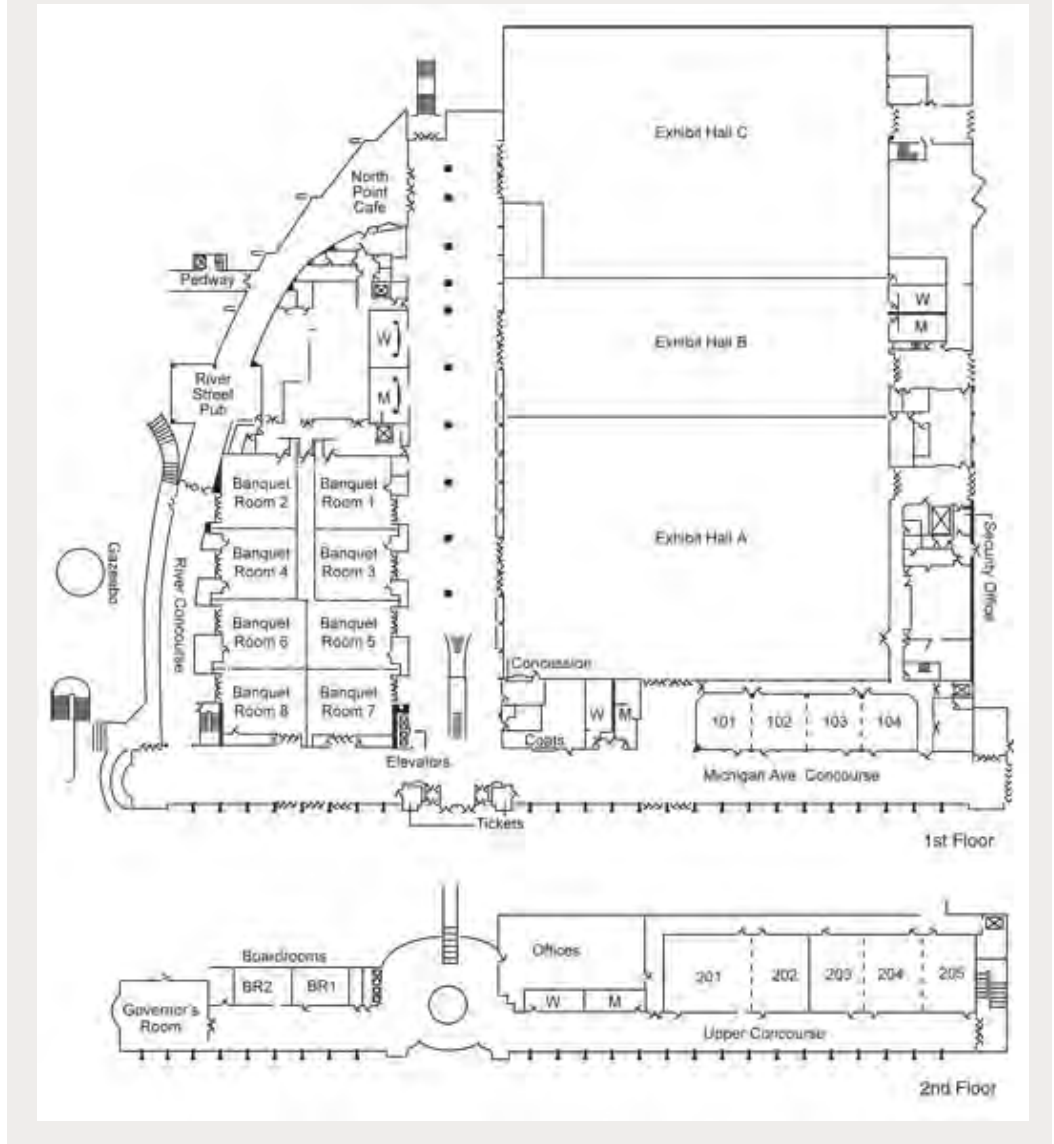


LANSING CENTER

The Lansing Center, located in central Michigan, is managed by the City of Lansing’s Lansing Entertainment & Public Facilities Authority. The venue offers 94,874 total square feet of function space. It has 71,760 sq ft of exhibit space in three halls, 13,320 ballroom space divisible into 8 separate rooms, and a total 9,794 square feet of meeting space in 9 rooms. Renovations and upgrades including changes to the lighting and electrical systems, kitchen, furniture, and partition walls were recently completed. The facility has no adjacent hotel, and its parking lot is managed by a different department of the City government. Lansing Center is served by the Capital Region International Airport.



LANSING CENTER FLOOR PLANS



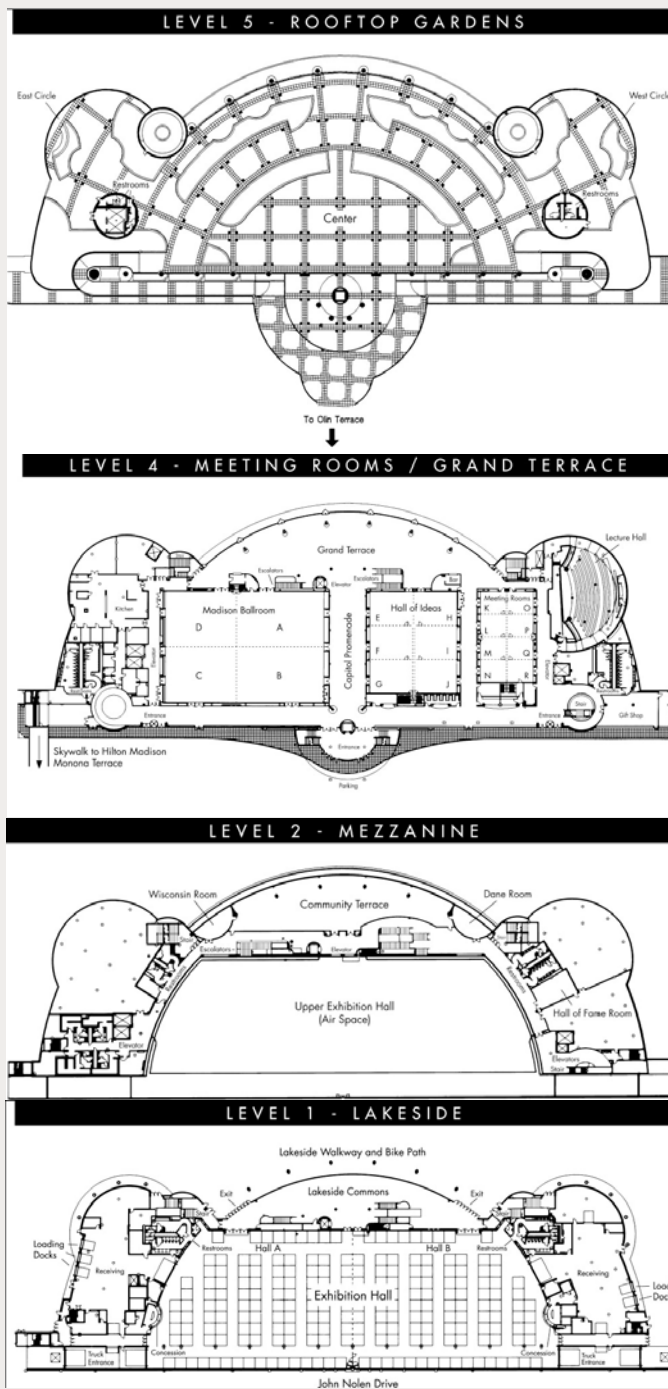
MONONA TERRACE CONVENTION CENTER

The Monona Terrace Convention Center (“MTCC”) is found in Madison, Wisconsin and overlooks Lake Monona. Renowned architect Frank Lloyd Wright conceived of the MTCC in 1938, though the building was not constructed until 1997. The MTCC is jointly owned by the City of Madison and State of Wisconsin. The City of Madison handles day-



to-day operations. Total development cost of the facility was estimated at \$67 million. The MTCC features 38,000 square feet of exhibition space, divisible into two halls, a 13,500 square-foot ballroom that can be divided into four sections, 17,600 square feet of meeting space over 14 rooms, and a 320-seat lecture hall. In addition, there is a rooftop garden that provides 45,000 square feet of function space for events, when weather permits. The facility is attached, via skywalk, to the 240 room Hilton Madison Monona Center and 600 parking spaces. Construction of the \$29 million hotel was mainly financed by Marcus Corp., the hotel developer and operator, with the remaining balance of the project being funded by an incremental financing district tax. The Hilton features four meeting rooms comprising 2,400 square feet of space.

MONONA TERRACE CONVENTION CENTER FLOOR PLANS



RALEIGH CONVENTION CENTER

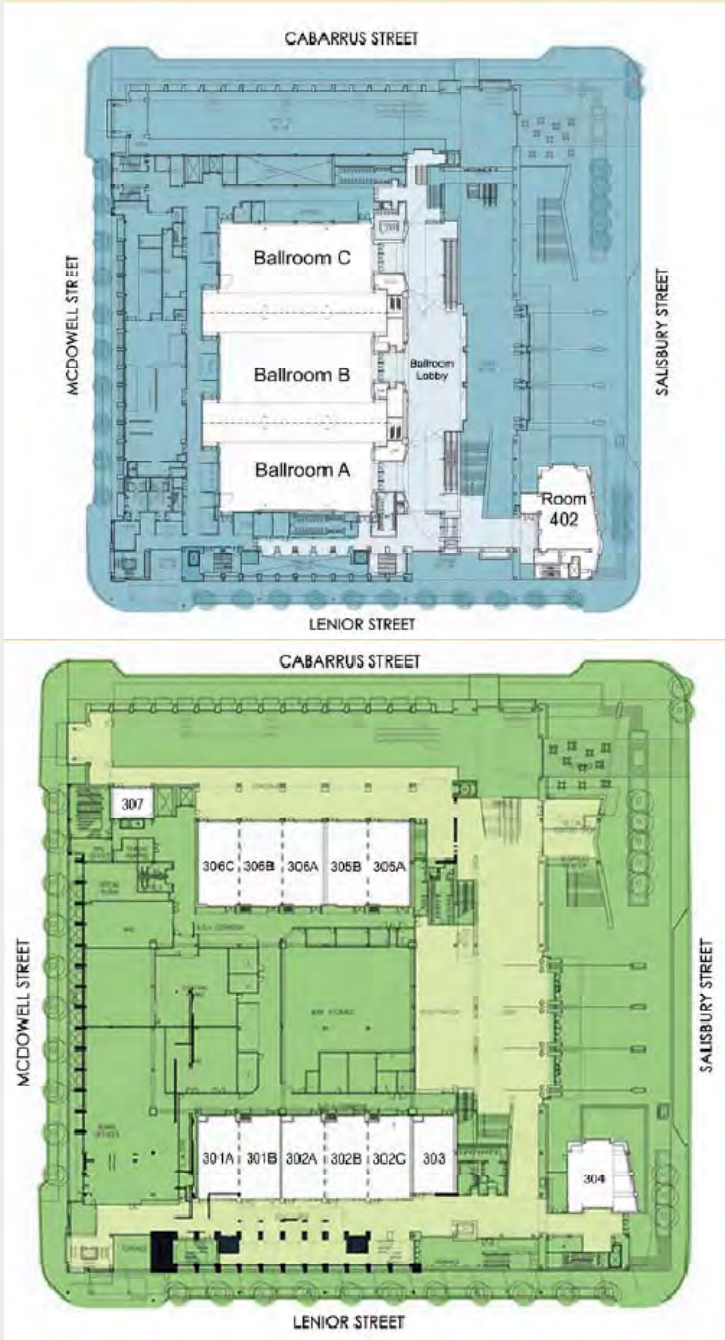
The Raleigh Convention Center ("RCC") opened in summer 2008 in downtown Raleigh. Owned and operated by the City of Raleigh, this new venue replaced the former convention center which was unable to accommodate the needs of the meeting and convention demand in the city. The facility was

funded by a hotel and prepared meal tax that applies to Wake County and the City of Raleigh. The RCC has four levels with the exhibit hall on the lower level and the ballroom and meeting rooms located above. The exhibit hall is divisible into three halls that measure 45,638, 54,269, and 46,936 square feet and form one contiguous hall at 146,840 square feet of function space. The facility has 20 meeting rooms totaling 32,601 square feet and a 32,617 square feet ballroom that is divisible into three sections, the smallest division being 10,072 square feet. The RCC is connected to the 400-room hotel Marriot City Center. The hotel has a 9,000 square-foot ballroom and 15,000 square feet of meeting space.

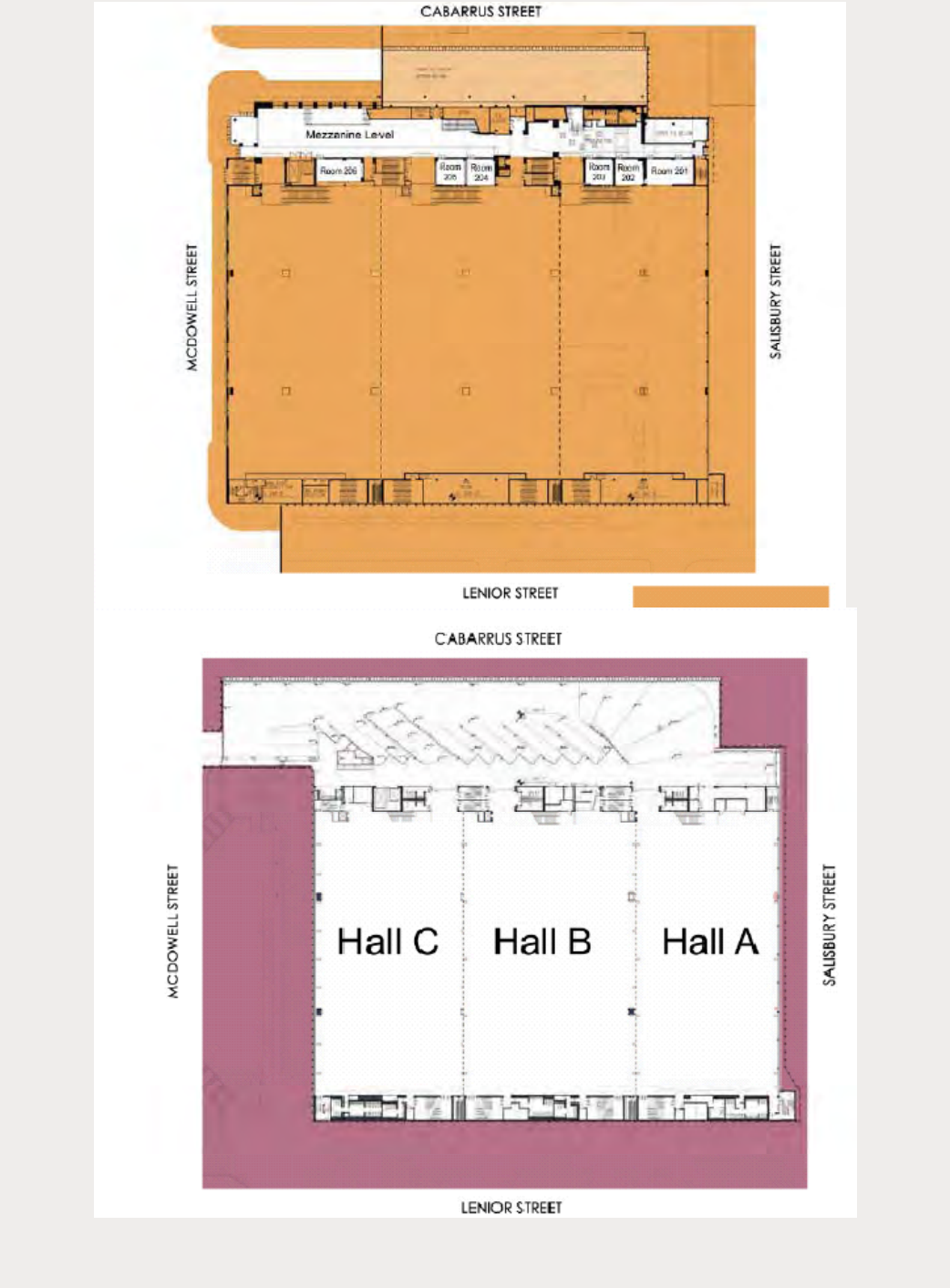




RALEIGH CONVENTION CENTER FLOOR PLANS



RALEIGH CONVENTION CENTER FLOOR PLANS (CON'T)



SALEM CONFERENCE CENTER

The Salem Conference Center is located in downtown Salem, Oregon, and is owned and operated by the City of Salem. The Center opened in 2005, and was designed to earn LEED



certification. The facility offers 25,370 total sq. ft of function space, including 11,400 sq ft of exhibit space in 4 halls, 8,750 square feet of ballroom space in 6 divisions, and 3 meeting rooms totaling 5,220 sq ft. The adjoining Grand Hotel in Salem has 193 hotel rooms, and two additional meeting rooms, each accommodating approximately 70 people.

SALEM CONFERENCE CENTER FLOOR PLANS





Appendix B - Survey Results



**PROPOSED TALLAHASSEE CONVENTION CENTER
AND HEADQUARTER HOTEL
FEASIBILITY STUDY**

FINAL SURVEY EVENT PLANNERS REPORT

**CONDUCTED BY
OPPENHEIM RESEARCH, INC.
March 31, 2011**



OPPENHEIM RESEARCH

TABLE OF CONTENTS

EXECUTIVE SUMMARY3

OVERVIEW3

SURVEY PARTICIPANTS3

EVENTS CONDUCTED AND PLANNED3

CONFERENCE AND EVENT PREFERENCES5

TALLHASSEE AS AN EVENT DESTINATION5

INTERNATIONAL/ NATIONAL/REGIONAL ORGANIZATIONS6

FINAL CONSIDERATIONS7

SURVEY FINDINGS8

RESPONDING ORGANIZATIONS8

EVENT ATTENDEES12

TYPES OF EVENT PLANS AND NEEDS14

VENUE/CITY PREFERENCES AND HISTORY28

THOUGHTS ON TALLHASSEE AS EVENT DESTINATION43

EVENT REQUIREMENTS FOR TALLHASSEE55

METHODOLOGYERROR! BOOKMARK NOT DEFINED.

FIELDWORK DATES FOR THIS TELEPHONE FOLLOW-UP SURVEY WERE FEBRUARY 15 TO MARCH 2, 2011.

INTERVIEWS LASTED AN AVERAGE OF 20 MINUTES AND THE COOPERATION RATE WAS 82 PERCENT.....ERROR!

BOOKMARK NOT DEFINED.

APPENDIX67

QUESTIONNAIRE67

FINAL FREQUENCIES WITH RECODED VARIABLES92

SAMPLE DESIGN FOR EMAIL SURVEYS WITH TELEPHONE FOLLOW-UP136

PROPOSED TALLAHASSEE CONVENTION CENTER AND HEADQUARTER HOTEL FEASIBILITY STUDY

**SURVEY OF EVENT PLANNERS
CONDUCTED BY
OPPENHEIM RESEARCH, INC.**

EXECUTIVE SUMMARY

Overview

The purpose of this survey was to gather information from professional event planners about their event needs and event destination preferences. Included in the survey were questions about event needs, destination preferences and impressions of Tallahassee as a destination for conducting events. Respondents included professional event planners, executives, directors, owners and marketing professionals conducting and planning conventions and events that would typically consider using a convention center type facility.

The survey targeted professionals from organizations representing national, regional, state and local associations, government entities, corporate and other organizations conducting or planning events.

A total of 220 respondents completed a web based survey or follow-up telephone interview. They were provided with the scenario that there is a proposed multi-purpose convention and events center with a full services hotel for Tallahassee, Florida under consideration that would include a multi-purpose exhibition, ballroom, and meeting space. The center would support conventions and events, tradeshow, meetings and banquets.

Survey Participants

Respondents overall considered themselves small organizations with nearly three quarters having less than 100 employees. Associations made up just over half of the respondents (56%), 10% of respondents represented government and 8% corporations. Over half of the associations responding had less than 1,000 members, while just under a quarter had between 1,000 and 2,500 members. Respondents represented a wide range of industries with no single industry dominating the group. Medical and health industries accounted for just over a fifth of the industries. Other represented industries included technology/computers, automotive, real estate, hospitality, legal services as well as numerous other industries.

Events Conducted and Planned

Respondents provided insight into the conventions and events they typically conducted or planned:

- Almost all respondents interviewed conduct or plan meetings (94%) with an average attendance of 203. Some 81% conduct or plan training workshops which an average 258 attendees. Three quarters (76%) hold conferences which have an average attendance of 450, while 62% conduct or plan conventions with exhibits with an average attendance of 905. Rounding out the top five types of events was banquets with an average attendance of 419.
- Most organizations (86%) held between one and four events per year. These were spread fairly evenly over the various group sizes, however decidedly less organizations conducted events exceeding 2,500 attendees.
- Organizations drew from national/international, regional, state-wide and local attendees.
- Respondents indicated varying needs for square footage, but most (59%) indicated a need for between 25,000 and 50,000 square feet. A quarter indicated a need for less than 25,000 and about 16% required more than 50,000 square feet.
- For banquet space, 40% of respondents required space for less than 250 persons while 35% needed space to accommodate between 250 and 500 persons.
- When considering the number of breakout rooms needed, 45% of respondents required less than five rooms, while 35% needed from five to nine rooms.
- On average respondents indicated that their conventions and events typically were 3 days in length with one move-in day and one move-out day. This would indicate a typical stay of four hotel nights on average.
- On average respondents indicated that they typically would require a minimum block of 273 rooms for an event but would prefer a block of 317 rooms on average.
- The average maximum room rate was estimated at \$142 per night while the average preferred room rate would be \$110.
- Most organizations (66%) estimated the number of attendees to be less than 500, while 17% indicated between 500 and 1000 attendees.
- A small majority (54%) expected an increase in attendees in the next five years, while 40% indicated attendance would remain the same. Only 6% forecast a decrease in event attendance.

Conference and Event Preferences

Respondents were asked a number of questions to determine their preferences for holding conferences and events.

- In terms of location, respondents indicated 47% of the time that the location preference was for a resort location, followed by 35% indicating a preference for a downtown location. Only 10% preferred a suburban location.
- Respondents reacted to a list of Florida cities in terms of how attractive they were as an event location. They rated Orlando (4.1), Tampa (3.6), and Ft. Lauderdale (3.1) as the most desirable on a scale of one to five.
- They were also provided a list of cities outside of Florida. None of the cities outside of Florida were rated above 1.7 on the 5 point scale, and respectively were not rated higher than Tallahassee (2.3)
- Respondents were asked about the importance of holding their conventions and events at a full-service headquarters hotel connected to the convention center. This feature was rated “very important” 58% of the time and “somewhat important” 25% of the time.

Tallahassee as an Event Destination

Respondents were queried if they had held any events in Tallahassee in the last three years.

- Some 45% indicated that they had, while 55% had not. Of those who had held events in Tallahassee, 34% had held events in a hotel, while 14% held events in offices or government facilities. Conference Centers/university/college facilities were utilized 12% of the time while “other” location comprised 25% of responses.
- Of those respondents indicating they had not held events in Tallahassee, 27% indicated it was due to the location being too far or not centrally located enough. Some 24% indicated there was a lack of facilities and 9% listed lack of suitable air travel as a reason. In the secondary reasons provided, the lack of suitable air travel accounted for 42% of responses, followed by lack of facilities (17%) and location (13%).
- When asked about their knowledge of Tallahassee, respondents indicated they were very knowledgeable about Tallahassee 36% of the time and somewhat knowledgeable 36% of the time. Respondents indicated they were not very knowledgeable 13% of the time and indicated having no knowledge at all 14% of the time.

- Respondents were asked to rate Tallahassee relative to other cities and overall respondents gave Tallahassee an overall rating of 2.5 on a five point scale. The respondents gave the city more positive marks for categories like dining and entertainment (2.5), recreation, tourism and culture (2.5), safety (3.4), and cleanliness (3.4). Lower marks were given for available meeting space (2.1) and travel (1.5).
- When posed with the question of whether respondents had wanted to have events in Tallahassee but were unable to do so due to the lack of a convention center, 35% indicated that this was the case. Similarly, respondents had not been able to plan events in Tallahassee due to the lack of hotel rooms 34% of the time.
- Respondents were then asked how likely they would be to have conventions and events in Tallahassee if there was a convention center attached to a full-service branded hotel. Some 26 % of respondents indicated they would be very likely and 31% indicated they would be somewhat likely.
- When asked about the frequency of events they would hold in Tallahassee if there was a convention center, respondents indicated “more than once a year” 14% of the time and “once a year” 28% of the time, while 6% indicated they would do so every two years. A quarter indicated they would “never” hold events in Tallahassee.
- When asked if their organization did have an event in Tallahassee what form of transportation they would use, 60% indicated they would travel by car and 35% indicated they would travel by plane.
- In considering Tallahassee’s strengths as a location to hold events, 49% of respondents cited the benefits of being in the capital city with state government offices located there. Other strengths noted were the city’s character, beauty, ease of getting around and the overall local atmosphere.
- Weaknesses pointed out focused on the lack of suitable air travel cited by 41% of respondents and the location or lack of central location of the city (15%). Other weaknesses mentioned included the lack of hotels, lack of meeting center or conference center, lack of attractions, and the lack of beach or resort.

International/ National/Regional Organizations

When looking at organizations drawing from international, national and regional attendees (56 out of 220 organizations interviewed) they reported having slightly more conventions with exhibits, tradeshows and entertainment events. They were also more likely to report higher numbers of attendees for most events.

The majority (71%) had not held an event in Tallahassee in the last three years and most of them expressed that it was not because of a lack of adequate convention and event center space (86%) or lack of available or conveniently located hotel rooms (82%). While half of them prefer a resort area, 39% reported they prefer a downtown location for their events.

About 13% expressed that they would be very likely and 25% would be somewhat likely considering Tallahassee for their convention or events if Tallahassee had a convention center attached to a full service branded hotel. They were also much more likely to say that it is very important for them to have a full service headquarter hotel connected to a convention center (73% versus 58% overall) for their events.

A majority would travel by plane (57%), and as far as move in days are concerned they would require two days compared to one day for the sample overall. They also require more rooms (preferred number of rooms 373 on average compared to 317 for the sample overall) and their preferred and maximum hotel room rates were slightly higher than the sample overall (preferred room rate \$121 compared to \$110 for the sample overall).

Final Considerations

Tallahassee has many positive things to offer. It's a beautiful city with minor traffic, good places to eat and be entertained, a center of government activity, and it is affordable compared to other larger cities. From the standpoint of being a destination for conventions and events, it has a number of challenges to overcome to attract those organizations that conduct or plan meetings or events. Some of the challenges are things that can be changed, while others are stationary. The survey shows that for some organizations, if Tallahassee had a conference center attached to a full-service hotel, they would be likely to bring events to Tallahassee that they currently are planning elsewhere.

Travel presents another barrier, but with increased demand there would likely be an increase in air travel options coming to and from Tallahassee. The fact that Tallahassee is not located central to large populations within the state is a stationary challenge, as is the lack of a resort or beach.

SURVEY FINDINGS

RESPONDING ORGANIZATIONS

Respondents were asked to classify the organization they represented. Just over half (56%) of respondents identified themselves as representing an association. “Other” represented 11% of respondents, while government represented 10% of respondents and corporations about 8%. A collective group comprised of social, military, education, religious and fraternal groups (SMERF) made up 9% of respondents.

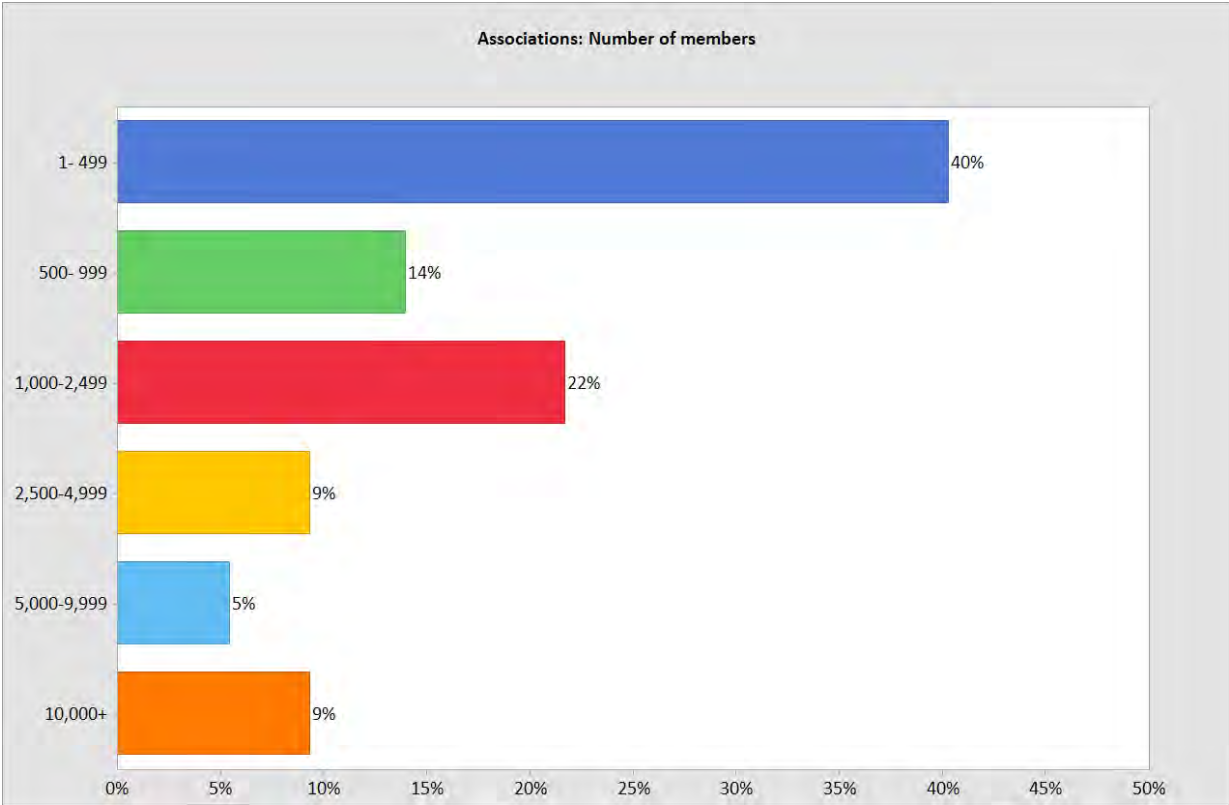
Survey Question 6: How would you classify the organization you represent?

	Total
Unweighted Base	220
Association	124 56%
Corporate	17 8%
Entertainment	2 1%
Government	21 10%
Exhibition Company	1 0%
Other	25 11%
Non-profit	10 5%
SMERF	20 9%

For those respondents identified as associations, almost half (40%) indicated that their association had less than 500 members, 14% had 500 to 999 members, 22% had 1,000 to 2,499 members. Associations with over 2,500 numbered 31 or 23% and of those 9% had 2,500 to 4,999, 7 or 5% indicated that their membership numbers between 5,000 to 9,999 and 12 or 9% indicated their membership as greater than 10,000 members.

Survey question 7: How many members does your Association have?
Average Number of Members

	Total
Base	134
How many members?	2872



For those respondents representing organizations other than associations, they represented a wide range of industries. While over a third were identified as “other”, the medical and health industries made up 21% of the group. Both real estate and law/juvenile or justice/courts each represented 5% of respondents. All other industries represented were below 5%.

Survey question 8: What industries does your organization represent?

	Total
Unweighted Base	219
Technology/Computer	9 3%
Medical	34 11%
Health	33 10%
Pharmaceutical	5 2%
Automotive	5 2%
Agricultural/Fishery	9 3%
Aeronautical/Space	6 2%
Fire	4 1%
Real estate	17 5%
Financial	10 3%
Insurance	8 3%
Law/Juvenile Justice/Courts	16 5%
Culinary/Hotel/Restaurant/Hospitality	5 2%
Sports	10 3%
Other	113 36%
Arts/Entertainment	1

	0%
Construction	4 1%
Education	8 3%
Environmental	0 0%
Information	3 1%
Leisure/Recreation	3 1%
Manufacturing	2 1%
Retail	2 1%
Trade/Transportation/Utilities	4 1%
Tourism	4 1%

Overall, the respondents identified their organizations as small in terms of employment with most (74%) indicating they employed between 1 and 99 employees. Twenty-two respondents or 10% indicated they were medium in size (100 to 249 employees), while 35 or 16% were large organizations with greater than 250 employees.

Survey question 9: Would you say your organization is:

	Total
Unweighted Base	220
Small (1-99 employees)	163 74%
Medium (100-249 employees)	22 10%
Large (250 + employees)	35 16%

EVENT ATTENDEES

When considering the origin of attendees at events planned or conducted by the organizations, over a third (39%) indicated that the events were statewide, while 22% had local attendees. Some 20% indicated that their events were regional and 19% indicated that they drew national or international attendees. Note that for this question, respondents were able to answer multiple origins, and the totals reflect events that drew a group from more than one origin.

Survey Question 10: Which categories best describe the origin of attendees for the conventions and events you conduct or plan?

CHECK ALL THAT APPLY

	Total
Unweighted Base	220
National / International	69 19%
Regional (multi-state)	72 20%
Statewide	144 39%
Local	81 22%

- Responses do not add to 100% because multiple responses were allowed.

When asked about the method of travel to Tallahassee if their organization would have a local convention or event, the majority (60%) indicated their attendees would travel by car to get to Tallahassee. Just over a third (35%) would use plane travel to get to Tallahassee, and the remaining 5% would use bus or an alternate form of transportation.

Survey question 40: If your organization held a convention or event in Tallahassee, how would the majority of your attendees travel to Tallahassee?

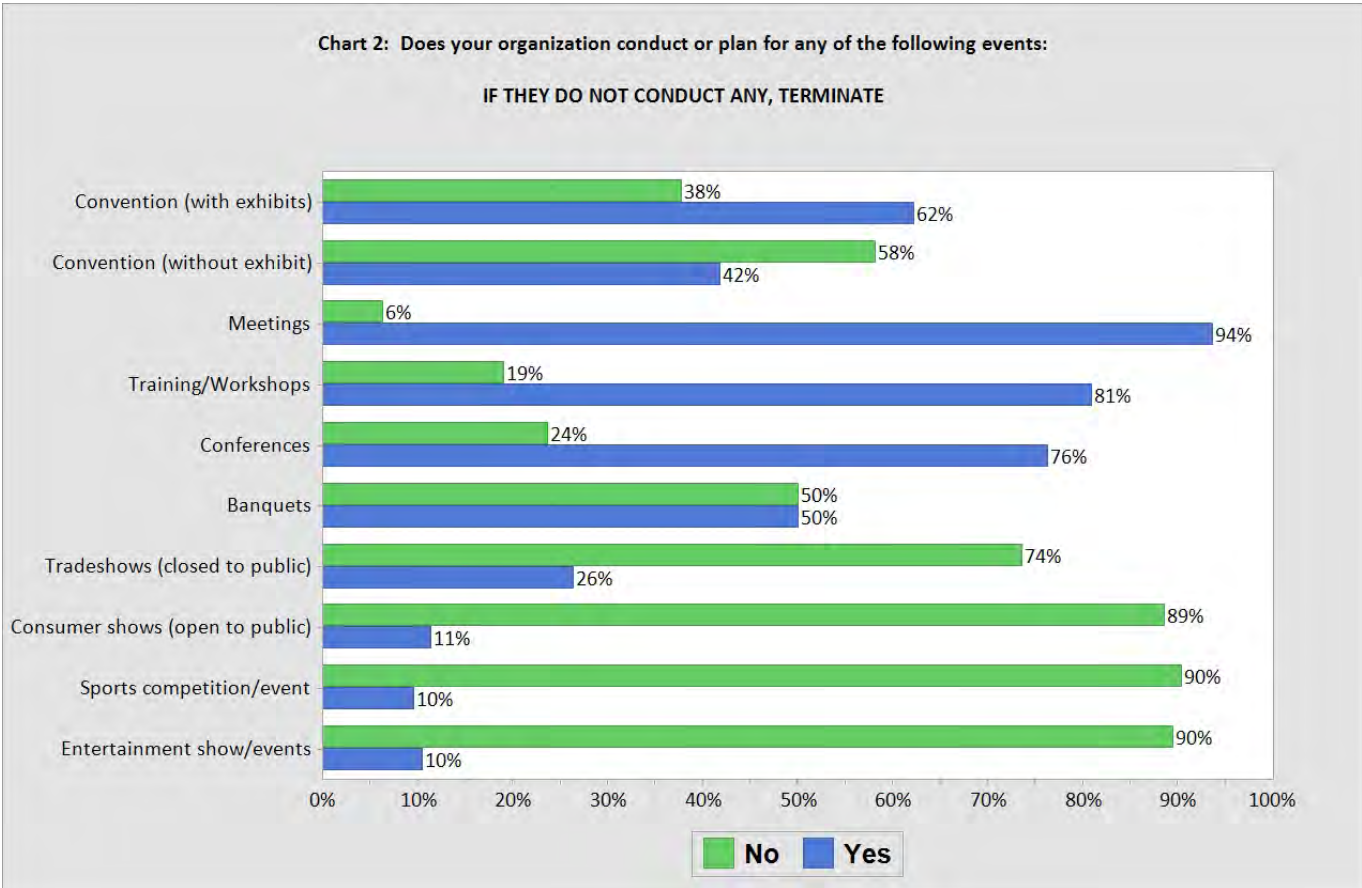
	Total
Unweighted Base	220
Plane	77 35%
Car	131 60%
Bus	5 2%
Other	7 3%

TYPES OF EVENT PLANS AND NEEDS

The survey began by asking respondents about the types of events they conduct or plan. Respondents that did not conduct or plan any of the events listed were eliminated from inclusion in the survey. The types of events were varied and organizations were prone to conduct or plan multiple types of events. Nearly all (94%) of the organizations had meetings, 81% identified Training/Workshops, 76% conducted or planned conferences, 62% had conventions with exhibits, and 50% identified banquets. Other events included tradeshow closed to the public (26%), consumer shows open to the public (11%), sports competitions and events (10%) and entertainment shows or events (10%).

Survey question 2: Does your organization conduct or plan for any of the following events:

	Total	Yes	No
Convention (with exhibits)	220 100%	137 62%	83 38%
Convention (without exhibit)	220 100%	92 42%	128 58%
Meetings	220 100%	206 94%	14 6%
Training/Workshops	220 100%	178 81%	42 19%
Conferences	220 100%	168 76%	52 24%
Banquets	220 100%	110 50%	110 50%
Tradeshows (closed to public)	220 100%	58 26%	162 74%
Consumer shows (open to public)	220 100%	25 11%	195 89%
Sports competition/event	220 100%	21 10%	199 90%
Entertainment show/events	220 100%	23 10%	197 90%



Respondents were then asked about the number of events they conducted or planned in a typical year and the number of attendees they anticipated. Sport Competition had the highest average number of events, which is expected as it related to team schedules. The second highest average number of events was from meetings with an annual average of 9 meetings, followed by an average of 8 for trainings and workshops. All other type events averaged either 3 or 4 events per year.

Survey Question 3: How many of the following events does your organization conduct or plan in a typical year?

Average Number of Events

	Total
Base	206
Convention (with exhibits)	4
Convention (without exhibit)	4
Meetings	9
Training/Workshops	8
Conferences	3
Banquets	4
Tradeshows (closed to public)	3
Consumer shows (open to public)	3
Sports competition/event	14
Entertainment show/events	4

Respondents were then asked about the number of attendees by type of event. Events that are typically attended by the public had the highest average attendance. Of those, generally non-public events tradeshows had the highest average attendance at 969, followed by conventions with exhibits at 905. Conventions without exhibits had the next highest average attendance at 476, followed by conferences at 450 and banquets at 419.

Survey Question 4: How many attendees, delegates or participants typically attend the following events?

Average Number of Attendees

	Total
Base	206
Convention (with exhibits)	905
Convention (without exhibit)	476
Meetings	203
Training/Workshops	258
Conferences	450
Banquets	419
Tradeshows (closed to public)	969
Consumer shows (open to public)	3360
Sports competition/event	2515
Entertainment show/events	3628

To provide further insight into the number of events and attendance at those events, responses were further broken down by event type.

For conventions with exhibits, the vast majority of respondents (86%) indicated they conducted or planned between 1 and 4 events in a typical year. For this type and frequency of event, the number of attendees varied, with a quarter (27%) indicating less than 250 attendees and 26% indicated between 250 and 499 attendees. Conventions with 500 to 999 attendees accounted for 21% and those with 1,000 to 2,499 attendees made up 19%. About 6% of conventions expected greater than 2,500 attendees.

Question 3: Breakdown for Conventions with exhibits by Number of Events planned

Number of Events	Total	Number of Attendees				
		1- 249	250-499	500-999	1,000-2,499	2,500+
Unweighted Base	137	35	34	32	27	8
1 - 4	118 86%	32 91% 27%	31 91% 26%	25 78% 21%	22 81% 19%	7 88% 6%
5-9	8 6%	2 6% 25%	3 9% 38%	2 6% 25%	1 4% 13%	0 0% 0%
10-19	5 4%	1 3% 20%	0 0% 0%	2 6% 40%	1 4% 20%	1 13% 20%
20+	6 4%	0 0% 0%	0 0% 0%	3 9% 50%	3 11% 50%	0 0% 0%

For Conventions without exhibits, the number of events conducted or planned was very similar to conventions with exhibits with 82% of respondents planning or conducting 1 to 4 events per year. Attendance for this type and frequency of convention was much smaller in scale with 44% indicating between 100 and 249 attendees and a quarter (25%) indicating attendance of 250 to 499. Some 9% of respondents indicated attendance of less than 100 while just 8% indicated from 500 to 999. Some 11% indicated a conference with 1,000 or more attendees.

Question 3: Breakdown for Conventions without exhibits by Number of Events Planned

Number of Events	Total	Number of Attendees				
		1- 99	100- 249	250- 499	500- 999	1,000+
Unweighted Base	92	13	35	24	7	11
1 - 4	75 82%	7 9%	33 44%	19 25%	6 8%	8 11%
5-9	6 7%	2 15%	2 6%	2 8%	0 0%	0 0%
10-19	5 5%	2 15%	0 0%	2 8%	0 0%	1 9%
20+	6 7%	2 15%	0 0%	1 4%	1 14%	2 18%
		33%	0%	17%	17%	33%

For Conferences, a large majority (86%) of respondents indicated they would conduct or plan between 1 and 4 conferences within a one year period. For conference attendance at this frequency 31% indicated they would have attendance between 100 and 249, followed by 23% indicating attendance of less than 100. Some 22% indicated attendance between 250 and 499, while 12% indicated between 500 and 999. About 10% indicated attendance of 1,000 or more.

Question 3: Breakdown for Conferences by Number of Attendees

Number of Events	Total	Number of Attendees				
		1- 99	100-249	250-499	500-999	1,000+
Unweighted Base	167	40	50	36	21	19
1 - 4	143 86%	33 83% 23%	45 90% 31%	32 89% 22%	17 81% 12%	15 79% 10%
5-9	11 7%	3 8% 27%	5 10% 45%	1 3% 9%	2 10% 18%	0 0% 0%
10-19	6 4%	2 5% 33%	0 0% 0%	1 3% 17%	0 0% 0%	3 16% 50%
20+	7 4%	2 5% 29%	0 0% 0%	2 6% 29%	2 10% 29%	1 5% 14%

For banquets, a majority of respondents (74%) indicated they would conduct or plan 1 to 4 events. Respondents at this frequency indicated 31% for attendance of less than 100, followed by 25% indicating attendance of 100 to 249. Slightly more than a quarter (27%) indicated attendance of 250 to 499, while 10% indicated attendance of 500 to 999. About 6% indicated attendance of 1,000 or greater.

Question 3: Breakdown for Banquets by Number of Attendees

Number of Events	Total	Number of Attendees				
		1- 99	100- 249	250- 499	500- 999	1,000 0+
Unweighted Base	110	30	29	27	13	9
1 - 4	81 74%	25 83%	20 69%	22 81%	8 62%	5 56%
5-9	18 16%	3 10%	6 21%	4 15%	3 23%	1 11%
10-19	6 5%	1 3%	2 7%	1 4%	1 8%	1 11%
20+	5 5%	1 3%	1 3%	0 0%	1 8%	2 22%
		20%	20%	0%	20%	40%

For tradeshow, the vast majority of respondents (88%) estimated the number of events conducted or planned annually between 1 and 4. A majority of those planning 1 to 4 events (63%) indicated attendance of less than 500, followed by 12% indicating attendance of 500 to 999. Some 14% indicated attendance between 1,000 and 2,499, while about 10% estimated attendance at 2,500 or greater.

Question 3: Breakdown for Tradeshow by Number of Attendees

Number of Events	Total	Number of Attendees			
		1- 499	500-999	1,000-2,499	2,500+
Unweighted Base	58	34	10	8	5
1 - 4	51 88%	32 94% 63%	6 60% 12%	7 88% 14%	5 100% 10%
5-9	2 3%	0 0% 0%	2 20% 100%	0 0% 0%	0 0% 0%
10-19	2 3%	1 3% 50%	1 10% 50%	0 0% 0%	0 0% 0%
20+	3 5%	1 3% 33%	1 10% 33%	1 13% 33%	0 0% 0%

For meetings, a majority (67%) of respondents indicated conducting or planning 1 to 9 events annually. Nearly a quarter (24%) indicated they would have 10 to 24 meetings annually, while 8% indicated they would conduct or plan 25 or more meetings. For the majority of the meetings (ranging between 1 to 9 meetings annually), some 42% of respondents indicated attendance of less than 50, while just over a quarter (27%) indicated attendance between 51 and 99. A fifth (20%) estimated attendance between 100 and 249 and 4% indicated attendance between 250 and 499. About 6% indicated attendance of 500 or more.

Question 3: Breakdown for Meetings by Number of Attendees

Number of Events	Total	Number of Attendees				
		Less than 50	51-99	100-249	250-499	500+
Unweighted Base	206	84	55	39	13	15
1 – 9	139 67%	59 70% 42%	38 69% 27%	28 72% 20%	6 46% 4%	8 53% 6%
10-24	50 24%	21 25% 42%	10 18% 20%	9 23% 18%	3 23% 6%	7 47% 14%
25-49	10 5%	4 5% 40%	4 7% 40%	0 0% 0%	2 15% 20%	0 0% 0%
50+	7 3%	0 0% 0%	3 5% 43%	2 5% 29%	2 15% 29%	0 0% 0%

For training, a majority of respondents (73%) indicated they would conduct or plan 1-9 events annually, 20% indicated they would have 10 to 24 events annually and 7% indicated they would conduct or plan 25 or more trainings or workshops. Of those conducting 1 to 9 meetings, just over a third (39%) estimated attendance at events at 50 or less, while 35% indicated attendance between 50 and 99. Some 18% indicated attendance between 100 and 249, while just 2% indicated attendance between 250 and 499. About 5% estimated attendance of 500 or more.

Question 3: Breakdown for Training/Workshops by Number of Attendees

Number of Events	Total	Number of Attendees				
		1- 49	50-99	100-249	250-499	500+
Unweighted Base	178	64	64	30	7	12
1-9	130 73%	51 80% 39%	45 70% 35%	23 77% 18%	3 43% 2%	7 58% 5%
10-24	36 20%	8 13% 22%	15 23% 42%	6 20% 17%	3 43% 8%	4 33% 11%
25-49	7 4%	3 5% 43%	3 5% 43%	0 0% 0%	0 0% 0%	1 8% 14%
50+	5 3%	2 3% 40%	1 2% 20%	1 3% 20%	1 14% 20%	0 0% 0%

For consumer shows, respondents indicated 88% of the time that they would conduct or plan 1 to 4 events annually, while 13% indicated they would hold 5 or more consumer shows. A majority of those holding 1 to 4 consumer shows (57%) indicated that attendance at those events would be less than 500, while just 5% estimated attendance at 500 to 999. Some 14% respectively indicated attendance of 1,000 to 2,499 and attendance of 2,500 or more.

Question 3: Breakout for Consumer Shows by Number of Attendees

Number of Events	Total	Number of Attendees			
		1- 499	500-999	1,000-2,499	2,500+
Unweighted Base	24	12	1	4	4
1-4	21 88%	12 100% 57%	1 100% 5%	3 75% 14%	3 75% 14%
5+	3 13%	0 0% 0%	0 0% 0%	1 25% 33%	1 25% 33%

For sporting events, respondents indicated 57% of the time that they would conduct or plan 1 to 4 events annually, while 5% indicated they would hold 5 to 9, 19% would hold 10 to 19 events and 19% would hold 20 or more sporting events. Half of those holding 1 to 4 sporting events (50%) indicated that attendance at those events would be less than 500, while a quarter 25% estimated attendance at 500 to 999. Some 17% indicated attendance of 1,000 to 2,499 and 8% estimated attendance of 2,500 or more.

Question 3: Breakout for Sports by Number of Attendees

Number of Events	Total	Number of Attendees			
		1- 499	500-999	1,000-2,499	2,500+
Unweighted Base	21	9	3	6	3
1-4	12 57%	6 67% 50%	3 100% 25%	2 33% 17%	1 33% 8%
5-9	1 5%	0 0% 0%	0 0% 0%	1 17% 100%	0 0% 0%
10-19	4 19%	1 11% 25%	0 0% 0%	2 33% 50%	1 33% 25%
20+	4 19%	2 22% 50%	0 0% 0%	1 17% 25%	1 33% 25%

For entertainment events, respondents indicated 83% of the time that they would conduct or plan 1 to 4 events annually, while 4% indicated they would hold 5 to 9, 9% would hold 10 to 19 events and 4% would hold 20 or more entertainment events. While 42% of those holding 1 to 4 entertainment events (83%) indicated that attendance at those events would be 500 or less, 21% respectively estimated attendance at 500 to 999 and 1,000 to 2,499. About 16% estimated attendance of 2,500 or more.

Question 3: Breakout for Entertainment Shows by Number of Attendees

Number of Events	Total	Number of Attendees			
		1- 499	500-999	1,000-2,499	2,500+
Unweighted Base	23	8	5	7	3
1-4	19 83%	8 100% 42%	4 80% 21%	4 57% 21%	3 100% 16%
5-9	1 4%	0 0% 0%	0 0% 0%	1 14% 100%	0 0% 0%
10-19	2 9%	0 0% 0%	0 0% 0%	2 29% 100%	0 0% 0%
20+	1 4%	0 0% 0%	1 20% 100%	0 0% 0%	0 0% 0%

VENUE/CITY PREFERENCES AND HISTORY

When considering the type of location that the respondents’ organizations preferred to plan their conventions and events at, nearly half (47%) indicated a preference for a resort area. The second most frequently cited location preference was for a downtown area with 35% of respondents indicating that preference. Preference for a suburban area was cited by 10% of respondents and just 7% indicated a preference for an airport location.

Survey question 11: What type of location do you prefer for your conventions and events?

CHECK ONLY ONE ANSWER

	Total
Unweighted Base	220
Resort Area	104 47%
Suburban	23 10%
Downtown	78 35%
Airport	15 7%

When indicating the importance of having a full-service headquarters hotel connected to the convention center where their event would be held, 58% indicated that this was a very important feature and a quarter (25%) described this feature as somewhat important. Some 17% indicated it was either not very important or not important at all.

Survey Question 31: How important is it that you have a full-service headquarters hotel connected to the convention center where you would most likely hold your convention or event?

	Total
Unweighted Base	220
Very important	127 58%
Somewhat Important	55 25%
Not very important	18 8%
Not important at all	20 9%

Respondents were asked to rate Tallahassee in relation to other cities where the respondents had or were planning on holding events. Based on the listed criteria Tallahassee had an overall rating of 3 on a scale of 1 to 5 – with 5 being the highest. The responses were somewhat positive for the following areas:

- Dining and Entertainment Options (2.5)
- Recreation, Tourism & Cultural Activities (2.5)
- Overall level of destination appeal (2.5)
- Price of hotel rooms (2.5)
- Safety (3.4)
- Cleanliness (3.4)

Areas receiving low marks focused on the availability of air travel (1.5), the availability of exhibit space (1.7), and availability of meeting space (2.1).

Survey question 33: Please rate Tallahassee on the following criteria as a location for your convention or events relative to other cities in which you have held or may hold conventions or events.

	Total
Base	220
Availability of Exhibit Space	1.7
Availability of Meeting Space	2.1
Availability of Banquet Space	2.2
Price of Meeting Facility Rentals	2.2
Availability of Hotel Rooms	2.3
Price of Hotel Rooms	2.5
Quality of hotel rooms	2.4
Availability of Air Travel	1.5
Convenience for Drive-In Visitors	2.2
Dining & Entertainment Options	2.5
Recreation, Tourism & Cultural Activities	2.5
Safety	3.4
Cleanliness	3.4
Ability to Attract Attendees	2.4
Overall Level of Destination Appeal	2.5

When asked to rate a selection of 12 Florida cities with regards to the overall attractiveness as a location for their convention or event on a scale of 1 to 5 with 5 being the highest – Orlando and Tampa were the most highly rated in the group at 4.1 and 3.6 respectively. There were five other cities that were rated better than 2.5 (Daytona Beach, Fort Lauderdale, West Palm Beach, Jacksonville and Miami). Tallahassee was rated at 2.3 and was included in the bottom five cities that all received a rating below 2.5.

Survey question 34: Please rate the overall attractiveness to the best of your abilities for the following Florida cities as a location for your convention or event(s).

	Total
Base	220
Jacksonville	2.8
Lakeland	1.8
Miami	2.9
Tampa	3.6
Orlando	4.1
Tallahassee	2.3
Daytona Beach	2.6
Fort Lauderdale	3.1
Fort Myers	2.5
Sarasota/Palmetto	2.2
St. Augustine	2.5
West Palm Beach	2.9

Respondents were then asked about other cities outside of Florida. None of the cities on the list rated higher than a 1.7, meaning none of the cities were rated higher than Tallahassee.

Survey question 35: Please rate the overall attractiveness to the best of your abilities for the following **other** cities as a location for your convention or event(s)

	Total
Base	220
Raleigh, NC	1.3
Mobile, AL	1.1
Myrtle Beach, SC	1.5
Birmingham, AL	1.2
Charlotte, NC	1.5
Richmond, VA	1.3
Huntsville, AL	1.0
Savannah, GA	1.7
Baton Rouge, LA	1.1
Shreveport, LA	1.0
Jackson, MS	.9
Virginia Beach, VA	.8
Charleston, SC	1.7

Respondents were also asked what other venues they had used for up to three other cities. For this question we used the first two responses for the analysis and combined the cities where most of them said they had held events. The eight most frequently mentioned cities were Orlando, Tampa, Tallahassee, Jacksonville, Palm Beach, Atlanta, Ft. Lauderdale and Miami.

The Rosen Center Hotel was most frequently mentioned for Orlando, followed by the Hilton, but there was no clear preference among many other venues named for any of the cities where they had held events.

The following tables represent the first and second mentions of “other city” used for events and the facilities named.

Other Event City 1 and City 2

Unweighted Base	214	192	406
	Total City 1	Total City 2	Combined
Orlando	63 29%	49 26%	112
Tampa	19 9%	15 8%	34
Tallahassee	18 8%	10 5%	28
Jacksonville	13 6%	9 5%	22
Palm Beach	8 4%	7 4%	15
Atlanta	9 4%	3 2%	12
Ft. Lauderdale	3 1%	7 4%	10
Miami	4 2%	6 3%	10
DK/NA	2 1%	7 4%	9
St. Pete	6 3%	3 2%	9
Clearwater	2 1%	6 3%	8
Naples	5 2%	3 2%	8
Destin	2 1%	5 3%	7
Daytona Beach	1 0%	5 3%	6
Ocala	2 1%	3 2%	5
Gainesville	3 1%	2 1%	5

HVS Convention Center and Headquarter Hotel Study

Sarasota	4 2%	1 1%	5
Savannah	2 1%	2 1%	4
PC	3 1%	1 1%	4
Marco Island	1 0%	2 1%	3
Las Vegas	2 1%	1 1%	3
Lakeland	2 1%	1 1%	3
New Orleans	2 1%	1 1%	3
St. Louis, MO	1 0%	1 1%	2
Cocoa Beach	1 0%	1 1%	2
Birmingham	1 0%	1 1%	2
Charleston	0 0%	1 1%	2
San Diego	0 0%	1 1%	2
Chicago	2 1%	0 0%	2
Virginia Beach	2 1%	0 0%	2
Pensacola	0 0%	1 1%	1
Boca Raton	0 0%	1 1%	1
Amelia Island	1 0%	0 0%	1
Alexandria, VA	1 0%	0 0%	1
Howey in the Hills	1 0%	0 0%	1
Ft. Myers	1 0%	0 0%	1
Ashville	1 0%	0 0%	1
Weston	1 0%	0 0%	1
Hutchinson Island	1 0%	0 0%	1
Nashville	1 0%	0 0%	1
Tucson	1 0%	0 0%	1
NY	1 0%	0 0%	1

HVS Convention Center and Headquarter Hotel Study

Amelia Island	1 0%	0 0%	1
Melbourne	1 0%	0 0%	1
Other	19 9%	36 19%	55

First Mention of Other Facilities within Cities

Q16- Property	Q17- City
Doubletree Sea World I - Drive	Orlando
Doubletree (2)	Orlando
Doubletree by Hilton	Orlando
Hyatt Regency Grand Cypress (2)	Orlando
Hyatt Orlando Airport	Orlando
Hyatt Regency	Orlando
Marriott (airport)	Orlando
Hilton (4)	Orlando
Hilton Disney	Orlando
Rosen Plaza (2)	Orlando
Rosen Center Hotel (8)	Orlando
Renaissance Hotel at the Airport	Orlando
Four Seasons Resort	Orlando
Central Florida Fairgrounds	Orlando
Best Western	Orlando
Champions Gate	Orlando
Sea World	Orlando
Caribe Royale Resort	Orlando
The Hotel	Orlando
Buena Vista Place	Orlando
Orlando	Orlando
FL Children's Service Council Office	Orlando
Marquee World Center	Orlando
Star Island Resort	Kissimmee
Resort	Orlando
Villas of Grand Cypress	Orlando
Hotel (cannot specify)	Orlando
Peabody	Orlando
Florida Mall	Orlando
Ritz Carlton (2)	Orlando
World Center (5)	Orlando
Disney's Grand Floridian	Orlando
Walt Disney World Yacht & Beach Club	Lake Buena Vista
Disney Yacht and Beach Hotel	Orlando
Walt Disney World Conference Center	Kissimmee
Disney Resort	Orlando
Orlando Convention Center (2)	Orlando
Orange County Convention Center (2)	Orlando
Gaylord Palms	Orlando
5	Orlando
Hotel	Orlando
Resort Hotel	Orlando
Sheraton	Orlando
Embassy suite	Orlando
Doubletree	Tallahassee

HVS Convention Center and Headquarter Hotel Study

Residence Inn University	Tallahassee
Hilton Garden Inn	Tallahassee
Tallahassee RV Park	Tallahassee
Governors Club (2)	Tallahassee
Tallahassee Community College	Tallahassee
The Winery at the Red Bar Church	Tallahassee
Staybridge Suites Tallahassee	Tallahassee
Ruby Diamond	Tallahassee
FSU Center	Tallahassee
University Center Club	Tallahassee
Civic Center (3)	Tallahassee
Ramada Inn	Tallahassee
Ritz Carlton Hotel	Amelia Island, Florida
Hilton Hotel	Daytona Beach
O'Connell Center Hotel	Gainesville
Treo Center	Gainesville
Hyatt Regency (3)	Jacksonville
Sawgrass Marriott (2)	Ponte Vedra
The Hilton at Riverside	Jacksonville
Hilton	Jacksonville
The Renaissance Resort at World Golf Village	St. Augustine
Omni (2)	Jacksonville
University Hotel	Jacksonville
Sandler	Jacksonville
Hilton	Jacksonville
Hilton	Clearwater
Clearwater Beach on Sand Key	Clearwater Beach
The Breakers (4)	Palm Beach
Four Seasons Hotel	West Palm Beach
West Palm Beach	West Palm Beach
The Crown Plaza	West Palm Beach
Palm Beach Garden	Palm Beach
The Inn on Fifth	Naples
The Ritz Carlton (2)	Naples
Naples Grande Hotel (3)	Naples
Hyatt Regency (2)	Sarasota
Long Boat Key Club	Sarasota
Ritz Carleton	Sarasota
Sanibel Resort and Conference Center	Ft Myers
Renaissance	Ashville
Grand Hyatt Tampa Bay (2)	Tampa
Hyatt, Hilton	Tampa
Hyatt Tampa Bay	Tampa
Hilton Conference Center (2)	Tampa
Renaissance	Tampa
Airport	Tampa

HVS Convention Center and Headquarter Hotel Study

Hillsborough Community College	Tampa
Tampa Intercontinental	Tampa
University Club	Tampa
Tampa Convention Center (2)	Tampa
The Sheraton (2)	Tampa
The Hyatt	Weston, FL
Caesars Palace	Las Vegas
Wynn Las Vegas	Las Vegas
Renaissance Vinoy Resort & Golf Club (2)	St. Petersburg
The Sirata Hotel	St Petersburg
Trade Winds	St Pete Beach
Tigertown	Lakeland
Terrace Hotel	Lakeland
South Beach The Lowes	Miami
Comb Convention Center	Miami
The Loews and Royal Palm Hotel	South Beach
Baytown Resort	Miami
San Destin Golf and Beach Resort	Destin
Hilton Hotel	Destin
A members facility (cannot name)	Ocala
Westin La Paloma	Ocala
The	Tucson
Height Regency	New York City
Pensacola hotel	Chicago
Hyatt Regency	Chicago
Hilton Conference Center	Atlanta
Renaissance Airport Hotel	Atlanta
Wyndham	Atlanta
Calloway Gardens	Atlanta
Private Owned Mansion	Atlanta
Convention Center (2)	Atlanta
Suites	Atlanta
Marriott Bay Point (3)	Panama City
Broward County. Convention Center (2)	Ft Lauderdale
Harbor Beach Convention Center	Fort Lauderdale
Regency Hotel	St. Louis MO
Hyatt	Greenville
Hyatt Regency	Louisville, KY
Hilton Old Town Alexandria	Alexandria, VA
Hilton	Washington
Van Braun Center	Huntsville, Alabama
Four Seasons Sheraton	Greensboro, NC
Mission Inn Resort	Howey in the Hills
Westin Diplomat	Hollywood
Tower Club	Dallas
Washington DC Convention Center (2)	Washington DC
Houston West chase	Houston

HVS Convention Center and Headquarter Hotel Study

At the Warf	Boston
San Diego Convention Center	San Diego
Herron Convention Center	Tunica, MS
UNOC - University of Ohio Event Center	Lima, Ohio
NH Hotel	Rome, Italy
Crown Plaza Hotel,	Palo Alto CA
Embassy Suite	Central Florida
Riverside	New Orleans
Amelia Island Cotton	Amelia Island
Hilton	Savanna
Virginia Beach Convention Center	Virginia Beach
Langley Air force Base Center	Virginia Beach
King Center	Melbourne
Regions Parks	Birmingham, AL

Second Mention of Other Facilities within Cities

Q18- Property	Q19- City
Doubletree (2)	Orlando
Hyatt	Orlando
Hyatt Regency Grand Cypress	Orlando
Marriott	Orlando
Marriott by the Airport	Orlando
Hilton Garden Inn	Orlando
Hilton Bonnet Creek	Orlando
Hilton	Orlando
Rosen Shingle Creek (2)	Orlando
Rosen	Orlando
Renaissance Sea World	Orlando
Renaissance Hotel	Kissimmee
Renaissance Sea World	Orlando
Reunion Resort	Kissimmee
Lake Mary	Lake Mary/ Seminole county
Peabody (2)	Orlando
Omni Champion Gate	Orlando
Bonnet Creek Hilton	Orlando
Lake Nona	Orlando
Oakland Nature Preserve	Winter Garden
Caribe Bariel Disney?	Orlando
Florida Hotel and Conference Center	Orlando
Bonita Springs Spa Resort	Bonita Springs
Florida Mall	Orlando
The Ritz Carlton Grande Lake	Orlando
World Center (3)	Orlando
Disney's Coronado Springs Resort	Orlando
Disney	Orlando
Walt Disney Hilton Resort Hotel	Orlando
Walt Disney World	Orlando
The Grand Floridian	Orlando
Orange County Convention Center (3)	Orlando
Gaylord Palms Resort (5)	Orlando
Florida Hotel	Orlando
Crown Plaza Hotel	Orlando
The Old Capital	Tallahassee
Lively Technical Center	Tallahassee
Betty Eastly Center	Tallahassee
Agency for Health Care Administration	Tallahassee
Fort Knox Complex	
Student Life Center	Tallahassee
FSU Conference	Tallahassee
FSU STARRY	Tallahassee
Leon County Civic Center (2)	Tallahassee
Aloft Hotel	Tallahassee

HVS Convention Center and Headquarter Hotel Study

Hilton (3)	Daytona Beach
Ocean Center	Daytona Beach
Daytona Beach Shores Resort	Daytona
U. F Hilton	Gainesville
Hilton	Gainesville
Hyatt Regency (2)	Jacksonville
Renaissance World Golf Resort	St. Augustine
Detroit Tigers Complex	Jacksonville
Palm Coast Hammock Beach Resort	Palm Coast
Omni Downtown	Jacksonville
World Golf Village	St. Augustine
Hilton Resort	Clearwater
Hilton Clearwater Beach	Clearwater Beach
Hilton	Clearwater Beach
San Pearl Resort	Clearwater Beach
Calvary Baptist Church	Clearwater
Sheraton Sandkey	Clearwater
The Breakers (3)	Palm Beach
4 Seasons	Palm Beach
Colony Hotel	Palm Beach
Sanibel Harbor	Sanibel Island
Grand Naples Resort (2)	Naples
Ritz-Carlton	Sarasota
Grand Hyatt	Tampa
Hyatt	Tampa
Renaissance	Tampa
State Fairgrounds	Tampa
Country Club	Tampa
Tampa International Airport Hotel (2)	Tampa
Tampa Waterside Hotel (2)	Tampa
Straz Center	Tampa
State Conference Room Regional Office	Tampa
Resort Hotel (2)	Tampa
Sheraton	Tampa
MGM Grand	Las Vegas, NV
Renaissance Vinoy	St Pete
Tradewind	St. Pete
Sirata Beach Resort and Conference Center	Saint Petersburg
Convention Center	Lakeland
Hilton Miami Airport	Miami
Boardwalk	Miami
Miami Dade College	Miami
Intercontinental Hotel	Miami
Hilton	Destin
Hilton Garden Inn	Destin
Wharf Town	San Destin
Emerald Coast Convention Center	Fort Walton Beach
Sheraton at Cypress Creek	Destin
Carney Island, MLK Recreation Center	Ocala

HVS Convention Center and Headquarter Hotel Study

Community College	Ocala
Feather Sound Golf Course	Ocala
Evergreen	Atlanta
595 North Event Center	Atlanta, GA
Cobb EMC Energy Center	Atlanta GA
Edgewater	Panama City Beach
Hyatt	Fort Lauderdale
Extended Stay	Fort Lauderdale
Fort Lauderdale Convention Center	Fort Lauderdale
Bahia Mar Hotel	Ft. Lauderdale
at Harbor Beach	Ft Lauderdale
Tower Club	Ft Lauderdale
Brown Hotel	St Louis
Hyatt	Bonita
Park Hyatt	San Diego
Hyatt	San Francisco
Marriott Warden Hotel	Washington DC
Hilton	Deerfield Beach
Four Seasons	Boston
Hyatt Fisherman's Wharf	San Francisco
Columbus	Columbus, Geo
Innis Brook Golf Resort	Innis Brook
Qwest Center	Omaha NE
Loews	Nashville
The Prague Convention Center	Chec Republic
Westin Diplomat Resort (2)	Hollywood
LA Convention Center	LA
International Home Furnishing Association	High Point NC
Tapatio Resorts	Arizona
Resort	Charleston
Wyndham Phoenix	Phoenix
Daytona Resort	Hilton
Golf resort	Palm Harbor
Franklin Carmack Movie Theater	Franklin, Michigan
Adams Mark	Buffalo
Ritz Carlton	London England
Ritz Carlton	Denver
Ritz Carlton	Arizona
The Gaylord Texan Hotel	Dallas, TX
Gaylord Hotels	Nashville
Embassy	Concord, NC
Hilton Convention Center	New Orleans, LA
Westin	Savannah, Georgia
The Inn at Ellis island	Savanna, GA
Officer's Club, NAS station	Pensacola, FL
Boca Raton Resort and Club	Boca Raton
Hilton Cocoa Beach Oceanfront Resort	Cocoa Beach
Birmingham Convention Center	Birmingham
Marriott	San Diego

THOUGHTS ON TALLAHASSEE AS EVENT DESTINATION

Respondents were also asked if they had held a convention or event in Tallahassee during the last three years. Just over half (55%) indicated they had not, while 45% indicated they had done so.

Survey question 12: Have you held a convention or event in Tallahassee, Florida during the past three years?

	Total
Unweighted Base	220
Yes	100 45%
No	120 55%

Of those respondents who had held events in Tallahassee, most respondents (64%) indicated that their organization had held less than five events in Tallahassee in the last three years. Twenty-four percent (24%) indicated they had held 5 to 9 events in Tallahassee, while 12% indicated that their organization had held more than 10 events in Tallahassee in the last three years.

Survey question 13: How many conventions or events has your organization held in Tallahassee, Florida in the last three years?

	Total
Unweighted Base	97
1-4	62 64%
5-9	23 24%
10+	12 12%

Respondents who had held conventions or events in Tallahassee were asked about the venues that their events took place at. About a third (34%) indicated that they had held their events at a hotel. Some 14% indicated their event was at an Office/Government/Business location and 12% indicated that they had utilized a Conference Center/College/University to hold an event at. Only 8% had utilized the civic center and 26% did not mention a specific location.

Survey Questions 14 recoded: What venues in Tallahassee were utilized?

	Total
Unweighted Base	93
Hotel	32 34%
Civic Center	7 8%
Chamber of Commerce	1 1%
Office/Government/Business	13 14%
Other/not a place but topic mentioned	24 26%
Library	1 1%
Conference Center/College/University	11 12%
Museum	2 2%
Other/Parks/	2 2%

When asked why their organization had not held a convention or event in Tallahassee in the last three years, the reasons were varied but the largest single indicator (27%) was that as a location Tallahassee was too far and not centrally located. The second (24%) most commonly cited rational was the lack of facilities to accommodate a conference or event. Some 9% also commented that the lack of air service to Tallahassee was a factor. In the secondary reasons given, air travel was THE most cited reason by 42% of respondents.

Survey question 15 recoded: What are some of the reasons your organization has not held a convention or event in Tallahassee, Florida in the past 3 years?

First Reason

	Total
Unweighted Base	120
Location- too far- not centrally located	32 27%
No facilities-no large facilities-no conference and hotel in one	29 24%
Do not go outside region/local organization	10 8%
No Beach	3 3%
Air service- too expensive- no flights- schedules	11 9%
Economic reasons- budget cuts- to expensive to travel	4 3%
Lack of knowledge about Tally - venues	3 3%
No specific reason	10 8%
Destination appeal- could not sell it	6 5%
Not enough attendees	2 2%
Only go to cities inviting us - church	2 2%
Tally sports events interfer with attention needed	1 1%
Locate with co-sponsoring organization	1 1%

DK	3 3%
No Resort space	1 1%
Our members want to get out of Tally	1 1%
National International in scope	1 1%

Second Reason

	Total
Unweighted Base	24
Location- too far- not centrally located	3 13%
No facilities-no large facilities-no conference and hotel in one	4 17%
Do not go outside region/local organization	0 0%
No Beach	3 13%
Air service- too expensive- no flights- schedules	10 42%
Economic reasons- budget cuts- to expensive to travel	2 8%
Lack of knowledge about Tally – venues	1 4%
Expensive	1 4%

Respondents were asked to rate their own knowledge regarding Tallahassee as a convention and meeting destination. Just over a third (36%) indicated they were very knowledgeable about Tallahassee and another 36% indicated they were somewhat knowledgeable. Those saying they were not very knowledgeable comprised 13% of respondents and those identifying themselves as having no knowledge accounted for 14% of respondents.

Survey question 32: Please rate your level of knowledge regarding Tallahassee, Florida as a convention and meeting destination.

	Total
Unweighted Base	220
Very knowledgeable	80 36%
Somewhat knowledgeable	80 36%
Not very knowledgeable	29 13%
Not knowledgeable at all	31 14%

When asked about Tallahassee’s strengths as a convention or event destination 49% cited that it held appeal because it is the capital city and to the state legislature and government offices. Beauty was noted by 9% of respondents, followed by small town charm, ease of getting around, and the friendly, local atmosphere respectively 8% of the time.

Survey question 41: Tallahassee Strengths

	Total
Unweighted Base	207
Capital City/State Legislature/Government	101 49%
Beauty	19 9%
History/Culture	7 3%
Proximity to Gulf/Beach	2 1%
Low Cost	4 2%
Florida /location/weather	11 5%
Friendly	0 0%
None	6 3%
Cleanliness	2 1%
DK/never been there	17 8%
A lot of meeting planners in Tally	1 0%
Easy to get around/small town/local atmosphere/friendly	16 8%
College/University town/Football	6 3%
Other	5 2%
Proximity to nature activities	2 1%
Closest city with meeting space	1 0%
Diverse citizens	1 0%
Distance from our members/not too far	3 1%
Available convention and meeting space	1 0%
Supreme Courts allow to meet with justices	1 0%
Tally good place for meetings/conventions	1 0%

Lack of air service, cost of air service and availability of flights to Tallahassee was by far the most frequently mentioned weakness of event destination appeal (41%), followed by the location of Tallahassee itself (15%). Other most frequently identified weaknesses included a lack of hotels big enough to hold their events in Tallahassee with 6%, lack of convention center with attached full service hotel (5%), and lack of meeting facilities generally (5%).

Survey question 42: Tallahassee Weaknesses

	Total
Unweighted Base	206
Lack of Air Service/too expensive/no direct flights	85 41%
Lack of meeting facilities/ not big enough/not nice enough	11 5%
Lack of Hotels/ not big or nice enough	13 6%
No hotel and CC in one	10 5%
No major attractions	11 5%
No Beach/Resort	8 4%
Need better marketing	1 0%
None	4 2%
Location-too far /accessibility	30 15%
Low quality-high expense	1 0%
Entertainment/dining	4 2%
Other	5 2%
Hospitality	2 1%
No convention appeal	7 3%
DK	13 6%
Cost	1 0%

When asked about whether or not they had wanted to hold a convention or event in Tallahassee but were unable to because of a lack of convention and event facilities. Just over a third (35%) indicated that they had encountered this situation while 65% had not.

Survey question 36: Have you wanted to hold a convention or event in Tallahassee, but were unable to do so because of a lack of adequate convention and event center space?

	Total
Unweighted Base	220
Yes	77 35%
No	143 65%

Respondents felt similarly when asked if they had wanted to hold a convention or event in Tallahassee but were prevented from doing so due to a lack of conveniently located hotel rooms with just over a third (34%) indicating this had been their experience, while 66% had not experienced this barrier.

Survey question 37: Have you wanted to hold a convention or event in Tallahassee, but were unable to do so because of a lack of available or conveniently located hotel rooms?

	Total
Unweighted Base	220
Yes	75 34%
No	145 66%

When asked about their likeliness to hold conventions and events in Tallahassee if there was a convention center with an attached full service branded hotel about a quarter (26%) indicated that they would be very likely to hold a convention or event if such facilities existed. About a third (31%) indicated they would be somewhat likely to hold events in Tallahassee if those accommodations existed and some 26% of respondents indicated they would be either somewhat or very unlikely to hold their events in Tallahassee regardless of the accommodations. Seventeen percent were neutral to the question.

Survey question 38: The City of Tallahassee's Community Redevelopment Agency is considering the development of a new multi-purpose convention and events center in downtown Tallahassee near the existing Civic Center. The development would include a convention center attached to a full service branded hotel.

Please answer the following questions assuming that this development would meet your requirements for a headquarters hotel and event space.

How **likely** would you be to consider holding your convention or events in Tallahassee if Tallahassee had a convention center attached to a full service branded hotel?

	Total
Unweighted Base	220
Very likely	58 26%
Somewhat Likely	68 31%
Neutral	37 17%
Somewhat Unlikely	21 10%
Very Unlikely	36 16%

Eighty-two percent of those who wanted to hold events in Tallahassee but were unable to do so because of a lack of adequate convention and event center space would be very (40%) or somewhat (42%) likely to consider holding their convention or events in Tallahassee if Tallahassee had a convention center attached to a full service branded hotel.

Survey question 38: How **likely** would you be to consider holding your convention or events in Tallahassee if Tallahassee had a convention center attached to a full service branded hotel?

	Total	Have you wanted to hold a convention or event in Tallahassee, but were unable to do so because of a lack of adequate convention and event center space?	
		Yes	No
Unweighted Base	220	77	143
Very likely	58 26%	31 40% 53%	27 19% 47%
Somewhat Likely	68 31%	32 42% 47%	36 25% 53%
Neutral	37 17%	10 13% 27%	27 19% 73%
Somewhat Unlikely	21 10%	2 3% 10%	19 13% 90%
Very Unlikely	36 16%	2 3% 6%	34 24% 94%

To provide greater insight into respondents who indicated the likeliness of their organization holding a convention or event in Tallahassee if the city had a convention center attached to a full service branded hotel, the following table considers the degree of likelihood to the origins of attendees. Most likely to say they would be very likely to hold their events in Tallahassee were organizations with statewide attendees (78%), followed by those with local attendees (52%). Forty-three percent of the organizations attracting multi-state or regional attendees and 28% of the organizations attracting national or international attendees would be very likely to consider Tallahassee as their event destination if a convention center with full service branded hotel were an option.

Survey question 38: How **likely** would you be to consider holding your convention or events in Tallahassee if Tallahassee had a convention center attached to a full service branded hotel?

	Which categories best describe the origin of attendees for the conventions and events you conduct or plan?				
	CHECK ALL THAT APPLY				
	Total	National / International	Regional (multi-state)	Statewide	Local
Unweighted Base	220	69	72	144	81
Very likely	58 26%	16 23% 28%	25 35% 43%	45 31% 78%	30 37% 52%
Somewhat Likely	68 31%	21 30% 31%	23 32% 34%	54 38% 79%	18 22% 26%
Neutral	37 17%	8 12% 22%	7 10% 19%	25 17% 68%	13 16% 35%
Somewhat Unlikely	21 10%	11 16% 52%	6 8% 29%	9 6% 43%	9 11% 43%
Very Unlikely	36 16%	13 19% 36%	11 15% 31%	11 8% 31%	11 14% 31%

* Because this was a multiple response questions percentages do not add to 100% and combinations of international/national, regional, statewide and local are included in the counts represented in the table above.

When asked about the frequency that they would have events in Tallahassee if there was a convention center with a full services branded hotel, 28% indicated they would have one event per year while 14% would hold events more often than once per year. Six percent would hold events every two years, 8% would consider holding events in Tallahassee every three years, 4% every four years and 7% every five years. Seven percent would hold events in Tallahassee less often than every five years and 25% would never hold events in Tallahassee even if a convention center with full service hotel would be available.

Survey question 39: How **often** would you consider holding your convention or event(s) in Tallahassee if Tallahassee had a convention center attached to a full service branded hotel?

	Total
Unweighted Base	220
Never	56 25%
More often than once per year	30 14%
Once every year	62 28%
Every two years	13 6%
Every three years	18 8%
Every four years	9 4%
Every five years	16 7%
Less often than every five years	16 7%

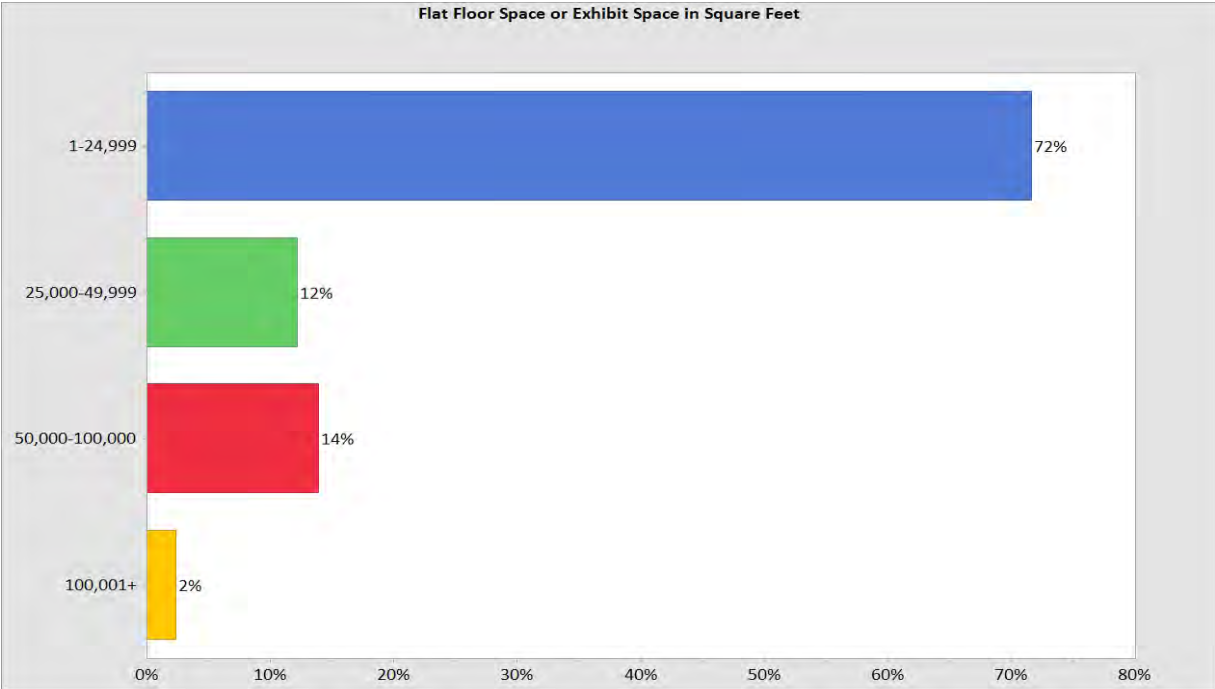
EVENT REQUIREMENTS FOR TALLAHASSEE

When asked to estimate the number of square feet they would require if they were to hold an event in a convention center, a majority (72%) indicated that they would require less than 25,000 square feet, while 12% of respondents indicated a need for 25,000 to 50,000 square feet. Only 14% indicated a need for 50,000-100,000 square feet and just 2% indicated a need for more than 100,000 square feet.

Survey Question 22: Please answer the following questions for the convention or event you would most likely hold in a convention center.

How much exhibit space or flat floor space (in square feet) does your convention or event require?

	Total
Unweighted Base	173
1- 24,999	124 72%
25,000-49,999	21 12%
50,000-100,000	24 14%
100,001+	4 2%



Respondents were asked about banquet space or seating capacity their convention or events requires. The majority indicated a need to accommodate no less than 500 persons with 40% indicating a need for less than 250 person and 35% indicating a need to accommodate between 250 and 500 persons. Some 8% indicated a need to accommodate 501-999, 10% indicated 1,000 to 2,500, while 8% indicated a number greater than 2,500.

Survey questions 23: How much banquet space (seating capacity) does your convention or event require?

	Total
Unweighted Base	208
1- 249	83 40%
250-500	73 35%
501-999	16 8%
1,000-2,500	20 10%
2,501+	16 8%

Respondents were queried about the number of breakout meeting rooms required for their convention or event. A majority indicated a need for less than ten rooms, with just under half (45%) indicating a need less than five rooms, while 30% indicated a need for five to nine rooms. Some 17% indicated a need for 10 to 19 rooms and just 8% required more than 20 rooms.

Survey question 24: How many breakout meeting rooms does your convention or event require?

PLEASE PROVIDE YOUR BEST ESTIMATE

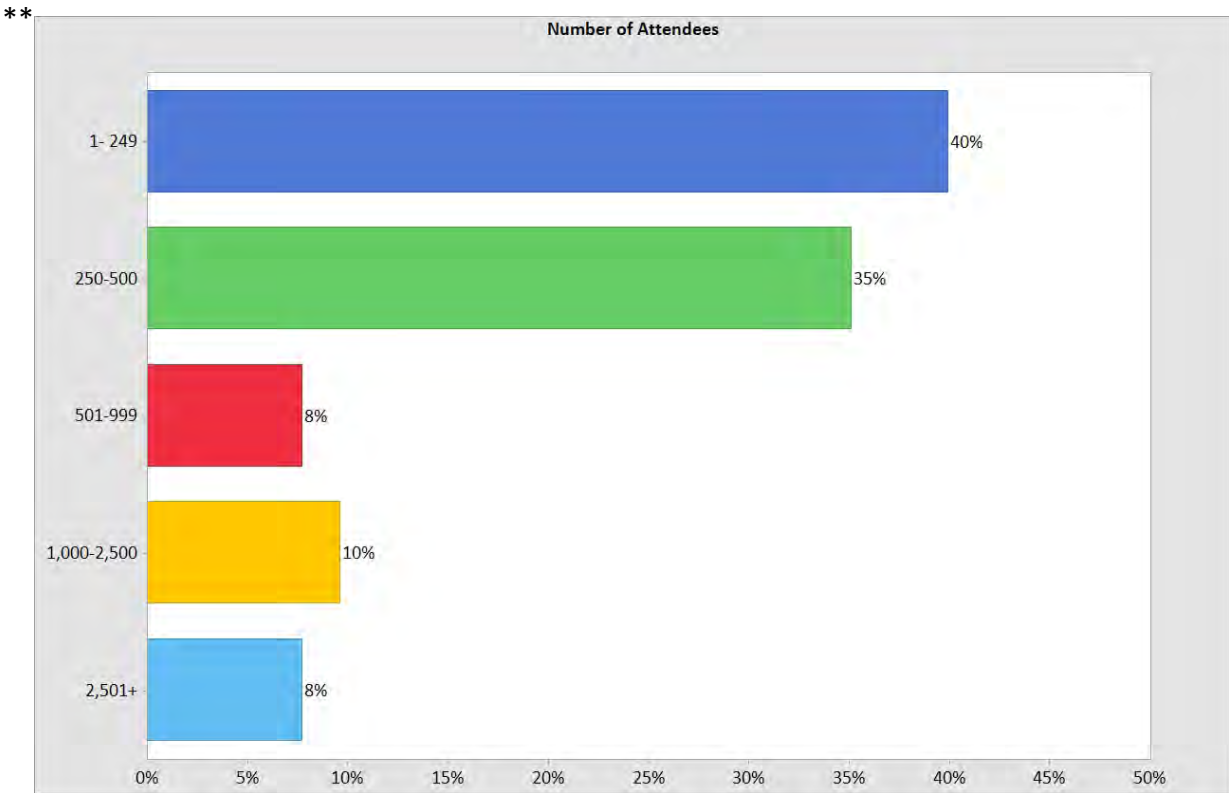
	Total
Unweighted Base	201
Less than 5	91 45%
5-9	60 30%
10-19	34 17%
20+	16 8%

HVS Convention Center and Headquarter Hotel Study

Respondents were asked about the number of attendees who typically attend their convention or event. A clear majority of 66% indicated that they typically had less than 500 attendees. Some 17% indicated attendees numbering from 500 to 999 and 11% indicated between 1,000 and 2,500. About 5% indicated attendance of 2,500 or more.

Survey question 25: How many delegates, attendees or participants typically attend your convention or event?

	Total
Unweighted Base	219
Less than 500	145 66%
500-999	37 17%
1,000-2,499	25 11%
2,500-4,999	3 1%
5,000+	9 4%



When considering future attendance over the next five years at conventions or events, a small majority of 54% of respondents indicated that they expected attendance to increase and 40% indicated attendance would likely remain the same. Only 6% expected attendance to decrease over the next five years.

Survey question 26: Please answer the following questions for the convention or event you would most likely hold in a convention center.

Over the next five years, do you anticipate that attendance at your convention or event will:

	Total
Unweighted Base	220
Increase	119 54%
Stay the same	88 40%
Decrease	13 6%

After considering attendees, respondents were asked about the number of exhibitors at their events. Just over half (55%) indicated their events had less than 50 exhibitors, while 18% indicated between 50 and 99 exhibitors. A quarter (26%) indicated having 100 or more exhibitors.

Survey question 27: If your convention or event has exhibitors, how many does it typically have?

	Total
Unweighted Base	157
Less than 50	87 55%
50-99	29 18%
100-249	31 20%
250+	10 6%

When respondents were asked about the length of the convention or event they would likely hold they revealed that the average number of event days is three with one move in and one move out day.

Survey question 28: Please answer the following questions for the convention or event you would most likely hold in a convention center.

What is the length of your convention or event (in number of days)?
PLEASE INDICATE THE TOTAL NUMBER OF DAYS, BROKEN INTO THE FOLLOWING SECTIONS.

	Total
Base	218
Move-in days	1
Event-days	3
Move-out days	1

When asked to quantify the size of a room block their event required, a little more than a third (39%) indicated less than 100 rooms and about a quarter (24%) indicated a need for between 100 and 249 rooms. Those requiring a block of rooms between 250 and 499 accounted for 21% of respondents, while those needing greater than 500 rooms accounted for 16%.

Survey question 29: What size of a hotel room block (number of rooms) does your convention or event require?

Average Number of Rooms

	Total
Base	218
Minimum number of rooms	273
Preferred number of rooms	317

	Total
Unweighted Base	200
Less than 100	78 39%
100--249	48 24%
250-499	42 21%
500-999	20 10%
1,000+	12 6%

Respondents were asked to name a hotel rate they would consider for their event, and not surprisingly the preferred rate (average of \$110) was less than the maximum rate (average of \$142).

For the maximum rate, 77% of respondents named a rate between \$100 and \$199, with 39% naming between \$100 and \$149 and 38% naming between \$150 and \$199. Only 9% indicated that their maximum rate was less than \$100. Some 14% indicated that their maximum rate was \$200 or more.

Survey question 30 recoded: Please answer the following questions for the convention or event you would most likely hold in a convention center.

What is the typical hotel room rate (dollars) you consider for your convention or event?

	Total
Base	217
Maximum room rate \$	142
Preferred room rate \$	110

Maximum rates

	Total
Unweighted Base	199
Less than \$100	18 9%
\$100-\$149	78 39%
\$150-\$199	76 38%
\$200-\$249	15 8%
\$250+	12 6%

Preferred rates were lower, with nearly half of respondents (48%) indicating a preference for a rate between \$100 and \$149, while only 18% indicated a preference for a rate from \$150 to \$199. Nearly a third (30%) indicated a preference for a room rate below \$100 and only 4% actually had a preference for a rate of \$200 or more.

Preferred Rates

	Total
Unweighted Base	198
Less than \$100	59 30%
\$100-\$149	95 48%
\$150-\$199	36 18%
\$200-\$249	8 4%

METHODOLOGY

The Tallahassee Convention and Hotel Feasibility Survey was based on an online and telephone survey sample of executives and event planners of 1,882 associations and organizations. This list was identified as the population most likely to plan or hold events in Florida. However, the list does not include all possible Florida event planners but represents a list of event planners identified for this survey.

Lists used to draw the sample from included the Florida Society of Association Executives (FSAE) member list, the Tallahassee Society of Association Executives (TSAE) member list, the Visit Tallahassee (VT) contact list, the Florida Associations Directory (FAD purchased list) and a list of National Association of Sports Commissions (NASC). Initially the first three lists (FSAE, TSAE and VT lists) were combined, checked for duplicates and duplicates were removed. This list produced 928 unduplicated contacts. 791 associations from the FAD list representing international, national and regional associations and 163 NASC Alabama, Florida, Georgia and Louisiana with unduplicated contacts with email addresses were added. The list was divided into those with email addresses (1,654) and those without email addresses (228). The combined list of associations, Visit Tallahassee and NASC contacts included a total of 1,882 contacts. Of those 1,654 received email invitations to participate in the online survey.

The number of people who accessed and started the online survey was 98 but only 51 finished the entire survey (overall response rate of 6%).

Telephone Survey Sample

For the telephone follow-up survey a random selection of those who had not responded to the online survey was drawn.

The total population for the telephone survey consisted of 1,882 organizations. Of those, 228 did not have email addresses and they were selected for the telephone survey since they did not have an opportunity to respond to the online survey. In addition, 268 organizations from the TSAE, FSAE and VT combined email list (master list) were randomly selected for inclusion, representing about 71 percent of the total population.

From the FAD list 115 associations with 1,000+ members, representing national, state and regional associations, were randomly selected for inclusion since many of the smaller or medium size associations were already represented in the master list.

Furthermore, 88 Alabama, Florida, Georgia and Louisiana sports commissions were randomly selected for follow-up in the telephone survey.

In total, 699 organizations were selected for follow-up for the telephone survey.

The following table illustrates the sample selection for the online and telephone sample survey.

HVS Convention Center and Headquarter Hotel Study

Sample Population					
	Total Listings	With Email Addresses (NASC For AL,FL, GA, LA)	Phone #'s Only (Mix of Associations And Other Organizations)	Percent of Phone Base	
FSAE, TSAE, Visit Florida (Master)	928	700	228	49%	
Florida Association Directory (FAD)	1632	791		42%	
National Association of Sports Commissions (NASC)	1358	163		9%	
	3918			100%	
Base For Online Survey		1654			
Phone #'s Only		228			
Base for Phone Sample		1882			
	Phone #'s Only	Selected For Phone Survey	National, State, Regional FAD 1,000+ Selected For Phone Sample	Total Selected For Phone Survey	Percent Selected For Phone Survey
FSAE, TSAE, Visit Florida (Master)	228	268		496	71%
Florida Association Directory (FAD)			115	115	16%
National Association of Sports Commissions (NASC)		88		88	13%
	228	356	115	699	100%
Total List Sample	3918				
Total List Base For Phone Survey	1882				
220 completed surveys for a population of 1900 organizations identified produces a confidence level of 95% with a margin of error of about plus or minus 6%					

Response Rate

Of the 220 completed surveys, 51 were obtained via the online survey and 187 were completed by telephone follow-up. 35 could never be reached after repeated call backs, 5 refused, 154 resulted in no answers or answering machines after 4 calls, 246 were screened out either because they said they had completed the survey online or they did not have a need for meeting space or met locally only. Another 20 were duplicates and 51 of the phone numbers were disconnected.

To calculate the cooperation rate for the telephone follow-up only the completed surveys used for the analysis are included in the following table.

Completed phone survey	187	
Call backs never reached	35	Eligible
Refused	5	227
No answer/answering machine	155	Not eligible
Screened out	246	
Duplicates	20	
Disconnected	51	472
Total	699	699
Cooperation Rate 82%		

14 completions were removed from the calculation because they classified the organization they represent as “sports”. Most of the organizations were outdoor sports organizations such as water sports, golf, baseball, boating, road sports and softball. Sports organizations were removed because they presented “outliers” for larger sporting events skewing the results for organizations more likely to use a convention center with a headquarter hotel. Sports projections were based primarily on conversations with the Sports Council and other comparables. 4 completions were removed for some other reason (incomplete data).

Fieldwork for the study was conducted under the professional supervision of Anneliese R. Oppenheim, Research Director, from the phone bank at Oppenheim Research.

Interviewers called all 699 numbers to complete the 187 surveys. Approximately 1,700 telephone calls were attempted.

Callback arrangements were made for all organizations not able to respond at the initial contact and messages were left for those who could not be reached. Refusals were not called back a second time.

Oppenheim Research relies exclusively on trained and paid interviewers for survey research projects. All interviewers received special training on project specifics.

Professionally trained and experienced supervisors oversaw all interviewing. Most of the interviewing was done Monday through Friday, between 9 a.m. and 5 p.m. Some callback arrangements requested evening call backs, and were attempted between 6 p.m. and 9 p.m.

Fieldwork dates for this telephone follow-up survey were February 15 to March 2, 2011. Interviews lasted an average of 20 minutes and the cooperation rate was 82 percent.

Based on the population selected and included, the telephone follow-up telephone survey had a 95 percent confidence level with a margin of error of about plus or minus 6 percent.

**APPENDIX
QUESTIONNAIRE
HVS Survey**

Questionnaire # _____ (1-4)

Q.1 Please answer the following questions based on the meetings or events you plan that are most appropriate for a multi-purpose convention and events center in Tallahassee, Florida. The proposed venue would include multi-purpose exhibition, ballroom, and meeting space. It would support conventions, tradeshow, sports events, meetings, and banquets. Your candid responses are greatly appreciated.

Q.2 Does your organization conduct or plan for any of the following events:

**IF THEY DO NOT CONDUCT ANY, TERMINATE
[REQUIRE ANSWER]**

	Yes	No
Convention (with exhibits)	1	2 (5)
Convention (without exhibit)	1	2 (6)
Meetings	1	2 (7)
Training/Workshops	1	2 (8)
Conferences	1	2 (9)
Banquets	1	2 (10)
Tradeshows (closed to public)	1	2 (11)
Consumer shows (open to public)	1	2 (12)
Sports competition/event	1	2 (13)
Entertainment show/events	1	2 (14)

Q.3 How many of the following events does your organization conduct or plan in a typical year?

PLEASE ENTER NUMBER OF EVENTS

[REQUIRE ANSWER] [READ ONLY ANSWERS CORRESPONDING TO SUB-QUESTIONS ANSWERED 1 IN QUESTION 2]

- Convention (with exhibits) ____ (15-16)
- Convention (without exhibit) ____ (17-18)
- Meetings ____ (19-20)
- Training/Workshops ____ (21-22)
- Conferences ____ (23-24)
- Banquets ____ (25-26)
- Tradeshows (closed to public) ____ (27-28)
- Consumer shows (open to public) ____ (29-30)
- Sports competition/event ____ (31-32)
- Entertainment show/events ____ (33-34)

Q.4 How many attendees, delegates or participants typically attend the following events:

PLEASE ENTER NUMBER OF ATTENDEES

[REQUIRE ANSWER] [READ ONLY ANSWERS CORRESPONDING TO SUB-QUESTIONS ANSWERED 1 IN QUESTION 2]

Convention (with exhibits)	_____	(35-40)
Convention (without exhibit)	_____	(41-46)
Meetings	_____	(47-52)
Training/Workshops	_____	(53-58)
Conferences	_____	(59-64)
Banquets	_____	(65-70)
Tradeshows (closed to public)	_____	(71-76)
Consumer shows (open to public)	_____	(77-82)
Sports competition/event	_____	(83-88)
Entertainment show/events	_____	(89-94)

Q.5 Please list any other conventions or events your organization conducts or plans for in a typical year.

_____ (95-294)

Q.6 How would you classify the organization you represent?

**SELECT THE BEST FIT
AVOID "OTHER" IF POSSIBLE**

[REQUIRE ANSWER]

(295-296)

- Association 1
- Corporate 2
- Social 3
- Military 4
- Education 5
- Religious 6
- Fraternal 7
- Sports 8
- Entertainment 9
- Government 10
- Exhibition Company 11
- Other 12
- Non-profit 13
- SMERF 14

[S - IF THE ANSWER IS 2-12, THEN SKIP TO QUESTION 8]

[A - IF THE ANSWER TO QUESTION 6 IS 2-10, THEN SKIP TO QUESTION 8]

Q.7 How many members does your Association have?

[REQUIRE ANSWER]

How many members? _____ (297-301)

Q.8 What industries does your organization represent?

CHECK ALL THAT APPLY

[REQUIRE ANSWER]

(302-331)

- Technology/Computer 1
- Medical 2
- Health 3
- Pharmaceutical 4
- Automotive 5
- Agricultural/Fishery 6
- Aeronautical/Space 7
- Fire 8
- Real estate 9
- Financial 10
- Insurance 11
- Law/Juvenile Justice/Courts 12
- Culinary/Hotel/Restaurant/Hospitality 13
- Sports 14
- Other 15
- Arts/Entertainment 16
- Construction 17
- Education 18
- Environmental 19
- Information 20
- Leisure/Recreation 21
- Manufacturing 22
- Retail 23
- Trade/Transportation/Utilities 24
- Tourism 25

Q.9 Would you say your organization is:

[REQUIRE ANSWER]

- (332)
- Small (1-99 employees) 1
- Medium (100-249 employees) 2
- Large (250 + employees) 3

Q.10 Which categories best describe the origin of attendees for the conventions and events you conduct or plan?

CHECK ALL THAT APPLY

[REQUIRE ANSWER]

- (333-336)
- National / International 1
- Regional (multi-state) 2
- Statewide 3
- Local 4

Q.11 What type of location do you prefer for your conventions and events?

CHECK ONLY ONE ANSWER

[REQUIRE ANSWER]

- (337)
- Resort Area 1
- Suburban 2
- Downtown 3
- Airport 4

Q.12 Have you held a convention or event in Tallahassee, Florida during the past three years?

[REQUIRE ANSWER]

- (338)
- Yes 1
- No 2

[S - IF THE ANSWER IS 2, THEN SKIP TO QUESTION 15]

[A - IF THE ANSWER TO QUESTION 12 IS 2, THEN SKIP TO QUESTION 16]

Q.13 How many conventions or events has your organization held in Tallahassee, Florida in the last three years?

[REQUIRE ANSWER]

How many events: ____ (339-340)

Q.14 In what venues?

LIST ANY VENUES

_____ (341-640)

[A - IF THE ANSWER TO QUESTION 12 IS 1, THEN SKIP TO QUESTION 16]

Q.15 What are some of the reasons your organization has not held a convention or event in Tallahassee, Florida during the past three years?

[REQUIRE ANSWER]

_____ (641-840)

Q.16 Please indicate two to three other facilities and cities where you have held conventions or events in the past. If you have less than three to list, please respond N/A where appropriate.

PLEASE LIST THE NAME OF THE ACTUAL FACILITY AND CITY SEPARATELY. FOR EXAMPLE: FACILITY "Orange County Convention Center" CITY: "Orlando"

FACILITY 1: [REQUIRE ANSWER]
_____ (841-940)

Q.17 **CITY 1:** _____ (941-970)

Q.18 **FACILITY 2:** _____ (971-1070)

Q.19 **CITY 2:** _____ (1071-1100)

Q.20 **FACILITY 3:** _____ (1101-1200)

Q.21 **CITY 3:** _____ (1201-1230)

Q.22 Please answer the following questions for the convention or event you would most likely hold in a convention center.

How much exhibit space or flat floor space (in square feet) does your convention or event require?

PLEASE PROVIDE YOUR BEST ESTIMATE

[REQUIRE ANSWER]

Flat floor space in square feet: _____ (1231-1236)

Q.23 How much banquet space (seating capacity) does your convention or event require?

[REQUIRE ANSWER]

Seating capacity or number of people: _____ (1237-1242)

Q.24 How many breakout meeting rooms does your convention or event require?

PLEASE PROVIDE YOUR BEST ESTIMATE

[REQUIRE ANSWER]

Number of breakout rooms: _____ (1243-1244)

Q.25 How many delegates, attendees or participants typically attend your convention or event?

[REQUIRE ANSWER]

How many attendees: _____ (1245-1250)

Q.26 Please answer the following questions for the convention or event you would most likely hold in a convention center.

Over the next five years, do you anticipate that attendance at your convention or event will:

[REQUIRE ANSWER]

(1251)

- Increase 1
- Stay the same 2
- Decrease 3

Q.27 If your convention or event has exhibitors, how many does it typically have?

How many exhibitors? _____ (1252-1255)

Q.28 Please answer the following questions for the convention or event you would most likely hold in a convention center.

What is the length of your convention or event (in number of days)?

PLEASE INDICATE THE TOTAL NUMBER OF DAYS, BROKEN INTO THE FOLLOWING SECTIONS.

- Move-in days _____ (1256-1257)
- Event-days _____ (1258-1259)
- Move-out days _____ (1260-1261)

Q.29 What size of a hotel room block (number of rooms) does your convention or event require?

- Minimum number of rooms _____ (1262-1265)
- Preferred number of rooms _____ (1266-1269)

Q.30 Please answer the following questions for the convention or event you would most likely hold in a convention center.

What is the typical hotel room rate (dollars) you consider for your convention or event?

- Maximum room rate \$ _____ (1270-1275)
- Preferred room rate \$ _____ (1276-1281)

Q.31 How important is it that you have a full-service headquarters hotel connected to the convention center where you would most likely hold your convention or event?

[REQUIRE ANSWER]

- (1282)
- Very important 1
- Somewhat Important 2
- Not very important 3
- Not important at all 4

Q.32 Please rate your level of knowledge regarding Tallahassee, Florida as a convention and meeting destination.

[REQUIRE ANSWER]

(1283)

- Very knowledgeable 1
- Somewhat knowledgeable 2
- Not very knowledgeable 3
- Not knowledgeable at all 4

Q.33 Please rate Tallahassee on the following criteria as a location for your convention or events relative to other cities in which you have held or may hold conventions or events.

Please use a scale from 1 to 5 where 1 means poor and 5 means excellent.

IF NOT APPLICABLE LEAVE BLANK OR ENTER 0

[REQUIRE ANSWER]

- Availability of Exhibit Space __ (1284)
- Availability of Meeting Space __ (1285)
- Availability of Banquet Space __ (1286)
- Price of Meeting Facility Rentals __ (1287)
- Availability of Hotel Rooms __ (1288)
- Price of Hotel Rooms __ (1289)
- Quality of hotel rooms __ (1290)
- Availability of Air Travel __ (1291)
- Convenience for Drive-In Visitors __ (1292)
- Dining & Entertainment Options __ (1293)
- Recreation, Tourism & Cultural Activities __ (1294)
- Safety __ (1295)
- Cleanliness __ (1296)
- Ability to Attract Attendees __ (1297)
- Overall Level of Destination Appeal __ (1298)

Q.34 Please rate the overall attractiveness to the best of your abilities for the following Florida cities as a location for your convention or event(s).

Please use a scale from 1 to 5 where 1 means not at all attractive and 5 means very attractive.

IF NOT APPLICABLE LEAVE BLANK OR ENTER 0

[REQUIRE ANSWER]

Jacksonville	__	(1299)
Lakeland	__	(1300)
Miami	__	(1301)
Tampa	__	(1302)
Orlando	__	(1303)
Tallahassee	__	(1304)
Daytona Beach	__	(1305)
Fort Lauderdale	__	(1306)
Fort Myers	__	(1307)
Sarasota/Palmetto	__	(1308)
St. Augustine	__	(1309)
West Palm Beach	__	(1310)

Q.35 Please rate the overall attractiveness to the best of your abilities for the following **other** cities as a location for your convention or event(s).

Please use a scale of 1 to 5 where 1 means not at all attractive and 5 means very attractive.

IF NOT APPLICABLE LEAVE BLANK OR ENTER 0

[REQUIRE ANSWER]

Raleigh, NC	__	(1311)
Mobile, AL	__	(1312)
Myrtle Beach, SC	__	(1313)
Birmingham, AL	__	(1314)
Charlotte, NC	__	(1315)
Richmond, VA	__	(1316)
Huntsville, AL	__	(1317)
Savannah, GA	__	(1318)
Baton Rouge, LA	__	(1319)
Shreveport, LA	__	(1320)
Jackson, MS	__	(1321)
Virginia Beach, VA	__	(1322)
Charleston, SC	__	(1323)

Q.36 Have you wanted to hold a convention or event in Tallahassee, but were unable to do so because of a lack of adequate convention and event center space?

[REQUIRE ANSWER]

(1324)
Yes 1
No 2

Q.37 Have you wanted to hold a convention or event in Tallahassee, but were unable to do so because of a lack of available or conveniently located hotel rooms?

[REQUIRE ANSWER]

(1325)
Yes 1
No 2

Q.38 How **likely** would you be to consider holding your convention or events in Tallahassee if Tallahassee had a convention center attached to a full service branded hotel?

[REQUIRE ANSWER]

(1326)
Very likely 1
Somewhat Likely 2
Neutral 3
Somewhat Unlikely 4
Very Unlikely 5

Q.39 How **often** would you consider holding your convention or event(s) in Tallahassee if Tallahassee had a convention center attached to a full service branded hotel?

[REQUIRE ANSWER]

(1327)
Never 1
More often than once per year 2
Once every year 3
Every two years 4
Every three years 5
Every four years 6
Every five years 7
Less often than every five years 8

Q.40 If your organization held a convention or event in Tallahassee, how would the majority of your attendees travel to Tallahassee?

[REQUIRE ANSWER]

- (1328)
- Plane ... 1
- Car 2
- Bus 3
- Other ... 4

Q.41 In your own words, please describe what you believe to be the key strengths and weaknesses of Tallahassee, Florida as a convention and event meeting destination.

Strengths: _____ (1329-1528)

Q.42 Weaknesses: _____ (1529-1728)

Q.43 May I have your name just in case we have any more questions?

CONTACT NAME: _____ (1729-1768)

Q.44 What is your job title? _____ (1769-1843)

Q.45 What is the name of the organization you work for? _____ (1844-1918)

Q.46 What is your phone number? _____ (1920-1935)

Q.60 Recoded Q5

- (1945)
- None 1
- Other Meetings 2
- Annual Meeting 3
- Lobby day for students 4
- Banquet 5
- Webinars 6
- Hearings 7
- Statewide Conventions/Regional Meetings 8

Q.61 Recoded Q14

	(1946)
Hotel	1
Civic Center	2
Chamber of Commerce	3
Office/Government/Business	4
Other/not a place but topic mentioned	5
Library	6
Conference Center/College/University	7
Museum	8
Other/Parks/	9

Q.62 Recoded Q15 Reason 1

	(1947-1948)
Location- too far- not centrally located	1
No facilities-no large facilities-no conference and hotel in one	2
Do not go outside region/local organization	3
No Beach	4
Air service- too expensive- no flights- schedules	5
Economic reasons- budget cuts- to expensive to travel	6
Lack of knowledge about Tally - venues	7
No specific reason	8
Destination appeal- could not sell it	9
Not enough attendees	10
Only go to cities inviting us - church	11
Tally sports events interfere with attention needed	12
Locate with co-sponsoring organization	13
DK	14
No Resort space	15
Our members want to get out of Tally	16
National International in scope	17

Q.63 Recoded Q15 Reason 2

	(1949-1950)	
Location- too far- not centrally located		1
No facilities-no large facilities-no conference and hotel in one		2
Do not go outside region/local organization		3
No Beach		4
Air service- too expensive- no flights- schedules		5
Economic reasons- budget cuts- to expensive to travel		6
Lack of knowledge about Tally - venues		7
Expensive		8

Q.64 Recode q 41 Tallahassee Strengths

	(1951-1952)	
Capital City/State Legislature/Government		1
Beauty		2
History/Culture		3
Proximity to Gulf/Beach		4
Low Cost		5
Florida /location/weather		6
Friendly		7
None		8
Cleanliness		9
DK/never been there		10
A lot of meeting planners in Tally		11
Easy to get around/small town/local atmosphere/friendly		12
College/University town/Football		13
Other		14
Proximity to nature activities		15
Closest city with meeting space		16
Diverse citizens		17
Distance from our members/not too far		18
Available convention and meeting space		19
Supreme Courts allow to meet with justices		20
Tally good place for meetings/conventions		21

Q.65 Recode Q42 Tallahassee Weaknesses

	(1954-1955)
Lack of Air Service/too expensive/no direct flights	1
Lack of meeting facilities/ not big enough/not nice enough	2
Lack of Hotels/ not big or nice enough	3
No hotel and CC in one	4
No major attractions	5
No Beach/Resort	6
Need better marketing	7
None	8
Location-to far /accessibility	9
Low quality-high expense	10
Entertainment/dining	11
Other	12
Hospitality	13
No convention appeal	14
DK	15
Cost	16

Q.66 Recode Other Facility 1 Q16

	(1957-1958)
Breakers	1
Doubletree	2
Hyatt	3
Marriott	4
Hilton	5
Rosen	6
Renaissance	7
4 Seasons	8
Other	9
Tallahassee	10
Ritz Carlton	11
FSU Center	12
World Center	13
Disney Grand Floridian/other Disney properties	14
Conference Centers/Sanibel/others	15
Orlando Convention Center	16
Gaylord Palms/other Gaylord	17
Civic Center	18
DK/NA	19
San Destin Resort	20
Palm Beach Garden	21

Hotel 22
 Ramada Inn 23
 Naples Grand Resort/other Naples properties 24
 Broward County Convention Center 25
 Tampa Convention Center 26
 Sheraton 27
 Crown Plaza 28
 Embassy 29
 Harbor Beach Convention Center 30

Q.67 Recode Other City 1 Q17

(1963-1964)

Orlando 1
 Tallahassee 2
 Amelia Island 3
 Daytona Beach 4
 Alexandria, VA 5
 Howey in the Hills 6
 Gainesville 7
 Jacksonville 8
 Clearwater 9
 Palm Beach 10
 Naples 11
 Sarasota 12
 Ft. Myers 13
 Ashville 14
 Tampa 15
 Weston 16
 Hutchinson Island 17
 Las Vegas 18
 St. Pete 19
 Lakeland 20
 Miami 21
 Destin 22
 Ocala 23
 Marco Island 24
 Nashville 25
 Tucson 26
 NY 27
 Chicago 28
 Atlanta 29
 PC 30
 Ft. Lauderdale 31

HVS Convention Center and Headquarter Hotel Study

St. Louis, MO	32
Other	33
New Orleans	34
Amelia Island	35
Savannah	36
DK/NA	37
Pensacola	38
Boca Raton	39
Virginia Beach	40
Melbourne	41
Cocoa Beach	42
Birmingham	43
Charleston	44
San Diego	45

Q.68 Recode Other Facility 2 Q18

	(1959-1960)
Breakers	1
Doubletree	2
Hyatt	3
Marriott	4
Hilton	5
Rosen	6
Renaissance	7
4 Seasons	8
Other	9
Tallahassee	10
Ritz Carlton	11
FSU Center	12
World Center	13
Disney Grand Floridian/other Disney properties	14
Conference Centers/Sanibel/others	15
Orlando Convention Center	16
Gaylord Palms/other Gaylord	17
Civic Center	18
DK/NA	19
San Destin Resort	20
Palm Beach Garden	21
Hotel	22
Ramada Inn	23
Naples Grand Resort/other Naples properties	24
Broward County Convention Center	25
Tampa Convention Center	26

HVS Convention Center and Headquarter Hotel Study

Sheraton	27
Crown Plaza	28
Embassy	29
Harbor Beach Convention Center	30
Aloft Hotel	31

Q.69 Recode Other City 2 Q19

(1965-1966)

Orlando	1
Tallahassee	2
Amelia Island	3
Daytona Beach	4
Alexandria, VA	5
Howey in the Hills	6
Gainesville	7
Jacksonville	8
Clearwater	9
Palm Beach	10
Naples	11
Sarasota	12
Ft. Myers	13
Ashville	14
Tampa	15
Weston	16
Hutchinson Island	17
Las Vegas	18
St. Pete	19
Lakeland	20
Miami	21
Destin	22
Ocala	23
Marco Island	24
Nashville	25
Tucson	26
NY	27
Chicago	28
Atlanta	29
PC	30
Ft. Lauderdale	31
St. Louis, MO	32
Other	33
New Orleans	34
Amelia Island	35

Savannah	36
DK/NA	37
Pensacola	38
Boca Raton	39
Virginia Beach	40
Melbourne	41
Cocoa Beach	42
Birmingham	43
Charleston	44
San Diego	45

Q.70 Recode Other Facility 3 Q20

	(1961-1962)
Breakers	1
Doubletree	2
Hyatt	3
Marriott	4
Hilton	5
Rosen	6
Renaissance	7
4 Seasons	8
Other	9
Tallahassee	10
Ritz Carlton	11
FSU Center	12
World Center	13
Disney Grand Floridian/other Disney properties	14
Conference Centers/Sanibel/others	15
Orlando Convention Center	16
Gaylord Palms/other Gaylord	17
Civic Center	18
DK/NA	19
San Destin Resort	20
Palm Beach Garden	21
Hotel	22
Ramada Inn	23
Naples Grand Resort/other Naples properties	24
Broward County Convention Center	25
Tampa Convention Center	26
Sheraton	27
Crown Plaza	28
Embassy	29
Harbor Beach Convention Center	30

Aloft Hotel	31
Hotel Duval	32

Q.71 Recode Other City 3 Q21

(1967-1968)

Orlando	1
Tallahassee	2
Amelia Island	3
Daytona Beach	4
Alexandria, VA	5
Howey in the Hills	6
Gainesville	7
Jacksonville	8
Clearwater	9
Palm Beach	10
Naples	11
Sarasota	12
Ft. Myers	13
Ashville	14
Tampa	15
Weston	16
Hutchinson Island	17
Las Vegas	18
St. Pete	19
Lakeland	20
Miami	21
Destin	22
Ocala	23
Marco Island	24
Nashville	25
Tucson	26
NY	27
Chicago	28
Atlanta	29
PC	30
Ft. Lauderdale	31
St. Louis, MO	32
Other	33
New Orleans	34
Amelia Island	35
Savannah	36
DK/NA	37
Pensacola	38
Boca Raton	39

HVS Convention Center and Headquarter Hotel Study

Q.72 Recode 3a Conventions

	(1969)
1 - 4	..... 1
5-9	..... 2
10-19	... 3
20+	..... 4

Q.73 Recode 4a Conventions

	(1979)
1- 249	..... 1
250-499	..... 2
500-999	..... 3
1,000-2,499	..... 4
2,500+	..... 5

Q.74 Recode 3b Conventions without exhibit

	(1970)
1 - 4	..... 1
5-9	..... 2
10-19	... 3
20+	..... 4

Q.75 Recode 4b Convention without

	(1980)
1- 99	..... 1
100-249	... 2
250-499	... 3
500-999	... 4
1,000+	..... 5

Q.86 Recode 3c Meetings

	(1976)
1 - 9	..... 1
10-24	... 2
25-49	... 3
50+	..... 4

Q.87 Recode 4c Meetings

	(1983)
1- 49	..... 1
50-99	..... 2
100-249	... 3
250-499	... 4
500+	..... 5

HVS Convention Center and Headquarter Hotel Study

Q.88 Recode 3d Training

(1977)

1 - 9 1

10-24 ... 2

25-49 ... 3

50+ 4

Q.89 Recode 4d Training

(1984)

1- 49 1

50-99 2

100-249 ... 3

250-499 ... 4

500+ 5

Q.76 Recode 3e Conferences

(1971)

1 - 4 1

5-9 2

10-19 ... 3

20+ 4

Q.77 Recode 4e Conferences

(1981)

1- 99 1

100-249 ... 2

250-499 ... 3

500-999 ... 4

1,000+ 5

Q.78 Recode 3f Banquets

(1972)

1 - 4 1

5-9 2

10-19 ... 3

20+ 4

Q.79 Recode 4f Banquets

(1982)

1- 99 1

100-249 ... 2

250-499 ... 3

500-999 ... 4

1,000+ 5

Q.80 Recode 3g Tradeshow

	(1973)
1 - 4	..... 1
5-9	..... 2
10-19	... 3
20+	..... 4

Q.81 Recode 4g Tradeshow

	(1985)
1- 499	..... 1
500-999	..... 2
1,000-2,499	..... 3
2,500+	..... 4

Q.82 Recode 3i Sports

	(1974)
1 - 4	..... 1
5-9	..... 2
10-19	... 3
20+	..... 4

Q.83 Recode 4i Sports

	(1987)
1- 499	..... 1
500-999	..... 2
1,000-2,499	..... 3
2,500+	..... 4

Q.84 Recode 3j Entertainment

	(1975)
1 - 4	..... 1
5-9	..... 2
10-19	... 3
20+	..... 4

Q.85 Recode 4j Entertainment

	(1988)
1- 499	..... 1
500-999	..... 2
1,000-2,499	..... 3
2,500+	..... 4

Q.90 Recode 3h Consumer Shows

(1978)

1-4 ...	1
5+	2

Q.91 Recode 4h Consumer Shows

(1986)

1- 499	1
500-999	2
1,000-2,499	3
2,500+	4

Q.92 Recode q7 #of members

(1989)

1- 499	1
500- 999	2
1,000-2,499	3
2,500-4,999	4
5,000-9,999	5
10,000+	6

Q.93 Recode q13 Conventions in Tally

(1990)

1- 4	1
5-9	2
10+	3

Q.94 Recode q22 Square feet

(1991)

1-24,999	1
25,000-49,999	2
50,000-100,000	3
100,001+	4

Q.95 Recode q23 # people

(1992)

1- 249	1
250-500	2
501-999	3
1,000-2,500	4
2,501+	5

HVS Convention Center and Headquarter Hotel Study

Q.96 Recode q24 # of breakout rooms

(1993)

1- 4 1

5-9 2

10-19 ... 3

20+ 4

Q.97 Recode q25 # attendees

(1994)

1- 499 1

500-999 2

1,000-2,499 3

2,500-4,999 4

5,000+ 5

Q.98 Recode q27 # of exhibitors

(1995)

1- 50 1

51-99 2

100-249 ... 3

250+ 4

Q.99 Recode q29a Min rooms

(1996)

1- 100 1

101--249 2

250-499 3

500-999 4

1,000+ 5

Q.100 Recode q29b Preferred rooms

(1997)

1- 100 1

101-249 ... 2

250-499 ... 3

500-999 ... 4

1,000+ 5

Q.101 Recode 30a max rate

(1998)

1- \$100 1

\$101-\$149 2

\$150-\$199 3

\$200-\$249 4

\$250+ 5

Q.102 Recode q30b

(1999)

1- \$100	1
\$101-\$149	2
\$150-\$199	3
\$200-\$249	4
\$250+	5

Final Frequencies with Recoded Variables

Table 2: Does your organization conduct or plan for any of the following events:
IF THEY DO NOT CONDUCT ANY, TERMINATE

	Total	Yes	No
Convention (with exhibits)	220 100%	137 62%	83 38%
Convention (without exhibit)	220 100%	92 42%	128 58%
Meetings	220 100%	206 94%	14 6%
Training/Workshops	220 100%	178 81%	42 19%
Conferences	220 100%	168 76%	52 24%
Banquets	220 100%	110 50%	110 50%
Tradeshows (closed to public)	220 100%	58 26%	162 74%
Consumer shows (open to public)	220 100%	25 11%	195 89%
Sports competition/event	220 100%	21 10%	199 90%
Entertainment show/events	220 100%	23 10%	197 90%

Table 3: How many of the following events does your organization conduct or plan in a typical year?

PLEASE ENTER NUMBER OF EVENTS

	Total
Base	206
Convention (with exhibits)	4
Convention (without exhibit)	4
Meetings	9
Training/Workshops	8
Conferences	3
Banquets	4
Tradeshows (closed to public)	3
Consumer shows (open to public)	3
Sports competition/event	14
Entertainment show/events	4

Table 4: How many attendees, delegates or participants typically attend the following events:

PLEASE ENTER NUMBER OF ATTENDEES

	Total
Base	206
Convention (with exhibits)	905
Convention (without exhibit)	476
Meetings	203
Training/Workshops	258
Conferences	450
Banquets	419
Tradeshows (closed to public)	969
Consumer shows (open to public)	3360
Sports competition/event	2515
Entertainment show/events	3628

Table 6: How would you classify the organization you represent?

**SELECT THE BEST FIT
AVOID "OTHER" IF POSSIBLE**

	Total
Unweighted Base	220
Association	124 56%
Corporate	17 8%
Entertainment	2 1%
Government	21 10%
Exhibition Company	1 0%
Other	25 11%
Non-profit	10 5%
SMERF	20 9%

Table 7: How many members does your Association have?

	Total
Base	134
How many members?	2872

Table 8: What industries does your organization represent?

CHECK ALL THAT APPLY

	Total
Unweighted Base	219
Technology/Computer	9 3%
Medical	34 11%
Health	33 10%
Pharmaceutical	5 2%
Automotive	5 2%
Agricultural/Fishery	9 3%
Aeronautical/Space	6 2%
Fire	4 1%
Real estate	17 5%
Financial	10 3%
Insurance	8 3%
Law/Juvenile Justice/Courts	16 5%
Culinary/Hotel/Restaurant/Hospitality	5 2%

HVS Convention Center and Headquarter Hotel Study

Sports	10 3%
Other	113 36%
Arts/Entertainment	1 0%
Construction	4 1%
Education	8 3%
Environmental	0 0%
Information	3 1%
Leisure/Recreation	3 1%
Manufacturing	2 1%
Retail	2 1%
Trade/Transportation/Utilities	4 1%
Tourism	4 1%

Table 9: Would you say your organization is:

	Total
Unweighted Base	220
Small (1-99 employees)	163 74%
Medium (100-249 employees)	22 10%
Large (250 + employees)	35 16%

Table 10: Which categories best describe the origin of attendees for the conventions and events you conduct or plan?

CHECK ALL THAT APPLY

	Total
Unweighted Base	220
National / International	69 19%
Regional (multi-state)	72 20%
Statewide	144 39%
Local	81 22%

Table 11: What type of location do you prefer for your conventions and events?

CHECK ONLY ONE ANSWER

	Total
Unweighted Base	220
Resort Area	104 47%
Suburban	23 10%
Downtown	78 35%
Airport	15 7%

Table 12: Have you held a convention or event in Tallahassee, Florida during the past three years?

	Total
Unweighted Base	220
Yes	100 45%
No	120 55%

Table 13: How many conventions or events has your organization held in Tallahassee, Florida in the last three years?

	Total
Base	100
How many events:	6

Table 22: **Please answer the following questions for the convention or event you would most likely hold in a convention center.**

How much exhibit space or flat floor space (in square feet) does your convention or event require?

PLEASE PROVIDE YOUR BEST ESTIMATE

	Total
Base	220
Flat floor space in square feet:	16092

Table 23: How much banquet space (seating capacity) does your convention or event require?

	Total
Base	220
Seating capacity or number of people:	1125

Table 24: How many breakout meeting rooms does your convention or event require?

PLEASE PROVIDE YOUR BEST ESTIMATE

	Total
Base	220
Number of breakout rooms:	7

Table 25: How many delegates, attendees or participants typically attend your convention or event?

	Total
Base	220
How many attendees:	1445

Table 26: Please answer the following questions for the convention or event you would most likely hold in a convention center.

Over the next five years, do you anticipate that attendance at your convention or event will:

	Total
Unweighted Base	220
Increase	119 54%
Stay the same	88 40%
Decrease	13 6%

Table 27: If your convention or event has exhibitors, how many does it typically have?

	Total
Base	212
How many exhibitors?	55

Table 28: Please answer the following questions for the convention or event you would most likely hold in a convention center.

What is the length of your convention or event (in number of days)?

PLEASE INDICATE THE TOTAL NUMBER OF DAYS, BROKEN INTO THE FOLLOWING SECTIONS.

	Total
Base	218
Move-in days	1
Event-days	3
Move-out days	1

Table 29: What size of a hotel room block (number of rooms) does your convention or event require?

	Total
Base	218
Minimum number of rooms	273
Preferred number of rooms	317

Table 30: Please answer the following questions for the convention or event you would most likely hold in a convention center.

What is the typical hotel room rate (dollars) you consider for your convention or event?

	Total
Base	217
Maximum room rate \$	142
Preferred room rate \$	110

Table 31: How important is it that you have a full-service headquarters hotel connected to the convention center where you would most likely hold your convention or event?

	Total
Unweighted Base	220
Very important	127 58%
Somewhat Important	55 25%
Not very important	18 8%
Not important at all	20 9%

Table 32: Please rate your level of knowledge regarding Tallahassee, Florida as a convention and meeting destination.

	Total
Unweighted Base	220
Very knowledgeable	80 36%
Somewhat knowledgeable	80 36%
Not very knowledgeable	29 13%
Not knowledgeable at all	31 14%

Table 33: Please rate Tallahassee on the following criteria as a location for your convention or events relative to other cities in which you have held or may hold conventions or events.

Please use a scale from 1 to 5 where 1 means poor and 5 means excellent.

IF NOT APPLICABLE LEAVE BLANK OR ENTER 0

	Total
Base	220
Availability of Exhibit Space	2
Availability of Meeting Space	2
Availability of Banquet Space	2
Price of Meeting Facility Rentals	2
Availability of Hotel Rooms	2
Price of Hotel Rooms	2
Quality of hotel rooms	2
Availability of Air Travel	1
Convenience for Drive-In Visitors	2
Dining & Entertainment Options	3
Recreation, Tourism & Cultural Activities	3
Safety	3
Cleanliness	3
Ability to Attract Attendees	2
Overall Level of Destination Appeal	3

Table 34: Please rate the overall attractiveness to the best of your abilities for the following Florida cities as a location for your convention or event(s).

Please use a scale from 1 to 5 where 1 means not at all attractive and 5 means very attractive.

IF NOT APPLICABLE LEAVE BLANK OR ENTER 0

	Total
Base	220
Jacksonville	3
Lakeland	2
Miami	3
Tampa	4
Orlando	4
Tallahassee	2
Daytona Beach	3
Fort Lauderdale	3
Fort Myers	2
Sarasota/Palmetto	2
St. Augustine	2
West Palm Beach	3

Table 35: Please rate the overall attractiveness to the best of your abilities for the following **other** cities as a location for your convention or event(s).

Please use a scale of 1 to 5 where 1 means not at all attractive and 5 means very attractive.

IF NOT APPLICABLE LEAVE BLANK OR ENTER 0

	Total
Base	220
Raleigh, NC	1
Mobile, AL	1
Myrtle Beach, SC	2
Birmingham, AL	1
Charlotte, NC	1
Richmond, VA	1
Huntsville, AL	1
Savannah, GA	2
Baton Rouge, LA	1
Shreveport, LA	1
Jackson, MS	1
Virginia Beach, VA	1
Charleston, SC	2

Table 36: Have you wanted to hold a convention or event in Tallahassee, but were unable to do so because of a lack of adequate convention and event center space?

	Total
Unweighted Base	220
Yes	77 35%
No	143 65%

Table 37: Have you wanted to hold a convention or event in Tallahassee, but were unable to do so because of a lack of available or conveniently located hotel rooms?

	Total
Unweighted Base	220
Yes	75 34%
No	145 66%

Table 38: How **likely** would you be to consider holding your convention or events in Tallahassee if Tallahassee had a convention center attached to a full service branded hotel?

	Total
Unweighted Base	220
Very likely	58 26%
Somewhat Likely	68 31%
Neutral	37 17%
Somewhat Unlikely	21 10%
Very Unlikely	36 16%

Table 39: How **often** would you consider holding your convention or event(s) in Tallahassee if Tallahassee had a convention center attached to a full service branded hotel?

	Total
Unweighted Base	220
Never	56 25%
More often than once per year	30 14%
Once every year	62 28%
Every two years	13 6%
Every three years	18 8%
Every four years	9 4%
Every five years	16 7%
Less often than every five years	16 7%

Table 40: If your organization held a convention or event in Tallahassee, how would the majority of your attendees travel to Tallahassee?

	Total
Unweighted Base	220
Plane	77 35%
Car	131 60%
Bus	5 2%
Other	7 3%

Table 60: Recoded Q5 Other events

	Total
Unweighted Base	182
None	162 89%
Other Meetings	11 6%
Annual Meeting	4 2%
Lobby day for students	1 1%
Banquet	1 1%
Webinars	1 1%
Hearings	1 1%
Statewide Conventions/Regional Meetings	1 1%

Table 61: Recoded Q14 In what venues?

	Total
Unweighted Base	93
Hotel	32 34%
Civic Center	7 8%
Chamber of Commerce	1 1%
Office/Government/Business	13 14%
Other/not a place but topic mentioned	24 26%
Library	1 1%
Conference Center/College/University	11 12%
Museum	2 2%
Other/Parks/	2 2%

Table 62: Recoded Q15 Reason 1 for not having events in Tallahassee

	Total
Unweighted Base	120
Location- too far- not centrally located	29 24%
No facilities-no large facilities-no conference and hotel in one	29 24%
Do not fo outside region/local organization	13 11%
No Beach	3 3%
Air service- too expensive- no flights- schedules	11 9%
Economic reasons- budget cuts- to expensive to travel	4 3%
Lack of knowledge about Tally - venues	3 3%
No specific reason	13 11%
Destination appeal- could not sell it	7 6%
Not enough attendees	2 2%
Only go to cities inviting us - church	2 2%
Tally sports events interfer with attention needed	1 1%
Locate with co-sponsoring organization	1 1%
DK	1 1%
No Resort space	0 0%
Our members want to get out of Tally	1 1%
National International in scope	0 0%

Table 63: Recoded Q15 Reason 2 for not having events in Tallahassee

	Total
Unweighted Base	24
Location- too far- not centrally located	3 13%
No facilities-no large facilities-no conference and hotel in one	4 17%
Do not fo outside region/local organization	0 0%
No Beach	3 13%
Air service- too expensive- no flights- schedules	10 42%
Economic reasons- budget cuts- to expensive to travel	2 8%
Lack of knowledge about Tally - venues	1 4%
Expensive	1 4%

Table 64: Recode q 41 Tallahassee strengths

	Total
Unweighted Base	207
Capital City/State Legislature/Government	101 49%
Beauty	19 9%
History/Culture	7 3%
Proximity to Gulf/Beach	2 1%
Low Cost	4 2%
Florida /location/weather	11 5%
Friendly	0 0%

HVS Convention Center and Headquarter Hotel Study

None	6 3%
Cleanliness	2 1%
DK/never been there	17 8%
A lot of meeting planners in Tally	1 0%
Easy to get around/small town/local atmosphere/friendly	16 8%
College/University town/Football	6 3%
Other	5 2%
Proximity to nature activities	2 1%
Closest city with meeting space	1 0%
Diverse citizens	1 0%
Distance from our members/not too far	3 1%
Available convention and meeting space	1 0%
Supreme Courts allow to meet with justices	1 0%
Tally good place for meetings/conventions	1 0%

Table 65: Recode Q42 Tallahassee weaknesses

	Total
Unweighted Base	206
Lack of Air Service/too expensive/no direct flights	85 41%
Lack of meeting facilities/ not big enough/not nice enough	11 5%
Lack of Hotels/ not big or nice enough	13 6%
No hotel and CC in one	10

HVS Convention Center and Headquarter Hotel Study

	5%
No major attractions	11 5%
No Beach/Resort	8 4%
Need better marketing	1 0%
None	4 2%
Location-to far /accessibility	30 15%
Low quality-high expense	1 0%
Entertainment/dining	4 2%
Other	5 2%
Hospitality	2 1%
No convention appeal	7 3%
DK	13 6%
Cost	1 0%

Table 66: Recode Facility 1 Q16

	Total
Unweighted Base	211
Breakers	4 2%
Doubletree	5 2%
Hyatt	18 9%
Marriott	5 2%
Hilton	17 8%

HVS Convention Center and Headquarter Hotel Study

Rosen	11 5%
Renaissance	6 3%
4 Seasons	3 1%
Other	80 38%
Tallahassee	3 1%
Ritz Carlton	6 3%
FSU Center	3 1%
World Center	5 2%
Disney Grand Floridian/other Disney properties	5 2%
Conference Centers/Sanibel/others	1 0%
Orlando Convention Center	4 2%
Gaylord Palms/other Gaylord	1 0%
Civic Center	3 1%
DK/NA	10 5%
San Destin Resort	1 0%
Palm Beach Garden	1 0%
Hotel	4 2%
Ramada Inn	1 0%
Naples Grand Resort/other Naples properties	3 1%
Broward County Convention Center	2 1%
Tampa Convention Center	2 1%
Sheraton	3

HVS Convention Center and Headquarter Hotel Study

	1%
Crown Plaza	1 0%
Embassy	2 1%
Harbor Beach Convention Center	1 0%

Table 67: Recode City 1 Q17

	Total
Unweighted Base	214
Orlando	63 29%
Tallahassee	18 8%
Amelia Island	1 0%
Daytona Beach	1 0%
Alexandria, VA	1 0%
Howey in the Hills	1 0%
Gainesville	3 1%
Jacksonville	13 6%
Clearwater	2 1%
Palm Beach	8 4%
Naples	5 2%
Sarasota	4 2%
Ft. Myers	1 0%
Ashville	1 0%

HVS Convention Center and Headquarter Hotel Study

Tampa	19 9%
Weston	1 0%
Hutchinson Island	1 0%
Las Vegas	2 1%
St. Pete	6 3%
Lakeland	2 1%
Miami	4 2%
Destin	2 1%
Ocala	2 1%
Marco Island	1 0%
Nashville	1 0%
Tucson	1 0%
NY	1 0%
Chicago	2 1%
Atlanta	9 4%
PC	3 1%
Ft. Lauderdale	3 1%
St. Louis, MO	1 0%
Other	19 9%
New Orleans	2 1%
Amelia Island	1 0%
Savannah	2

HVS Convention Center and Headquarter Hotel Study

	1%
DK/NA	2 1%
Pensacola	0 0%
Boca Raton	0 0%
Virginia Beach	2 1%
Melbourne	1 0%
Cocoa Beach	1 0%
Birmingham	1 0%
Charleston	0 0%
San Diego	0 0%

Table 68: Recode Facility 2 Q18

	Total
Unweighted Base	189
Breakers	3 2%
Doubletree	2 1%
Hyatt	10 5%
Marriott	4 2%
Hilton	17 9%
Rosen	3 2%
Renaissance	6 3%
4 Seasons	2 1%

HVS Convention Center and Headquarter Hotel Study

Other	86 46%
Tallahassee	1 1%
Ritz Carlton	5 3%
FSU Center	2 1%
World Center	3 2%
Disney Grand Floridian/other Disney properties	6 3%
Conference Centers/Sanibel/others	0 0%
Orlando Convention Center	3 2%
Gaylord Palms/other Gaylord	7 4%
Civic Center	2 1%
DK/NA	12 6%
San Destin Resort	0 0%
Palm Beach Garden	0 0%
Hotel	7 4%
Ramada Inn	0 0%
Naples Grand Resort/other Naples properties	2 1%
Broward County Convention Center	0 0%
Tampa Convention Center	0 0%
Sheraton	3 2%
Crown Plaza	1 1%
Embassy	1 1%
Habor Beach Convention Center	0

	0%
Aloft Hotel	1
	1%

Table 69: Recode City 2 Q19

	Total
Unweighted Base	192
Orlando	49 26%
Tallahassee	10 5%
Amelia Island	0 0%
Daytona Beach	5 3%
Alexandria, VA	0 0%
Howey in the Hills	0 0%
Gainesville	2 1%
Jacksonville	9 5%
Clearwater	6 3%
Palm Beach	7 4%
Naples	3 2%
Sarasota	1 1%
Ft. Myers	0 0%
Ashville	0 0%
Tampa	15 8%
Weston	0 0%

HVS Convention Center and Headquarter Hotel Study

Hutchinson Island	0 0%
Las Vegas	1 1%
St. Pete	3 2%
Lakeland	1 1%
Miami	6 3%
Destin	5 3%
Ocala	3 2%
Marco Island	2 1%
Nashville	0 0%
Tucson	0 0%
NY	0 0%
Chicago	0 0%
Atlanta	3 2%
PC	1 1%
Ft. Lauderdale	7 4%
St. Louis, MO	1 1%
Other	36 19%
New Orleans	1 1%
Amelia Island	0 0%
Savannah	2 1%
DK/NA	7 4%
Pensacola	1

HVS Convention Center and Headquarter Hotel Study

	1%
Boca Raton	1 1%
Virginia Beach	0 0%
Melbourne	0 0%
Cocoa Beach	1 1%
Birmingham	1 1%
Charleston	1 1%
San Diego	1 1%

Table 70: Recode Facility 3 Q20

	Total
Unweighted Base	141
Breakers	4 3%
Doubletree	2 1%
Hyatt	11 8%
Marriott	2 1%
Hilton	10 7%
Rosen	4 3%
Renaissance	3 2%
4 Seasons	0 0%
Other	63 45%
Tallahassee	1 1%
Ritz Carlton	0

HVS Convention Center and Headquarter Hotel Study

	0%
FSU Center	1 1%
World Center	2 1%
Disney Grand Floridian/other Disney properties	5 4%
Conference Centers/Sanibel/others	0 0%
Orlando Convention Center	0 0%
Gaylord Palms/other Gaylord	2 1%
Civic Center	0 0%
DK/NA	15 11%
San Destin Resort	2 1%
Palm Beach Garden	0 0%
Hotel	2 1%
Ramada Inn	0 0%
Naples Grand Resort/other Naples properties	2 1%
Broward County Convention Center	0 0%
Tampa Convention Center	0 0%
Sheraton	3 2%
Crown Plaza	2 1%
Embassy	4 3%
Harbor Beach Convention Center	0 0%
Aloft Hotel	0 0%
Hotel Duval	1 1%

Table 71: Recode City 3 Q21

	Total
Unweighted Base	145
Orlando	29 20%
Tallahassee	7 5%
Amelia Island	0 0%
Daytona Beach	1 1%
Alexandria, VA	0 0%
Howey in the Hills	0 0%
Gainesville	1 1%
Jacksonville	6 4%
Clearwater	1 1%
Palm Beach	6 4%
Naples	4 3%
Sarasota	1 1%
Ft. Myers	3 2%
Ashville	0 0%
Tampa	8 6%
Weston	0 0%
Hutchinson Island	0 0%
Las Vegas	1 1%
St. Pete	6

HVS Convention Center and Headquarter Hotel Study

	4%
Lakeland	0 0%
Miami	4 3%
Destin	4 3%
Ocala	0 0%
Marco Island	0 0%
Nashville	0 0%
Tucson	0 0%
NY	0 0%
Chicago	1 1%
Atlanta	3 2%
PC	1 1%
Ft. Lauderdale	4 3%
St. Louis, MO	0 0%
Other	34 23%
New Orleans	1 1%
Amelia Island	2 1%
Savannah	0 0%
DK/NA	13 9%
Pensacola	0 0%
Boca Raton	4 3%

Table 72: Recode 3a Conventions with exhibits

	Total
Unweighted Base	137
1 - 4	118 86%
5-9	8 6%
10-19	5 4%
20+	6 4%

Table 73: Recode 4a Conventions with exhibits

	Total
Unweighted Base	136
1- 249	35 26%
250-499	34 25%
500-999	32 24%
1,000-2,499	27 20%
2,500+	8 6%

Table 74: Recode 3b Conventions without exhibit

	Total
Unweighted Base	92
1 - 4	75 82%
5-9	6 7%
10-19	5 5%
20+	6 7%

Table 75: Recode 4b Convention without exhibits

	Total
Unweighted Base	90
1- 99	13 14%
100-249	35 39%
250-499	24 27%
500-999	7 8%
1,000+	11 12%

Table 86: Recode 3c Meetings

	Total
Unweighted Base	206
1 - 9	139 67%
10-24	50 24%
25-49	10 5%
50+	7 3%

Table 87: Recode 4c Meetings

	Total
Unweighted Base	206
1- 49	84 41%
50-99	55 27%
100-249	39 19%
250-499	13 6%
500+	15 7%

Table 88: Recode 3d Training

	Total
Unweighted Base	178
1 - 9	130 73%
10-24	36 20%
25-49	7 4%
50+	5 3%

Table 89: Recode 4d Training

	Total
Unweighted Base	177
1- 49	64 36%
50-99	64 36%
100-249	30 17%
250-499	7 4%
500+	12 7%

Table 76: Recode 3e Conferences

	Total
Unweighted Base	167
1 - 4	143 86%
5-9	11 7%
10-19	6 4%
20+	7 4%

Table 77: Recode 4e Conferences

	Total
Unweighted Base	166
1- 99	40 24%
100-249	50 30%
250-499	36 22%
500-999	21 13%
1,000+	19 11%

Table 78: Recode 3f Banquets

	Total
Unweighted Base	110
1 - 4	81 74%
5-9	18 16%
10-19	6 5%
20+	5 5%

Table 79: Recode 4f Banquets

	Total
Unweighted Base	108
1- 99	30 28%
100-249	29 27%
250-499	27 25%
500-999	13 12%
1,000+	9 8%

Table 80: Recode 3g Tradeshow

	Total
Unweighted Base	58
1 - 4	51 88%
5-9	2 3%
10-19	2 3%
20+	3 5%

Table 81: Recode 4g Tradeshow

	Total
Unweighted Base	57
1- 499	34 60%
500-999	10 18%
1,000-2,499	8 14%
2,500+	5 9%

Table 90: Recode 3h Consumer Shows

	Total
Unweighted Base	24
1-4	21 88%
5+	3 13%

Table 91: Recode 4h Consumer Shows

	Total
Unweighted Base	21
1- 499	12 57%
500-999	1 5%
1,000-2,499	4 19%
2,500+	4 19%

Table 82: Recode 3i Sports

	Total
Unweighted Base	21
1 - 4	12 57%
5-9	1 5%
10-19	4 19%
20+	4 19%

Table 83: Recode 4i Sports

	Total
Unweighted Base	21
1- 499	9 43%
500-999	3 14%
1,000-2,499	6 29%
2,500+	3 14%

Table 84: Recode 3j Entertainment

	Total
Unweighted Base	23
1 - 4	19 83%
5-9	1 4%
10-19	2 9%
20+	1 4%

Table 85: Recode 4j Entertainment

	Total
Unweighted Base	23
1- 499	8 35%
500-999	5 22%
1,000-2,499	7 30%
2,500+	3 13%

Table 92: Recode q7 #of members

	Total
Unweighted Base	129
1- 499	52 40%
500- 999	18 14%
1,000-2,499	28 22%
2,500-4,999	12 9%
5,000-9,999	7 5%
10,000+	12 9%

Table 93: Recode q13 How many conventions in Tallahassee

	Total
Unweighted Base	97
1- 4	62 64%
5-9	23 24%
10+	12 12%

Table 94: Recode q22 Exhibit space in square feet

	Total
Unweighted Base	173
1-24,999	124 72%
25,000-49,999	21 12%
50,000-100,000	24 14%
100,001+	4 2%

Table 95: Recode q23 # banquet attendees

	Total
Unweighted Base	208
1- 249	83 40%
250-500	73 35%
501-999	16 8%
1,000-2,500	20 10%
2,501+	16 8%

Table 96: Recode q24 # of breakout rooms

	Total
Unweighted Base	201
1- 4	91 45%
5-9	60 30%
10-19	34 17%
20+	16 8%

Table 97: Recode q25 # attendees

	Total
Unweighted Base	219
1- 499	145 66%
500-999	37 17%
1,000-2,499	25 11%
2,500-4,999	3 1%
5,000+	9 4%

Table 98: Recode q27 # of exhibitors

	Total
Unweighted Base	157
1- 50	96 61%
51-99	20 13%
100-249	31 20%
250+	10 6%

Table 99: Recode q29a Min rooms

	Total
Unweighted Base	200
1- 100	96 48%
101--249	30 15%
250-499	42 21%
500-999	20 10%
1,000+	12 6%

Table 100: Recode q29b Preferred rooms

	Total
Unweighted Base	199
1- 100	78 39%
101-249	30 15%
250-499	55 28%
500-999	23 12%
1,000+	13 7%

Table 101: Recode 30a Max rate

	Total
Unweighted Base	199
1- \$100	36 18%
\$101-\$149	60 30%
\$150-\$199	76 38%
\$200-\$249	15 8%
\$250+	12 6%

Table 102: Recode q30b Preferred rate

	Total
Unweighted Base	198
1- \$100	84 42%
\$101-\$149	70 35%
\$150-\$199	36 18%
\$200-\$249	8 4%
\$250+	0 0%

Sample Design for Email Surveys with Telephone Follow-up

Non-scientific survey

The non-scientific survey was seeking information on the characteristics of the events that selected respondents plan and explored their specific facility needs. A combination of methods to collect accurate and comprehensive feedback from selected respondents was used. The two primary tools used included a web based survey with email blast invitations to selected organizations and a follow-up telephone survey of randomly selected organizations that did not respond to the web based survey.

Market segments included to target event planners were:

- Associations
- Education
- Government
- Travel
- Religious groups
- Corporate
- Sports
- Entertainment

Master List (List 1)

A master list was created from contact lists requested and submitted by Visit Tallahassee, FSAE, and TSAE. The three lists were formatted and combined into one list. This combined list contained duplicate listings of organizations and only the most appropriate contact was selected for each organization for inclusion in the sample. Ultimately this list identified 928 organizations. Of those, 228 did not have email addresses but they did have telephone numbers.

Florida Directory of Associations

Additionally, a directory of all Florida Associations was purchased and this list was segmented by reach (international, national, state and regional) and cross checked with the master list. Duplicates already included in the master list were removed. This list contained 792 organizations with email addresses.

National Association of Sports Commissions (NASC)

A third list of National Associations of Sports Commissions was obtained and 163 Florida, Georgia, Alabama and Louisiana Sport Commissions were selected for inclusion for the sample.

Total Population

The five lists constituted a selected population of about 4,000 organizations (3,918) included for the email survey and random selection for the telephone follow-up survey.

Email Surveys and Telephone Follow-up Interview Samples

Email Survey Samples

For the email survey three separate invitations were emailed to the master list, Florida Association Directory list and the NASC list. The email invitations were mailed on the following dates:

Email Blasts

(all organizations identified from selected lists were included in the email survey)

2/14 Email Blast 1 from Master List = 700

2/17 Email Blast 2 from Florida Directory Association List- 791

2/22 Email Blast 3 from NASC List = 163

Total sample for email blasts 1,654 organizations.

Telephone Sample and Survey Follow-up Interviews

The telephone survey sample was selected based on the following criteria:

- All 228 organizations without emails were included from the master list (about one-fourth or 24.5%)
- 268 randomly selected organizations from the master list who did not respond to the email invitation (about one third of all listings)
- 115 organizations from the Florida Directory segmented with international, national, state and regional reach and 1,000 + members.
- 88 Sports Commissions segmented to include Florida, Georgia, Alabama and Louisiana.

Total sample for telephone follow-up interviews included 699 randomly selected organizations (or semi-randomly selected).

List Descriptions for Samples Used

Combination of Visit Tallahassee, TSAE, FSAE

Cleaned list without duplication of organizations = 928

With email addresses = 700

With phone numbers only = 228

Florida Association Directory List

Total Listings = 1,632

National Association of Sports Commissions (NASC)

Total list = 1,358

FL (112), AL (5), GA (40), LA (6) List = 163

Phone Survey Samples for Phone Interview Follow-up

Phone List 1 = 228 (Name = HVS Phone Sample)

This list was comprised of contacts without email addresses from the master list with a mix of organizations.

Phone List 2 = 186 (Name= HVS Phone Sample 2)

A random selection from the master list including a mix of all selected organizations.

Phone List 3 = 82 (Name = Phone Sample 3)

A random selection from the master list of other organizations excluding Florida associations.

Phone List 4 = 115 (Florida Associations with 1000 plus members with international, national, regional, and statewide reach)

A selection of Florida associations with 1000+ members including associations with international, national, regional and statewide reach.

Phone List 5 = 88 National Association of Sports Commissions (NASC)

A selected list of NASC, including commissions located in Florida, Alabama, Georgia and Louisiana.