

Feasibility Analysis of a Potential New Hotel/Conference Center in Hendricks County, Indiana



Presented to the:
Hendricks County Convention and Visitors Bureau
September 12, 2008



Conventions, Sports & Leisure International



September 12, 2008

Mr. Emory Lencke
Executive Director
Hendricks County Convention & Visitors Bureau
8 West Main Street
Danville, Indiana 46122

Dear Mr. Lencke:

Conventions, Sports & Leisure ("CSL") has completed a report related to a feasibility study concerning the potential development of a hotel and conference center ("Center") in Hendricks County, Indiana. The attached report presents our research, analysis and findings and is intended to assist the Hendricks County Convention and Visitors Bureau ("CVB") in evaluating the viability of Center development.

The analysis presented in this report is based on estimates, assumptions and other information developed from industry research, data provided by the CVB, surveys of potential facility users, discussions with industry participants and analysis of competitive/comparable facilities and communities. The sources of information, the methods employed, and the basis of significant estimates and assumptions are stated in this report. Some assumptions inevitably will not materialize and unanticipated events and circumstances may occur. Therefore, actual results achieved will vary from those described and the variations may be material.

The findings presented herein are based on analysis of present and near-term conditions in the Hendricks County area as well as existing interest levels by a new Center's potential base of users and latent demand characteristics. Any significant future changes in the characteristics of the local community, such as growth in population, corporate inventory, competitive inventory and visitor amenities/attractions, could materially impact the key market conclusions developed as a part of this study. As in all studies of this type, the estimated results are based on competent and efficient management of the potential Center and assume that no significant changes in the event markets or assumed immediate and local area market conditions will occur beyond those set forth in this report. Furthermore, all information provided to us by others was not audited or verified and was assumed to be correct.

This report has been prepared for the internal use of the CVB and should not be relied upon by any other party. The report has been structured to assist CVB representatives in evaluating event market demand and the potential financial and economic impact characteristics of a potential Center in Hendricks County and should not be used for any other purpose. This report, its findings or references to CSL may not be included or reproduced in any public offering statement or other financing document.

We sincerely appreciate the assistance and cooperation we have been provided in the compilation of this report and would be pleased to be of further assistance in the interpretation and application of our findings.

Very truly yours,

CSL International

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EXECUTIVE SUMMARY

This summary outlines the key findings associated with a feasibility study of a potential new hotel and conference center ("Center" or "hotel/conference center") in Hendricks County, Indiana. Conventions, Sports and Leisure International ("CSL") was retained by the Hendricks County Convention and Visitors Bureau ("CVB") to conduct the study. The full report should be reviewed in its entirety to gain an understanding of the study methods, limitations and implications.

Introduction and Background

In 2002, the CVB originally hired CSL to conduct a feasibility study of a potential convention center. The study was completed in 2003 with results indicating market support (both via non-local and local demand) for the project. However, study results also suggested that a public/private partnership with a hotel partner would likely better suit the financial and economic conditions and resources present in the County for the purpose of creating additional convention space to drive new visitation and associated economic activity.

In subsequent years, the CVB took steps to further advance the project, including the purchase of a site parcel for the facility and preliminary work to identify and solicit a private partner. Some discussions with potential partner candidates were conducted and additional planning steps were undertaken.

In late 2007, the CVB commissioned CSL to conduct a comprehensive follow-up study of the project. Several issues are believed to have facilitated this, including:

1. The evolving nature of the project under consideration. The subject facility studied under the initial feasibility study represented a stand-alone, publicly-owned convention center, while the current project reflects a combined lodging facility and conference center with integrated operations controlled largely by the hotel partner.
2. The eminent opening of the Indianapolis International Airport's new Midfield Terminal, which was not specifically considered during the first study due to uncertainty at the time with its ultimate completion timeframe, scope and related infrastructure enhancements.
3. New economic development projects that have materialized in the County since the first study, including the development of the Metropolis retail complex; continued growth of corporate, retail and residential industries, new lodging property development and roadway enhancements.
4. The length of time that has elapsed since the research and analysis was conducted for the initial feasibility study. In addition to substantial local market changes over the five-year timeframe, substantial changes have occurred within the convention/conference and lodging industries overall, including recovery from 9/11 and a national economic downturn and the more recent upheaval in the credit/equity markets.

A new Hendricks County hotel/conference center, as envisioned, would act as an economic generator and a public resource for the local community, hosting conventions, conferences, tradeshow, public/consumer shows, meetings, banquets and other events of both a non-local and local nature. The project would be hoped to draw new visitors (both event and non-event related overnight stays) to the County through the creation of a differentiated hotel and conference facility product. A critical goal of



the project is to maximize the amount of “incremental” visitation and associated economic spending (over existing activity) generated by virtue of its development and operation. In many cases, a public/private partnership offers an opportunity to create a “hotel/conference center” solution for a community through a lower public sector contribution of capital, while also removing any ongoing operational funding obligation from the public sector (which is typically necessary under a stand-alone convention center model).

Local Conditions and Market Demand

The strength of the local market, in terms of its socioeconomic attributes, can provide an indication of a community's ability to draw and accommodate large numbers of convention, conference, tradeshow, consumer show, meeting and other event attendees. A community's hospitality infrastructure in terms of hotels, restaurants, entertainment, transportation, amenities and other such factors contribute heavily to the potential success of an event facility. Similarly, analysis of economic and demographic data pertaining to a market area assists in forecasting future trends that will impact the demand for lodging accommodations at area hostelrys.

Population growth in Hendricks County (along with many other demographic metrics such as corporate base) over the past two decades has been significantly higher than that of the rest of Indiana and United States, reflecting outward growth emanating from the Indianapolis metropolitan area. Projections for future years also indicate continued growth, particularly in the eastern third of the county.

In November 2008, Indianapolis Airport will debut the new \$1.1 billion Midfield Terminal. This new facility will feature a new passenger terminal, concourses, a parking garage and airfield. The new Terminal is the largest development initiative in the City of Indianapolis' history. In addition to the new terminal being developed, significant infrastructure improvements are also underway with a reconfiguration of Interstate 70 and two new interchanges off of Interstate 70, one at the new terminal entrance and the second at the next exit to the west (in Hendricks County) at Six Points Road.

Currently, the Hendricks County lodging supply is comprised primarily of limited and select-service hotels, with limited amounts of meeting and function space. Most of the hotels are located in the eastern third of the county, concentrated primarily in Plainfield near the Interstate with several properties in Brownsburg. It is believed the limited-service nature of the Hendricks County lodging supply reflects the price sensitivity in the marketplace.

Since the former layout of the Indianapolis International Airport provides access and exit points on the eastern side of the airport's property, and since the majority of the commercial and retail developments are located along the main traffic routes into and out of the airport, full-service and upscale limited-service hotel supply is generally located outside of Hendricks County. However, the opening of the Midfield Terminal (and its new primary access point, the Airport Interchange, closer to Hendricks County) is anticipated to drive new full-service lodging supply to the west side of the airport, including a full-service Westin and potentially one or more new full-service properties. It is believed that this shift of access to the west side of the Airport (from the current access point to the east) could importantly lead to a “perceptual shift” over the long-term as what is generally considered an “airport hotel”. Presently, the large majority of “airport hotels” are clustered near the Interstate 465/Airport Expressway intersection. New development planning in the airport area suggests that parcels near the new Airport Interchange exit (and near Hendricks County/Plainfield) could be attractive candidates for future hotel development.

With regard to the competitive landscape in the state for a new conference center project in Hendricks County, the level of competition in terms of facilities is considered “average” relative to the estimated

number of rotating events, and is also generally commensurate with overall population and corporate base. Certain states in the country are estimated to possess an over-supply of convention and conference facilities (relative to measures such as rotating events, population and corporate base); however, indicators reviewed do not suggest that Indiana is positioned this way.

Surveys completed with 100 state/regional convention and conference planners suggest strong interest in using a potential new Hendricks County hotel/conference center. Measured levels of interest have strongly improved relative to the 2003 convention center feasibility study survey. It is believed that this is a result of several factors, including but not limited to (1) a better "definition" of the potential Hendricks County project; (2) joining the studied hotel and conference center concept "under one roof"; and (3) clarification and certainty involved with the Midfield Terminal project, among other issues. The analysis suggests that a large portion of this market demand is currently "unmet" in Hendricks County, and would therefore represent a significant level of new non-local conference activity to the local community. Survey results stress the importance of an appropriately sized and branded full-service hotel that is physically integrated with the conference center.

Site/Location Issues

As important as size and configuration, the site of a hotel/conference facility can have a significant impact on the facility's success. An assessment was conducted of potential areas/locations within the County that would be the best candidate areas to focus planning efforts, as well as to provide a basis for the analysis of financial and economic issues that are relevant to both public and private sector return on investment considerations.

Under a public/private partnership project such as the hotel/conference center development that is the subject of this report, the requirements and preferences of the private partner will have significant influence on the ultimate location. In all likelihood, a prospective hotel developer/operator partner(s) will be looking for a site/location that will be able to maximize non-conference center hotel room demand, as the conference center component itself will not likely drive the majority of room night demand in the hotel. As such, locations near highly-visible and highly-trafficked roadway arteries and other demand generators will likely be more attractive from the hotel partner's perspective.

With the opening of the new Midfield Terminal, the vast majority of new hotel development that is planned for the area is set to occur adjacent to or in close proximity of the new terminal. Specifically, there are several new full-service products proposed or under development near airport, specifically on the airport campus or in the Ameriplex Business Park adjacent to the airport. Due to the opening of the Midfield terminal, it is expected that it will lead to a shift in perception of what an "airport property" is, as evidenced by proposed hotel and retail projects near the new Airport Interchange to the west of the Terminal (which will be the new primarily vehicular access point). The next I-70 exit to the west beyond the Airport Interchange will be in the southeast portion of Hendricks County (in Plainfield).

In regard to a new hotel/conference center in Hendricks County, tying the project in to the airport as an "airport property" will best position the product for economic impact and interest by private sector investors. It is believed that other locations such as at or near Metropolis, located in Plainfield, and off of I-74 in Brownsburg offer some advantages, but less than that of the I-70/Airport location. Areas adjacent to I-70 near Six Points Road and 267 intersections will best position a project in the County in terms of visibility and accessibility to attract transient and group demand. Since this would be a public/private partnership, the requirements/preferences of the private partner will be critical; as such, the ultimate site parcel (or site parcels) must be available for negotiation.

Development Options

Understanding the unique market demand characteristics associated with the County and the expected financial and economic interests of both public sector and potential private sector participants, three development scenarios were identified. They include two traditional, mid-priced full-service hotel properties and one quasi-full-service (select service) property. A fourth, alternate development scenario was also considered at the request of the CVB (relating to a property purchase and land swap), but it is not believed that this presents a viable option for the County in its pursuit of a potential hotel/conference center under a public/private partnership model. Further detail is provided in the report.

Considered Development Scenarios

	SCENARIO 1	SCENARIO 2	SCENARIO 3
Type:	Full-service	Full-service	Quasi-full-service
Prototype Brand Examples:	Doubletree, Sheraton, Four Points by Sheraton	Doubletree, Sheraton, Four Points by Sheraton	Hyatt Place, Cambria Suites, aloft, Holiday Inn
Guestrooms:	250	200	120
Conference Space (in SF):			
Ballroom	20,000	15,000	12,000
Meeting Space	<u>10,000</u>	<u>7,000</u>	<u>5,000</u>
Total Sellable Space	30,000	22,000	17,000

Cost, Financial and Valuation Analysis

Analyses were conducted pertaining to order-of-magnitude construction costs, asset valuation, financial operating characteristics, and project valuation estimates with respect to the three development scenarios considered for a potential new Hendricks County hotel/conference center. Estimates of operating performance were generated for the various development scenarios by projecting the potential cash flow generating capability of each facility. The cash flows were then converted to an estimated current market value, which can then be compared to the estimated construction costs as a test of each scenario's feasibility. If the market value of the facility is greater as compared to the construction costs, the project is deemed feasible. Conversely, if the construction costs are greater as compared to the estimated market value, a "feasibility gap" exists. In instances where a feasibility gap exists, financial incentives by the public sector will likely be necessary to attract a potential developer.

Hypothetical construction costs were estimated for each scenario. It is important to note that construction cost figures included herein assume no cost for land or development profit, often referred to as entrepreneurial profit. Inclusion of these costs would likely result in an overall increase ranging from 20 to 30 percent. Additionally, these cost figures should be considered preliminary and order-of-magnitude. Further planning relating to the programmatic elements, product branding, site/infrastructure, environmental, and architectural design and costing services will be required to fully estimate ultimate project costs.

The following exhibit presents the estimated order-of-magnitude hard construction costs for the assumed Hendricks County hotel/conference center under each of the three development scenarios.

Order-of-Magnitude Construction Cost Estimates by Scenario

	SCENARIO 1	SCENARIO 2	SCENARIO 3
Type:	Full-service	Full-service	Quasi-full-service
Guestrooms:	250	200	120
Est. Construction Costs:			
Per Room - Low	\$150,000	\$150,000	\$125,000
Per Room - High	\$175,000	\$175,000	\$140,000
Conference Center (net)	\$9,500,000	\$6,500,000	\$5,500,000
Total - Low	\$47,000,000	\$36,500,000	\$20,500,000
Total - High	\$53,000,000	\$41,000,000	\$22,500,000

Note: Per room figures noted above represent current typical hard and soft construction costs for new branded prototypes similar to those under consideration by scenario. Certain efficiencies have been assumed in constructing both the hotel and the integrated conference space simultaneously, which is reflected in a reduction in the "conference center" cost line item. Construction cost estimates do not include cost of land or entrepreneurial profit. Figures presented represent order-of-magnitude estimates. Detailed architectural concept, design and costing analysis would be required to specifically project construction costs for a potential new Hendricks County project. Presented in 2008 dollars.

For Scenario 1, according to construction cost information relative to the hotel brands under consideration, the potential range of construction costs is estimated to range from a low of \$150,000 per room to a high of \$175,000 per room. Total construction costs for the 250-room hotel, including the attached conference center, would range from \$47 million to \$53 million. It should be noted that certain efficiencies relative to constructing both the hotel and the attached conference center simultaneously are factored into the total costs for the two components. Specifically, we have applied a roughly 20 percent discount to the hard construction costs for each facility component, based on the assumption that both are constructed simultaneously as opposed to being constructed as individual, stand-alone units.

With similar assumptions, total construction costs for Scenario 2, the 200-room hotel, including the attached conference center, could range from \$36.5 million to \$41 million, with the per room costs similar to the 250-room scenario. Since brand affiliation and function space square footage per room in both scenarios is similar, this appears reasonable.

With regard to Scenario 3, according to construction cost information relative to the hotel brands under consideration, the potential range of construction costs could range from a low of \$125,000 per room to a high of \$140,000 per room. Total construction costs for the 120-room hotel, including the attached conference center, could range from \$20.5 million to \$22.5 million. It should be noted that certain efficiencies relative to constructing both the hotel and the attached conference center simultaneously are factored into the total costs for the two facility components. Similar to the traditional full-service scenarios, we have applied a roughly 20 percent discount to the hard construction costs for each facility component, based on the assumption that both are constructed simultaneously as opposed to being constructed as individual, stand-alone units.

A detailed financial operating analysis was conducted for each development scenario. Based on estimates of net operating income, current market values were generated. A feasible hotel-based project



is such because its market value outweighs its costs. It should be noted that land costs have not been included in the total construction cost estimates. Additionally, a potential investor may not choose to develop a hotel-based project, even if it is feasible, if the feasibility margin does not meet the investor's required rate of return. The estimated value for the hypothetical facility ranges for each scenario. Based on the construction cost estimates previously discussed, the current market value for the proposed subject property under all scenarios is less than the estimated cost to construct the facility, resulting in a feasibility gap. The following exhibit illustrates the breadth of the feasibility gap, assuming both the high and low ends of the ranges for market value and construction costs for all three scenarios.

Feasibility Gap Analysis

Scenario 1: 250-Room Full Service Hotel

	<u>Low</u>	<u>High</u>	<u>Rooms</u>	<u>Low/Room</u>	<u>High/Room</u>
Estimated Value	\$31,500,000	\$35,000,000	250	\$126,000	\$140,000
Estimated Cost to Build	<u>\$47,000,000</u>	<u>\$53,000,000</u>	250	<u>\$188,000</u>	<u>\$212,000</u>
Feasibility Margin/(Gap)	(\$15,500,000)	(\$18,000,000)		(\$62,000)	(\$72,000)

Scenario 2: 200-Room Full Service Hotel

	<u>Low</u>	<u>High</u>	<u>Rooms</u>	<u>Low/Room</u>	<u>High/Room</u>
Estimated Value	\$26,000,000	\$29,000,000	200	\$130,000	\$145,000
Estimated Cost to Build	<u>\$36,500,000</u>	<u>\$41,000,000</u>	200	<u>\$182,500</u>	<u>\$205,000</u>
Feasibility Margin/(Gap)	(\$10,500,000)	(\$12,000,000)		(\$52,500)	(\$60,000)

Scenario 3: 120-Room Quasi-Full-Service Hotel

	<u>Low</u>	<u>High</u>	<u>Rooms</u>	<u>Low/Room</u>	<u>High/Room</u>
Estimated Value	\$12,500,000	\$14,000,000	120	\$104,167	\$116,667
Estimated Cost to Build	<u>\$20,500,000</u>	<u>\$22,500,000</u>	120	<u>\$170,833</u>	<u>\$187,500</u>
Feasibility Margin/(Gap)	(\$8,000,000)	(\$8,500,000)		(\$66,667)	(\$70,833)

Note: The feasibility gap represents the level of incentive, reduced costs or increased value that would need to be induced before the project is considered economically sound. Under Scenario 3, the operating efficiencies generally realized by a quasi-full-service hotel are significantly impacted by the addition of conf. center. As such, this scenario appears the least feasible from a per room basis, but requires less financial incentive from a pure dollar amount basis.

The feasibility gap represents the level of incentive, reduced costs or increased value that would need to be induced before the project is considered economically sound from a private sector development standpoint. From a private development standpoint, whereas a developer would be required to acquire a parcel of land, the project is considered less attractive, and a wider feasibility gap would exist. As such, we are of the opinion that no prudent investor would develop the proposed subject facility without public-sector participation.

While none of the three development scenarios are considered financially feasible, the quasi-full-service hotel requires the lowest overall public commitment on a total investment basis. Assuming the highest end of the value range and the lowest construction costs, the total public investment would equate to \$6.5 million. Based on a similar analysis of the lowest potential public investment per scenario, Scenario 1 would require a total investment of \$12 million, while Scenario 2 would require \$7.5 million.



Economic Impacts

The following exhibit presents the estimated new annual hotel room night and economic and tax impacts associated for a potential new Hendricks County hotel/conference center under all three development scenarios (in a stabilized year of operations, in 2008 dollars where applicable).

Estimates of Net New Economic & Tax Impacts in Hendricks County

	SCENARIO 1	SCENARIO 2	SCENARIO 3
ROOM NIGHTS			
Conference Space Events - Subject Property	15,782	12,156	10,540
Conference Space Events - Other Hotels	6,764	5,210	4,517
Other Net Demand - Subject Property	<u>33,026</u>	<u>27,261</u>	<u>15,004</u>
Total Net New Room Nights in County	55,572	44,627	30,061
ECONOMIC IMPACTS			
Conference Space Events			
Direct Spending	\$8,311,423	\$6,357,564	\$3,409,099
Indirect/Induced Spending	<u>4,986,854</u>	<u>3,814,538</u>	<u>2,045,459</u>
Total Output	\$13,298,277	\$10,172,102	\$5,454,558
Other Hotel Demand			
Direct Spending	\$4,893,023	\$4,038,787	\$2,222,897
Indirect/Induced Spending	<u>2,935,814</u>	<u>2,423,272</u>	<u>1,333,738</u>
Total Output	\$7,828,836	\$6,462,060	\$3,556,635
Total			
Direct Spending	\$13,204,446	\$10,396,351	\$5,631,995
Indirect/Induced Spending	<u>7,922,667</u>	<u>6,237,811</u>	<u>3,379,197</u>
Total Output	\$21,127,113	\$16,634,162	\$9,011,193
TAX IMPACTS			
Conference Space Events			
County Taxes	\$180,135	\$139,013	\$114,000
City Taxes	\$44,687	\$34,097	\$15,545
Other Hotel Demand			
County Taxes	\$301,007	\$248,457	\$136,747
City Taxes	\$43,288	\$35,730	\$19,665
Total			
County Taxes	\$481,142	\$387,469	\$250,748
City Taxes	\$87,975	\$69,828	\$35,211

Note: Presented in 2008 dollars for a stabilized year of operations (assumed to occur by the fourth full year).

As presented in the exhibit, estimated total net new annual room nights for Hendricks County generated by a potential new hotel/conference center range from 55,600 in Scenario 1 to 30,100 under Scenario 3. In addition to the new conference center-oriented hotel room night demand (for both the subject hotel and other existing County hotels), it is estimated that the new hotel product could generate a significant level of new hotel room nights (transient and group demand unrelated to conference center activity). Much of this demand would be estimated to be displaced from existing Airport area properties (outside the County), particularly under Scenarios 1 and 2, as they represent full-service hotel products that the County presently does not offer. As the differentiation of Scenario 3 over existing County hotel product is more limited (and the size of the property is smaller), net new non-conference center hotel room night generation is more modest.

Direct spending, induced/indirect spending and total output have also been estimated as they relate to new visitation generated by the potential new facility. Scenario 1 is again estimated to generate the highest level of annual economic impacts—more than \$21.1 million annually in new economic output (direct, indirect and induced spending) in Hendricks County. Scenarios 2 and 3 are estimated to generate

\$16.6 million and \$9.0 million, respectively, in annual total output. These expenditures result in new tax dollars generated in the County and the City of Plainfield. Specifically, in terms of County hotel and food and beverage taxes only, the potential facility is estimated to generate between \$481,000 and \$251,000 in new tax revenue annually. The City of Plainfield would also benefit from collection of new food and beverage tax revenue.

Other intangible benefits, such as quality of life aspects, greater exposure of the County to visitors, facilitating an amenity that can be attractive for local corporate growth and ancillary economic development issues, have not been quantified in this analysis; however, they are typically important in the consideration of public investment decisions relating to projects of this nature.

Cost/Benefit and Funding Issues

Ultimately, the decision whether the public sector should invest in a facility project such as a potential new hotel/conference center relies on a careful consideration of benefits relative to costs. The following exhibit presents a summary of key costs and benefits (cast in two primary ways) associated with each of the three development scenarios for a potential new Hendricks County hotel/conference center project.

	SCENARIO 1	SCENARIO 2	SCENARIO 3
BASED ON ANNUAL ECONOMIC OUTPUT			
Low			
Feasibility Gap	\$15,500,000	\$10,500,000	\$8,000,000
Net New Annual Economic Output	\$21,127,113	\$16,634,162	\$9,011,193
Benefits to Costs	1.36	1.58	1.13
High			
Feasibility Gap	\$18,000,000	\$12,000,000	\$8,500,000
Net New Annual Economic Output	\$21,127,113	\$16,634,162	\$9,011,193
Benefits to Costs	1.17	1.39	1.06
BASED ON INCREMENTAL COUNTY TAX REVENUE AND EQUITY			
(NPV of incremental County tax revenue over 30 years + assumed sale of site)			
Low			
Feasibility Gap	\$15,500,000	\$10,500,000	\$8,000,000
Net New County Tax Revenue	\$9,872,728	\$7,950,626	\$5,145,184
Contribution of Existing Site	\$1,600,000	\$1,600,000	\$1,600,000
Benefits to Costs	0.74	0.91	0.84
High			
Feasibility Gap	\$18,000,000	\$12,000,000	\$8,500,000
Net New County Tax Revenue	\$9,872,728	\$7,950,626	\$5,145,184
Contribution of Existing Site	\$1,600,000	\$1,600,000	\$1,600,000
Benefits to Costs	0.64	0.80	0.79

As shown in the exhibit, Scenario 2 is estimated to offer the greatest level of benefits to costs among the three scenarios. It is believed that it (at least between the two traditional full-service hotel scenarios) offers a better suited project in terms of size (guestrooms and conference space) for the current and foreseeable future Hendricks County marketplace. In the top analysis, net new annual economic output (direct, indirect and induced spending) in the County by the project would be estimated to exceed the



feasibility gap (or potential public sector incentive required to facilitate the project) associated with the facility.

However, from a practical funding standpoint, new direct spending occurring within the County is obviously not directly realized from a fiscal (or tax) collection perspective. Therefore, when considering an alternate analysis (presented in the lower half of the previous exhibit), when the calculated net present value (NPV) of estimated new County tax revenue streams (generated by facility operations) is added to the cash equivalent of the potential proceeds from the sale of the CVB's existing owned site, and then cast relative to the feasibility gap (i.e., public sector cost), the total direct benefits near the total direct public sector costs.

Potential Next Planning Steps

While every project and transaction of this nature has unique elements and follows differing paths to implementation, a number of additional steps have been summarized below that may be important considerations for public sector participants in further project planning. These include:

- 1) Identify a set of potential private sector developer/operator partners.
- 2) Develop and issue a Request for Expressions of Interest.
- 3) Evaluate responses, re-issue to a larger set of potential partners if necessary.
- 4) Identify public sector funding sources and parameters.
- 5) Develop a prioritized list of key terms that development and operating agreements should contain to best protect the public sector's interest—financially and economically.
- 6) Develop and issue a Request for Proposals.
- 7) Assemble Project Team consisting of public sector reps, legal, industry advisors, etc.
- 8) Identify potential financial advisors/underwriters that will be required for the transaction.
- 9) Evaluate developer/operator proposals, analyze key proposed terms and compare strengths/weaknesses, resulting ROI aspects, project cash flows, etc.
- 10) Develop and submit a list of follow-up/clarifying questions to proposers.
- 11) Designate a private partner for further negotiations.
- 12) Enter into negotiations between the Project Team and designated private partner.
- 13) Develop a Memorandum of Understanding concerning development/operation.
- 14) Conduct additional market/financial analysis as needed as planning progresses.
- 15) Complete Development and Operating agreements.

1.0. INTRODUCTION

Conventions, Sports and Leisure International (“CSL”) was retained by the Hendricks County Convention and Visitors Bureau (“CVB”) to conduct a feasibility study of a potential new hotel and conference center (“Center” or “hotel/conference center”) in Hendricks County, Indiana. This report outlines the key findings associated with the analysis of local market conditions, competitive/regional facilities and host communities, market demand, supportable facility program and development scenarios, event levels, site/location issues, preliminary construction costs, financial operations, economic impacts, funding alternatives and ownership/management options.

Background of Planning Efforts

In 2002, the CVB originally hired CSL to conduct a feasibility study of a potential convention center. The study was completed in 2003 with results indicating market support (both via non-local and local demand) for the project. However, study results also suggested that a public/private partnership with a hotel partner would likely better suit the financial and economic conditions and resources present in the County for the purpose of creating additional convention space to drive new visitation and associated economic activity.

In subsequent years, the CVB took steps to further advance the project, including the purchase of a site parcel for the facility and preliminary work to identify and solicit a private partner. Some discussions with potential partner candidates were conducted and additional planning steps were undertaken.

In late 2007, the CVB commissioned CSL to conduct a comprehensive follow-up study of the project. Several issues are believed to have facilitated this, including:

1. The evolving nature of the project under consideration. The subject facility studied under the initial feasibility study represented a stand-alone, publicly-owned convention center, while the current project reflects a combined lodging facility and conference center with integrated operations controlled largely by the hotel partner.
2. The eminent opening of the Indianapolis International Airport’s new Midfield Terminal, which was not specifically considered during the first study due to uncertainty at the time with its ultimate completion timeframe, scope and related infrastructure enhancements.
3. New economic development projects that have materialized in the County since the first study, including the development of the Metropolis retail complex; continued growth of corporate, retail and residential industries, new lodging property development and roadway enhancements.
4. The length of time that has elapsed since the research and analysis was conducted for the initial feasibility study. In addition to substantial local market changes over the five-year timeframe, substantial changes have occurred within the convention/conference and lodging industries overall, including recovery from 9/11 and a national economic downturn and the more recent upheaval in the credit/equity markets.

A new Hendricks County hotel/conference center, as envisioned, would act as an economic generator and a public resource for the local community, hosting conventions, conferences, tradeshow, public/consumer shows, meetings, banquets and other events of both a non-local and local nature. The project would be hoped to draw new visitors (both event and non-event related overnight stays) to the



County through the creation of a differentiated hotel and conference facility product. A critical goal of the project is to maximize the amount of “incremental” visitation and associated economic spending (over existing activity) generated by virtue of its development and operation. In many cases, a public/private partnership offers an opportunity to create a “hotel/conference center” solution for a community through a lower public sector contribution of capital, while also removing any ongoing operational funding obligation from the public sector (which is typically necessary under a stand-alone convention center model).

Summary of Study Methods

The study process, outlined herein, consisted of detailed research and analysis, including a comprehensive set of market-specific information derived from the following:

- ✓ Experience garnered through more than 500 event and hospitality facility projects throughout the country.
- ✓ Local market visit at the outset of the project, including community and site tours.
- ✓ In-person interviews/meetings with more than 50 local Hendricks County area individuals.
- ✓ Research and analysis of local market conditions and regional and national trends.
- ✓ Inspection of the Hendricks County and Indianapolis International Airport area hotel market, including the existing lodging supply in the area.
- ✓ Conducted research and analysis of peer market hotel performance statistics.
- ✓ Analysis of facility data and interviews conducted with management and planners of more than 30 comparable conference centers and hotel/conference center facilities.
- ✓ Comparative analysis of socioeconomic data from competitive/regional and comparable facility markets.
- ✓ Completed telephone interviews with 103 planners of state and regional conventions, conferences, exhibitions and meetings, representing more than 150 individual events.
- ✓ Case study analysis of comparable hotel/conference center public/private partnership transactions throughout the country.
- ✓ Research of the potential group hotel demand that could be captured within the Hendricks County area, including demand relative to the Indianapolis International Airport area as a gauge to the depth of the lodging market.

The overall purpose of this study is to evaluate the feasibility of a potential new Hendricks County hotel/conference center. Conclusions of a project’s feasibility can be assessed in various ways, including:

- Market feasibility – the facility’s ability to attract and support levels of event activity and patronization that are consistent with or in excess of industry standards.
- Financial feasibility – the ability of the facility to “break-even” or generate an operating profit focusing only on direct facility-related operating revenues and expenses.
- Economic spending – the facility’s ability to generate new spending activity in the local community (i.e., direct and indirect spending that is attributable to out-of-town visitors that would not otherwise occur in the local area).

- Tax generation – the ability of the facility to generate new tax revenue for the local area (i.e., tax revenue resulting from direct, indirect and induced spending that is attributable to out-of-town visitors that would not otherwise occur in the local area).
- Costs/benefits/return on investment – the facility's ability to generate new revenues (i.e., from taxes, operating income and ancillary facility-related revenues, etc.) in excess of quantifiable facility-related costs (i.e., construction costs, operating costs, marketing costs, public sector contribution, etc.).
- Intangible benefits/public good – the ability of the facility to represent an important resource for the local community, regardless of financial or economic concerns. These types of benefits add to the local community's "quality of life" in the same way that libraries, museums and recreational parks do, without consideration of the economic impacts that the facility might generate.

When evaluating the feasibility of a public assembly facility and/or a hospitality industry facility, such as conference centers and hotels, communities throughout the country have differed in the specific criteria that best reflects the definition of "feasible" for their community. For instance, one community may focus more on the ability of the project to be operationally self-supportive or require below a certain threshold of public sector contribution, rather than the intangible "public good" aspects the project would provide local residents at a higher level of upfront or ongoing public sector participation. The research, data, information and analysis provided through this study is intended to allow the CVB and other community constituents to draw their own informed conclusions concerning the "feasibility" of a new hotel/conference center in Hendricks County.

2.0. ANALYSIS OF LOCAL MARKET CONDITIONS

The strength of the local market, in terms of its socioeconomic attributes, can provide an indication of a community's ability to draw and accommodate large numbers of convention, conference, tradeshow, consumer show, meeting and other event attendees. A community's hospitality infrastructure in terms of hotels, restaurants, entertainment, transportation amenities and other such factors contribute heavily to the potential success of an event facility. Similarly, analysis of economic and demographic data pertaining to a market area assists in forecasting future trends that will impact the demand for lodging accommodations at area hostleries.

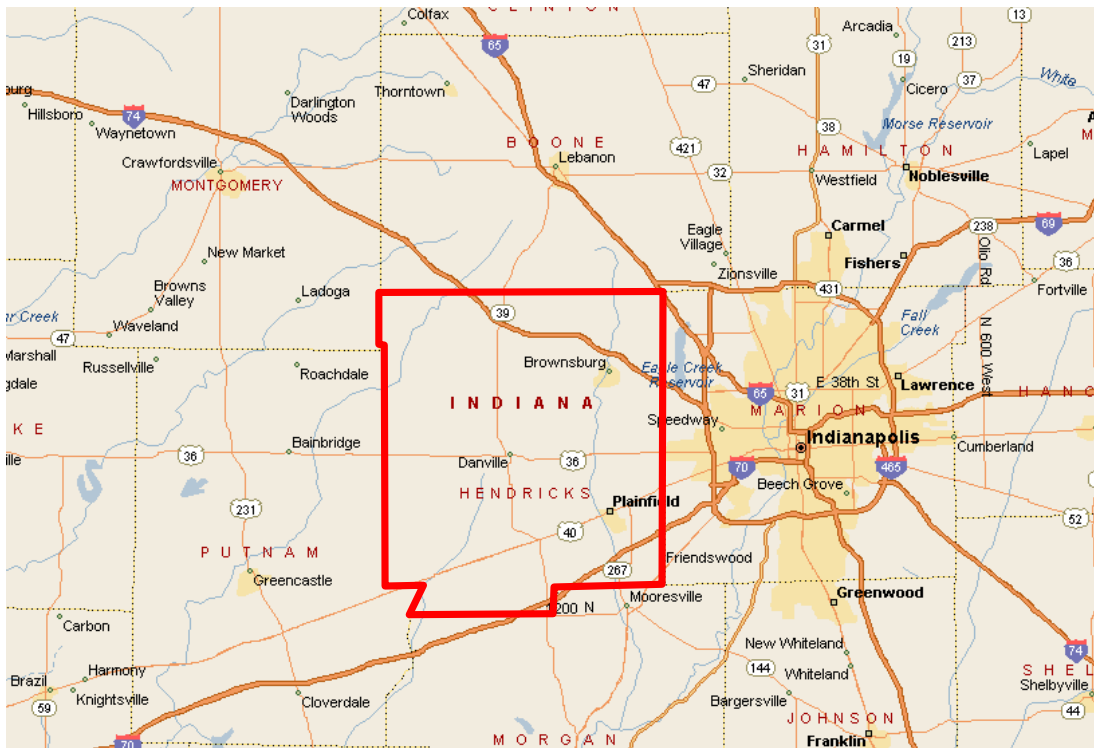
An analysis of these attributes was conducted as they relate to the proposed new hotel/conference center in Hendricks County, and the overall Indiana market area. Additional analysis was conducted with respect to the inventory, mix and performance histories of the existing local hotel and event facility inventory. Specifically, the analysis of existing local market conditions addresses the following areas:

- Location, transportation and attractions.
- Demographics.
- Existing local event and hotel facilities.

Location, Transportation and Attractions

Exhibit 1 illustrates the location of Hendricks County within Indiana and its proximity to Indianapolis.

Exhibit 1
Location & Transportation – Roadways/Nearby Cities



Source: Microsoft MapPoint.

Hendricks County is located in central Indiana, adjacent and west of Marion County and Indianapolis. The eastern edge of Hendricks County represents an approximate 15 to 20-minute commute to/from downtown Indianapolis.

In addition to its proximate location to Indianapolis, Hendricks County is only 47 miles from Bloomington, Indiana and 107 miles from Champaign, Illinois. Exhibit 2 summarizes the approximate driving distance in road miles to select regional markets from the four primary municipalities in Hendricks County. As will be discussed later in this report, Hendricks County's proximate location to both Indianapolis and the Indianapolis International Airport, as well as other major state and regional metropolitan areas is considered an important strength for the ability of a potential new hotel/conference center to draw events, attendees and hotel guests.

**Exhibit 2
Location & Transportation – Driving Distance**

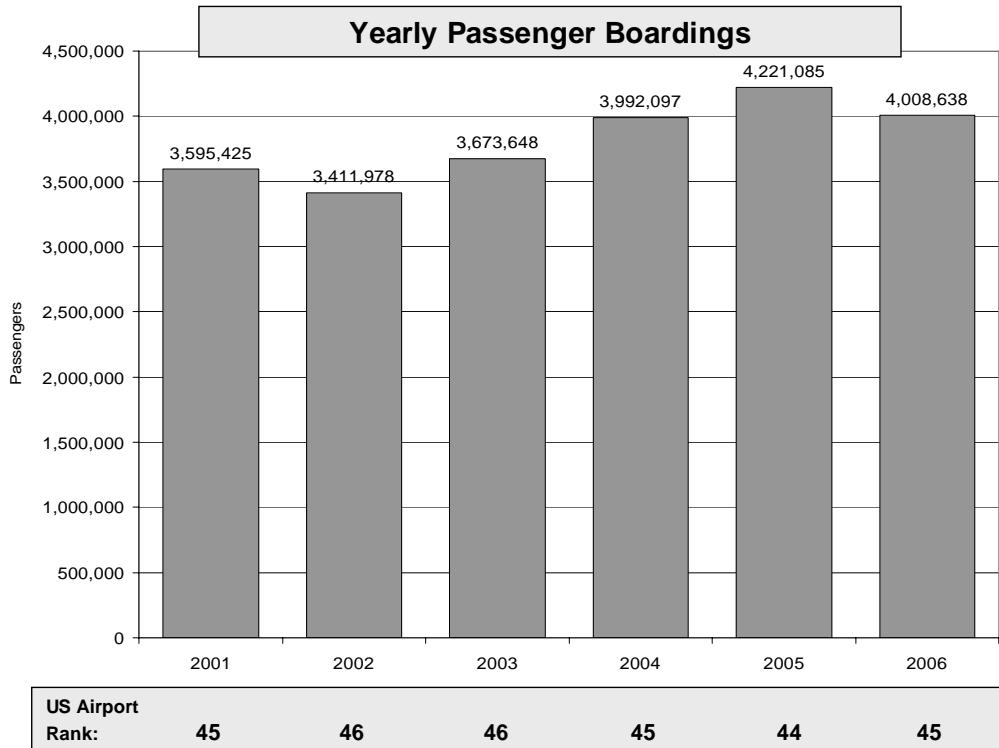
City, State	Driving Distance (in miles)			
	from Avon	from Brownsburg	from Danville	from Plainfield
Indianapolis, IN	13	19	20	19
Bloomington, IN	60	65	47	45
Champaign, IL	113	107	107	117
Louisville, KY	127	132	135	127
Cincinnati, OH	128	132	135	128
Fort Wayne, IN	144	143	151	146
Gary, IN	155	140	145	156
Chicago, IL	187	172	177	189
Columbus, OH	190	193	197	195
Springfield, IL	197	192	192	201
St. Louis, MO	235	249	233	230
Milwaukee, WI	277	262	267	279
Detroit, MI	301	300	308	303
Nashville, TN	301	306	309	302

Source: Mapquest.com

Exhibit 3, shown on the following page, outlines performance statistics for the Indianapolis International Airport, which has consistently ranked in the top 50 U.S. airports in recent years based on the number of passengers boarded. Indianapolis International, like most airports, saw a drop in passengers in 2002 as part of the aftermath of the 9/11 and the immediate downturn in the U.S. economy. However, since the end of 2002, Indianapolis International has seen an increase of 17.5 percent. The largest increase of passenger enplanements took place in 2004, with an increase of 8.7 percent.



Exhibit 3
Location & Transportation – Indianapolis International Airport



Source: FAA, 2007.

In November 2008, Indianapolis Airport will debut the new \$1.1 billion Midfield Terminal. This new facility will feature a new passenger terminal, concourses, a parking garage and airfield. The new Terminal is the largest development initiative in the City of Indianapolis' history.

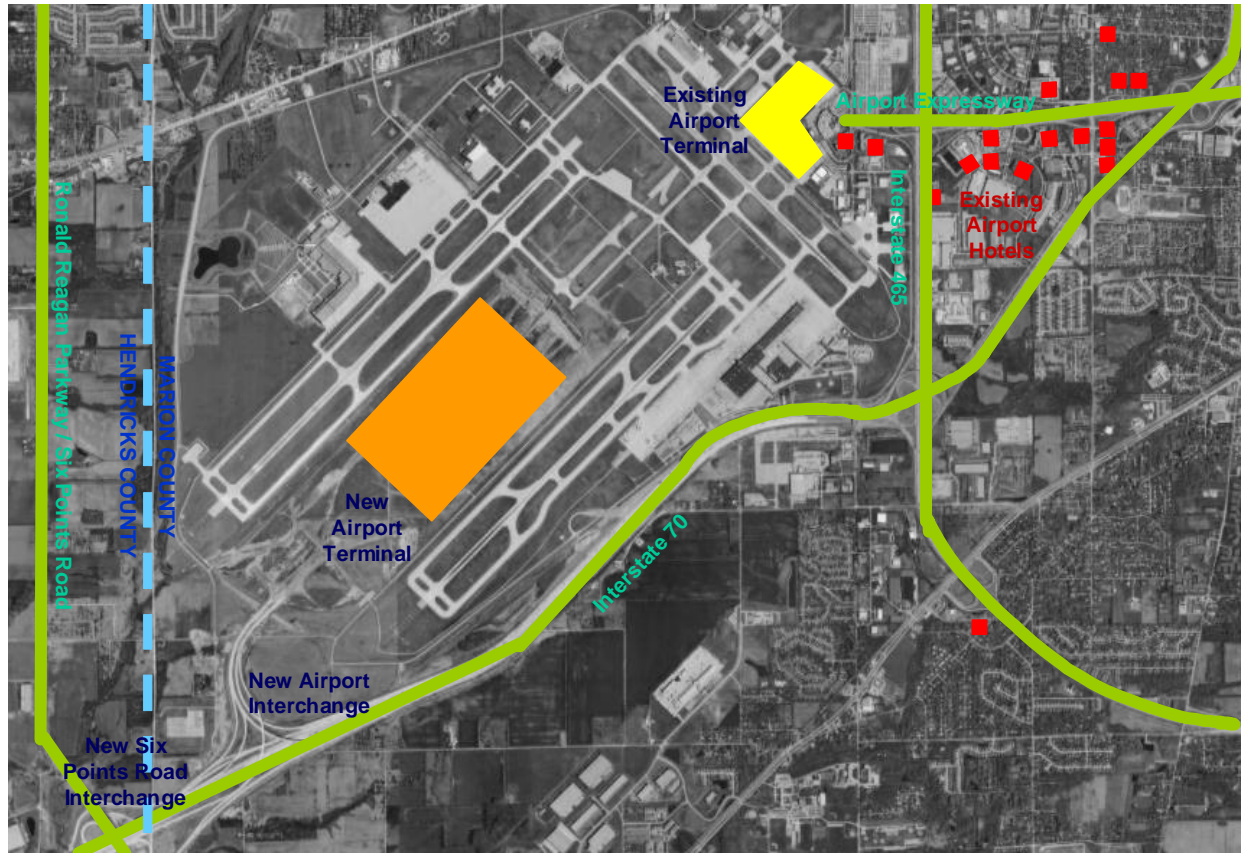
Exhibit 4
Location & Transportation – Indianapolis International Airport



Source: Indianapolis CVA, 2008.

Exhibit 5 presents an aerial view of the area surrounding the Indianapolis International Airport.

**Exhibit 5
Location & Transportation – Indianapolis International Airport**



Source: Indianapolis CVA, 2008.

In addition to the new terminal being developed, significant infrastructure improvements are also underway with a reconfiguration of Interstate 70 and two new interchanges off of Interstate 70, one at the new terminal entrance and the second at the next exit to the west (in Hendricks County) at Six Points Road. The new Airport terminal will be located one mile from the Hendricks County and Marion County border. Vehicle traffic entering and exiting the new Terminal will now largely occur via the new Airport Interchange, which is located very close to Hendricks County. As will be discussed later, it is believed that this shift of access to the west side of the Airport (from the current access point to the east) could importantly lead to a “perceptual shift” over the long-term as what is generally considered an “airport hotel”. Presently, the large majority of “airport hotels” are clustered near the Interstate 465/Airport Expressway intersection. New development planning in the airport area suggests that parcels near the new Airport Interchange exit (and near Hendricks County/Plainfield) will be attractive candidates for future hotel development. These issues will be expanded on further in this report.

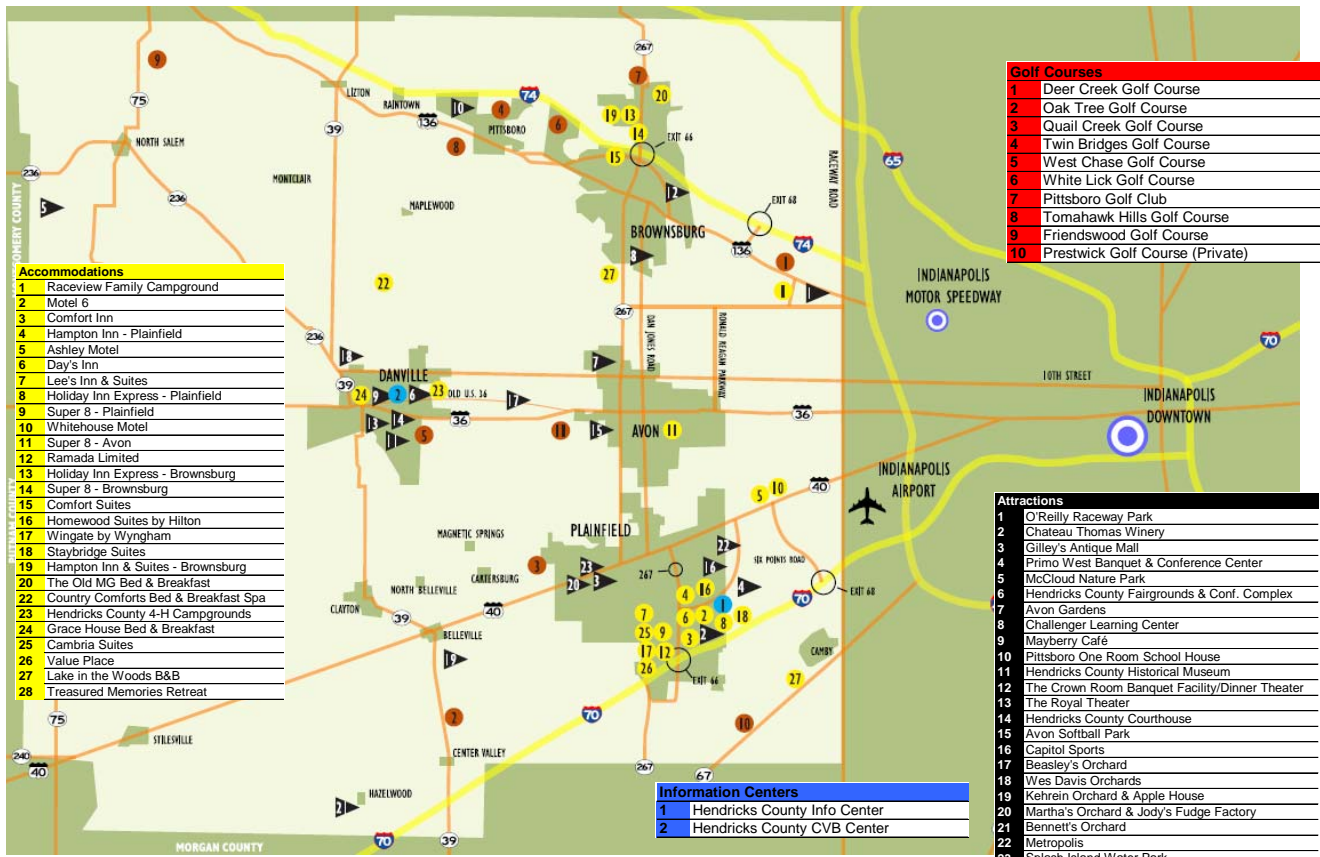
Hendricks County offers a number of attractions, entertainment and recreational opportunities, including:

- Avon Gardens
- Avon Softball Park
- Capitol Sports
- Challenger Learning Center
- Chateau Thomas Winery
- Crown Room
- Gilley's Antique Mall
- Hendricks County Courthouse
- Hendricks County Historical Museum
- Mayberry Café
- McCloud Nature Park
- Metropolis
- O'Reilly Raceway Park
- Orchards (Beasley's, Wes Davis, Kehrein, Martha's, Jody's Fudge Factory, Bennett's)
- Pittsboro One Room School House
- Splash Island Water Park
- The Royal Theater

An important new attraction for Hendricks County is Metropolis, an open-air, outdoor "lifestyle" shopping center, located north of Interstate 70 on US 40. The Center opened in October 2005 and currently offers 550,000 square feet of retail offerings, making it one of the largest malls in the Indianapolis suburbs. Current tenants in Metropolis include JCPenney, Dick's Sporting Goods, Rave Theaters, Barnes & Noble, numerous restaurants and other retail shops. Metropolis has had plans for a "Phase II" expansion, which would double its size and potentially include one or more hotel properties. However, at the present time, plans are apparently on indefinite hold due to financial considerations and ownership transition issues.

The location of the community's lodging inventory and event facility amenities and attractions will play a significant role in the determination of where a potential Hendricks County hotel/conference center should be located. Located on the following page, Exhibit 6 presents the location of the existing lodging inventory (yellow dots), attractions (black dots) and golf courses (red dots).

Exhibit 6 Attractions and Accommodations – Hendricks County



Source: Hendricks County Convention & Visitors Bureau.

As will be discussed further in the chapter pertaining to site/location, the proximity of quality hotel product is typically the most important factor when evaluating the strength of potential hotel/conference center sites. Other important factors that normally contribute to strong sites include the proximity to concentrations of other types of visitor amenities, such as restaurants, bars/nightlife, retail, entertainment/leisure offerings and attractions. Similar to many communities its size, there is a geographical disconnect between the location of a number of Hendricks County's hotel products (located on the highly visible/accessible Interstate) and many of its primary attractions.

Demographics

An important component in assessing the potential success of the proposed Hendricks County hotel/conference center is the demographic and socioeconomic profile of the local area. Specific demographic and socioeconomic information that can provide an indication of the ability of a market to support a hotel/conference center includes population, age, household income and corporate base. Promoters/planners of certain events such as consumer shows, corporate events and private activities often consider these factors when selecting the appropriate markets for their events. Likewise, the proximate corporate base to a hotel/conference facility often is an important indicator of the ability of a facility to attract group room night business and corporate event activity.



Exhibit 7 presents the markets and land area captured within 25-, 100- and 200-mile concentric rings around Hendricks County (using Plainfield as a center-point). These rings will be utilized throughout the report while analyzing and comparing demographic and socioeconomic variables, both for Hendricks County and comparisons with comparable facilities/communities.

**Exhibit 7
Demographic Analysis – Geographic Concentric Rings**



Source: Microsoft MapPoint.

On the following page, Exhibit 8 provides a summary of key demographic characteristics estimated for Hendricks County, markets captured in 25-, 100-, and 200- mile concentric rings around Plainfield, the state of Indiana and a United States benchmark.

**Exhibit 8
Demographics – Hendricks County Area**

Demographic Variable	Hendricks County	25-Mile Ring	100-Mile Ring	200-Mile Ring	State of Indiana	U.S.
Population (1990)	75,717	1,075,629	3,832,022	23,584,318	5,544,159	248,709,873
Population (2000)	104,093	1,218,548	4,209,701	25,649,738	6,080,485	281,421,906
Population (2007 est.)	133,651	1,290,953	4,388,331	26,555,598	6,330,596	301,045,522
<i>% Change (1990-2007)</i>	76.5%	20.0%	14.5%	12.6%	14.2%	21.0%
Population (2012 est.)	153,724	1,339,374	4,504,003	27,113,834	6,496,748	314,920,978
<i>% Change (2007-2012)</i>	15.0%	3.8%	2.6%	2.1%	2.6%	4.6%
Avg. Household Inc. (1990)	\$44,560	\$38,075	\$34,291	\$37,806	\$34,864	\$38,453
Avg. Household Inc. (2000)	\$62,751	\$56,139	\$51,821	\$56,756	\$52,229	\$56,644
Avg. Household Inc. (2007 est.)	\$72,314	\$65,877	\$61,192	\$66,126	\$60,961	\$66,670
<i>% Change (1990-2007)</i>	62.3%	73.0%	78.4%	74.9%	74.9%	73.4%
Avg. Household Inc. (2012 est.)	\$78,856	\$72,587	\$67,719	\$72,688	\$67,070	\$73,741
<i>% Change (2007-2012)</i>	9.0%	10.2%	10.7%	9.9%	10.0%	10.6%
Median Age (2007, in years)	35.5	35.5	36.2	36.2	36.2	36.6

Source: Claritas Inc. 2007; U.S. Census Data 2000.

As shown above, the population of Hendricks County was approximately 104,100 in 2000, while future projections based on U.S. Census data estimate Hendricks County's population to be approximately 133,650 and 153,700 in 2007 and 2012.

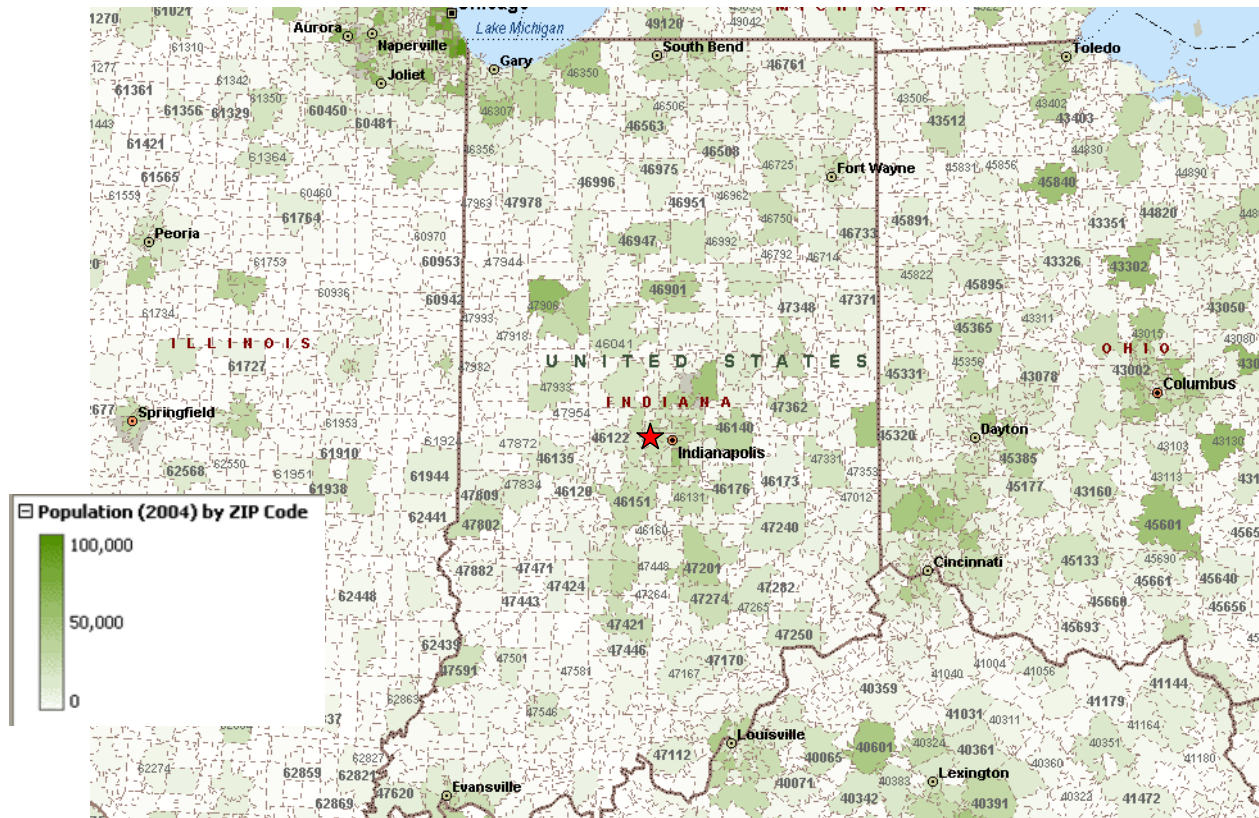
The estimated population within 25 miles of Plainfield in 2007 was approximately 1.3 million, while the 100- and 200-mile rings were estimated at 4.4 million and 26.6 million, respectively. Within the 200-mile ring, the figure includes the population residing in the entire state of Indiana, majority of Illinois and portions of southern Michigan, western Ohio and northern Kentucky. Population growth in Hendricks County over the past 17 years has been significantly higher than that of the rest of Indiana and United States, reflecting outward growth emanating from the Indianapolis metropolitan area.

The average household income in Hendricks County has grown over the last 17 years at a rate slightly lower than the rest of Indiana and the United States; however, starting from a higher base. In 1990, the average household income in Hendricks County was approximately \$44,600, which was \$6,100 more than the average U.S. household income. Currently, Hendricks County's average household income is estimated to approximate \$72,300, which is over \$5,600 more than the average U.S. household income. Compared to the other areas analyzed, the Hendricks County's median age of 35.5 is similar to the rest of Indiana and is 1.1 years lower than the United States median age.



In Exhibit 9, the density of population in Indiana is presented graphically, contrasted by density by zip codes.

Exhibit 9 Demographics – Population Density by Zip Code



Source: Microsoft MapPoint.

As represented in the exhibit, the population within Indiana is heavily concentrated around the Indianapolis market area. Other areas of concentration reside around the cities of Lafayette, Gary, South Bend, Columbus and Evansville. It should be noted, however, that certain zip code areas within Indiana have a sizable difference in the land area covered, providing a somewhat deceiving population density indications within the map.

Below, Exhibit 10 presents key demographic information regarding the four primary municipalities in Hendricks County.

**Exhibit 10
Demographics – Hendricks County Area**

Demographic Variable	Avon	Brownsburg	Danville	Plainfield	Hendricks County
Population (1990)	2,450	10,095	4,837	15,796	75,717
Population (2000)	6,248	14,520	6,418	18,396	104,093
Population (2007 est.)	7,922	17,727	7,980	21,564	133,651
<i>% Change (1990-2007)</i>	<i>223.3%</i>	<i>75.6%</i>	<i>65.0%</i>	<i>36.5%</i>	<i>76.5%</i>
Population (2012 est.)	9,027	19,952	9,017	23,833	153,724
<i>% Change (2007-2012)</i>	<i>13.9%</i>	<i>12.6%</i>	<i>13.0%</i>	<i>10.5%</i>	<i>15.0%</i>
Avg. Household Inc. (1990)	\$53,068	\$44,492	\$40,807	\$40,210	\$44,560
Avg. Household Inc. (2000)	\$70,567	\$61,859	\$60,796	\$53,380	\$62,751
Avg. Household Inc. (2007 est.)	\$80,017	\$72,153	\$70,935	\$59,470	\$72,314
<i>% Change (1990-2007)</i>	<i>50.8%</i>	<i>62.2%</i>	<i>73.8%</i>	<i>47.9%</i>	<i>62.3%</i>
Avg. Household Inc. (2012 est.)	\$87,215	\$78,406	\$77,722	\$63,877	\$67,070
<i>% Change (2007-2012)</i>	<i>9.0%</i>	<i>8.7%</i>	<i>9.6%</i>	<i>7.4%</i>	<i>-7.3%</i>
Median Age (2007, in years)	32.8	33.9	34.1	35.1	36.2
No. of Business Establishments	489	735	460	953	3,900
No. of Employees	6,238	9,666	5,257	18,571	52,761
Est. Retail Sales (in millions)	\$277	\$339	\$109	\$636	\$1,833

Source: Claritas Inc. 2007; U.S. Census Data 2000.

As shown, while Plainfield and Brownsburg are the two largest towns in the County, with a current year population of 21,600 and 17,700, respectively, Avon has had the highest percentage growth in the last 17 years, with a very large increase of 223 percent. The town of Avon has the highest current year average household income figure of \$80,000 and Plainfield has the lowest household income figure of \$59,500. However, the town of Danville has witnessed the largest percentage change increase in the last 17 years, and is expected to have the highest increase of average household income in the upcoming five years.

The number of business establishments varied among the municipalities, with Danville having the lowest inventory of establishments of 460, while Plainfield's inventory doubles that figure and is highest among the four towns in terms of business establishments with 950.



Exhibit 11 presents a further comparison of demographics, pertaining to the number of households within the municipalities of Hendricks County, categorized by ethnicity.

Exhibit 11
Demographics – Hendricks County Area

<u>Demographic Variable</u>	<u>Avon</u>	<u>Brownsburg</u>	<u>Danville</u>	<u>Plainfield</u>	<u>Hendricks County</u>
Households by Ethnicity					
White/Caucasian	2,568	6,424	2,906	8,035	47,154
African American	95	96	7	154	707
Hispanic/Latin American	70	124	53	146	770
Asian	52	76	5	95	380
American Indian/AK Native	4	7	4	19	86
Native Hawaiian/Polynesian	0	6	0	6	26
Other	24	57	25	71	453
Total Households	2,813	6,790	3,000	8,526	49,576
Households by Ethnicity					
White/Caucasian	91.3%	94.6%	96.9%	94.2%	95.1%
African American	3.4%	1.4%	0.2%	1.8%	1.4%
Hispanic/Latin American	2.5%	1.8%	1.8%	1.7%	1.6%
Asian	1.8%	1.1%	0.2%	1.1%	0.8%
American Indian/AK Native	0.1%	0.1%	0.1%	0.2%	0.2%
Native Hawaiian/Polynesian	0.0%	0.1%	0.0%	0.1%	0.1%
2+ Races	0.9%	0.8%	0.8%	0.8%	0.9%
Other	0.0%	0.0%	0.0%	0.0%	0.0%

Source: Claritas Inc. 2007; U.S. Census Data 2000.

As shown, of the 49,600 households in Hendricks County, over 95 percent of them are of White/Caucasian ethnicity. This high percentage is common among the individual municipalities of Hendricks County, all having over 90 percent of their households being of White/Caucasian ethnicity.



The populations among the four main municipalities in Hendricks County are presented in Exhibit 12, broken down by age.

Exhibit 12
Demographics – Hendricks County Area

<u>Demographic Variable</u>	<u>Avon</u>	<u>Brownsburg</u>	<u>Danville</u>	<u>Plainfield</u>	<u>Hendricks County</u>
Population by Age					
Younger than 10	1,385	2,654	1,056	2,461	17,339
10-19	1,310	2,629	1,116	3,188	19,912
20-29	887	2,352	1,299	3,403	19,102
30-39	1,463	3,130	1,210	3,232	19,442
40-49	1,403	2,727	1,150	3,112	21,524
50-59	829	1,746	852	2,555	16,825
60-69	412	1,028	509	1,643	10,172
70-79	164	762	406	1,131	5,803
80 and Older	69	699	382	829	3,532
Total Population	7,922	17,727	7,980	21,554	133,651
Population by Age					
Younger than 10	17.5%	15.0%	13.2%	11.4%	13.0%
10-19	16.5%	14.8%	14.0%	14.8%	14.9%
20-29	11.2%	13.3%	16.3%	15.8%	14.3%
30-39	18.5%	17.7%	15.2%	15.0%	14.5%
40-49	17.7%	15.4%	14.4%	14.4%	16.1%
50-59	10.5%	9.8%	10.7%	11.9%	12.6%
60-69	5.2%	5.8%	6.4%	7.6%	7.6%
70-79	2.1%	4.3%	5.1%	5.2%	4.3%
80 and Older	0.9%	3.9%	4.8%	3.8%	2.6%

Source: Claritas Inc. 2007; U.S. Census Data 2000.

As shown, the majority of population within the towns is under the age of 60. The age-group with the percentage of population within the county is between 40 and 49, while Brownsburg and Avon's population is mostly between the ages of 30 to 39, and Danville and Plainfield's population is mostly between the ages of 20 and 29.



Trends in employment are typically an excellent indicator of the overall health of a local economy. Corporate hotel demand is typically critical in supporting many types of hotel products, particularly full-service hotels. Additionally, the number of corporations in a market is an important characteristic to evaluate when determining the viability of a conference center, as it would be expected that the many events would represent local event activity such as corporate meetings, banquets, conferences and training, as well as through the purchase of tickets to spectator events, in addition to the facility's potential advertising and sponsorship opportunities. Indirectly, the size of a local corporate base also tends to be correlated with the level and breadth of supporting community amenities (i.e., supporting hotels, restaurants, transportation infrastructure, etc.), which are relevant when considering non-local events.

Exhibit 13 lists the largest employers in the Hendricks County area.

Exhibit 13
Demographics – Hendricks County Top Employers

Company	Employees	Product/Service
Hendricks County Regional Health	1,550	Health Services
Duke Energy	800	Telecommunications
Brightpoint	600	Telecommunications
JCPenny Distribution Center	500	Distribution/Logistics
Clarian West Medical Center	450	Health Services
Home Goods/TJX Distribution Center	440	Distribution/Logistics
Harlan Bakeries	400	Food Production
Eby-Brown Distribution Center	360	Distribution/Logistics
Electrolux Distribution Center	350	Distribution/Logistics
Ryder/Whirlpool Distribution Center	340	Distribution/Logistics
Balkamp (NAPA) Distribution Center	300	Distribution/Logistics
Customized Transportation, Inc.	300	Logistics Service Provider
Guitar Center Distribution Center	300	Distribution/Logistics
Adesa Indianapolis Inc. Distribution Center	300	Distribution/Logistics
Steel Dynamics, Specialty Bar Division	250	Materials Provider
Puritan Bennett/Tyco	250	Medical Device Supplier
Maplehurst Bakeries	250	Food Production
ODC Integrated Logistics	184	Logistics Service Provider
Dana Corporation	175	Design/Engineering Firm
Pep Boys Distribution Center	160	Distribution/Logistics
Redcats, USA Distribution Center	150	Distribution/Logistics
Lumber One	135	Retail
Sur La Table Distribution Center	107	Distribution/Logistics
Genco Best Buy Distribution Center	105	Distribution/Logistics
Meritor	100	Automotive Parts Supplier

Source: Hendricks County Economic Development Partnership

Overall, the corporate base of Hendricks County generally consists of small to mid-size companies, many of which are located in the eastern third of the county. Significant growth has recently occurred within Plainfield along the interstate corridor and near the Airport. Trend data indicates that employment growth of the greater Indianapolis metropolitan area outpaced that of the state of Indiana and the overall Great Lakes Region, although it was slightly lower as compared to United States' large metro area averages. From 2005 through 2007, employment growth was significantly higher, equating to 1.8 percent, as compared to 1.5 percent for the state of Indiana and the Great Lakes Region and 1.6 percent for the United States. On a going forward basis, the Indianapolis metropolitan area is anticipated to grow its overall employment at a pace greater than that of the comparable regions, increasing from roughly



1.1 million in 2007 to nearly 1.3 million by 2015. The strong employment growth in the area is considered positive for the overall economy, and should be considered a positive indicator of the potential for new room night demand in the Indianapolis metropolitan area, particularly since much of the growth is occurring in the periphery areas of Indianapolis.

Existing Local Event and Hotel Facilities

The characteristics of the local area's inventory of existing hotels and event facilities are critical to evaluate when considering the feasibility of new product development. This type of evaluation focuses on type and market positioning of facilities, location and specific performance measures.

The Hendricks County market currently offers a number of meeting facilities, including conference and meeting space within hotel facilities, as well as a few specialized event facilities. Exhibit 14 presents a summary of primary existing Hendricks County meeting facilities.

Exhibit 14
Local Facilities - Hendricks County Meeting Facilities

Facility	Location	Classification	Maximum Capacity	Total Sq. Ft.
Primo Banquet & Conference Center	Plainfield	Conference & Banquet Center	1,000	18,000
Serendipity Banquet Center at Metropolis	Plainfield	Conference & Banquet Center	500	17,000
Hendricks Co. 4-H Fairgrounds & Conf. Complex	Danville	Fairgrounds Conference Center	1,500	16,000
Brownsburg Fire Territory	Brownsburg	Auditorium & Meeting Room	500	4,900
Blanton House	Danville	Corporate Retreat	100	4,000
The Crown Room	Brownsburg	Banquet Room	180	3,800
Chateau Thomas Winery	Plainfield	Meeting & Banquet Room	240	3,600
Twin Bridges Golf Course	Danville	Golf Course	300	3,000
Quail Creek Golf Community	Pittsboro	Golf Course	150	2,800
Prestwick Country Club	Avon	Golf Course	180	2,400
Treasured Memories Reterat	Brownsburg	Corporate Retreat	14	2,400
The Fareway at Deer Creek Golf Club	Clayton	Golf Course	200	2,300
Cambria Suites	Plainfield	Meeting Room	93	1,400
Hampton Inn and Suites	Plainfield	Meeting Room	60	1,100
Super 8	Avon	Meeting Room	25	924
Wingate by Wyndham	Plainfield	Meeting Room	50	775
Comfort Suites	Brownsburg	Meeting Room	50	770
Hampton Inn and Suites	Brownsburg	Meeting Room	40	756
Holiday Inn Express	Plainfield	Meeting Room	40	672
Holiday Inn Express	Brownsburg	Meeting Room	25	506
Homewood Suites	Plainfield	Meeting Room	15	470
Baymont Inn & Suites	Plainfield	Meeting Room	30	450
Comfort Inn	Plainfield	Meeting Room	20	405
West Chase Golf Pavilion	Brownsburg	Golf Course	225	n/a

Source: Hendricks County Convention & Visitors Bureau, industry publications, facility website information, 2008.

As presented, there are 24 primary event facilities that exist in Hendricks County. The Primo Banquet and Conference Center and Serendipity Banquet Center represent the two largest meeting/banquet facilities in the County. The large majority of events accommodated at these two venues are locally-oriented meetings and food functions (i.e., wedding receptions, luncheons, banquets, holiday parties and special events).

The Hendricks County Fairgrounds and Conference Center Complex provides the third largest amount of space of the area's facilities. In addition to the square footage of meeting space indicated in the chart on the previous page, the Fairgrounds also offers a number of exhibition facilities, dirt-oriented buildings and outdoor facilities. Like many facilities of its nature, the Complex hosts a number of events annually, including equine, livestock, agricultural, and other dirt events, as well as public/consumer shows, tradeshow, civic events and various meeting functions. Of the activities that occur in the conference center component of the complex, the large majority are locally-oriented events. Due to the nature of the space and the site and its lack of nearby hotel products, the Fairgrounds Complex is not generally suitable for many traditional non-local conventions, conferences and meetings that a new hotel conference center would target for hosting.

Other facilities in Hendricks County offering meeting and conference space include several hotel facilities. In general, the meeting space incorporated into area hotels can only effectively compete for small local and non-local meetings, banquets and some small conferences. As will be discussed in a subsequent chapter, a large percentage of economic impact-generating events (i.e., conventions, tradeshow and conferences produced by state and regional associations and other organizations) require a larger level of square footage than offered by existing hotel meeting facilities, as well as requiring multiple event spaces concurrently (i.e., space for exhibition, general assembly, food function and breakout needs).

In addition to the event facilities presented on the previous page, Hendricks County has a number of other specialized community event facilities that are all capable of hosting smaller meetings, gatherings, spectator events and other such activities, as shown in Exhibit 15.

Exhibit 15
Local Facilities - Other Hendricks County Event Facilities

Facility	Location	Maximum Capacity	Description
Amphitheater	Danville	2,000	Outdoor w/Shelter House
Hummell Park	Plainfield	1,600	Performance Center - Stage (200) & Lawn (1400)
Gill Family Aquatic Center	Danville	600	Aquatic Center with Picnic Area
Elite Cheer and Dance	Clayton	400	Gymnasium
American Legion Post 331	Brownsburg	400	1 Large and 1 Small Room
Fraternal Order of the Eagles	Plainfield	350	1 Large Room
Guilford Twp Community Center	Plainfield	300	1 Large Room (Can be divided into 3 equal rooms)
Brownsburg Comm. & Rec Center	Brownsburg	250	Gym/Event Room, 4 Meeting Rooms
Avon Gardens	Avon	250	1 Garden Pavillion & up to 5 Tents
Martha's Orchard	Clayton	200	Party Barn with Stage & Tea Room (35)
Elks Lodge #2186	Plainfield	185	1 Large Room and 1 Small Room (60)
Avon-Wash. Twp Library	Avon	170	1 Large Room, 2 Smaler Rooms (60)
Brownsburg Public Library	Brownsburg	125	3 Meeting Rooms, Computer Training Lab
Interurban Depot Building	Plainfield	100	1 Room
Train Station at Ellis Park	Danville	70	1 Room
Plainfield Parks & Recreation Center	Plainfield	outdoor	5 Meeting Rooms, Pools & Gym
McCloud Nature Park	North Salem	outdoor	Nature Center and Outdoor Pavillions
Plainfield Library	Plainfield	n/a	3 Small Meeting Rooms
Danville Public Library	Danville	n/a	1 Room, Can be Divided

Source: Hendricks County Convention & Visitors Bureau, industry publications, facility website information, 2008.

As shown, there are a variety of different community facilities that offer meeting and event space. The largest facility (in terms of seating capacity) is the Amphitheater located in Danville, which has the capacity to hold 2,000 in an outdoor/shelter structure. Of the facilities listed, there are a number that can hold events outside and in meeting rooms that are part of public buildings.



As mentioned, given Hendricks County's proximate location to Indianapolis, it is also important to consider the significant number of existing hotel-based convention and conference facilities in the greater Indianapolis area (including the Airport area). Facilities offering in excess of 10,000 square feet of sellable event space are presented below in Exhibit 16.

Exhibit 16
Lodging - Indianapolis Area Hotels with Meeting Space

Facility	Hotel Rooms	Number of Mtg. Rooms	Total Square Footage	Largest Contiguous Room	Connected To ICC
Swan Lake Resort	103	13	62,100	20,800	No
Indianapolis Marriott East	315	27	57,000	11,500	No
Crowne Plaza Hotel & Conference Center - Union Station	275	41	52,100	6,700	Yes
Indianapolis Marriott Downtown	622	31	40,000	21,000	Yes
The Westin Indianapolis	573	22	39,000	17,000	Yes
Adam's Mark Indianapolis	407	20	35,400	9,400	No
Hyatt Regency Indianapolis	497	27	35,000	9,400	Yes
Marten House Hotel & Lilly Conference Center	163	16	32,000	4,000	No
Sheraton Indianapolis Hotel & Suites	560	29	30,000	7,300	No
University Place-IUPUI	285	29	29,100	3,250	No
Hilton Indianapolis	332	17	28,700	6,300	No
Embassy Suites Hotel Downtown	360	13	24,200	12,700	Yes
Renaissance Indianapolis North	263	15	18,950	7,500	No
Holiday Inn Select Airport	274	20	18,600	4,800	No
Omni Severin Hotel	424	17	17,000	3,000	Yes
Sheraton Indianapolis City Centre Hotel	374	15	16,100	10,400	No
Clarion Hotel & Conference Center	143	9	14,650	3,400	No
Ramada Inn Indianapolis Conference Center	190	8	14,100	7,400	No
Hilton Indianapolis North Hotel	215	12	14,000	4,600	No
Columbia Club	97	10	13,900	4,600	No
Indianapolis Marriott North	300	10	13,200	8,300	No
Holiday Inn North at the Pyramids	344	12	12,350	5,100	No
Radisson Hotel Indianapolis Airport	261	10	12,000	5,800	No
Conrad Indianapolis	243	12	10,000	4,850	Yes

Note: Represents Hotels with more than 10,000 square feet of event space
Source: Indianapolis Convention & Visitors Association, 2008.

Currently, there are 24 hotel properties in the Indianapolis area that offer more than 10,000 square feet of meeting space, seven of which are adjacent and connected to the Indiana Convention Center in downtown Indianapolis. The largest event facility shown above is the Swan Lake Resort, which has over 62,000 square feet of meeting space and 103 hotel rooms. The largest property in terms of number of hotel rooms that offers meeting space is the Indianapolis Marriott Downtown, which offers 622 sleeping rooms and 40,000 square feet of meeting space, including a multipurpose ballroom with 21,000 contiguous square feet.



With respect to the characteristics of the lodging industry in Hendricks County and the surrounding area, an evaluation of the composition and location of existing hotel product was conducted. Specifically, as shown in Exhibit 17, there are approximately 19 primary lodging properties with 40 or more guestrooms in Hendricks County, with one more currently being planned or discussed for the community.

**Exhibit 17
Lodging - Primary Hendricks County Hotels**

Facility	City	No. of Sleeping Rooms	Meeting Space (Sq. Ft.)
Value Place (1)	Plainfield	121	n/a
Cambria Suites (2)	Plainfield	103	1,400
Staybridge Suites	Plainfield	88	n/a
Hampton Inn & Suites - Brownsburg	Brownsburg	83	756
Homewood Suites by Hilton	Plainfield	82	470
Baymont Inn & Suites	Plainfield	81	450
Hampton Inn - Plainfield	Plainfield	79	1,100
Holiday Inn Express - Plainfield	Plainfield	76	672
Holiday Inn Express - Brownsburg	Brownsburg	75	506
Super 8 - Plainfield	Plainfield	71	n/a
Comfort Suites	Brownsburg	70	770
Comfort Inn	Plainfield	66	450
Wingate by Wyndham	Plainfield	64	775
Days Inn	Plainfield	63	n/a
Motel 6	Plainfield	59	n/a
Super 8 - Avon	Avon	58	924
Ramada Limited	Plainfield	57	n/a
Super 8 - Brownsburg	Brownsburg	49	n/a
Ashley Motel	Plainfield	45	n/a
aloft at Metropolis (3)	Plainfield	n/a	n/a

Total Estimated Hendricks County Hotel Room Inventory = 1,400 Guestrooms

(1) Opened January 2008

(2) Opened June 2008.

(3) Proposed for Phase 2 development for Metropolis

Note: only hotels with 40 or more rooms are displayed.

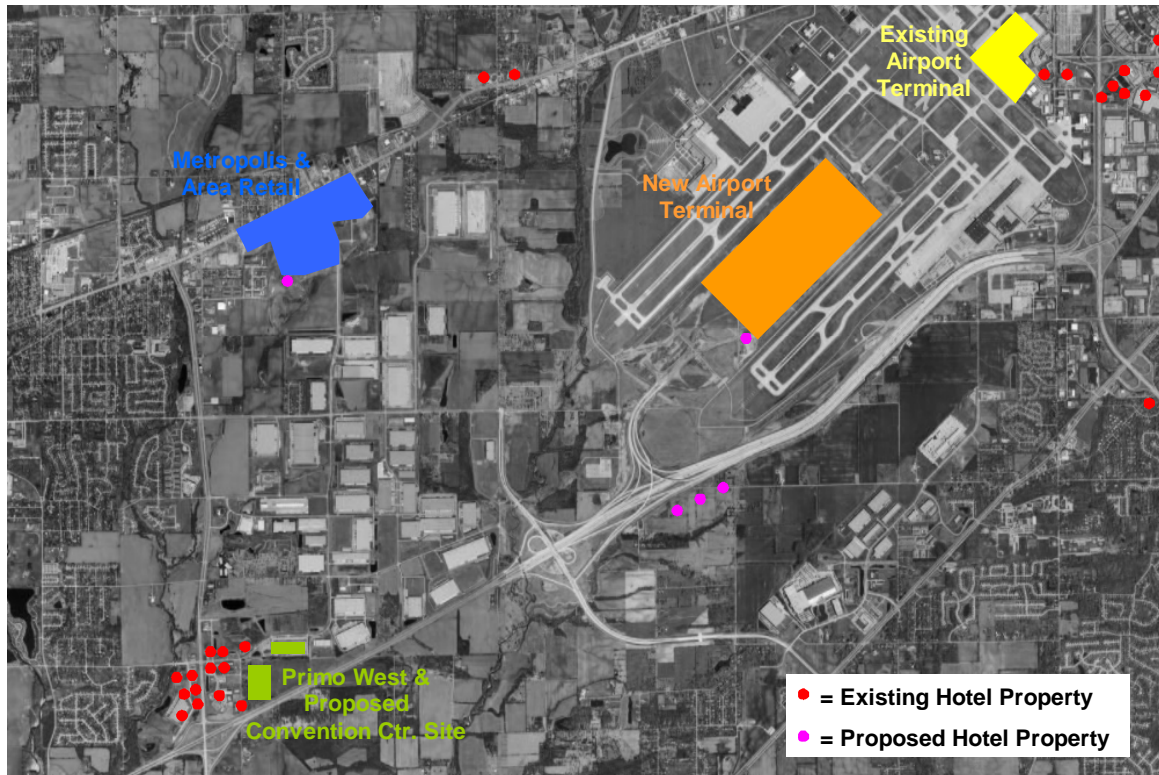
Source: Hendricks County Convention & Visitors Bureau, 2008.

Currently, the Hendricks County lodging supply is comprised primarily of limited and select-service hotels, with limited amounts of meeting and function space. Most of the hotels are located in the eastern third of the county, concentrated primarily in Plainfield near Interstate 70 with several properties in Brownsburg. It is believed the limited-service nature of the Hendricks County lodging supply reflects the price sensitivity in the marketplace. Since the former layout of the Indianapolis International Airport provides access and exit points on the eastern side of the airport's property, and since the majority of the commercial and retail developments are located along the main traffic routes into and out of the airport, full-service and upscale limited-service hotel supply is generally located outside of Hendricks County. However, the opening of the Midfield Terminal is anticipated to drive new full-service lodging supply to the west side of the airport, including a full-service Westin and potentially one or more new full-service properties. These hotels would be considered competitive with any new full-service hotel located in Hendricks County.



Exhibit 18 presents an aerial view of Plainfield and the Indianapolis International Airport (existing and planned), highlighting existing and proposed hotel properties.

Exhibit 18
Lodging - Primary Airport/Plainfield Hotels



Note: only hotels with 40 or more rooms are displayed.
Source: Hendricks County Convention & Visitors Bureau, Indianapolis CVA, 2008.

As shown, the location of the majority of existing Plainfield hotels is at the intersection of Interstate 70 and Highway 267. Similarly, the existing hotels near the Indianapolis International Airport are situated near the Interstate entrance to the current terminal.

New lodging supply in Hendricks County has been recently proposed, including a new Cambria Suites and Value Place hotels which have recently been completed. It is believed that the new Cambria Suites in Plainfield reflects the upside potential investors perceive in Hendricks County with the opening of the Midfield Terminal. In addition to these two hotels, a new hotel has been proposed as part of an expansion of the Metropolis shopping mall development, although traction on the new hotel project has been slow, and due to a transition of mall ownership and the current financing markets, a new hotel may not come to fruition in such a location for some time, if at all.

Exhibit 19 details the new lodging supply recently added, discussed or proposed for the Hendricks County area near the new airport terminal.

Exhibit 19
Lodging – Potential Future Lodging Supply Issues

Proposed Lodging Supply – Hendricks County & Indianapolis Airport

Property	Date	Rooms	Segment/Facility	Location
Value Place	Jan-08	121	Budget, extended-stay	I-70/SR 267
Cambria Suites	Jun-08	103	Mid-price, select-service, suite style guestrooms	I-70/SR 267
aloft by W	mid-09	136	Upscale, select-service	Metropolis
Embassy Suites (1)	late-09	150	Upscale, full-service	Ameriplex Business Park
Hilton Garden Inn	Nov-08	126	Upscale, select-service	Ameriplex Business Park
Hampton Inn	Jan-09	119	Mid-price, limited service	Ameriplex Business Park
Westin Hotel	Jan-10	250	Upper-priced, upper-upscale	Airport

(1) As of the finalization of this report, it appears that the Embassy Suites project will not materialize.
Source: Hospitality Real Estate Counselors, Inc., CSL International

As noted above, there have been over 1,000 new hotel rooms planned or discussed for the marketplace that includes Hendricks County and the Indianapolis Airport. While all of the hotels detailed in the table above likely will not ultimately come to fruition, additional long-term supply additions appear reasonable. Of the hotels proposed for the area surrounding the airport's western border, the Embassy Suites and the Westin Hotel are both considered full-service assets that would likely cater to an upscale, full-service client. However, as of the finalization of this report, it appears the Embassy Suites project will not materialize. The aloft, Cambria Suites and Hilton Garden Inn hotels are all considered upscale limited-service hotels with food and beverage offerings; the Hampton Inn is considered a limited-service hotel without food and beverage, and the Value Place is considered a budget, extended-stay hotel. Based on the types of new lodging supply that have been proposed to date, it would appear there is an opportunity for a mid-priced, full-service hotel to be located in Hendricks County.

In order to provide a broad perspective of overall lodging trends, we have analyzed Smith Travel Research (STR) trends for the overall United States lodging market, as well as evaluated the performance of specific properties in the State of Indiana, U.S. airport markets and the Hendricks County market area. Smith Travel Research is a nationally recognized firm that collects, analyzes and distributes occupancy, revenue, demand, and supply statistics for the lodging industry.



Exhibit 20 summarizes overall occupancy, average daily rates (ADR) and revenue per available room (RevPAR) for United States lodging facilities from 2001 through 2007.

**Exhibit 20
Lodging – Existing Lodging Demand Issues (National)**

US Historical Occupancy, ADR & RevPAR – 2001 through 2007

<u>Year</u>	<u>Occupancy</u>	<u>% Ch.</u>	<u>ADR</u>	<u>% Ch.</u>	<u>RevPAR</u>	<u>% Ch.</u>
2001	59.8%	-	\$84.45	-	\$50.50	-
2002	59.1%	-1.2%	\$83.35	-1.3%	\$49.26	-2.5%
2003	59.1%	0.0%	\$83.11	-0.3%	\$49.12	-0.3%
2004	61.3%	3.7%	\$86.24	3.8%	\$52.87	7.6%
2005	63.1%	2.9%	\$90.95	5.5%	\$57.39	8.6%
2006	63.3%	0.3%	\$97.89	7.6%	\$61.96	8.0%
2007	<u>63.2%</u>	-0.2%	<u>\$103.64</u>	5.9%	<u>\$65.50</u>	5.7%
2001 - 2007 AACC*	0.9%		3.5%		4.4%	

% Ch = Average Annual Compounded Change
Source: Smith Travel Research

The U.S. lodging market experienced relatively flat occupancy levels over the past two years, while ADR and RevPAR increased significantly from 2004 through 2007. Considering there has been a significant amount of new lodging supply introduced over the past three years, the flat occupancy levels actually reflect increased overall demand, and the ADR and RevPAR growth should be considered positive for the lodging market as a whole, as profitability is generally enhanced by increases in these areas. Exhibit 21 illustrates occupancy, ADR and RevPAR levels for those hotels in the state of Indiana from 2001 through 2007.

**Exhibit 21
Lodging – Existing Lodging Demand Issues (State)**

Indiana Historical Occupancy, ADR & RevPAR – 2001 through 2007

<u>Year</u>	<u>Occupancy</u>	<u>% Ch.</u>	<u>ADR</u>	<u>% Ch.</u>	<u>RevPAR</u>	<u>% Ch.</u>
2001	52.9%	-	\$66.82	-	\$35.35	-
2002	52.3%	-1.1%	\$67.44	0.9%	\$35.27	-0.2%
2003	52.1%	-0.4%	\$67.82	0.6%	\$35.33	0.2%
2004	53.8%	3.3%	\$69.72	2.8%	\$37.51	6.2%
2005	54.5%	1.3%	\$71.99	3.3%	\$39.23	4.6%
2006	56.4%	3.5%	\$76.18	5.8%	\$42.97	9.5%
2007	<u>57.6%</u>	2.1%	<u>\$78.98</u>	3.7%	<u>\$45.49</u>	5.9%
2001 - 2007 AACC*	1.4%		2.8%		4.3%	

% Ch = Average Annual Compounded Change
Source: Smith Travel Research

The state of Indiana generally achieves a lower occupancy level (57.6 percent in 2007) as compared to the overall United States (63.2 percent in 2007). Average annual compounded ADR growth in Indiana is generally slower (2.8 percent) as compared to the greater United States (3.5 percent). However, the ADR and RevPAR trends for the state of Indiana closely resemble those of the United States as a whole, with strong increases realized over the past three years. As noted previously, the new Midfield Terminal



should result in additional airport related demand within the Hendricks County market area. As such, we have analyzed the U.S. airport market trends from 2001 through 2007, as detailed in the following exhibit.

Exhibit 22
Lodging – Existing Lodging Demand Issues (U.S Airports)

US Airport Historical Occupancy, ADR & RevPAR – 2001 through 2007

<u>Year</u>	<u>Occupancy</u>	<u>% Ch.</u>	<u>ADR</u>	<u>% Ch.</u>	<u>RevPAR</u>	<u>% Ch.</u>
2001	63.4%	-	\$80.06	-	\$50.76	-
2002	62.0%	-2.2%	\$78.28	-2.2%	\$48.53	-4.4%
2003	61.6%	-0.6%	\$76.10	-2.8%	\$46.88	-3.4%
2004	66.7%	8.3%	\$79.29	4.2%	\$52.89	12.8%
2005	68.9%	3.3%	\$85.66	8.0%	\$59.02	11.6%
2006	69.3%	0.6%	\$93.76	9.5%	\$64.98	10.1%
2007	<u>69.5%</u>	<u>0.3%</u>	<u>\$99.67</u>	<u>6.3%</u>	<u>\$69.27</u>	<u>6.6%</u>
2001 - 2007 AACC*	1.5%		3.7%		5.3%	

% Ch = Average Annual Compounded Change
Source: Smith Travel Research

Airport hotels in the United States generally achieve higher overall occupancy levels (69.5 percent in 2007) as compared to national averages (63.2 percent in 2007). ADR levels for airport hotels (\$99.67 in 2007) are slightly below the national average (\$103.64 in 2007), although such levels are often reduced due to room night contracts with airlines for pilots and flight attendants. As the new Midfield airport terminal opens, it is likely that the Hendricks County lodging market will more closely reflect a typical airport market.

For comparison purposes, we have analyzed the Hendricks County lodging market on a monthly basis for the past three years. The three tables presented on the following page detail the monthly occupancy, ADR and RevPAR levels for Hendricks County hotels from 2005 through November 2007. It should be noted that the year-to-date (YTD) numbers in the following exhibits reflect aggregated data through the month of November for each year analyzed.



Exhibit 23
Lodging – Existing Lodging Demand Issues (Hendricks County)

Hendricks County
Historical Monthly Occupancy, ADR & RevPAR – 2005 through 2007*

2005	Occupancy	% Ch.	ADR	% Ch.	RevPAR	% Ch.
January	42.2%	1.2%	\$60.65	3.7%	\$25.59	5.0%
February	53.7%	8.0%	\$62.13	2.6%	\$33.36	10.8%
March	54.1%	-1.8%	\$63.98	6.3%	\$34.61	4.4%
April	61.1%	-6.7%	\$66.09	9.2%	\$40.38	1.8%
May	61.4%	-6.3%	\$71.56	5.3%	\$43.94	-1.5%
June	77.1%	7.1%	\$75.95	6.3%	\$58.56	13.8%
July	71.2%	10.2%	\$66.46	3.1%	\$47.32	13.7%
August	72.7%	9.2%	\$72.19	2.2%	\$52.48	11.5%
September	69.8%	2.6%	\$68.16	3.4%	\$47.58	6.1%
October	70.1%	11.3%	\$64.50	6.2%	\$45.21	18.1%
November	55.7%	13.7%	\$63.21	2.7%	\$35.21	16.7%
December	44.7%	2.5%	\$61.68	-1.9%	\$27.57	0.6%
YTD Total	62.7%	4.0%	\$67.39	4.5%	\$42.25	8.7%
Total	61.2%	4.1%	\$67.04	4.2%	\$41.03	8.3%

2006	Occupancy	% Ch.	ADR	% Ch.	RevPAR	% Ch.
January	47.8%	13.3%	\$60.93	0.5%	\$29.12	13.8%
February	58.7%	9.3%	\$63.38	2.0%	\$37.20	11.5%
March	63.8%	17.9%	\$65.75	2.8%	\$41.95	21.2%
April	67.4%	10.3%	\$69.23	4.8%	\$46.66	15.6%
May	67.2%	9.4%	\$73.78	3.1%	\$49.58	12.8%
June	74.0%	-4.0%	\$74.66	-1.7%	\$55.25	-5.7%
July	72.8%	2.2%	\$73.72	10.9%	\$53.67	13.4%
August	72.0%	-1.0%	\$75.96	5.2%	\$54.69	4.2%
September	63.6%	-8.9%	\$73.09	7.2%	\$46.49	-2.3%
October	70.5%	0.6%	\$69.81	8.2%	\$49.22	8.9%
November	58.9%	5.7%	\$67.76	7.2%	\$39.91	13.4%
December	47.1%	5.4%	\$66.27	7.4%	\$31.21	13.2%
YTD Total	65.3%	4.1%	\$70.40	4.5%	\$45.97	8.8%
Total	63.7%	4.1%	\$70.13	4.6%	\$44.67	8.9%

YTD 2007	Occupancy	% Ch.	ADR	% Ch.	RevPAR	% Ch.
January	50.2%	5.0%	\$68.68	12.7%	\$34.48	18.4%
February	53.0%	-9.7%	\$69.19	9.2%	\$36.67	-1.4%
March	58.0%	-9.1%	\$70.40	7.1%	\$40.83	-2.7%
April	63.9%	-5.2%	\$71.60	3.4%	\$45.75	-1.9%
May	69.4%	3.3%	\$81.19	10.0%	\$56.35	13.6%
June	77.4%	4.6%	\$83.57	11.9%	\$64.68	17.1%
July	69.8%	-4.1%	\$81.67	10.8%	\$57.01	6.2%
August	75.1%	4.3%	\$78.68	3.6%	\$59.09	8.0%
September	67.5%	6.1%	\$75.82	3.7%	\$51.18	10.1%
October	71.1%	0.9%	\$77.34	10.8%	\$54.99	11.7%
November	54.4%	-7.6%	\$72.38	6.8%	\$39.37	-1.3%
YTD Total	64.6%	-1.1%	\$76.18	8.2%	\$49.21	7.1%

% ch = Average Annual Compounded Change
Source: Smith Travel Research



Occupancy levels for Hendricks County hotels are generally in-line with national averages, equating to roughly 63.7 percent in 2006 as compared to the U.S. lodging market occupancy of 63.3 percent. ADR levels in Hendricks County are significantly lower as compared to national averages, equating to \$70.13 in 2006 as compared to the U.S. lodging market ADR of \$97.89. The lower overall ADR level is attributable to the limited-service nature of the existing lodging supply in Hendricks County and reflects a certain price sensitivity relative to existing demand. As the Indianapolis International Airport's Midfield Terminal opens, and as new lodging supply is introduced to the greater market area, it is reasonable to assume that ADR and RevPAR levels should materially increase above historical levels.

Exhibit 24 presents the historical occupancy, ADR and RevPAR for all Indianapolis hotels from 2002 to a forecasted 2011.

Exhibit 24
Lodging – Existing Lodging Demand Issues (Indianapolis)

All Indianapolis Hotels
Historical Occupancy, ADR & RevPAR – 2002 through 2011 (Forecast)

<u>Year</u>	<u>Occupancy</u>	<u>% Ch.</u>	<u>ADR</u>	<u>% Ch.</u>	<u>RevPAR</u>	<u>% Ch.</u>
2002	56.3%	-	\$77.06	-	\$43.38	-
2003	56.3%	0.0%	\$76.40	-0.9%	\$43.01	-0.9%
2004	58.1%	3.2%	\$78.73	3.0%	\$45.74	6.3%
2005	57.9%	-0.3%	\$81.92	4.1%	\$47.43	3.7%
2006	59.9%	3.5%	\$86.58	5.7%	\$51.86	9.3%
2007	61.1%	2.0%	\$89.13	2.9%	\$54.46	5.0%
<i>2008 Forecast</i>	<i>60.8%</i>	<i>-0.5%</i>	<i>\$91.90</i>	<i>3.1%</i>	<i>\$55.88</i>	<i>2.6%</i>
<i>2009 Forecast</i>	<i>60.1%</i>	<i>-1.2%</i>	<i>\$94.83</i>	<i>3.2%</i>	<i>\$56.99</i>	<i>2.0%</i>
<i>2010 Forecast</i>	<i>59.7%</i>	<i>-0.7%</i>	<i>\$98.05</i>	<i>3.4%</i>	<i>\$58.54</i>	<i>2.7%</i>
<i>2011 Forecast</i>	<i>59.9%</i>	<i>0.3%</i>	<i>\$101.82</i>	<i>3.8%</i>	<i>\$60.99</i>	<i>4.2%</i>
2002 - 2007 AACC*	1.6%		3.0%		4.7%	
2002 - 2011 AACC*	0.7%		3.1%		3.9%	
2008 - 2011 AACC*	-0.5%		3.5%		3.0%	

% Ch = Average Annual Compounded Change
Source: PFK Hospitality Research, Hotel Horizons

As shown, the occupancy of Indianapolis hotels are expected to slightly decrease over the next four years, while average daily rate figures are expected to increase more than three percent each year. Similarly, RevPAR is expected to increase each of the next four years, with the largest increase expected in 2011, of 4.2 percent. Located on the following page, Exhibit 25 presents occupancy, ADR and RevPAR for all the upper priced hotels located in Indianapolis.



Exhibit 25
Lodging – Existing Lodging Demand Issues (Indianapolis)

Upper Priced - Indianapolis Hotels
Historical Occupancy, ADR & RevPAR – 2002 through 2011 (Forecast)

<u>Year</u>	<u>Occupancy</u>	<u>% Ch.</u>	<u>ADR</u>	<u>% Ch.</u>	<u>RevPAR</u>	<u>% Ch.</u>
2002	61.2%	-	\$98.09	-	\$60.03	-
2003	60.9%	-0.5%	\$97.39	-0.7%	\$59.31	-1.2%
2004	62.5%	2.6%	\$100.40	3.1%	\$62.75	5.8%
2005	62.7%	0.3%	\$103.77	3.4%	\$65.06	3.7%
2006	63.5%	1.3%	\$109.83	5.8%	\$69.74	7.2%
2007	64.0%	0.8%	\$113.45	3.3%	\$72.61	4.1%
<i>2008 Forecast</i>	<i>64.0%</i>	<i>0.0%</i>	<i>\$116.86</i>	<i>3.0%</i>	<i>\$74.79</i>	<i>3.0%</i>
<i>2009 Forecast</i>	<i>63.1%</i>	<i>-1.4%</i>	<i>\$120.36</i>	<i>3.0%</i>	<i>\$75.95</i>	<i>1.5%</i>
<i>2010 Forecast</i>	<i>62.8%</i>	<i>-0.5%</i>	<i>\$124.58</i>	<i>3.5%</i>	<i>\$78.24</i>	<i>3.0%</i>
<i>2011 Forecast</i>	<i>63.5%</i>	<i>1.1%</i>	<i>\$129.56</i>	<i>4.0%</i>	<i>\$82.27</i>	<i>5.2%</i>
2002 - 2007 AACC*	0.9%		3.0%		3.9%	
2002 - 2011 AACC*	0.4%		3.1%		3.6%	
2008 - 2011 AACC*	-0.3%		3.5%		3.2%	

% Ch = Average Annual Compounded Change
Source: PFK Hospitality Research, Hotel Horizons

Similar to the previous exhibit of all the hotels in Indianapolis, the upper priced hotels are expected to decrease or remain fairly stagnant in terms of occupancy through 2011, while ADR and RevPAR rates continue to increase. Exhibit 26 presents lodging occupancy, ADR and RevPAR figures for all nationwide small metro/town hotels.

Exhibit 26
Lodging – Existing Lodging Demand Issues (National)

US Small Metro/Town
Historical Occupancy, ADR & RevPAR – 2004 through 2007

<u>Year</u>	<u>Occupancy</u>	<u>% Ch.</u>	<u>ADR</u>	<u>% Ch.</u>	<u>RevPAR</u>	<u>% Ch.</u>
2004	55.2%	-	\$68.82	-	\$37.99	-
2005	56.5%	2.4%	\$71.23	3.5%	\$40.24	5.9%
2006	56.9%	0.7%	\$74.94	5.2%	\$42.64	6.0%
2007	<u>57.3%</u>	0.7%	<u>\$78.70</u>	5.0%	<u>\$45.10</u>	5.8%
2004 - 2007 AACC*	1.3%		4.6%		5.9%	

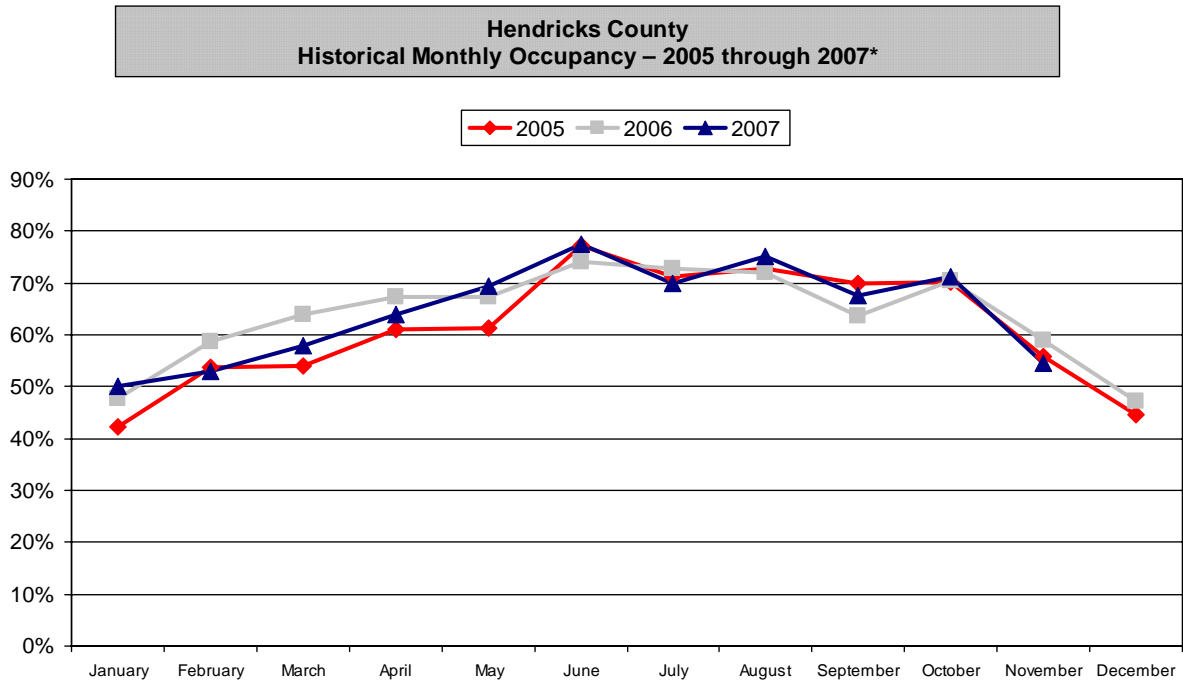
% Ch = Average Annual Compounded Change
Source: Smith Travel Research

From 2004 to 2007, occupancy among the small metro/town hotels remained fairly consistent, with figures ranging from 55 percent to 57 percent. ADR figures have increased anywhere from 3.5 percent in 2005 to 5.2 percent in 2006.



Specific to Hendricks County, Exhibit 27 presents the monthly occupancy figures for 2005 to 2007. As shown, occupancy has peaked in the summer months of June through August. In the past three years, the month of June has had the highest occupancy figure, with an average of 75 percent. The lowest months of occupancy for Hendricks County hotels falls in the winter months of December and January, when occupancy dips to less than 50 percent.

Exhibit 27
Lodging – Existing Lodging Demand Issues (Hendricks County)



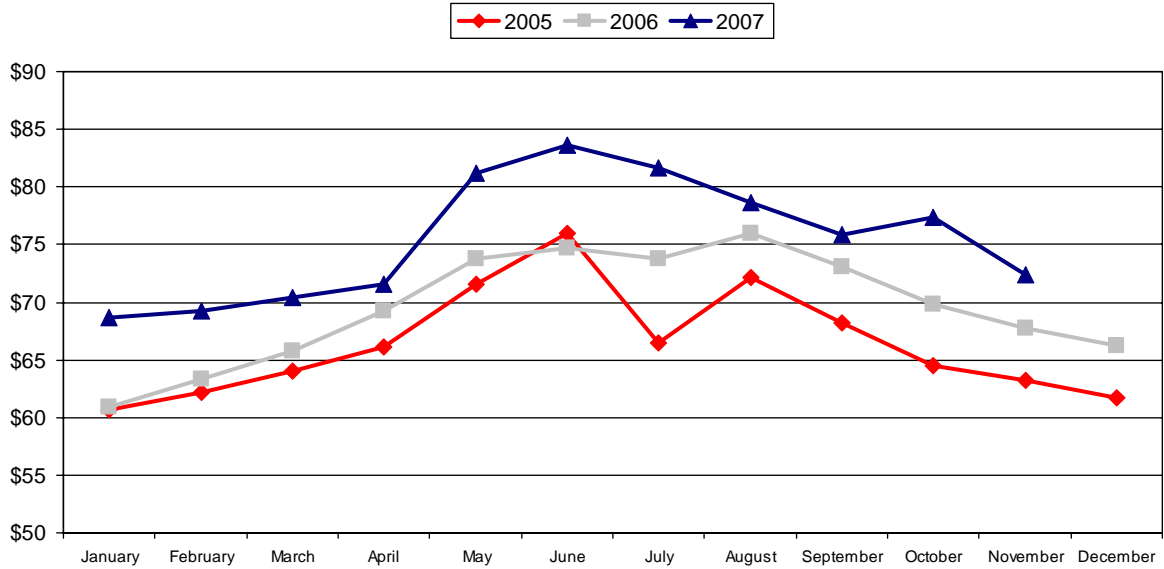
* 2007 through November
 Source: Smith Travel Research

Similarly, located on the following page, Exhibit 28 presents monthly Hendricks County ADR rates for the past three years.



**Exhibit 28
Lodging – Existing Lodging Demand Issues (Hendricks County)**

**Hendricks County
Historical Monthly ADR – 2005 through 2007***



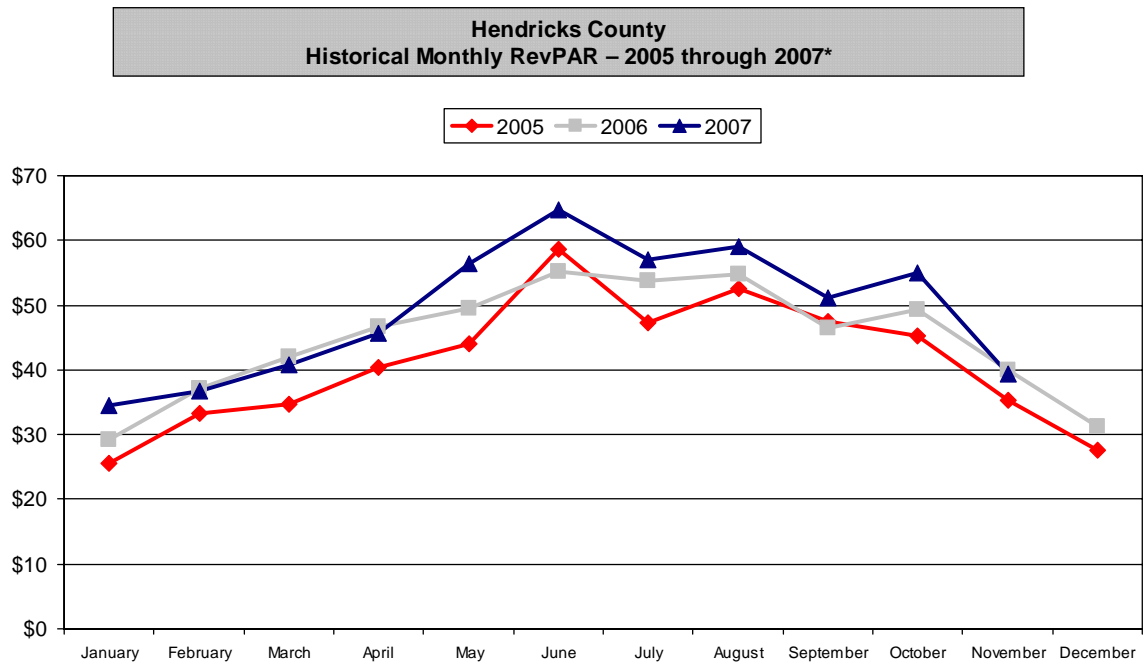
* 2007 through November
Source: Smith Travel Research

Similar to occupancy figures, ADR rates tend to peak during the summer months and subside during the winter months, generally coinciding with upward and downward movement in occupancy. ADR illustrated relatively strong growth in 2007 over previous year levels, suggesting a strengthening in the marketplace and the travel industry overall.



Exhibit 29 presents the monthly revenue per available room by month for 2005 to 2007. Coinciding with the previous exhibits, RevPAR has been strongest in the early summer months and decline as ADR and occupancy levels drop in the winter months.

Exhibit 29
Lodging – Existing Lodging Demand Issues (Hendricks County)



* 2007 through November
 Source: Smith Travel Research

In summary, occupancy levels for Hendricks County hotels are generally in-line with national averages, equating to roughly 63.7 percent in 2006 as compared to the U.S. lodging market occupancy of 63.3 percent. However, ADR levels in Hendricks County are significantly lower as compared to national averages, equating to \$70.13 in 2006 as compared to the U.S. lodging market ADR of \$97.89. This lower ADR level can be attributable to the limited-service nature of the existing lodging supply in Hendricks County and reflects a certain price sensitivity relative to existing demand.

When analyzing specific mid-priced and upscale limited and select-service hotels in the market area (both Hendricks County and existing Airport), the 2007 occupancy level equates to roughly 68 percent with an ADR level of \$102. Further, the 2007 RevPAR for the selected hotels is roundly \$21 greater as compared to the estimated 2007 RevPAR for all Hendricks County hotels. The strength of a location proximate to the airport and Interstate is clearly illustrated by comparing similar branded hotels in differing locations in the greater market area. As an example, the Hampton Inn in Plainfield (nearby the airport) maintains a significant occupancy premium over the Hampton Inn & Suites in Brownsburg, albeit at a slightly lower ADR.



3.0. COMPETITIVE/COMPARABLE FACILITIES & COMMUNITIES ANALYSIS

This chapter provides a review of the various physical characteristics and resources of competitive/regional and comparable facilities and host communities. For the purposes of this analysis, convention and conference centers that are deemed to be potentially competitive have been focused on, while comparable projects have included largely hotel/conference center projects, most of which involve public/private partnerships. In terms of potential competitive facilities, the information detailed herein will assist in the identification and analysis of conference, convention and similar event facilities that could provide primary competition for a potential Hendricks County hotel/conference center. Competition with respect to “local” events and hotel room night demand is primarily relegated to the existing and planned facilities in the local community or marketplace, and was discussed in the previous chapter. Additionally, a set of comparable facilities was identified and analyzed to obtain insight into the physical and operational characteristics of facilities located in comparable communities.

Competitive/Regional Convention/Conference Facilities

As a part of this analysis, 23 competitive/regional convention and conference facilities were identified. The competitive/regional facilities represent venues that may be competitive with a potential Hendricks County hotel/conference center with respect to one or more key event segments (i.e., conventions, conferences and tradeshow held by state/regional associations, SMERF [social, military, educational, religious, fraternal] groups, corporations, government, etc.). Exhibit 1 presents a summary of selected competitive/regional facilities evaluated. For purposes of this analysis, facilities offering in excess of 25,000 square feet of sellable (rentable) event space were considered.

**Exhibit 1
Competitive/Regional Convention/Conference Facilities**

Facility	City, State	Miles to Plainfield	Event Space (in Square Feet)			
			Exhibit	Meeting	Ballroom	Sellable
Indiana Convention Center (Planned)	Indianapolis, IN	19	747,000	118,000	57,100	922,100
JW Marriott (Planned)	Indianapolis, IN	19	0	100,000	40,000	140,000
Indiana State Fairgrounds Expo Hall	Indianapolis, IN	19	72,300	0	0	72,300
Indianapolis Marriott East	Indianapolis, IN	19	12,000	32,000	13,050	57,050
Crowne Ctr. Hotel & Conf. Ctr. at Union Station	Indianapolis, IN	19	0	33,000	11,200	44,200
Indianapolis Marriott Downtown	Indianapolis, IN	19	0	19,000	21,000	40,000
Hyatt Regency Indianapolis	Indianapolis, IN	19	0	25,600	9,400	35,000
Westin Indianapolis	Indianapolis, IN	19	0	11,000	23,700	34,700
The Fountains Banquet & Conference Center	Carmel, IN	34	0	6,500	18,500	25,000
Bloomington/Monroe County Convention Center	Bloomington, IN	45	0	16,000	12,300	28,300
Johanning Civic Center	Kokomo, IN	68	38,800	5,400	4,200	48,400
Cumberland Place Exhibition Center	West Lafayette, IN	71	26,600	6,400	0	33,000
Horizon Convention Center	Muncie, IN	80	23,400	8,200	7,800	39,400
French Lick Springs Resort & Conference Center	French Lick, IN	101	31,600	10,400	19,500	61,500
Allen County War Memorial Coliseum & Exposition Center	Fort Wayne, IN	146	108,000	17,900	6,000	131,900
Grand Wayne Center	Fort Wayne, IN	146	48,500	9,796	15,950	80,000
Radisson Hotel at Star Plaza	Merrillville, IN	148	0	3,350	22,800	26,150
Belterra Casino Resort & Spa	Florence, IN	154	0	18,000	15,000	33,000
Century Center	South Bend, IN	154	24,500	12,800	0	37,300
Porter County Expo	Valparaiso, IN	155	19,100	2,400	5,100	26,600
Genesis Center	Gary, IN	157	24,500	21,650	9,700	55,850
The Centre	Evansville, IN	170	38,000	11,500	13,400	62,900
Executive Inn Evansville	Evansville, IN	170	0	17,800	7,800	25,600

Note: Represents facilities with more than 25,000 square feet of sellable event space.
Source: Facility management and industry publications, 2008.



Exhibit 2 presents the location of each of the competitive/regional facilities within the state of Indiana.

Exhibit 2 Competitive/Regional Facilities

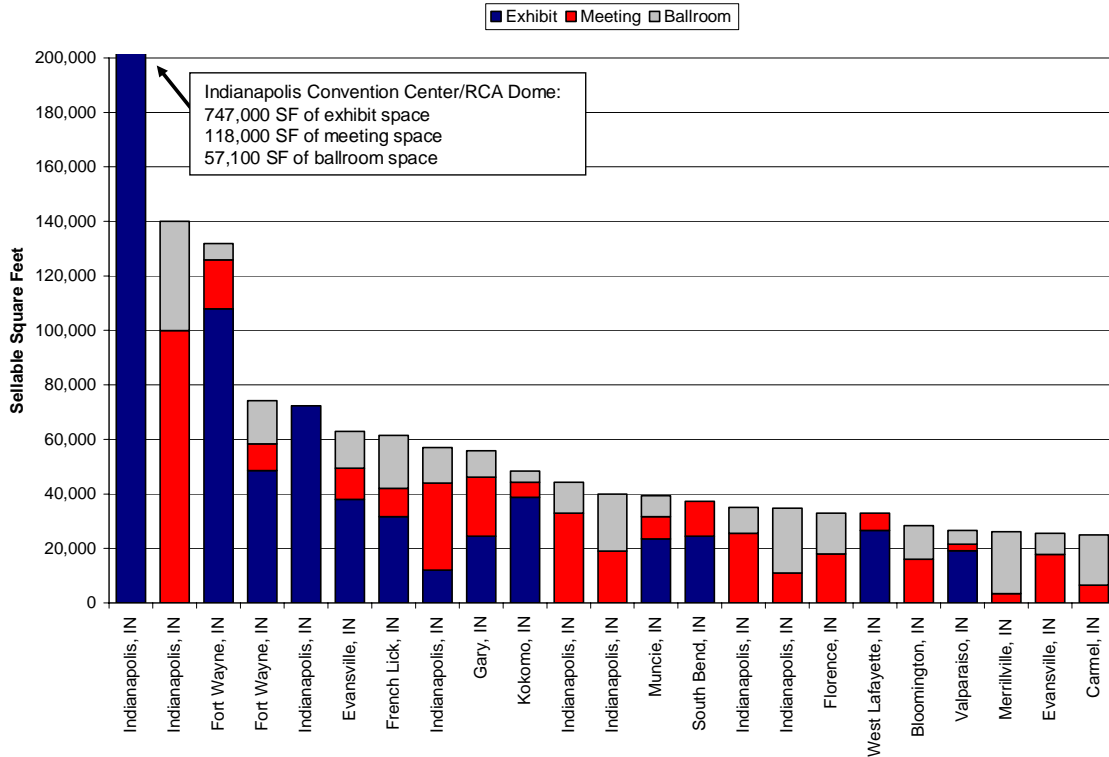


Source: Microsoft MapPoint.

As shown, most of the venues are concentrated in the state's largest cities. Venues in the Indianapolis metropolitan area represent the nearest competitors to the Hendricks County facility.

Exhibit 3, presented on the following page, details the rankings of the competitive/regional facility set reviewed in terms of total sellable space square footage (which includes exhibition, ballroom and breakout meeting space).

Exhibit 3 Competitive/Regional Facilities – Sellable Space



Source: Facility management and industry publications, 2008.

The amount of total sellable space (exhibit, ballroom and breakout meeting space) offered at the competitive/regional facilities reviewed varies widely, averaging nearly 89,600 square feet. The largest facility in terms of total sellable space is the Indiana Convention Center in downtown Indianapolis, with approximately 922,100 square feet. The facility with the least amount of total sellable space, the Fountains Banquet Center in Carmel, has approximately 25,000 square feet of sellable event space, just meeting the threshold for consideration in this set of reviewed facilities.

Some of the largest facilities, such as the Indiana Convention Center (both existing and expanded), would provide virtually no competition for a new Hendricks County hotel/conference center for event activity due to the very disparity in size and their targeting of national groups and their hosting of large public/consumer shows. Other facilities such as the Indiana State Fairgrounds Expo Hall is also significantly differentiated from any new Hendricks County facility and would also provide no competition. Some of the other facilities may compete to varying degrees for the attraction of certain events such as state and regional association and SMERF (social, military, educational, religious, fraternal) conventions, conferences and meetings. The level of competitive convention, conference and meeting facilities within the state of Indiana is considered average relative to the estimated number of rotating events, and is also generally commensurate with overall population and corporate base. Certain states in the country are estimated to possess an over-supply of convention and conference facilities (relative to measures such as rotating events, population and corporate base); however, indicators reviewed do not suggest that Indiana is positioned this way.



Demographic and Socioeconomic Market Characteristics

A component in assessing the potential success of a Hendricks County hotel/conference center (focusing on its potential event space) is the demographic and socioeconomic profile of the local market. The strength of a market in terms of its ability to draw events, attendees and visitors is measured in part by the size of the market area population and its spending characteristics. To gain an understanding of the relative strength of the Hendricks County market, it is useful to compare various demographic and socioeconomic characteristics among the competitive/regional markets supporting convention/conference venues. For this analysis, the market demographics of Hendricks County and the markets hosting the competitive/regional facilities that were selected for review have been evaluated using 25-, 100- and 200-mile concentric rings around the midpoint of each market. The primary market has been defined as the population within 25 miles of the respective facility, while the secondary markets have been defined as the area within 100 and 200 miles of each facility.

Population

Exhibit 4 displays the population within the competitive/regional markets' city, county, and 25-, 100- and 200-mile radii of each of the markets' center-of-town.

Exhibit 4
Competitive/Regional Facilities – Population

Market	City	County	25-Mile	100-Mile	200-Mile
Gary, IN	97,812	496,978	2,535,726	12,252,503	26,379,903
Merrillville, IN	32,465	496,978	1,823,335	11,932,604	26,341,054
Indianapolis, IN	784,580	864,115	1,508,430	5,721,867	27,045,535
Carmel, IN	47,001	256,233	1,418,550	5,011,773	27,901,404
Plainfield, IN	21,564	133,651	1,290,953	4,388,331	26,555,598
Valparaiso, IN	29,000	161,323	702,741	12,198,083	28,276,974
South Bend, IN	103,673	266,545	624,955	11,599,061	33,044,364
Fort Wayne, IN	202,495	347,240	496,936	5,686,115	36,321,170
Muncie, IN	65,046	115,205	332,704	7,372,608	31,413,280
Evansville, IN	114,342	173,713	327,029	2,590,380	16,485,224
Florence, IN	1,741	9,903	302,967	7,474,092	17,840,516
Bloomington, IN	66,392	122,019	240,285	5,378,438	21,412,468
Kokomo, IN	45,373	85,177	239,757	5,644,295	32,001,275
West Lafayette, IN	28,598	155,808	225,777	7,248,811	28,704,473
French Lick, IN	1,866	19,916	114,510	4,425,334	17,203,926
Average (excluding Plainfield)	115,742	255,082	778,122	7,466,855	26,455,112
Plainfield Rank (out of 15)	13	10	5	14	9

Sorted by: 25-Mile Population
Source: Claritas Inc. 2007; U.S. Census Data 2000.

As shown in the exhibit, the county population associated with the competitive/regional markets range from a low of 9,900 in Florence, to a high of 864,100 million in Marion County (which includes Indianapolis). The overall average population of the market's county (excluding Plainfield) approximates 255,100. This compares to 133,650 people within Hendricks County. Within a 25-mile radius, the population ranges from a low of 114,500 in French Lick to a high of 2.5 million in Gary and a market

average (excluding Plainfield) of 778,100. Within a 100-mile radius, the population ranges from 2.6 million in Evansville, to nearly 12.3 million in Gary. The overall average population (excluding Plainfield) within a 100-mile radius approximates 7.5 million. Population figures in the 200-mile radius greatly increased, with the average population (excluding Plainfield) estimated at nearly 26.5 million, and the population within 200 miles of Plainfield reaches 26.5 million.

Household Income

Average household income reflects a household's income that is remaining after taxes have been paid, which is available for disposable spending and saving. This statistical figure can be valuable when evaluating consumer capacity and propensity to expend personal income on leisure goods and services, such as attending certain events at public assembly facilities. Exhibit 5 presents the average household income within the competitive/regional convention markets.

Exhibit 5
Competitive/Regional Facilities – Average Household Income

Market	City	County	25-Mile	100-Mile	200-Mile
Indianapolis, IN	\$60,365	\$60,929	\$71,207	\$61,873	\$65,722
Carmel, IN	\$121,946	\$106,466	\$70,877	\$61,433	\$66,428
Plainfield, IN	\$59,470	\$72,314	\$65,877	\$61,192	\$66,126
Florence, IN	\$43,437	\$52,924	\$65,463	\$62,293	\$58,570
Valparaiso, IN	\$60,982	\$72,041	\$62,503	\$73,390	\$67,823
Merrillville, IN	\$61,890	\$58,580	\$60,282	\$73,818	\$67,455
Fort Wayne, IN	\$48,734	\$61,039	\$60,186	\$61,520	\$67,205
Evansville, IN	\$47,249	\$57,695	\$59,705	\$51,591	\$60,469
South Bend, IN	\$47,740	\$59,667	\$59,652	\$69,970	\$68,170
Gary, IN	\$41,723	\$58,580	\$58,671	\$73,735	\$67,625
West Lafayette, IN	\$50,945	\$57,963	\$57,119	\$62,504	\$66,723
Kokomo, IN	\$48,755	\$59,597	\$56,729	\$61,543	\$67,128
Bloomington, IN	\$45,316	\$53,761	\$54,533	\$62,013	\$61,082
Muncie, IN	\$39,792	\$52,562	\$54,053	\$63,685	\$66,192
French Lick, IN	\$35,885	\$46,806	\$52,957	\$58,407	\$59,095
Average (excluding Plainfield)	\$53,911	\$61,329	\$60,281	\$64,127	\$64,978
Plainfield Rank (out of 15)	5	2	3	13	10

Sorted by: 25-Mile Income
Source: Claritas Inc. 2007; U.S. Census Data 2000.

The average household income within the city of Plainfield is approximately \$59,500. The average household income of the competitive/regional markets' city (excluding Plainfield) is \$53,900. Plainfield ranks above the average for average household income within the markets' city, county, 25-mile and 200-mile measurement. However, within a 100-mile radius, the average household income of the competitive/regional markets (excluding Plainfield) is approximately \$64,100, which is higher than the Plainfield market figure.

Median Age

Exhibit 6 demonstrates the competitive/regional markets median age of their corresponding population.

**Exhibit 6
Competitive/Regional Facilities – Median Age**

Market	City	County	25-Mile	100-Mile	200-Mile
West Lafayette, IN	23.6	28.2	30.6	35.5	36.3
Bloomington, IN	24.8	28.4	33.5	36.5	36.3
Gary, IN	33.3	36.9	35.1	35.7	36.0
Indianapolis, IN	35.0	35.1	35.2	36.4	36.3
Carmel, IN	36.9	33.9	35.2	36.2	36.2
Plainfield, IN	35.1	36.2	35.5	36.2	36.2
South Bend, IN	33.7	35.1	35.7	35.7	36.3
Fort Wayne, IN	34.1	35.1	35.7	36.7	36.4
Florence, IN	38.6	37.7	36.1	36.8	37.0
Merrillville, IN	38.5	36.9	36.2	35.6	36.1
Valparaiso, IN	34.1	37.1	37.3	35.5	36.2
Muncie, IN	29.3	33.5	37.5	36.4	36.2
Evansville, IN	36.9	37.4	38.3	37.5	37.0
French Lick, IN	40.9	38.5	38.4	37.1	36.9
Kokomo, IN	36.6	38.2	38.5	36.0	36.2
Average (excluding Plainfield)	34.0	35.1	35.9	36.3	36.4
Plainfield Rank (out of 15)	9	8	6	8	6

Sorted by: 25-Mile Median Age
Source: Claritas Inc. 2007; U.S. Census Data 2000.

As shown in the exhibit, the competitive markets' 25-mile median age ranges from 30.6 years of age in West Lafayette, to 38.5 years of age within 25 miles of Kokomo. Plainfield's 25-mile median age of 35.5 is slightly lower than the average competitive/regional markets (excluding Plainfield) median age of 35.9 years of age. The average of the competitive/regional markets (excluding Plainfield) remained fairly consistent throughout the city, county, primary and secondary markets analyzed, all falling within a three-year range.



Corporate Base

The number of corporations in a market is an important characteristic to evaluate when determining the viability of a conference center, as it would be expected that the many events would represent local event activity such as corporate meetings, banquets, conferences and training, as well as through the purchase of tickets to spectator events, in addition to the facility's potential advertising and sponsorship opportunities. Additionally, corporate hotel demand is typically critical in supporting many types of hotel products, particularly full-service hotels.

Exhibit 7 shows the competitive/regional markets' corporate base, in terms of number of companies.

Exhibit 7
Competitive/Regional Facilities – Corporate Base

Market	City	County	25-Mile	100-Mile	200-Mile
Gary, IN	2,545	16,218	87,136	474,087	1,046,684
Indianapolis, IN	33,838	36,522	58,959	210,692	1,044,679
Carmel, IN	3,410	9,516	56,472	183,096	1,072,831
Merrillville, IN	2,060	16,218	54,436	461,060	1,045,848
Plainfield, IN	953	3,900	51,891	159,361	1,021,382
Valparaiso, IN	2,262	5,972	24,462	471,825	1,111,851
South Bend, IN	4,305	9,403	22,717	457,192	1,285,808
Fort Wayne, IN	8,958	12,895	18,346	215,209	1,400,641
Evansville, IN	6,613	7,998	12,926	96,823	652,099
Muncie, IN	2,821	3,915	10,900	274,839	1,205,985
Florence, IN	146	306	10,522	283,345	667,037
Bloomington, IN	3,148	4,873	8,821	204,278	801,425
Kokomo, IN	2,412	3,045	8,066	208,623	1,235,067
West Lafayette, IN	810	5,001	7,919	251,135	1,119,560
French Lick, IN	128	838	4,506	169,408	660,891
Average (excluding Plainfield)	4,259	10,551	41,796	203,513	808,049
Plainfield Rank (out of 15)	12	12	5	14	11

Sorted by: 25-Mile No. of Corporations
Source: Claritas Inc. 2007; U.S. Census Data 2000.

Within Hendricks County, there are 3,900 businesses, which is lower than all the other counties analyzed with exception to Florence, Kokomo and French Lick's host counties. When comparing the competitive/regional primary market corporate base (25-mile radius), Plainfield ranks fifth among the competitive/regional markets with 51,900 businesses (picking up most of the greater Indianapolis metropolitan area), which is higher than the competitive/regional market average of 41,800 businesses.

Comparable Facilities

Additionally, certain inferences can be made by reviewing hotel/conference facilities operating in similar-sized markets throughout the country. The facilities reviewed were selected based on their characteristics, total space offered and the size and location of the markets in which they are located. All of them involve some level of public sector participation in initial development and/or operational funding. Exhibit 8 presents a summary of the selected comparable facilities and markets analyzed.

Exhibit 8
Comparable Hotel/Conference Center Facilities

City, State	Facility	Total Hotel Rooms	Total Sellable Event Space (SF)	Largest Contiguous Room (SF)	Year Opened
Bethesda, MD	Bethesda North Marriott Hotel & Conference Center	220	35,000	23,300	2004
Coralville, IA	Coralville Marriott Hotel & Conference Center	286	60,000	30,000	2006
Dubuque, IA	Grand Harbor Resort & River Center	193	55,200	30,000	2003
East Peoria, IL	Embassy Suites Hotel & Riverfront Conference Center	226	27,500	20,000	2005
Erie, PA	Bayfront Convention Center / Erie Sheraton	203	56,300	28,800	2007
Kankakee, IL	RiverStone at Kankakee Conference Center	110	15,700	7,100	2004
Kingsport, TN	MeadowView Conference Resort & Convention Center	195	54,600	34,800	1996
Lewisville, TX	Hilton Garden Inn & Lewisville Conference Center	165	16,850	9,100	2007
Murfreesboro, TN	Embassy Suites & Conference Center	283	43,300	28,800	Est. 2008
Newport News, VA	Newport News Marriott Hotel & Conference Center	250	23,000	12,000	2006
Salem, OR	Phoenix Grand Hotel & Salem Conference Center	193	24,300	12,900	2005
Sugar Land, TX	Sugar Land Marriott & Conference Center	300	26,600	15,500	2003
Vancouver, WA	Vancouver Hilton Hotel & Conference Center	226	30,000	14,000	2005

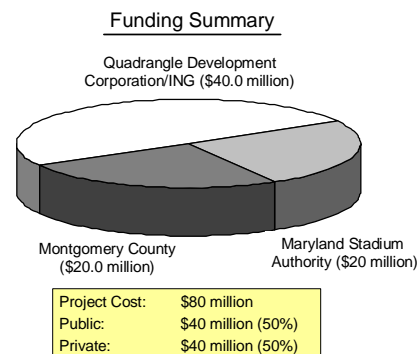
Source: Facility management and industry publications, 2008.

Each of the listed facilities is located in a market that is similar to Hendricks County and a potential hotel/conference center project with respect to population size, geographic proximity to larger metropolitan areas and/or facility size/characteristics. Project data was obtained and analyzed from these facilities and host communities to assist in the understanding of the public/private partnership transaction, responsibilities of the participants, physical facility and operational characteristics, and funding issues. Case studies of the selected facilities are presented on the following pages, highlighting key information that was obtained.

*Bethesda North Marriott Hotel & Conference Center
Bethesda, MD*



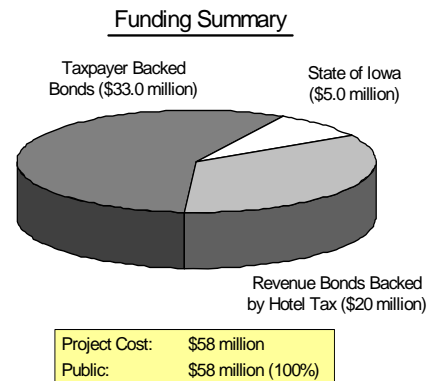
- Facility: Bethesda North Marriott Hotel & Conference Center
- City, State: Bethesda, Maryland
- Location: 7 miles north of Washington, DC, near Dulles International and Reagan International Airports
- Year Opened: 2004
- Amount of Meeting Space:
 - 23,300 square-foot ballroom
 - 11,550 square feet of meeting space
- Number of Hotel Rooms: 220
- Project Costs: \$80 million (Montgomery County and the State of Maryland each contributed \$20 million; Quadrangle Development Corp & ING Partners financed the hotel).
- Partnership: Maryland Stadium Authority (State of Maryland), Montgomery County, Quadrangle Development Corp. and Marriott Hotels
- Partnership Terms: The Conference Center is owned by the Montgomery County Economic Development Corp, while the Hotel is owned by Quadrangle Development Corp with investment from ING Partners Holdings, LLC. Marriott manages both the conference center and hotel.
- Notes:
 - The hotel's guest rooms feature high-speed Internet access and Wi-Fi and complementary newspaper. The hotel offers a restaurant serving breakfast, lunch and dinner, a bar and lounge with outdoor seating and Starbucks. Additional hotel facilities include indoor pool, fitness center, business center, valet service and Notary Public.



*Coralville Marriott & Conference Center
Coralville, IA*



- Facility: Coralville Marriott & Conference Center
- City, State: Coralville, Iowa
- Location: The complex is located along the Iowa River and adjacent to the University of Iowa, and in easy reach of downtown Iowa City and the Eastern Iowa Airport
- Year Opened: 2006
- Amount of Meeting Space:
 - 30,000 square-foot exhibit hall
 - 22,200 square feet of ballroom space
 - 5,400 square feet of meeting space
- Number of Hotel Rooms: 286
- Project Costs: \$58 million (The project was funded with \$20 million in revenue bonds supported by the hotel tax, \$33 million in taxpayer backed bonds and \$5 million contributed by the State of Iowa)
- Partnership: City of Coralville and Marriott
- Partnership Terms: The Conference Center and Hotel was funded by the city of Coralville. In 2005, the City and Marriott signed a 15-year agreement for Marriott to manage the conference center.
- Notes:
 - Constructed as part of the City of Coralville's Iowa River Landing project, the Landing is envisioned to include space for retail, restaurants, water features, gathering, entertainment and offices. In addition to the Marriott & Conference Center, the Antique Car Museum of Iowa, Johnson County Historical Society and River Bend commercial and residential complex also are located within the Landing.



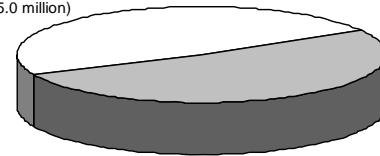
*Grand Harbor Resort & River Center
Dubuque, IA*



- Facility: Grand Harbor Resort & River Center
- City, State: Dubuque, Iowa
- Location: Along the banks of the Mississippi River
- Year Opened: 2003
- Amount of Meeting Space:
 - 30,000-square foot exhibit hall
 - 12,000-square foot ballroom
 - 13,200 square feet of meeting space
- Number of Hotel Rooms: 193
- Project Costs: \$51.3 million (Platinum contributed \$25 million to fund the construction of the Resort with the City contributing the remaining \$26.3 million to fund the construction of the Center. The City's portion of funding was financed with a combination of state grants, general obligation bonds, sales tax dollars and other general fund dollars)
- Partnership: City of Dubuque and Platinum Holdings, LLC
- Partnership Terms: The River Center is owned by the City of Dubuque, while the Hotel is owned by Platinum Holdings. Platinum manages the hotel and center.
- Notes:
 - The Center is connected by a covered skywalk to the new 193-room Grand Harbor Resort and Waterpark. Including the Grand Harbor Resort, there are over 500 hotel rooms located within three blocks of the Center, including two other full-service hotels, the Holiday Inn and Julien Inn.
 - Within a five-minute shuttle ride, there are an additional 300 full-service hotel rooms available.
 - The project was a part of the \$188 million Grand River Center and America's River Project, which included the addition of a museum, aquarium, Spirit of Dubuque paddleboats, casinos and an outdoor amphitheater and is located at the Port of Dubuque.

Funding Summary

Platinum Holdings, LLC
(\$25.0 million)



City's Contribution (\$26.3 million)

Project Cost:	\$51.3 million
Public:	\$26.3 million (51%)
Private:	\$25.0 million (49%)

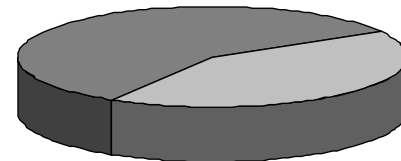
*Embassy Suites Hotel & Riverfront Conference Center
East Peoria, IL*



- Facility: Embassy Suites Hotel & Riverfront Conference Center
- City, State: East Peoria, Illinois
- Location: Off of I-74 & Riverfront Drive; minutes from Greater Peoria Regional Airport
- Year Opened: January 2008
- Amount of Meeting Space:
 - 20,000 square feet of ballroom space
 - 7,500 square feet of meeting space
- Number of Hotel Rooms: 226 suites
- Project Costs: \$60 million est. (The City is responsible for \$25 million, which includes the cost to build the Center, purchase the land for the Center and Hotel, as well as roads and infrastructure; JQH is responsible for constructing the Hotel)
- Partnership: City of East Peoria and John Q Hammons
- Partnership Terms: The Conference Center is owned by the city of East Peoria, while the Hotel is owned by John Q Hammons Hotels & Resorts. In 2003, the City and JQH brokered a deal for JQH to run the Center, at a fee ranging from \$600,000 in 2008 to slightly more than \$1 million in 2028, when Hammons' firm will purchase the facility from the City.
- Notes:
 - Before the Center opened in January, there was \$3 million in meeting and hotel room reservation revenue. The Center & Hotel offer a full-service restaurant and bar, atrium lounge bar and marketplace café, in addition to many state-of-the-industry amenities, and are surrounded by the shops, nightlife and attractions of the Peoria Riverfront.

Funding Summary

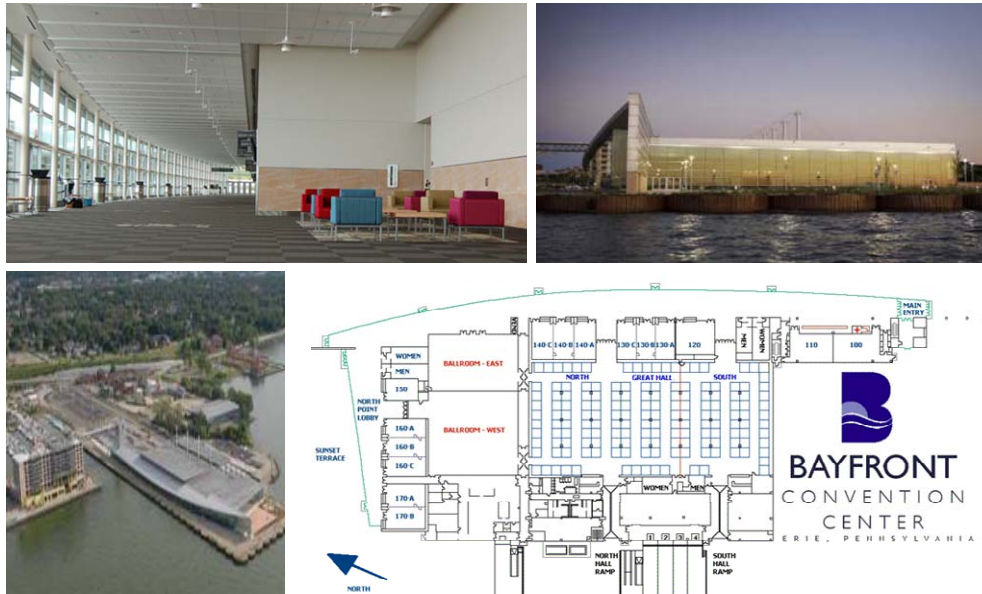
John Q Hammons (\$35 million)



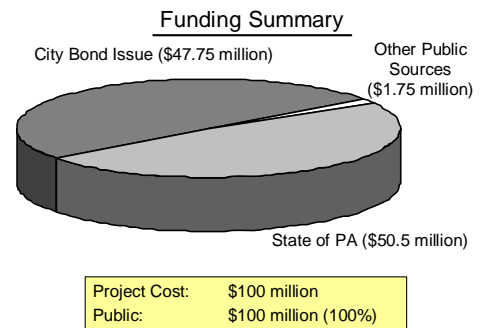
City of East Peoria
(\$25 million)

Project Cost:	\$60 million
Public:	\$25 million (42%)
Private:	\$35 million (58%)

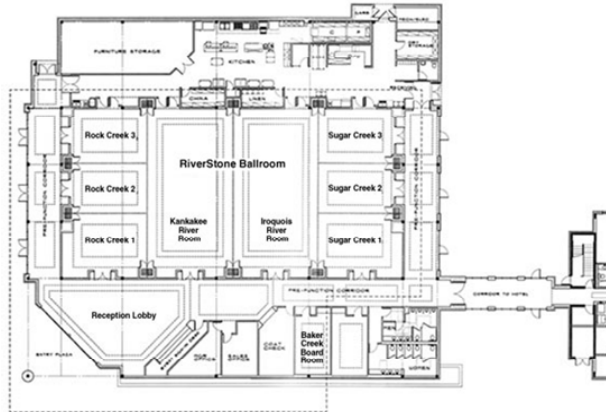
Bayfront Convention Center & Sheraton Hotel
Erie, PA



- Facility: Bayfront Convention Center & Sheraton Hotel
- City, State: Erie, Pennsylvania
- Location: Overlooks Lake Erie; situated on 16 acres
- Year Opened: August 2007
- Amount of Meeting Space:
 - 28,800 square feet of exhibit space
 - 13,500 square feet of ballroom space
 - 14,025 square feet of meeting space
- Number of Hotel Rooms: 203
- Project Costs: \$98.25 million project (includes 330-car parking garage) (The complex is being financed with a \$47.75 million tax-exempt bond issue, coupled with a \$50.5 million state grant with the remaining costs represented by funding arrangements with the Erie Western Pennsylvania Port Authority, the City of Erie, Erie Public Works and the PA Department of Transportation)
- Partnership: Erie County Convention Center Authority & Sheraton
- Partnership Terms: While entirely publicly funded, the Sheraton manages and operates both the hotel and convention center through an agreement with Erie County Convention Center Authority.
- Notes:
 - Just outside the Convention Center and Hotel is Erie's Bayfront District. The district offers an array of restaurants, shopping, miniature golf, wooden boat building, concerts and other activities. Specific attractions include the Bicentennial Tower, Bayfront Gallery, Liberty Park and the Erie Maritime Museum, which is home to the U.S. Brig Niagara. Additionally, within walking distance of the Center and Hotel is the downtown business and entertainment district – which is home to the Erie Playhouse, Warner Theater, Jr's Last Laugh Comedy Club, Erie Zoo & Botanical Garden, Roadhouse Theater, Tullio Arena, area pubs and restaurants and a variety of historical museums.
 - It is expected that the facility will generate \$47 million annually to the Erie-area economy.



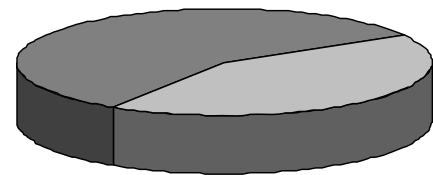
*Riverstone at Kankakee Conference Center
Kankakee, IL*



- Facility: RiverStone at Kankakee Conference Center
- City, State: Kankakee, Illinois
- Location: East-Central Illinois; 60 miles south of downtown Chicago and 70 miles from Champaign, Illinois
- Year Opened: 2004
- Amount of Meeting Space:
 - 7,100 square feet of ballroom space
 - 8,600 square feet of meeting space
- Number of Hotel Rooms: 110 (Hilton Garden Inn)
- Project Costs: \$13 million (to cover part of the financing, the City sold \$5.5 million in bonds)
- Partnership: RiverStone Hotel Partners (Dora Brothers & Precedent Group), City of Kankakee and Kankakee County
- Partnership Terms: RiverStone Hotel Partners, under a license agreement with Hilton Hotels, Inc., developed the newly constructed Hilton Garden Inn Kankakee. RiverStone Hotel Partners is comprised of Tim and Robert Dora, and the Precedent group (both of Indianapolis). Dora Brothers Hospitality Corporation (Indianapolis) will direct the management of the hotel.
- Notes:
 - The RiverStone complex is a multi-phase project that is bringing hospitality, housing, retail, restaurants and industrial projects to Kankakee County. Already completed as part of this development include: Wal-Mart Superstore, Riverstone Conference Center, Hilton Garden Inn, Prairie Walk residential subdivision, the Chicago Bear's Summer Training Camp, \$6.4 million OAK Indoor Ice Arena and Fitness Center and Kankakee Community Center.

Funding Summary

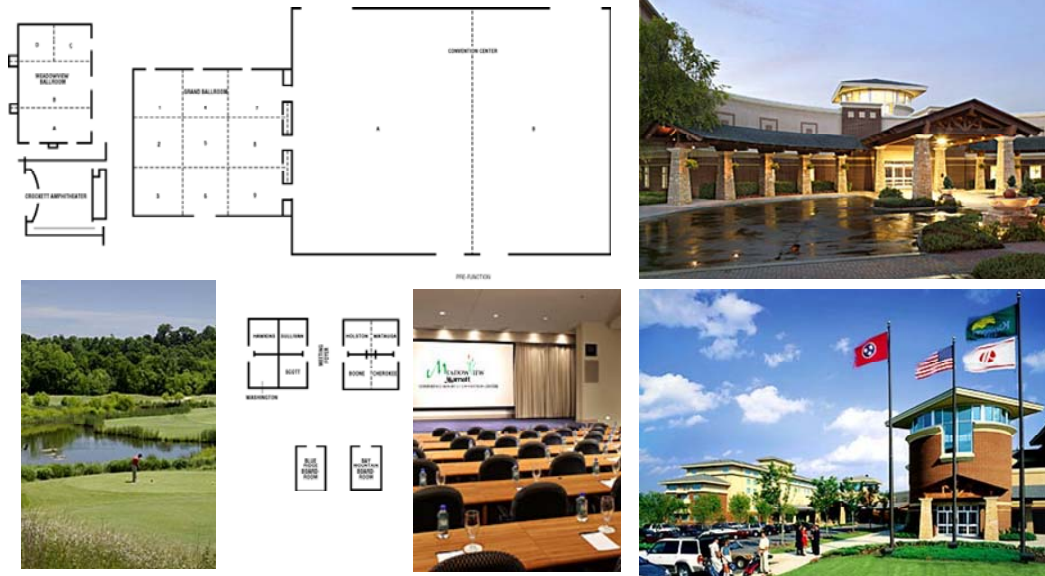
Private Funding (\$7.5 million)



City Bond Issue
(\$5.5 million)

Project Cost:	\$13 million
Public:	\$5.5 million (42%)
Private:	\$7.5 million (58%)

*MeadowView Conference Resort & Convention Center
Kingsport, TN*



- Facility: MeadowView Conference Resort & Convention Center
- City, State: Kingsport, Tennessee
- Location: Northeast Tennessee
- Year Opened: 1996
- Amount of Meeting Space:
 - 34,800 square feet of exhibit space
 - 13,600 square feet of ballroom space
 - 6,200 square feet of meeting space
- Number of Hotel Rooms: 195
- Project Costs: \$47 million
- Partnership: City of Kingsport, Marriott International and the Eastman Chemical Company
- Partnership Terms: The City owns the Center and the adjoining Cattails Golf Course, while the hotel and restaurant are the property of Eastman Chemical Company. The entire facility, including the golf course, is managed by Marriott International.
- Notes:
 - Due to the success of the facility, the Center undergoing a \$15 million expansion, which will include the development of 110 new guest rooms, renovations to the indoor/outdoor swimming pool complex, and upgrades to the existing 195 hotel rooms. Further, the City is currently contemplating an expansion of the conference/convention facility.
 - Over the past several years, the MeadowView Center has generated more than \$20 million per year in total economic impact to the area.

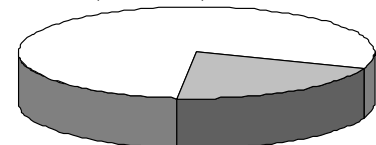
*Dallas/Lewisville Hilton Garden Inn & Convention Center
Lewisville, TX*



- Facility: Hilton Garden Inn Dallas/Lewisville & Convention Center
- City, State: Lewisville, Texas
- Location: 11 miles northeast of the DFW International Airport
- Year Opened: 2007
- Amount of Meeting Space:
 - 9,100 square feet of ballroom space
 - 7,750 square feet of meeting space
- Number of Hotel Rooms: 165
- Project Costs: \$18 million
- Partnership: City of Lewisville, Second Century Investments Lewisville Hotel Ltd (SCI), Gateway Hospitality Group
- Partnership Terms: The City made a one-time lease payment to SCI of \$3.75 million which went towards the construction of the Center. SCI owns the land, and paid the remaining cost associated with the construction of the hotel and convention center. For the management of the facility, the City allocates all the Hotel Occupancy Tax collections from the hotel to Gateway (can not exceed \$300,000 per year, in aggregate, for each of the first ten years). By the end of the ninth year of operations, SCI will make a payment of \$3.75 million as a reimbursement for the monthly management fees (which equates to the City's initial investment; will not be adjusted for inflation in ninth year).
- The City has also agreed to annual property tax abatements for the first ten years of operation, with different percentages abated for different years. After ten years, SCI, or current owner is responsible for all property taxes on facilities. As owner and operator of the facilities, SCI and Gateway will retain all revenues with operations, aside from payments discussed. However, the City retains the rights to sell naming rights to the Center and collect all revenue associated with such a sale.

Funding Summary

Second Century Investments, Ltd.
(\$14.2 million)



City's Lease Payment (\$3.8 million)

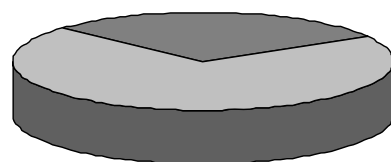
Project Cost:	\$18.0 million
Public:	\$3.8 million (21%)
Private:	\$14.2 million (79%)

*Embassy Suites & Conference Center
Murfreesboro, TN*



Funding Summary

City (\$17.5 million)



John Q Hammons
(\$41.0 million)

Project Cost:	\$58.5 million
Public:	\$17.5 million (30%)
Private:	\$41.0 million (70%)

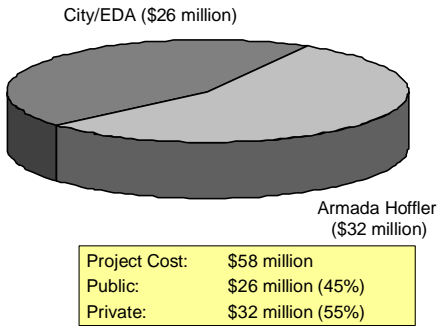
- Facility: Embassy Suites & Conference Center
- City, State: Murfreesboro, Tennessee
- Location: 30 minutes from downtown Nashville
- Year Opened: Fall 2008
- Amount of Meeting Space:
 - 28,800 square feet of ballroom space
 - 43,300 square feet of meeting space
- Number of Hotel Rooms: 283
- Project Costs: \$58.5 million (the City will borrow \$17.5 million to fund 75% of the Center; John Q Hammons will fund the hotel and 25% of the Center; in addition to the aforementioned project costs, the City of Murfreesboro bought the site for the hotel for \$5.9 million in 2006 and will spend an estimated \$1.3 million on road improvements around the hotel & center)
- Partnership: City of Murfreesboro, John Q Hammons
- Partnership Terms: The City owns the Center, JQH owns the hotel and manages both the hotel and center. Under the operating agreement, JQH will acquire the title of the land after the 10th year of operations.
- Notes:
 - The complex is connected with the 400-acre mixed-use Gateway Project. Together, they offer Class A office space, medical offices, retail and corporate headquarters, hospital, financial institutions, residential lofts, the Embassy Suites & Conference Center and The Avenue, a 803,000-square foot open air retail center.
 - The Hotel is expected to welcome 107,300 annual visitors, which will generate \$17.9 million in visitor spending.

*Newport News Marriott Hotel & Conference Center
Newport News, VA*



- Facility: Newport News Marriott Hotel & Conference Center
- City, State: Newport News, Virginia
- Location: Minutes away from I-64 and the Newport News International Airport
- Year Opened: 2006
- Amount of Meeting Space:
 - 16,400 square feet of ballroom space
 - 8,350 square feet of meeting space
- Number of Hotel Rooms: 250
- Project Costs: \$58 million
- \$26 million publicly-funded conference center, \$32 million privately-funded hotel
- Newport News Town Center contributed the cost of the land beneath the hotel
- Newport News Economic Development Authority will use a two cent per dollar rebate of sales taxes generated by the hotel to meet the \$150,000 annual debt service, payments will run up to 30 years; the City is also providing \$300,000 annually to market the Center and regional attractions
- Partnership: Economic Development Authority of the City of Newport News, Oyster Point Hotel Associates, LLC, Crestline Hotels & Resorts, Inc., Armada Hoffler
- Partnership Terms: The City/EDA owns the Center, Armada Hoffler built the Hotel while Crestline Hotels & Resorts operates the facility.
- Notes:
 - The Hotel and Center were constructed as a mass economic development master plan by the City of Newport News and Oyster City. The City Center at Oyster Point, where the Complex is located, is a 52-acre mixed-used development on the Virginia Peninsula. \$35 million has been invested in the City Center and in addition to the Center/Hotel, has 230,000 square feet of retail and restaurants, 500 residences and one million square feet of Class A office space.

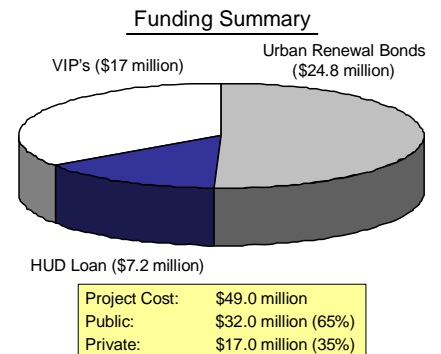
Funding Summary



*Phoenix Grand Hotel & Salem Conference Center
Salem, OR*



- Facility: Phoenix Grand Hotel & Salem Conference Center
- City, State: Salem, Oregon
- Location: 48 miles south of Portland
- Year Opened: 2005
- Amount of Meeting Space:
 - 11,400 square feet of ballroom space
 - 12,900 square feet of meeting space
- Number of Hotel Rooms: 193
- Project Costs: \$49 million
- Partnership: Urban Renewal Agency of the City of Salem and the presidents of VIP's Industry and the Phoenix Grand Hotel.
- Partnership Terms: The Conference Center is owned by the Urban Renewal Agency and operated by VIP's Industry, which owns and operates the Hotel.
- Notes:
 - It is estimated that the Conference Center and Hotel generated \$2 million in additional spending in the City of Salem and hosted 500 events in its first full year of operation.
 - The public/private partnership between the City and VIP's has already provided some profitable synergies. According to audited operational statements, over the first 16 months of operation, the Center generated operating income of over \$200,000 with gross revenues of nearly \$2.7 million. This is, in part, due to the public-private partnership in which the Center's marketing funds (approximately \$193,000 for fiscal year 2005-06) are supplemented by a hotel tax levied on guests.
 - At the end of FY2007, the Center surpassed the 1,000th event mark, hosting approximately 179,000 guests and 1,294 events. During its last fiscal year (2006-07) the Center generated an operating income of \$506,585.



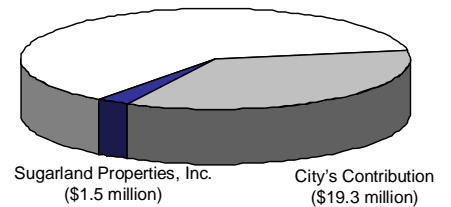
*Sugar Land Marriott Town Square & Conference Center
Sugar Land, TX*



- Facility: Sugar Land Marriott Town Square & Conference Center
- City, State: Sugar Land, Texas
- Location: 24 miles southwest of Houston
- Year Opened: 2003
- Amount of Meeting Space:
 - 11,100 square feet of ballroom space
 - 15,500 square feet of meeting space
- Number of Hotel Rooms: 300
- Project Costs: \$54.8 million
- Partnership: City of Sugar Land, Sugarland Properties Inc. (SPI), Stormont Hospitality Group, LLC (SHG), Crestling Hotels & Resorts, Inc.
- Partnership Terms: The land upon which the Center, hotel and parking garage were built was originally owned by SPI (SPI is the owner and master developer for the entire Town Square project). SPI sold the City the land where the Center and Parking garage sits for approximately \$769,000 and \$294,000 respectively. The land where the hotel was developed was sold to SHG for approximately \$330,000. The City funded \$19.3 million for the project which was generated by \$10 million in certificate of obligation, \$1 million generated by a 0.25 cent sales tax and \$8.3 million of issued debt (backed by the aforementioned sales tax). SHG contributed \$34 million to develop the Center and hotel, while SPI contributed \$1.5 million to develop the parking garage. SHG and the City contracted Crestline Hotels & Resorts to manage and operate the Center and Hotel for a 20 year period.
- Notes:
 - The City's intention of the Town Square project was to create a downtown/central business district area, filled with shopping, dining, residential space, office facilities, Sugar Land City Hall and other amenities providing economic, quality of life benefits to the community.

Funding Summary

Stormont Hospitality Group
(\$34.0 million)



Project Cost:	\$54.8 million
Public:	\$19.3 million (35%)
Private:	\$35.5 million (65%)

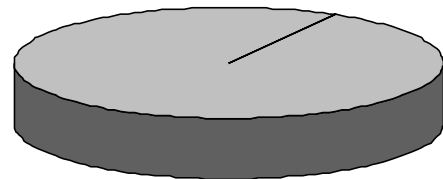
*Vancouver Hilton Hotel & Conference Center
Vancouver, WA*



- Facility: Vancouver Hilton Hotel & Conference Center
- City, State: Vancouver, Washington
- Location: Less than ten miles the Portland International Airport
- Year Opened: 2005
- Amount of Meeting Space:
 - 21,500 square feet of ballroom space
 - 8,350 square feet of meeting space
- Number of Hotel Rooms: 240
- Project Costs: \$66 million (The City sold \$66 million in bonds to fund the construction of the project. Funding is broken down by 89% DRA bonds, 5% Developer/Operator Bonds & Cash, 4% state tax rebate and 2% city hotel/motel taxes)
- Partnership: City of Vancouver and Hilton Corp.
- Partnership Terms: The City and Hilton reached a 15-year contract for Hilton Corp to manage the City's conference center & hotel. Hilton received a \$350,000 base management fee in 2006 and additional fees starting in 2009 (if money is left after the bond payments). Fees begin at \$159,000 and Hilton will be reimbursed for operating and employees costs.
- Notes:
 - The annual debt repayment funding sources, which start in 2010, are broken down as follows: 63% facility net operating revenues, 28% state tax rebate and 9% city hotel/motel taxes.
 - The Center design currently allows for a 50% expansion as funding is available in the future.

Funding Summary

City Bonds (\$66 million)



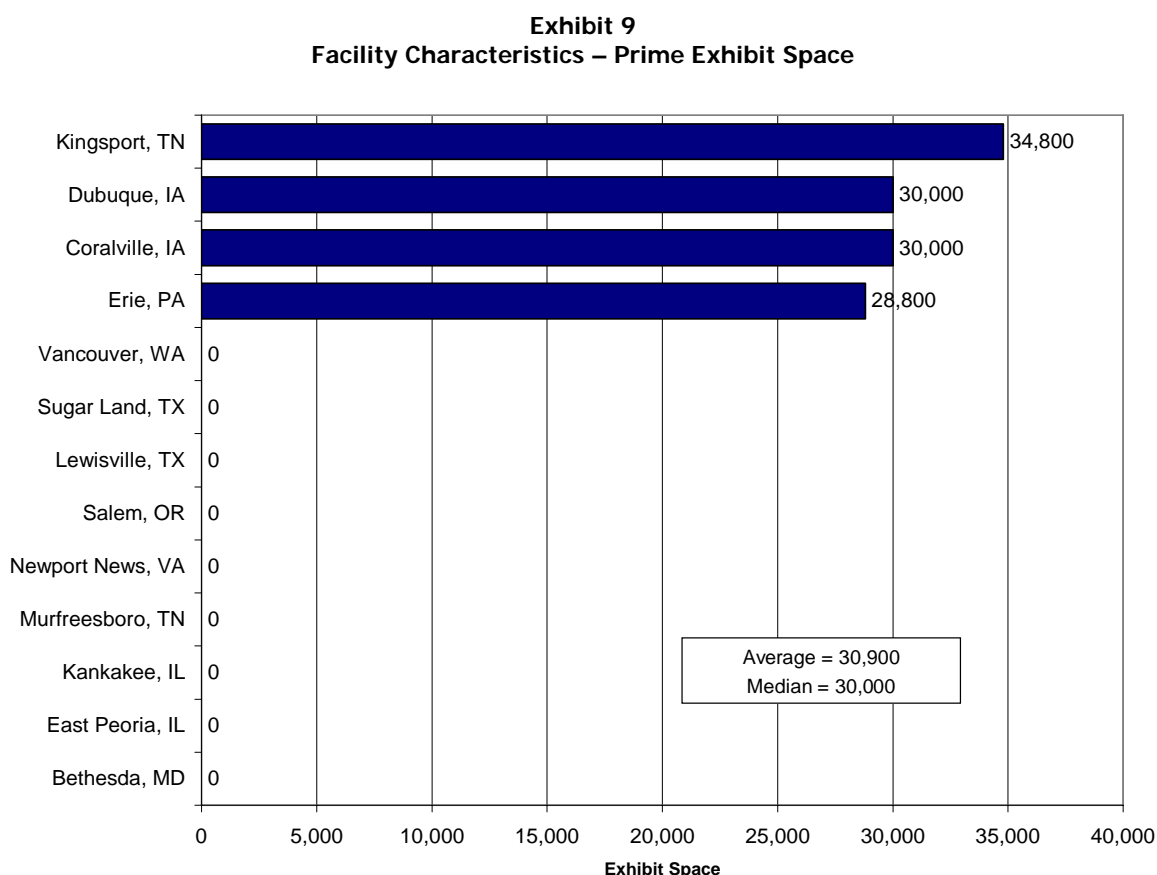
Project Cost:	\$66 million
Public:	\$66 million (100%)

Physical Space Characteristics

The following exhibits provide comparisons of the space offerings at the selected comparable facilities, including exhibit, ballroom, breakout meeting and total sellable space.

Exhibit Space

Exhibit 9 presents a comparison of total prime exhibit space (traditional, concrete floor space focused on accommodating tradeshows and other exhibitions) offered at the comparable facilities reviewed.



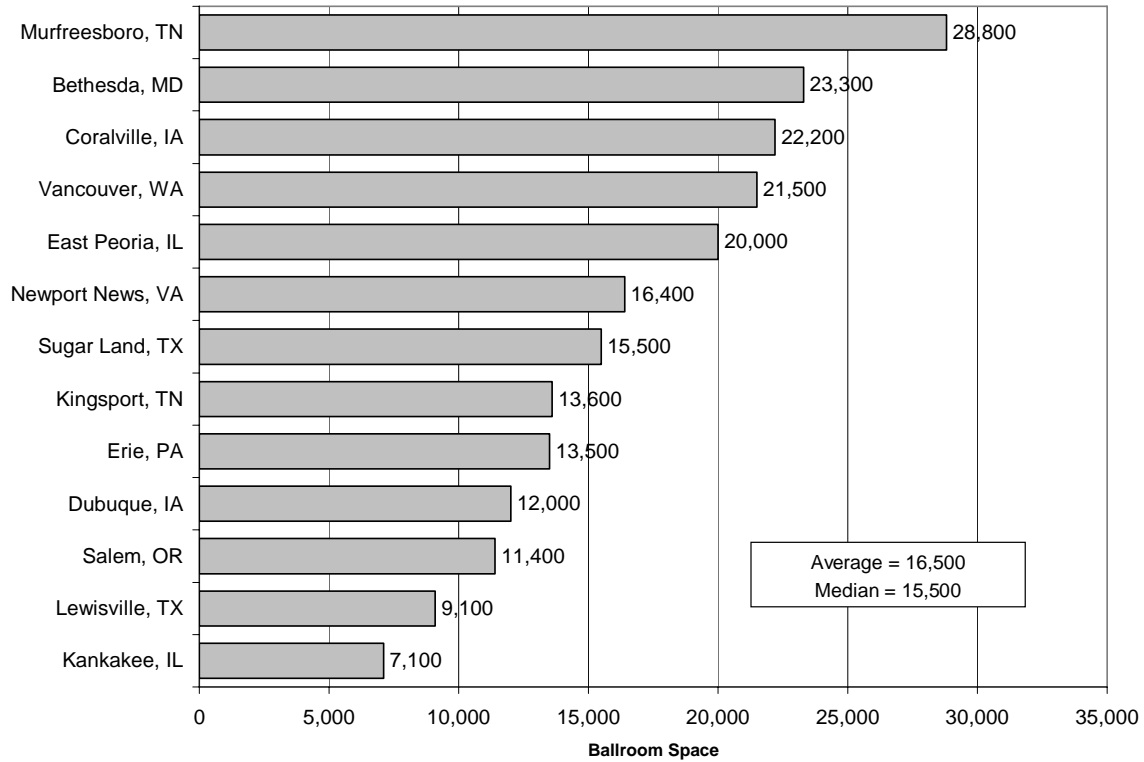
Source: Facility management and industry publications, 2008.

As presented, the MeadowView Conference Center & Resort in Kingsport, Tennessee incorporates the largest amount of prime exhibit space with approximately 34,800 square feet. Nine comparable facilities do not offer any prime exhibit space (instead integrating ballrooms as their largest contiguous spaces). The average amount of exhibit space offered at facilities offering prime exhibit space is approximately 30,900 square feet and the median square feet of exhibit space among the facilities offering it is approximately 30,000 square feet.

Meeting/Ballroom Space

Exhibit 10 compares the square feet of ballroom space offered at the comparable facilities.

Exhibit 10
Facility Characteristics – Ballroom Space

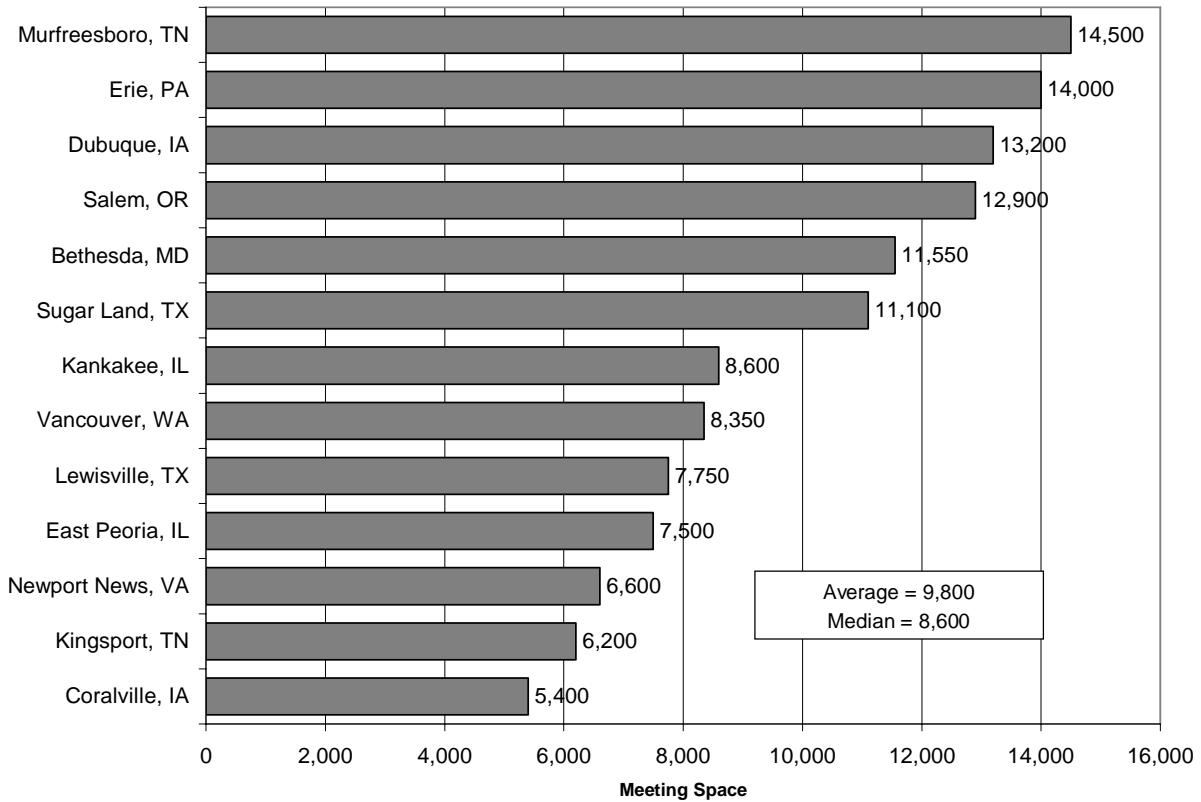


Source: Facility management and industry publications, 2008.

The Embassy Suites & Conference Center in Murfreesboro, Tennessee offers the most ballroom square footage with 28,800. All facilities included in this analysis offer ballroom space, the average of ballroom space offered is 16,500 square feet, with a median of 15,500 square feet. Ballrooms are typically the most flexible and highly utilized spaces in convention/conference facilities, accommodating a diversity of activities such as food functions, assemblies, meetings and even exhibitions.

On the following page, Exhibit 11 compares the square footage of meeting space (breakout room square footage) offered among the comparable facilities.

**Exhibit 11
Facility Characteristics – Meeting Space**

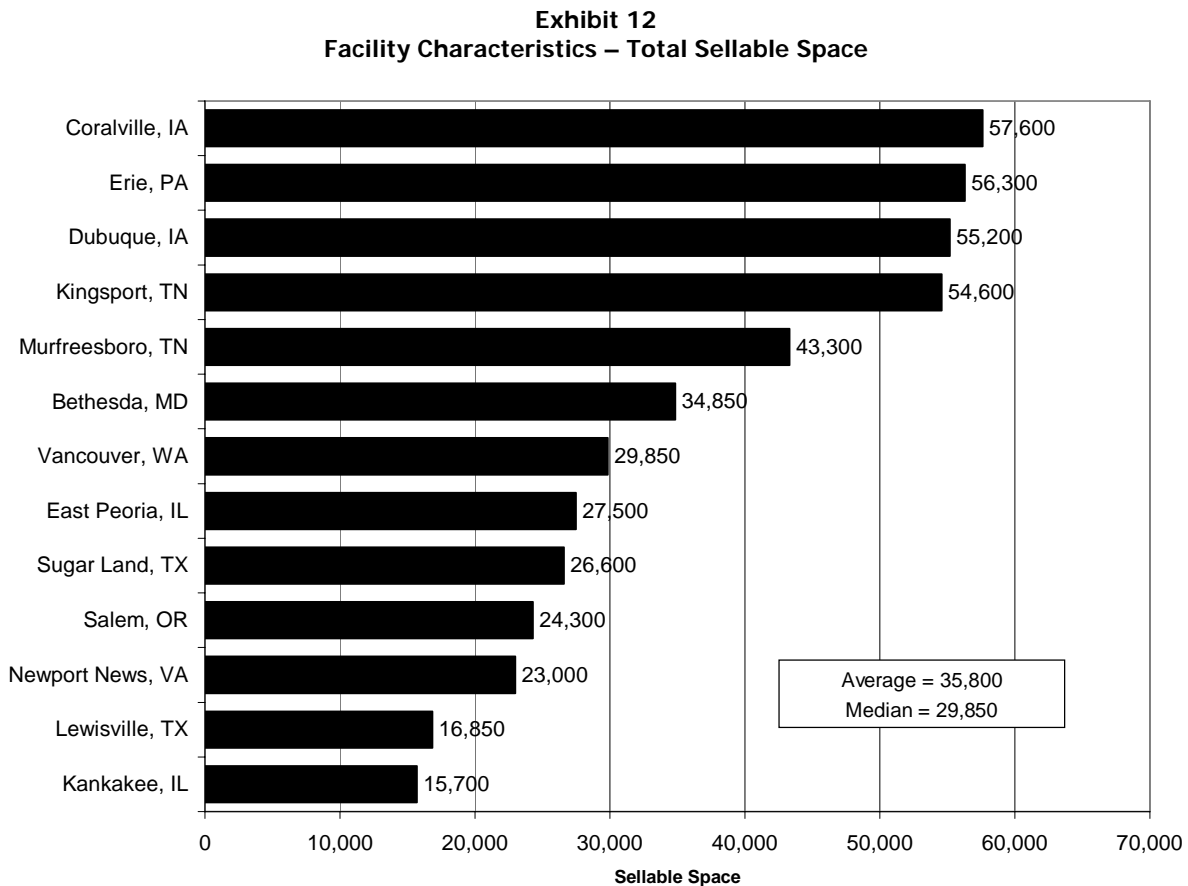


Source: Facility management and industry publications, 2008.

The level of meeting space ranges from 5,400 square feet in Coralville, Iowa at the Coralville Marriott and Conference Center to 14,500 square feet in Murfreesboro, Tennessee, at the Embassy Suites & Conference Center. The average meeting space offered at the facilities is 9,800 square feet, and the median among the comparable facilities is 8,600 square feet.

Total Sellable Space

Exhibit 12 outlines a comparison of the total sellable space (i.e., exhibit, ballroom and meeting space) offered at the comparable facilities reviewed.



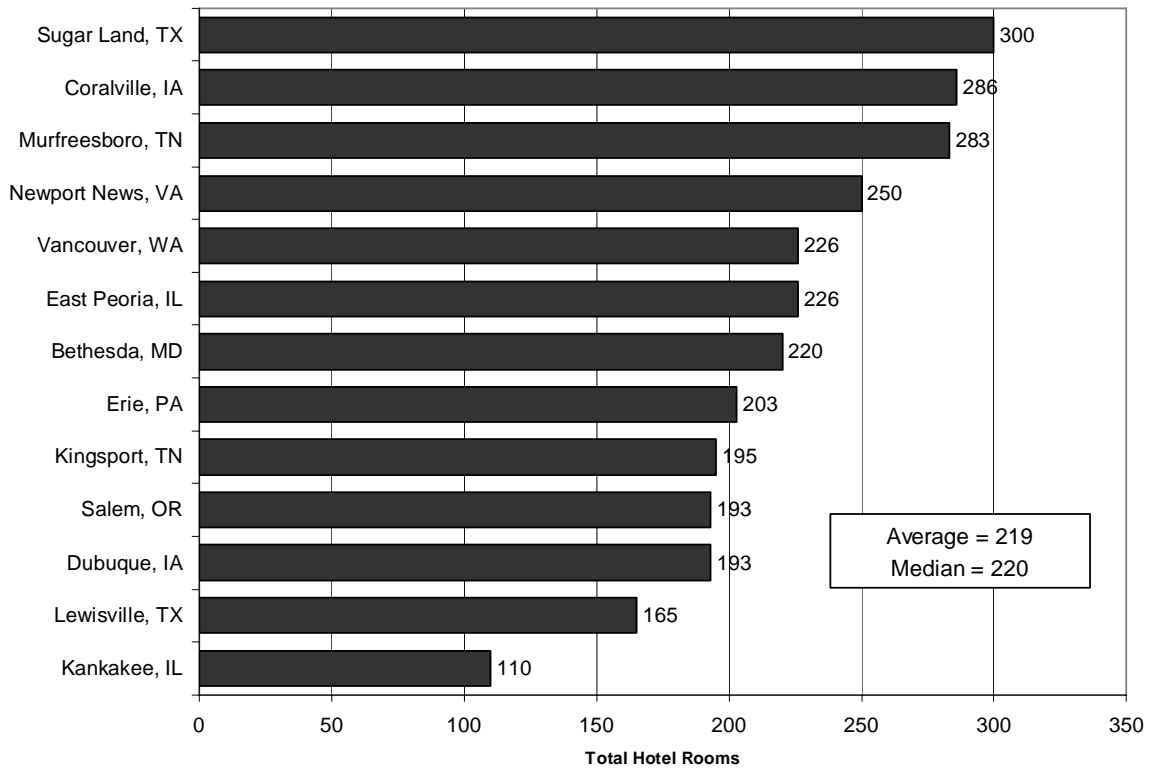
Source: Facility management and industry publications, 2008.

The amount of total sellable space (exhibit, ballroom and meeting space) offered at the comparable facilities reviewed varies widely, averaging 35,800 square feet, with a median of 29,850 square feet. The largest facility in terms of total sellable space is the Coralville Marriott and Conference Center, with approximately 57,600 total sellable square feet. The RiverStone at Kankakee Conference Center offers the least total sellable space, with approximately 15,700 square feet.

Hotel Rooms

Exhibit 13 presents the estimated total number of hotel rooms offered at each of the comparable facilities reviewed.

Exhibit 13
Facility Characteristics – Total Hotel Rooms



Source: Facility management and industry publications, 2008.

As shown in the exhibit, the highest inventory of hotel rooms at a comparable facility can be found at the Sugar Land Marriott & Conference Center, with 300 rooms. The 110 rooms offered at the RiverStone at Kankakee Conference Center represents the smallest number of rooms offered at the comparable facilities reviewed. Further, the comparable facilities offer an average of 219 total hotel rooms at the hotel/conference center and a median of 220 rooms.

Demographic and Socioeconomic Market Characteristics

As mentioned with the comparison of competitive/regional markets, a component in assessing the potential success of a new hotel/conference center in Hendricks County is the demographic and socioeconomic profile of the local market. To gain an understanding of the relative strength of the Hendricks County market area (using Plainfield as a center point), it is useful to compare various demographic and socioeconomic characteristics among the comparable markets supporting similar venues.

Population

Exhibit 14 presents population statistics among the comparable markets reviewed.

Exhibit 14
Market Characteristics – Total Population

Market	City	County	25-Mile	100-Mile	200-Mile
Bethesda, MD	56,273	938,804	4,441,708	12,331,586	34,373,126
Lewisville, TX	95,079	589,445	3,272,667	6,909,074	12,921,364
Sugar Land, TX	78,549	494,561	3,221,333	6,325,012	12,631,787
Vancouver, WA	158,329	414,451	1,939,988	3,356,766	8,711,922
Plainfield, IN	21,564	133,651	1,290,953	4,388,331	26,555,598
Newport News, VA	181,009	181,009	1,245,088	3,615,724	19,410,572
Salem, OR	150,361	309,466	522,633	3,354,501	7,730,481
Kingsport, TN	44,075	152,946	403,585	3,602,393	16,994,067
East Peoria, IL	22,583	130,935	358,366	3,286,406	23,597,289
Murfreesboro, TN	88,421	229,380	357,318	4,049,086	18,044,785
Coralville, IA	18,337	118,583	331,165	2,001,983	14,256,508
Erie, PA	102,194	279,728	287,169	4,828,142	19,970,262
Kankakee, IL	26,255	109,248	215,689	11,793,756	24,592,332
Dubuque, IA	58,358	92,492	152,002	3,018,653	19,935,275
Average (excluding Plainfield)	83,063	310,850	1,288,362	5,267,160	17,936,136
Plainfield Rank (out of 14)	13	10	5	6	2

Sorted by: 25-Mile Population
Source: Claritas Inc. 2007; U.S. Census Data 2000.

The population of the comparable markets varies widely. Coralville, Iowa's population represents the lowest in terms of city population, while Newport News, Virginia's city population of 181,000 represents the largest market population. The overall average city population (excluding Plainfield) approximates 83,100. Within a 25-mile radius, the population ranges from a low of 152,000 in Dubuque, Iowa to a high of 4.4 million in Bethesda, Maryland and a market average (excluding Plainfield) of 1.3 million. Within a 200-mile radius, the population ranges from a low in Salem, Oregon of 7.7 million to 34.4 million in Bethesda, Maryland. Nearly 26.6 million people reside within 200 miles of Plainfield. The overall average population (excluding Plainfield) within a 200-mile radius approximates 17.9 million.

Average Household Income

Exhibit 15 shows the average household income within a 25-, 100- and 200-mile radius of the comparable markets.

Exhibit 15
Market Characteristics – Average Household Income

Market	City	County	25-Mile	100-Mile	200-Mile
Bethesda, MD	\$159,974	\$114,444	\$101,059	\$82,286	\$74,134
Lewisville, TX	\$70,059	\$85,124	\$79,854	\$71,122	\$64,203
Sugar Land, TX	\$112,590	\$93,248	\$70,985	\$68,702	\$64,338
Vancouver, WA	\$56,120	\$66,864	\$69,396	\$64,986	\$67,238
Plainfield, IN	\$59,470	\$72,314	\$65,877	\$61,192	\$66,126
Kankakee, IL	\$45,623	\$60,021	\$65,027	\$73,858	\$67,441
Coralville, IA	\$63,571	\$66,153	\$63,825	\$57,560	\$70,802
Newport News, VA	\$55,902	\$55,902	\$62,979	\$65,940	\$74,775
East Peoria, IL	\$56,288	\$62,823	\$62,741	\$62,207	\$68,168
Murfreesboro, TN	\$56,926	\$62,262	\$61,921	\$58,616	\$61,358
Salem, OR	\$57,612	\$58,265	\$59,183	\$64,389	\$66,905
Dubuque, IA	\$55,390	\$59,839	\$58,347	\$61,621	\$69,776
Erie, PA	\$40,327	\$52,913	\$53,164	\$57,101	\$61,010
Kingsport, TN	\$51,655	\$51,771	\$49,969	\$47,889	\$56,548
Average (excluding Plainfield)	\$67,849	\$68,433	\$66,035	\$64,329	\$66,669
Plainfield Rank (out of 14)	5	4	5	10	9

Sorted by: 25-Mile Avg. Household Income
Source: Claritas Inc. 2007; U.S. Census Data 2000.

The comparable markets' 25-mile average household income ranges from a low of \$50,000 in Kingsport, Tennessee, to a high of \$101,100 in Bethesda, Maryland. The average household income among the comparable markets (excluding Plainfield) in respect to the markets 25-mile household income is \$66,000, which is within \$1,000 of Plainfield's average household income.

Median Age

Exhibit 16 presents the median age for the selected comparable facility markets.

**Exhibit 16
Market Characteristics – Median Age**

Market	City	County	25-Mile	100-Mile	200-Mile
Sugar Land, TX	37.7	33.8	33.1	33.4	33.7
Lewisville, TX	31.4	32.4	33.2	33.8	34.2
Murfreesboro, TN	30.9	32.9	34.2	37.2	36.7
Coralville, IA	30.5	29.3	34.5	38.6	37.0
Salem, OR	34.5	34.1	34.8	36.8	37.4
Newport News, VA	34.1	34.1	35.0	36.6	36.7
Plainfield, IN	35.1	36.2	35.5	36.2	36.2
Kankakee, IL	33.0	35.4	36.1	35.5	36.1
Vancouver, WA	34.7	35.3	36.6	36.7	37.2
Bethesda, MD	43.0	38.6	36.7	37.3	38.2
East Peoria, IL	41.7	39.6	37.8	36.0	36.3
Erie, PA	35.7	37.9	37.9	39.9	39.0
Dubuque, IA	39.3	38.8	38.9	37.5	36.5
Kingsport, TN	43.8	42.4	40.9	39.7	37.7
Average (excluding Plainfield)	36.2	35.7	36.1	36.8	36.7
Plainfield Rank (out of 14)	8	9	7	5	4

Sorted by: 25-Mile Median Age
Source: Claritas Inc. 2007; U.S. Census Data 2000.

As illustrated, the median age ranges from 29.3 years of age in Coralville, Iowa, to 42.4 years of age in Kingsport, Tennessee, when comparing the market's county median age. Hendricks County's median age of 36.2 years of age, was slightly higher than the average comparable markets (excluding Plainfield) median age of 35.7 years of age. The comparable markets (excluding Plainfield) remained fairly consistent throughout the city, county, primary and secondary markets analyzed, all falling within a one-year range.



Corporate Inventory

Exhibit 17 presents the number of businesses within the comparable markets analyzed.

**Exhibit 17
Market Characteristics – Corporate Inventory**

Market	City	County	25-Mile	100-Mile	200-Mile
Bethesda, MD	5,644	42,347	192,770	502,853	1,429,559
Lewisville, TX	3,408	16,187	180,114	312,618	577,790
Sugar Land, TX	3,067	12,443	148,516	264,000	527,041
Vancouver, WA	6,699	14,567	86,939	146,953	381,141
Plainfield, IN	953	3,900	51,891	159,361	1,021,382
Newport News, VA	6,946	6,858	48,010	140,562	796,493
Salem, OR	7,136	12,313	19,828	148,584	347,210
Kingsport, TN	2,851	5,890	14,736	143,769	684,674
East Peoria, IL	1,017	4,793	14,579	128,988	954,976
Coralville, IA	923	4,879	14,506	88,460	599,735
Erie, PA	4,249	10,901	10,957	196,312	782,476
Murfreesboro, TN	4,287	7,283	10,815	164,090	739,030
Kankakee, IL	1,468	4,507	8,045	459,271	977,992
Dubuque, IA	2,809	4,084	7,005	135,817	822,852
Average (excluding Plainfield)	3,885	11,312	58,217	217,867	740,075
Plainfield Rank (out of 14)	13	14	5	7	2

Sorted by: 25-Mile Corporations
Source: Claritas Inc. 2007; U.S. Census Data 2000.

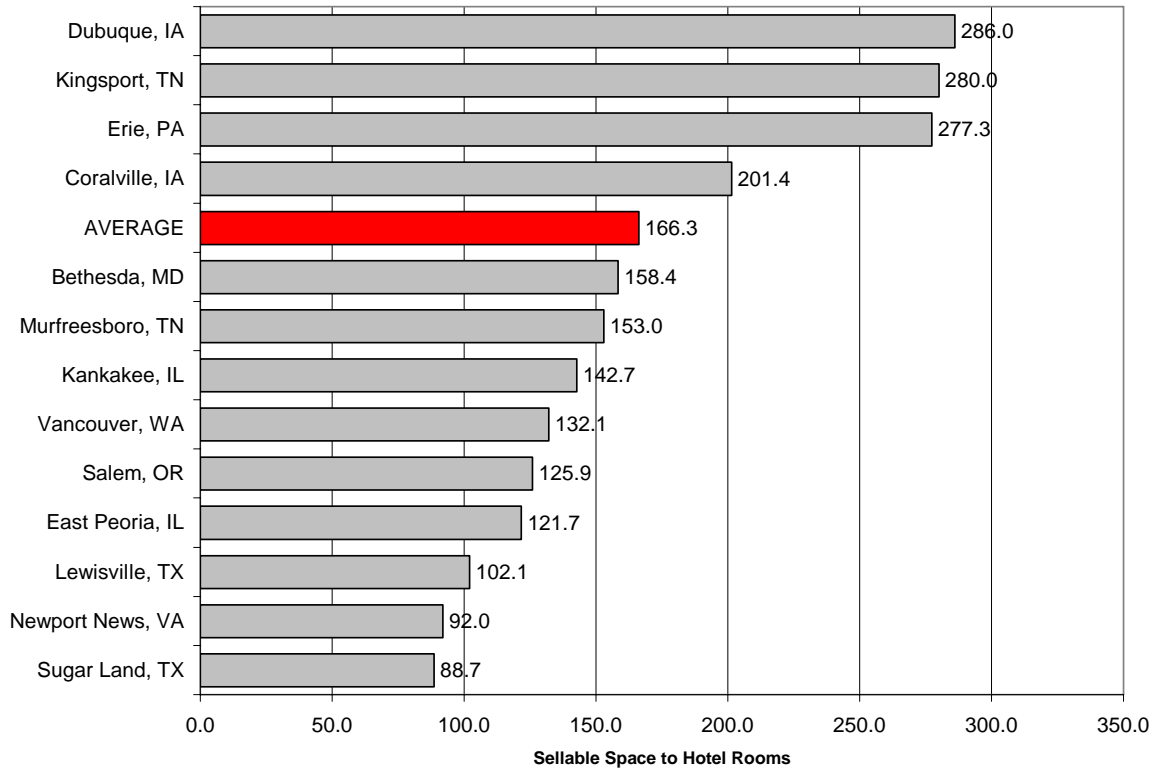
Bethesda, Maryland has the highest number of businesses within 25 miles with 192,800, while Dubuque, Iowa's 25-mile radius only has 7,000 businesses. The average number of businesses among the comparable markets 25-mile radius (excluding Plainfield) is 58,200, which is slightly larger than Plainfield's 25-mile number of businesses of approximately 51,900. Under the 200-mile ring, Plainfield's ranking rises well above the average comparable market, reaching over one million businesses, which is 281,300 more than the comparable market average (excluding Plainfield).



Facility Space Ratios

Exhibit 18 presents a market and facility ratio analysis for a new hotel/conference center in Hendricks County using the average ratio of total conference center sellable space to attached hotel rooms associated with the comparable facilities.

Exhibit 18
Market/Facility Ratios – Conference Center Sellable Space to Attached Hotel Rooms



Source: Facility Management, CVB representatives, industry publications, 2008.

As shown, Dubuque, Iowa's Grand Harbor Resort & River Center has a ratio of one attached hotel room per 286 square feet of event space while the Sugar Land Marriott & Conference Center in Sugar Land, Texas offers one attached hotel room per 89 square feet of event space. The average sellable space ratio to attached hotel room is 166.3, or one room per 166 square feet of event space.

Facility Space Extrapolation

One method of beginning to evaluate potential size parameters for any new conference center facility that could be developed in Hendricks County as a part of a hotel/conference center project is to consider the sizes of comparable facilities relative to their demographic and socioeconomic characteristics. Exhibit 19 presents the comparable markets' city, county, 25-mile, 100-mile and 200-mile population to total facility sellable space ratios, as well as an extrapolated hypothetical event space estimate for a potential Hendricks County facility based upon the comparable markets' average ratio.

Exhibit 19
Market/Facility Ratios –
Hypothetical Hendricks County Hotel/Conference Center Event Space Extrapolation (in SF)

			PRIMARY	
	City	County	Extrapolation Based on Avg. Metric	
Exhibit Space to Population	17,367	30,333	23,850	
Meeting Space to Population	3,691	6,418	5,054	
Ballroom Space to Population	<u>7,212</u>	<u>10,778</u>	8,995	
Sellable Space to Population	16,247	26,529	21,388	
	25-Mile	100-Mile	200-Mile	SECONDARY
				Extrapolation Based on Avg. Metric
Exhibit Space to Population	153,130	44,485	47,130	81,582
Meeting Space to Population	30,918	10,213	17,077	19,402
Ballroom Space to Population	<u>45,176</u>	<u>18,712</u>	<u>28,117</u>	30,668
Sellable Space to Population	123,210	42,613	59,695	75,173

Note: Only four comparable facilities (of the 13 researched) have exhibit space; space figures only account for the four with an exhibit hall
Source: Facility Management, CVB representatives, industry publications, 2008.

The market ratios ranged widely within each demographic category. A potential new Hendricks County Center's hypothetical sellable space based upon the comparable market average is 21,400 square feet based upon the comparable city and county population average, and 75,200 square feet square feet based upon the 25-mile, 100-mile and 200-mile average population ratios. This large disparity highlights Hendricks County's location within close proximity to Indianapolis.

Importantly, this type of hypothetical space level extrapolation is only one of many methods used to understand the market demand and sizing of a potential new hotel/conference center in Hendricks County. It does not take into consideration the specific demand generators unique to each community. These issues will be analyzed in the subsequent chapter of this report.

4.0. CONFERENCE CENTER MARKET DEMAND

The purpose of this chapter is to provide an analysis of the estimated market demand for the conference space associated with a potential new hotel/conference center facility in Hendricks County. To form a basis for the analysis, a variety of techniques were used. Specifically, detailed telephone interviews were completed with convention, conference and meeting planners, representing key event segments that could use a potential new Hendricks County hotel/conference center. This survey-based technique provides a detailed understanding of potential user needs, their willingness to use a potential new Hendricks County facility, as well as overall perceptions of Hendricks County as a potential host community for their event.

The market analysis has also been supplemented with data from previous studies, operating results from competitive/comparable facilities and our review of local market conditions and visitor amenity infrastructure in Hendricks County. In the following chapter of this report, the appropriate size, configuration, and estimated event levels will be assessed of a potential new hotel/conference center, focusing closely on these characteristics.

Furthermore, the market success of a conference center can be partially attributed to the characteristics of the industry as a whole. In order to assess the current and future strength of the market with regard to event activity that could utilize a potential new Hendricks County hotel/conference center, it is important to evaluate overall industry trends.

Within this chapter, we present an evaluation of the following areas:

- Industry Definitions and Characteristics
- Macro Industry Demand and Supply Issues
- Conference Center Market Demand

Industry Definitions and Characteristics

The public assembly event industries are diverse and dynamic, consisting of a wide variety of events, many of which focus around a collection or gathering of individuals for the purpose of entertainment/recreation and/or face-to-face communication and the transmission of ideas/information. Typical industry event segments include:

- Conventions – Events traditionally held by professional associations of international, national, regional, state or local scope. Many of these groups tend to hold annual events that rotate among various destinations within a particular region. In addition, certain large corporations hold annual conventions.
- Conferences – Meetings held by professional associations, non-local corporations and local area companies. While sometimes used interchangeably with the term “convention,” these events tend to be smaller, on average, than conventions and are also less exhibition-focused.
- Tradeshows – Events traditionally held by professional associations of international, national, regional, state or local scope, as well as private events hosted by one or more corporations. Some of these groups tend to hold annual events that rotate among various destinations within a particular region, similar to conventions, while others are fixed in specific cities each year.

- Consumer Shows – Exhibit-based shows are typically open to the general public and generally draw from the local area. These events tend to charge a nominal fee for entry and typically include events such as home & garden shows, boat shows, auto shows, gun shows, antique shows, career fairs, etc.
- SMERF (Social, Military, Educational, Religious, Fraternal) – Events include reunion-type meetings of groups and members, educational conferences and other such events. These events tend to be more sensitive to cost aspects than association and corporate groups.
- Meetings/Banquets – Events include local corporate meetings/training, exams, wedding receptions, anniversary/birthday/holiday parties and private banquets. Other events in this category include functions hosted by local service clubs (Rotary, Shriners, Lions, and Elks) intended to share information, generate interest and spur membership.
- Spectator Events – Ticketed and non-ticketed, both athletic and non-athletic entertainment and educational events. Events are most often held in arena or stadium-type facilities with plenary seating. Events include professional/amateur sports, high school/collegiate sports, concerts, family and motor shows and speaking engagements. Many non-sporting spectator events generally require plenary seating, as well as a stage and sound equipment.

Exhibit 1 illustrates a summary of traditional event types along with their key characteristics.

**Exhibit 1
Summary of Industry Event Types**

Event Types	Primary Purpose	Key Facility Requirements	Typical Facility Used	Attendee Characteristics
Conventions	Information exchange, sales & networking	Exhibit, Ballroom & Meeting space	Convention Center, Conference Center	Predominantly non-local
Conferences	Information exchange, sales & networking	Ballroom and Meeting space	Conference Center, Hotel, Convention Center meeting space	Depends on scope of group, many are predominantly non-local
Tradeshows	Sales & Advertising	Exhibit space	Convention Center, Exhibition Center, Tradeshow Facility	Depends on scope of show, can have large percentage non-local
Consumer Shows	Sales & Advertising	Exhibit space	Convention Center, Exhibition Center	Mostly local
Social, Military, Educational, Religious, Fraternal Events	Information exchange, civic, social, networking	Meeting, banquet, multipurpose space	Civic/Community Ctr., Exhibition Center, Conv./Conf. Center	Depends on scope of group, some are predominantly non-local
Meetings / Banquets	Information exchange, training, incentive	Meeting and Ballroom	Conference Center, Hotel	Typically local
Spectator Events	Entertainment	Seating, stage/event floor	Arena, Civic Center, Exhibition Center	Typically local

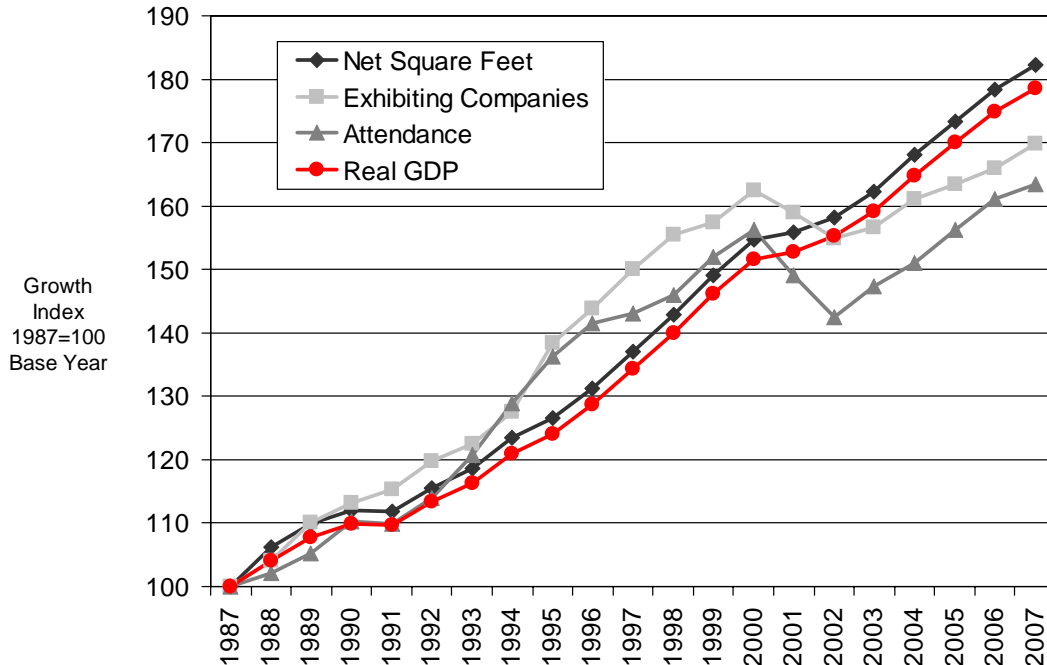
A variety of types of public assembly facilities exist in communities across the country that accommodate some or all of these types of events. Certain events tend to possess very specific facility and community requirements.

Macro Industry Demand & Supply Issues

Broad industry changes, characterized by—sometimes significant—retraction and expansion in convention and tradeshow demand have taken place within the industry over the past decade. However, over the past 30 years collectively, statistics point to generally stable year-to-year growth within the convention and tradeshow industry. The only periods during which key demand measurements did not experience growth were in the early 1990s during the first Gulf War and related economic recession, and for a recent two to three-year period following the events of 9/11 and subsequent economic downturn. As the demand for convention, tradeshow and related public assembly space has continued to grow industry-wide, so have the responses to this demand from both the public and private sectors in terms of facility development and expansion.

The most recent industry data suggests that the nationwide convention and tradeshow industry is in the midst of a renewed expansion, with demand levels generally recovering beyond pre-9/11 levels. However, the most recent nationwide economic data suggests a slowing economy due to a variety of factors, including high fuel prices, devaluation of the dollar, upheaval in the credit markets and other such factors. Exhibit 2 plots the cumulative yearly percentage changes in the largest convention and tradeshow events across the country, since 1988. In addition, change in real Gross Domestic Product is presented to demonstrate the relationship between overall economic performance and the convention and tradeshow industry.

Exhibit 2
Macro Issues – Large Tradeshow Demand Growth



Source: Tradeshow Week, 2007; U.S. Department of Commerce, Bureau of Economic Analysis, 2007

As shown, the convention and tradeshow industry has had positive growth each year since 1988, with exception to the economic recessions that occurred in 1991 and 2001-2002. These nationwide economic

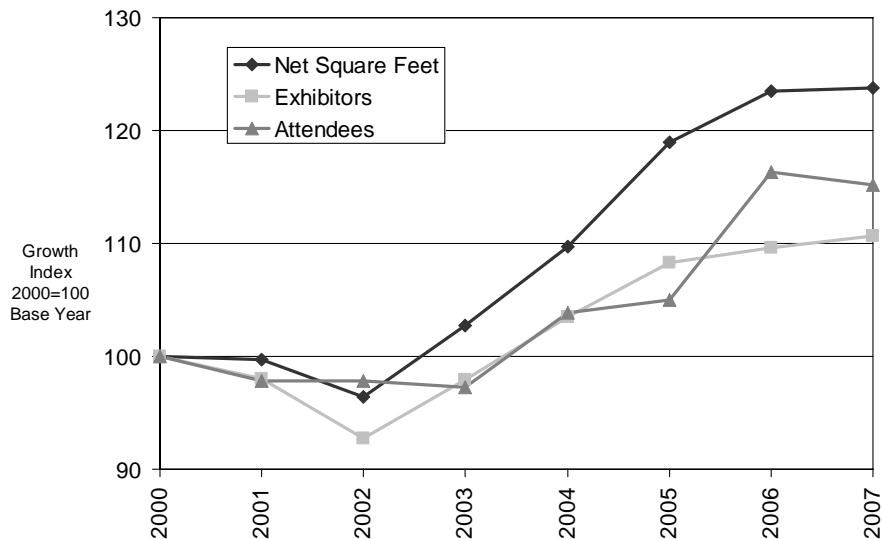


recessions resulted in a retraction in the convention and tradeshow industry as companies and associations were cutting back spending on discretionary expenses and attendees were more hesitant to travel.

Additionally, the exhibit demonstrates the connection between the convention and tradeshow industry and the economic industry as a whole, just as many industries are tied to the economy. However, while many goods and services are tightly tied to the gross domestic product, the convention and tradeshow industry tends to register larger swings in percentage changes each year. This characteristic can be seen during the economic recessions and booms, as the following years result in drastic swings in percentage changes for the convention and tradeshow industry characteristics. The dips are exacerbated, as corporate discretionary spending (which convention and tradeshow expenses falls under) is, in general, a primary target for corporate budget reductions.

While the previous exhibit demonstrated the industry in terms of the largest conventions and tradeshows across the country, the results do not portray the entire convention and tradeshow industry. In the following several exhibits, the industry characteristics will be provided as determined by the Center for Exhibition Industry Research (CEIR). CEIR has conducted extensive research, including the sampling of more than 300 events which represents a broad cross-section of exhibit based events (specifically, events requiring 7,500 square feet or more of exhibit space).

Exhibit 3
Macro Issues – Growths in All Exhibit Event Demand



Source: CEIR Index Report, 2007

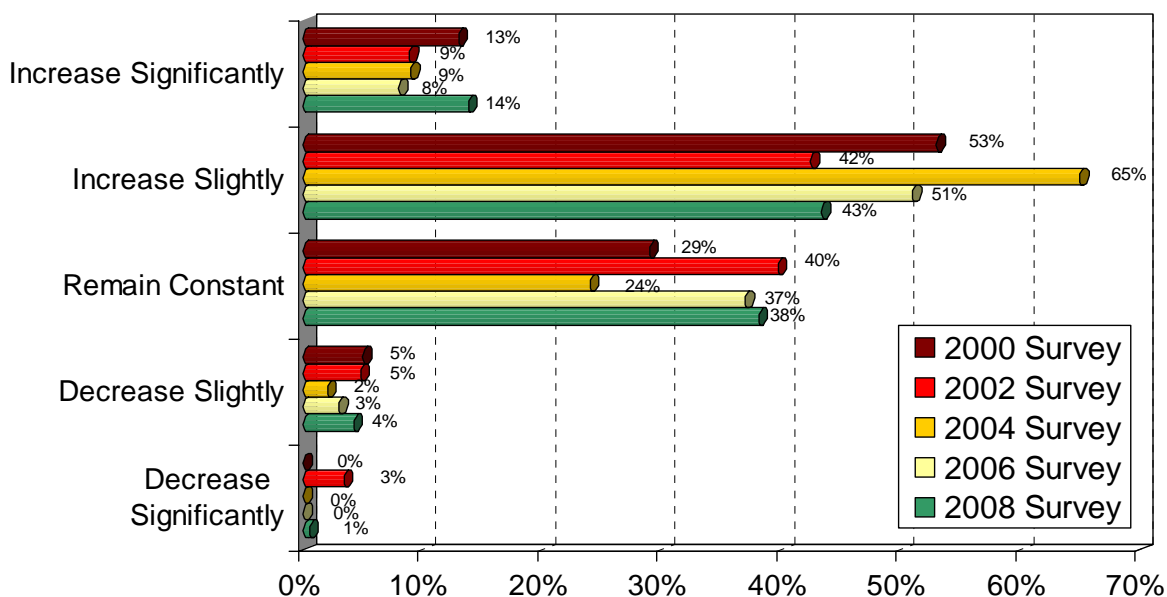
Consistent with the previous exhibits, CEIR data indicate that following the economic recession of 2001 and 2002, the exhibition industry has experienced steady growth over the past four years. However, in 2007, the growth rate shown in previous years has decreased slightly, indicating a stagnant year for growth. The CEIR data show a more modest reaction to the condition in the early part of the decade. Generally speaking, the larger trade events as measured by TS200 tend to respond more significantly to economic conditions compared to the overall convention and tradeshow industry.



In addition to the CEIR data, an analysis of data contained in a proprietary database maintained by Destination Marketing Association International (DMAI, formally the International Association of Convention & Visitors Bureaus) suggests similar trends, including a recent strengthening of rotating event activity. The DMAI data suggests that the number of industry-wide events has grown since 2004 and the average attendance per event is reaching levels that have not been seen since 2000. Additionally, the data indicates that convention-related hotel room nights are still down; however, tracking of this statistic has become increasingly difficult as a growing number of convention attendees have been booking their hotel rooms independently through online portals rather than through the event's official block of rooms (which usually represent the only figures recorded). When coupled with the substantial strengthening and growth of the lodging industry (in terms of performance statistics and new construction projects) and an analyzed sampling of convention center occupancy levels, it further provides additional evidence that the convention, exhibitions and meetings industry is in the midst of a recovery following a short period of contraction in the early years of this decade.

Detailed surveys with meeting planners of major rotating national and regional conventions, conferences and tradeshows also support a pattern of modest industry growth. Over the past eight years, CSL International conducted five major telephone surveys of meeting planners that included questions concerning the expected change in their group's number of events, space needs and attendance levels. It is believed that this data is a strong reflection of the industry's sentiment and represents an informal outlook concerning the near-term trends affecting the industry.

Exhibit 4
Future Outlook by Meeting Planners
Expected Change in Space Requirements Over Next 5 Years



Source: CSL International National/Regional Convention Planner Surveys, 2000 – 2008.

As shown in the exhibit, data obtained through the 2000 survey (prior to 9/11 and the economic downturn) show a “bullish” outlook on continued industry growth, with 13 percent of respondents indicating that they expect their group's space needs to “increase significantly”. In the months following 9/11, the data exhibited a more reserved future outlook, with 40 percent indicating that space needs are

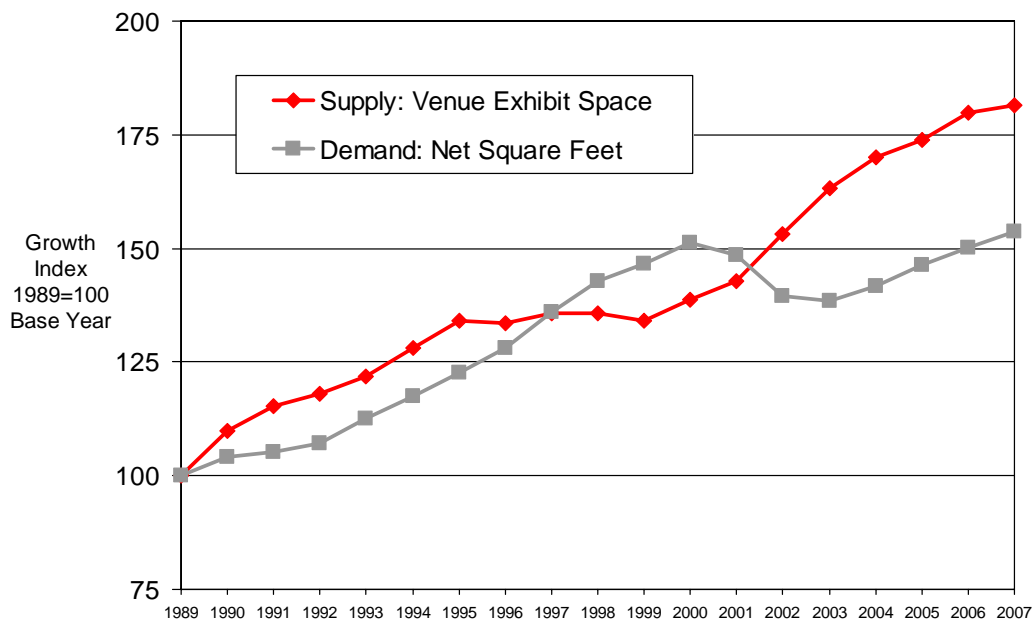


expected to “remain constant” and the first incidence of a small percentage indicating that they may “decrease significantly”. In the latest 2006 and 2008 surveys, indications point to varying, yet positive industry growth opinions. Overall, the survey data support a generally positive outlook on future industry growth, with some tentativeness that is likely shaped by the tumultuous events over the past six years and the relatively gradual recovery that has been underway over the past few years.

Tradeshow Week produces yearly reports that inventory the supply characteristics of the industry. The data reflect the addition, renovation and removal of exhibit space within facilities nationwide that offer exhibit space. The Tradeshow Week data suggests a general increase in supply each year since 1990 with two exceptions of years in which supply generally remained stagnant (less than one percent decreases). When overlaid with the demand of net square footage required by conventions and tradeshows, the results indicate a supply “echo effect.” Demand in this case reflects data for the TS200, or the largest 200 tradeshows in the industry.

The echo effect demonstrates that when there is an increase in demand and occupancy of existing facilities, communities start planning an increase of space to their markets. However, as there are several years of lag time for planning and construction until the supply comes to fruition, an echo effect between supply and demand takes place. The supply and demand is shown as a cumulative change from year-to-year in Exhibit 5.

Exhibit 5
Macro Issues – Convention Center Supply vs. Large TS Demand



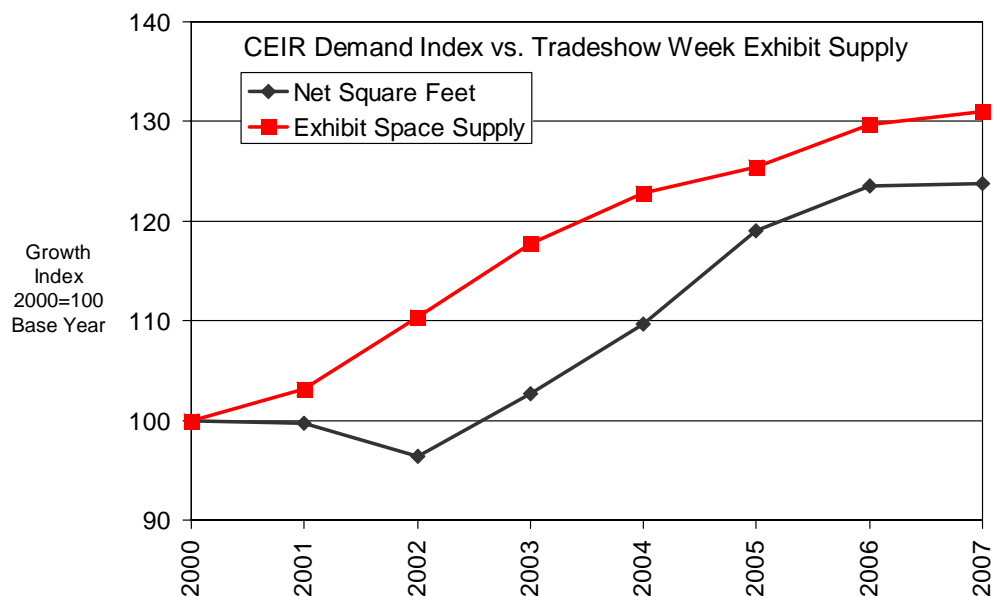
Source: Tradeshow Week, Tradeshow Week Major Exhibit Hall Directory, 2007.

The cumulative growth of both supply and demand, presented in the previous exhibit, further demonstrates the echo relationship of industry supply and demand. There is potential concern that the sizable gap between supply and demand in the last few years indicates a general oversupply in the industry. Overall, industry trends have demonstrated that the demand will adjust to meet supply, and vice versa.



Exhibit 6 presents the supply and demand characteristics as tracked by the CEIR data, which represents a greater portion of exhibit-based events and the industry as a whole.

Exhibit 6
Macro Issues – Convention Center Supply vs. All Exhibit Event Demand



Source: CEIR Index Report, 2007; Tradeshow Week Major Exhibit Hall Directory, 2007.

Similar to the previous exhibit focusing on the largest convention and tradeshow events, the above exhibit shows a general lag in demand of exhibit square feet to industry exhibit space supply in the last four years. However, it is more important to note that the sizable supply/demand gap between 2003 and 2007 is less pronounced when considering a broader measure of demand as presented by CEIR.

While it is believed that challenges have and will continue to exist in certain localized markets, every community and destination is unique and application of blanket industry-wide, macro assessments of supply and demand phenomena are often ill-advised. To the contrary, an experienced, thorough approach in measuring the unique demand generators and associated costs and benefits in a specific community is the most effective way in which to evaluate potential development projects requiring public investment, which is the aim of this study. Like nearly everything in a free market society, individual convention/conference centers operate in a “survival of the fittest” environment. Destination appeal is normally the common denominator with successful projects. Centers located in the strongest destinations tend to be the most successful, while facilities located in destinations with weak appeal and/or deficient visitor amenities more often struggle or underperform industry averages.

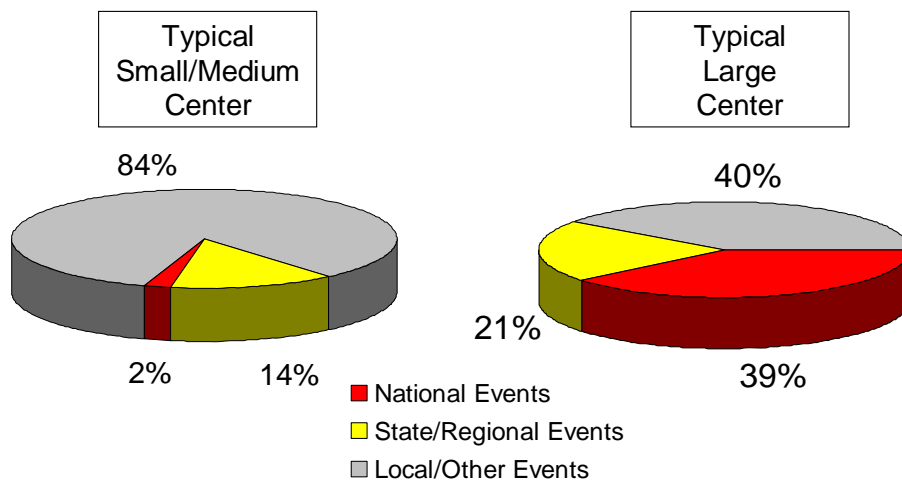
Recognizing that the convention/conference center facility itself is only one piece of a larger puzzle that non-local event planners tend to consider when selecting sites, more and more communities have been focusing on ways to strengthen the appeal of the proximate area surrounding the “box”. This often involves comprehensively master planning a mixed-use or entertainment district containing the convention/conference center, whereby an attractive pedestrian-friendly environment is created to welcome center attendees, through offerings of restaurants, retail, nightlife, entertainment and attractions. “Connectivity” issues are often addressed that physically and perceptually bring together the district to other nearby attractions and districts. Healthy, vibrant and exciting environs surrounding the



convention/conference center are normally viewed very attractively by event planners and can provide important advantages in marketing a destination and its convention/conference center.

While much of this chapter has focused on national industry demand and supply trends, it is critical to consider this information in appropriate context. While most relevant for large, top-tier convention destinations, most information pertaining to the health of the national convention industry holds little relevance for small and mid-sized destinations. The most important event segments for many of these smaller markets tend to be local events and state and regional events (rather than national events). This is normally reflected in the event profiles of convention/conference facilities operating in these markets. As an illustration, Exhibit 7 presents an aggregated summary of the typical event profiles of a selection of small and mid-sized convention/conference centers versus large convention centers.

Exhibit 7
Macro Issues – Typical Convention/Conference Center Event Mix



Source: CSL International analysis of convention center event data, 2007.

Conference Center Market Demand

The purpose of this section is to provide a summary of the survey research conducted with respect to the conference center portion of a new hotel/conference center in Hendricks County. Specifically, detailed telephone interviews were completed with event planners representing key event segments that could use a potential new conference center in Hendricks County. This survey-based technique provides a detailed understanding of potential user needs, their willingness to use a potential new Hendricks County facility, as well as overall perceptions of Hendricks County as a potential host community for their event.

Given Hendricks County's local market characteristics and the event profiles of other comparable conference/convention facilities in similar markets, it is believed that the primary non-local event markets for a potential new conference center in Hendricks County would predominately be events hosted by state and regional groups (as opposed to national groups). Additionally, as will be discussed in a subsequent chapter, local events (as in nearly all convention/conference facilities) would be expected to contribute the largest share of facility use (in terms of total number of events). While local events tend to be the largest users of facilities, they generate little new economic impact for host communities (as opposed to the room nights and new spending generated by non-local event attendees, associated guests and exhibitors). As such, estimation of the market demand associated with non-local state and regional groups is normally of particular interest for communities evaluating new convention/conference center development.

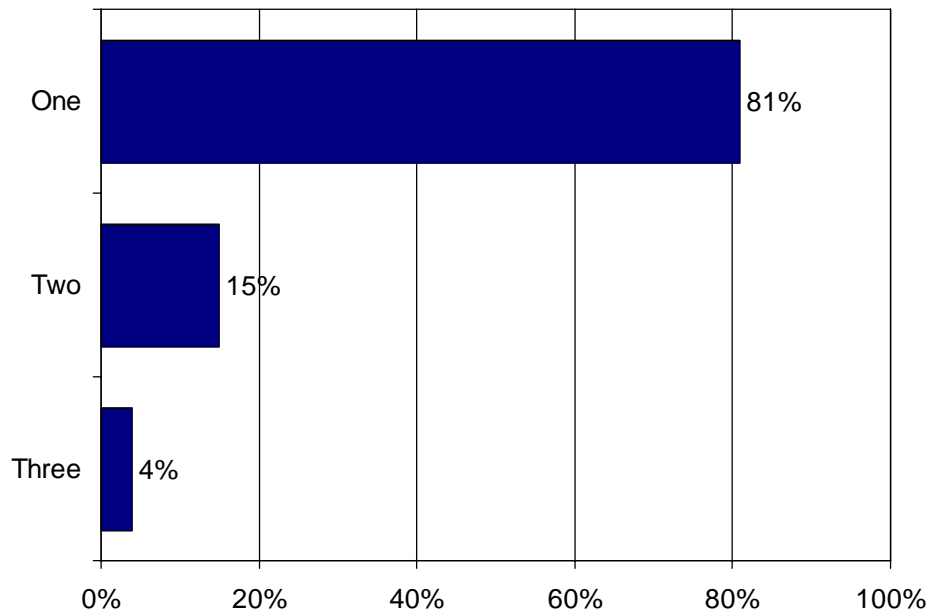
In order to test the potential event market for a new conference center in Hendricks County, a detailed telephone survey was conducted with planners of state and regional conventions, conferences and tradeshow. The survey consisted of more than 350 "dialings", resulting in completed interviews with 100 individual planners, representing more than 125 rotating events. Surveyed groups included professional associations, SMERF (social, military, education, religious, fraternal) groups and other producers of rotating state and regional events. The names of the organizations used as the sample for this survey is presented in Appendix A at the conclusion of this report.

Relative to other states in the country, the estimated population of state and regional groups in Indiana with recurring, rotating events is believed to be slightly higher than that of the average U.S. state. In general, the population of these groups is often directly correlated to both the resident and corporate population of host states/regions.

A primary objective of the survey of the state and regional organizations was to ascertain their perceived interest in using the conference center component of a potential new hotel/conference center in Hendricks County for one or more future events. The events identified through the surveys were analyzed in terms of potential for being held in Hendricks County and in terms of attributes unique to the individual events. The survey results produced information on the likelihood concerning state and regional organization planners rotating their event(s) to Hendricks County, as well as specific event characteristics of those events that represent the potential event markets.

Survey respondents were asked how many recurring off-site events their organization produces annually. As presented in Exhibit 8, survey results indicate that 81 percent of the state and regional organizations produce one major off-site event annually, while 15 and four percent hold two and three events annually, respectively. Secondary events, beyond the primary annual event held by all the respondents, tend to be smaller events that are important, nonetheless, to communities through their generation of economic impacts.

Exhibit 8
Telephone Survey – Total Number of Events Produced Annually

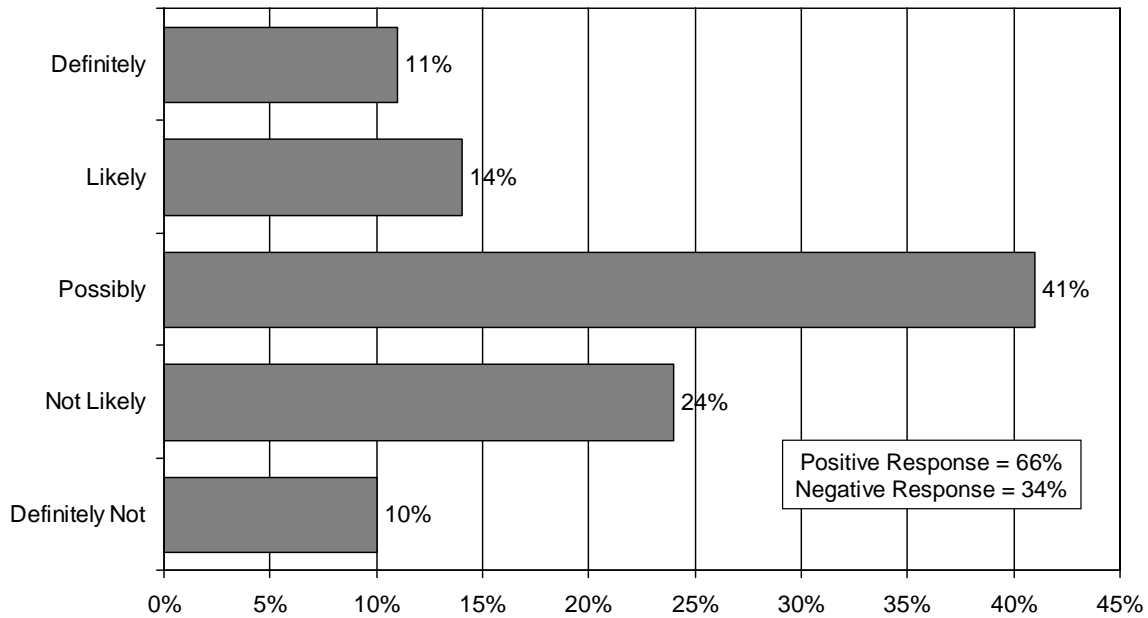


Source: CSL State & Regional Organization Survey, 2008.

Likelihood of Utilizing a New Conference Center in Hendricks County

State and regional organization planners were asked to indicate the likelihood of their organization using a Hendricks County conference center, assuming it and the area's hotel inventory (including the guestrooms of the attached hotel) meets the needs of their event(s). Responses related to state and regional groups surveyed are presented in Exhibit 9, on the following page.

Exhibit 9
Telephone Survey – Likelihood of Utilizing a New Hendricks County Hotel/Conference Facility



Source: CSL State & Regional Organization Survey, 2008.

The overall positive interest by respondents in rotating one or more events to Hendricks County if sufficient facility space and hotel inventory existed is 66 percent. Specifically, 11 percent indicated their group would "definitely" hold an event in Hendricks County, 14 percent "likely," 41 percent "possibly," 24 percent "not likely," and ten percent "definitely not." The large concentration of positive interest responses in the "possibly" category is typical of destinations that do not have established or strong reputations in the convention, tradeshow and conference industry due to lack of suitable event facilities. Based on other surveys that CSL has completed in recent years, Hendricks County's response is characterized as a strong interest level.



In order to provide a comparative basis (or context) for Hendricks County's measured level of interest, Exhibit 10 presents a summary of interest levels measured through a number of similar state and regional organization telephone surveys recently conducted for comparable CSL studies. Each of the communities listed represents small or medium-sized communities.

Exhibit 10
Telephone Survey – Hendricks County Comparison of Interest Levels with Other Similar Studies

	Hendricks County (08)	Hendricks County (03)	Richmond, IN	Appleton, WI	Temple, TX	Stillwater, OK	Midland, TX	Davis County, UT	Hammond, LA	Lansing, MI	Boise, ID	Grand Junction, CO	Muskegon, MI	Provo, UT	Owatonna, MN	Branson, MO	New Braunfels, TX	Jackson, MI	St. Cloud, MN	Carbon County, UT	McAllen, TX	Boulder, CO	Average (1)	
Interest Levels:																								
Definitely Use	11%	0%	1%	11%	0%	15%	5%	21%	12%	33%	24%	11%	5%	11%	3%	10%	2%	9%	8%	6%	4%	6%	9%	
Likely Use	14%	20%	3%	24%	4%	19%	11%	16%	11%	12%	29%	6%	10%	16%	4%	13%	10%	4%	10%	8%	7%	13%	12%	
Possibly Use	41%	16%	33%	24%	17%	38%	30%	25%	42%	30%	9%	36%	21%	40%	36%	17%	33%	34%	27%	40%	18%	26%	28%	
Not Likely Use	24%	24%	31%	19%	44%	19%	25%	25%	25%	7%	13%	32%	23%	20%	30%	27%	30%	24%	28%	15%	24%	23%	24%	
Definitely Not Use	10%	40%	32%	22%	35%	9%	29%	13%	10%	18%	4%	15%	41%	13%	28%	33%	25%	29%	27%	32%	47%	32%	25%	
Positive Response	66%	36%	37%	59%	21%	72%	46%	62%	65%	75%	62%	53%	36%	67%	43%	40%	45%	47%	45%	54%	29%	45%	49%	
Strength of Interest (2)	2.62	1.32	0.91	2.78	0.54	3.21	1.65	3.40	2.59	4.50	4.03	2.12	1.42	2.70	1.22	1.99	1.36	1.78	1.84	1.80	1.11	1.77	2.10	
Population Basis (3)	1.23	1.23	1.23	1.24	2.29	0.61	2.29	0.58	0.87	1.74	0.61	1.18	1.74	0.58	1.24	1.10	2.29	1.74	1.24	0.58	2.29	1.18	1.33	
Demand Index	3.22	1.62	1.12	3.45	1.24	1.96	3.78	1.97	2.25	7.83	2.46	2.50	2.47	1.57	1.51	2.19	3.11	3.10	2.28	1.04	2.54	2.09	2.78	

Note: Data represented includes all organizations interviewed

(1) Average excludes Hendricks County

(2) Comparative strength rating that applies weighting to positive responses, with higher weight applied to "definitely use" vs. lower weight for "possibly use." Strongest possible score under this rating equals 10 (i.e., if "definitely use" = 100%)

(3) Represents estimated size of state/regional event population (average state = 1.00)

Source: Recent CSL International state/regional organization telephone surveys.

As presented in the exhibit, Hendricks County's overall positive response percentage ("definitely," "likely," and "possibly") is higher than the average of the similar study surveys compared. When compared to the 2003 convention center feasibility study survey conducted by CSL, interest in using a facility located in Hendricks County have strongly improved, with the positive response in 2008 of 2.62 compared to the 2003 response of 1.32. It is believed that this is a result of several factors, including but not limited to (1) a better "definition" of the potential Hendricks County project; (2) joining the studied hotel and conference center concept "under one roof"; (3) clarification and certainty involved with the Midfield Terminal project, among other issues.

Further, while the overall positive response percentage is useful in comparatively evaluating the general interest in a particular destination, it is important to recognize differences in the "strength" of specific stated interest. To better assess these variations, a formula was developed to consider the "strength of interest," whereby a weighting system is applied to positive responses. The highest weight is applied to a "definitely use" response, while the lowest weight is applied to a "possibly use" response. Using this method, Hendricks County measures higher than the average comparable survey in terms of its "strength



of interest" score (2.62 versus an average survey score of 2.10), reflecting stronger than average positive response percentages among the highest weighted categories (i.e., "definitely" and "likely").

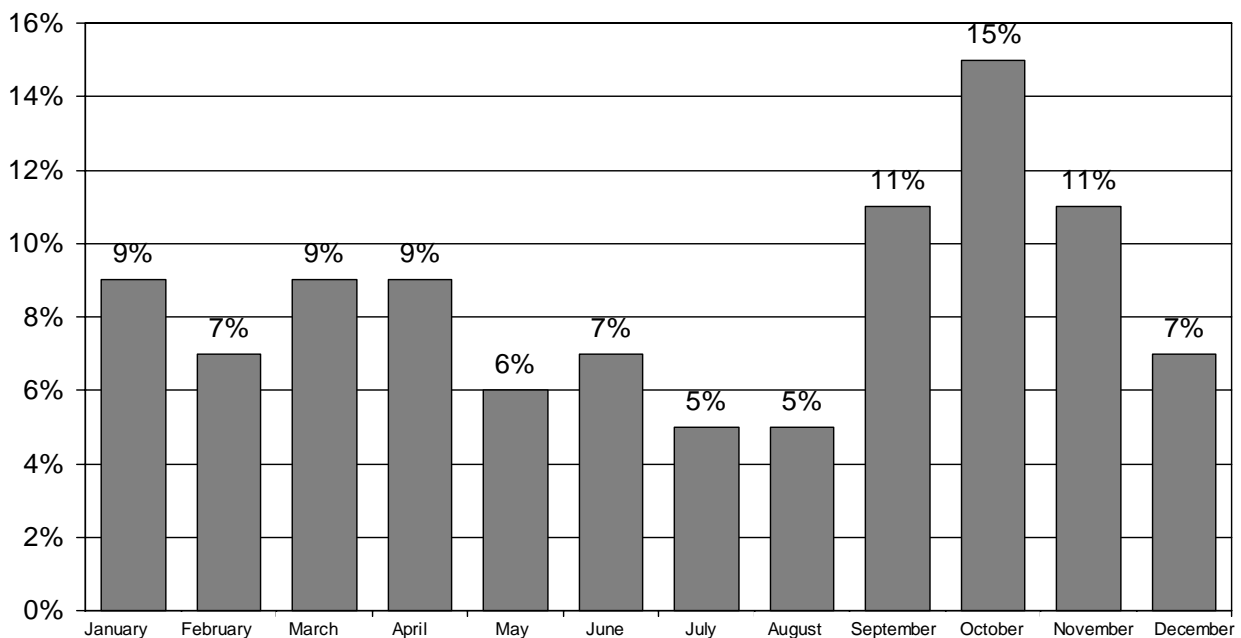
As each convention/conference destination has a different population of rotating state/regional events, a "demand index" was formulated. The "demand index" uses the "strength of interest" score for each market and weights it against the estimated population base of rotating events. Specifically, it is estimated that the number of rotating events that have Indiana within their rotation region is slightly higher than that of the average U.S. state. It is important that this analysis is a characterization of comparative gross demand, but does not take into consideration (1) competition from other regional convention/conference facilities, (2) the specific ability of a local community to accommodate this demand through its amenity package and the unique characteristics of the ultimately developed conference center and its site characteristics, and (3) other quantifiable and non-quantifiable cost/benefit justifications for considering facility development.

Facility Usage Characteristics

Rotating events typically have specific preferences and/or requirements regarding the months in which their event can occur. Likewise, organization planners typically employ a particular rotational policy that allows the event to return to a specific location only after a certain period of time.

Exhibit 11 presents the seasonality patterns for those state and regional events that represent the potential market demand for a potential new conference center in Hendricks County.

Exhibit 11
Telephone Survey – Event Seasonality



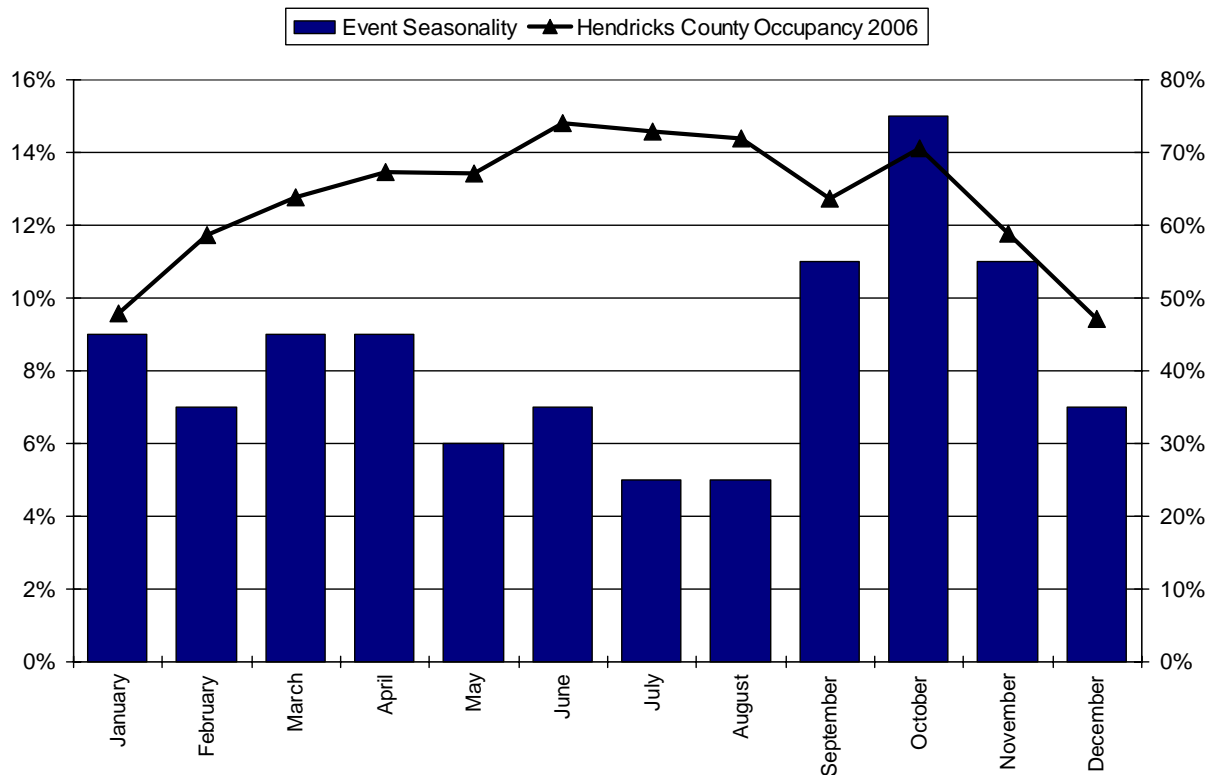
Note: Of those respondents with a positive interest in Hendricks County
Source: CSL State & Regional Organization Survey, 2008.



Of the 66 percent of interviewees responding with a positive interest toward a potential new facility in Hendricks County, it was found that event seasonality tends to peak in the fall months (September through November) and drop to their lowest levels during July and August. Normally, peaks in the spring and fall is typical for event seasonality within the industry.

Exhibit 12 presents the seasonality patterns for those local area events that represent the potential market demand for a potential Hendricks County conference center overlaid with recent Hendricks County hotel occupancy figures.

Exhibit 12
Telephone Survey – Event vs. Existing Hotel Seasonality



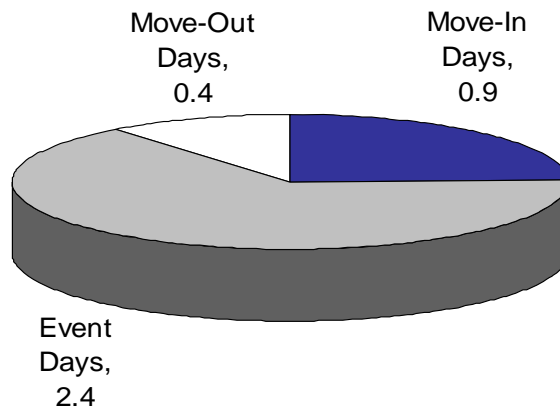
Note: Of those respondents with a positive interest in Hendricks County
Source: Smith Travel Research; CSL State & Regional Organization Survey, 2008.

This data illustrates how potential event demand for a potential Hendricks County conference center might overlap with existing hotel demand in the local marketplace. Specifically, event seasonality in this case tends to track fairly closely with existing hotel occupancy statistics, with the exception of the summer months, when the occupancy is at its highest and event demand is at its lowest. It is important to note that the metrics shown above relate to two different axis; as such, the "overlapping" represented during the month of October does not necessarily indicate prohibitive conflict, rather it is a function of the method of representing the data in the graph. Nevertheless, peak event demand is estimated to occur during October, a month where existing hotel demand is near peak market occupancy levels.



It was also found that the average number of days the facility would be used, per event, among those expressing a positive interest in Hendricks County is 3.7 days. Exhibit 13 illustrates the distribution of average estimated move-in, move-out and meeting/event days indicated through the survey via interested respondents.

Exhibit 13
Telephone Survey – Use Characteristics & Requirements



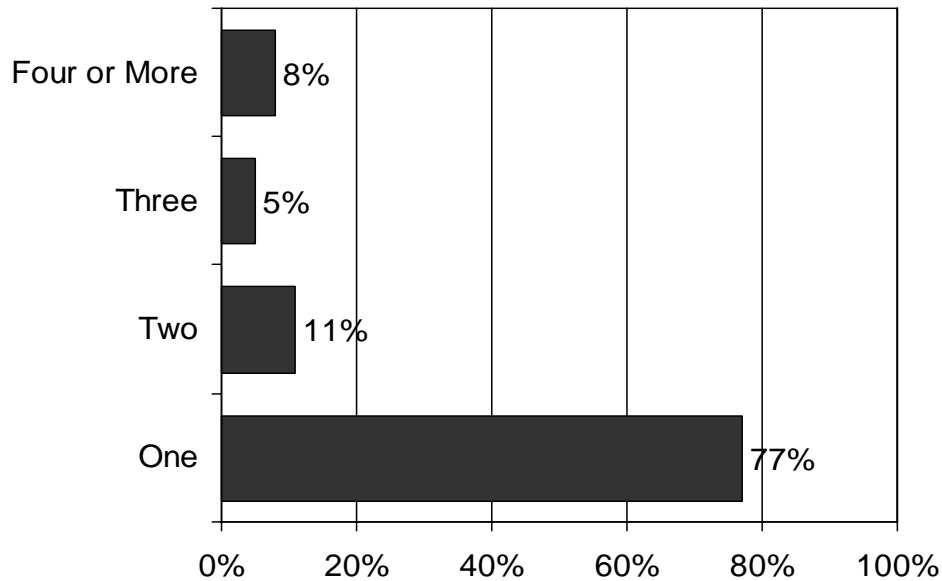
Note: Of those respondents with a positive interest in Hendricks County
Source: CSL State & Regional Organization Survey, 2008.

Hotel Requirements

As discussed throughout this report, one of the most important aspects in attracting conventions and conferences is the availability of committable, convention-quality hotel rooms. "Convention-quality" is a term that varies based on the particular community and type of group considered. Some state and regional organizations with an interest in Hendricks County would likely be willing to use a significant portion of the local area's existing quality properties. However, many state and regional groups would prefer that their entire room blocks be accommodated by the headquarters hotel property.

Although a headquarters hotel may be required (or strongly preferred), state and regional organization events with a larger membership base may also use additional hotel properties in order to achieve their room blocks. Exhibit 14 presents a summary of the number of hotels that state and regional organization events are willing to use to fill their room blocks.

Exhibit 14
Telephone Survey – Number of Hotel Properties Willing to Use to Fulfill Block

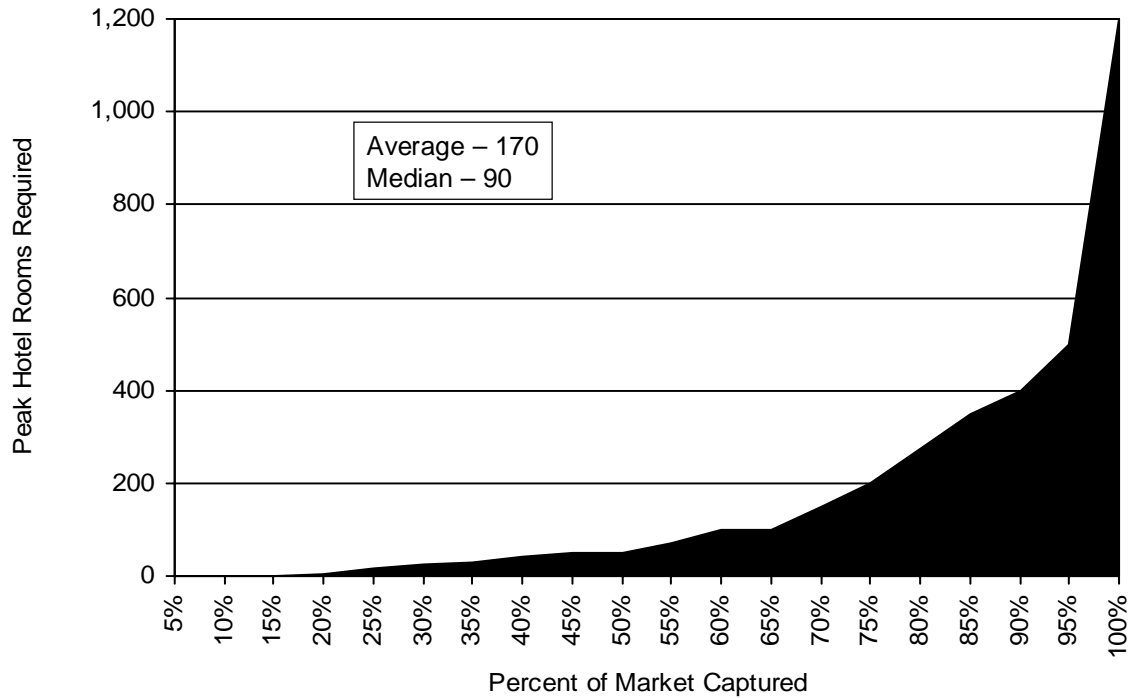


Note: Of those respondents with a positive interest in Hendricks County
Source: CSL State & Regional Organization Survey, 2008.

As shown above, 23 percent of the state and regional organization market would be willing to assemble a room block in more than one hotel property. This has important implications in Hendricks County's case, as many existing hotel properties in the area are generally smaller than in other competitive destinations. Generally, groups with a large delegate attendance use multiple hotel properties, while a smaller group will typically only use one or two properties. The majority (77 percent) of respondents indicated that their event is willing to only use a single hotel (the vast majority of which are relatively small to mid-sized events that could reasonably expect to fit in a single hotel property). This has important implications for the attached hotel that would be part of a new hotel/conference center facility in Hendricks County.

Exhibit 15 presents a summary of peak night hotel room requirements by events representing the primary market for a new conference center in Hendricks County.

Exhibit 15
Telephone Survey – Total Hotel Rooms Required



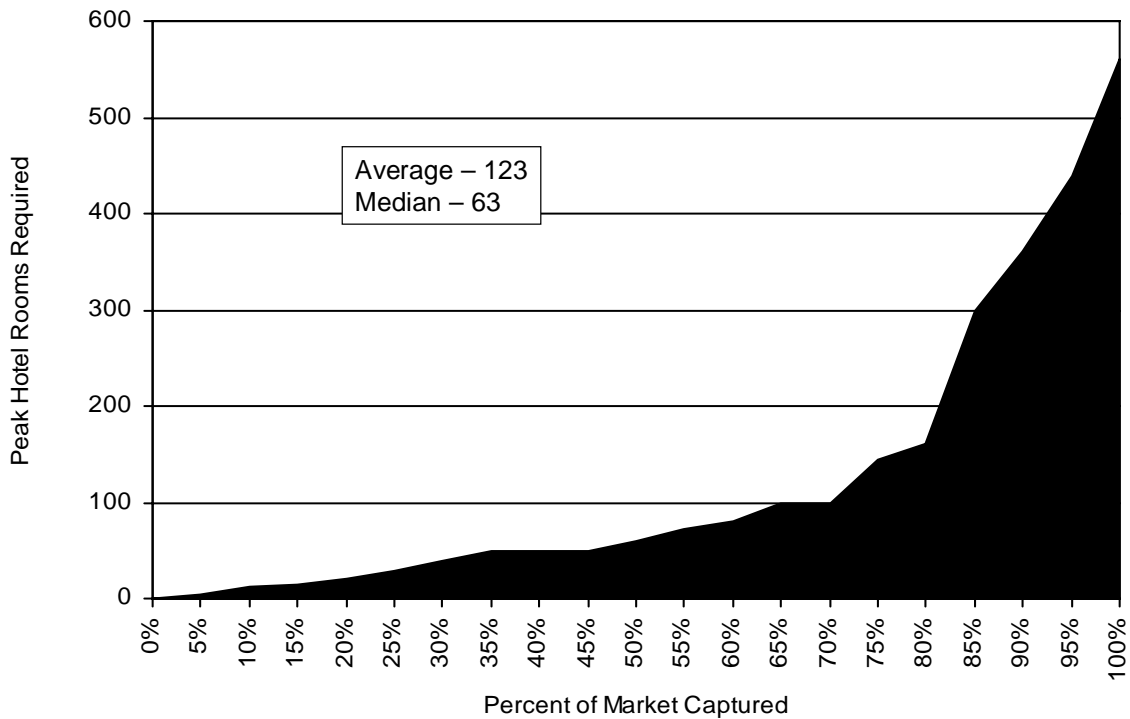
Note: Of those respondents with a positive interest in Hendricks County
 Source: CSL State & Regional Organization Survey, 2008.

As shown, 90 percent of Hendricks County's potential state and regional organization event market requires 400 hotel rooms or less, while 65 percent of potential events require less than 100 peak night rooms. This is a reflection of the mid-sized nature comprising Hendricks County's estimated state and regional market.



Exhibit 16 presents the number of hotel rooms required by groups who are not willing to use more than a single hotel to accommodate their event's room block.

Exhibit 16
Telephone Survey – Hotel Rooms Required by Groups Requiring a Single Hotel



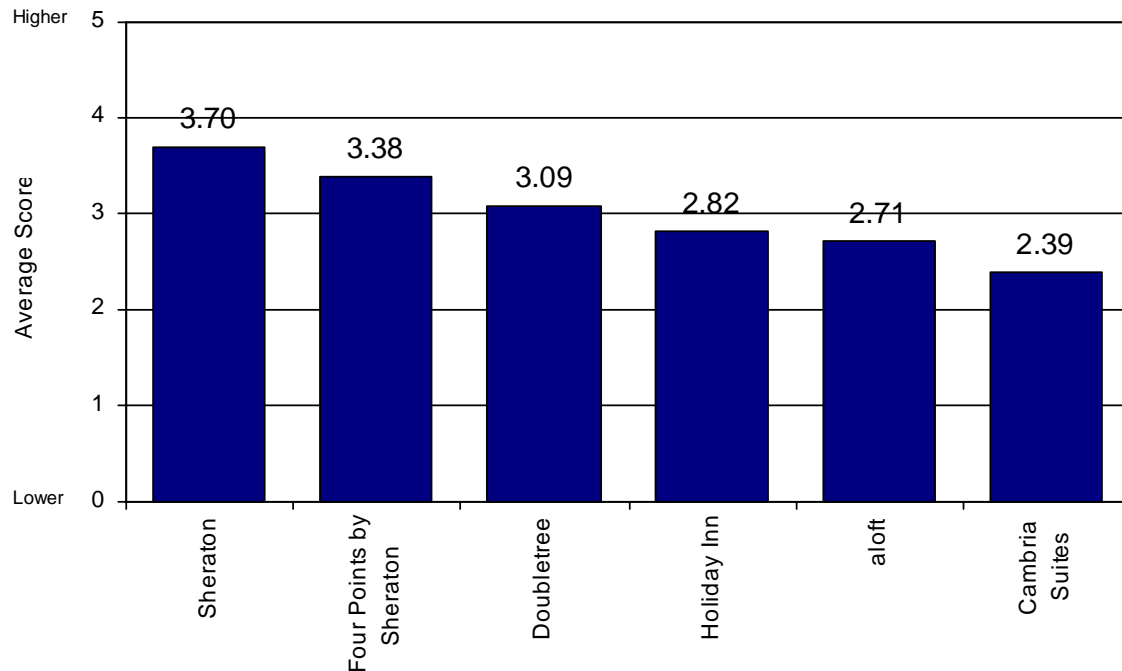
Note: Of those respondents with a positive interest in Hendricks County and requiring one headquarter hotel property for their group room block.
 Source: CSL State & Regional Organization Survey, 2008.

The average room block required by groups requiring a single hotel for their room block was 123 rooms and the median was 63 rooms. These figures are especially relevant for a potential Hendricks County facility, as it is a direct indication of the portion of the interested market that could be captured or lost due to the size of the attached hotel facility.



As part of the survey of state and regional event planners, various nationally-recognized hotel brands were tested for preference. Exhibit 17 presents a summary of the scoring given to each of the hotel brands tested.

Exhibit 17
Telephone Survey – Hotel Brand Preference for Headquarters Hotel



Note: Respondents were asked to rank the hotel brands in terms of most desirable on a scale of one to five, with five being most desirable.
 Note: Of those respondents with a positive interest in Hendricks County.
 Source: CSL State & Regional Organization Survey, 2008.

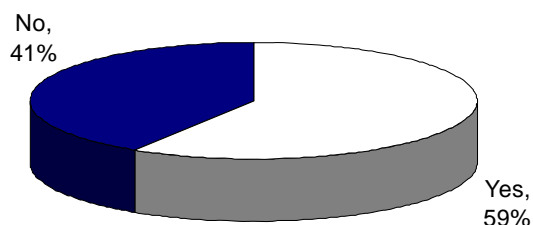
As shown, the Sheraton brand scored the highest among the set of brands tested. In fact, each of the traditional, mid-priced full-service hotel brands scored higher, while more newer, niche select-service brands (such as aloft and Cambria Suites) scored lower. While this is likely a reflection of brand recognition, it is also probably a reflection of meeting planners' belief that a traditional full-service hotel would best match the needs and preferences of their organizations' attendees and exhibitors.



Facility Space Requirements

While conducting interviews with various state/regional organizations, those respondents expressing a positive interest in Hendricks County indicated their organization's approximate need for square footage according to type of facility space. As indicated by the exhibits presented below and on the following pages, these space requirements are separated into the need for total exhibit space, total meeting space and total ballroom space. State and regional organization planners were first asked whether a tradeshow or exhibition was included in their event, with responses summarized in Exhibit 18.

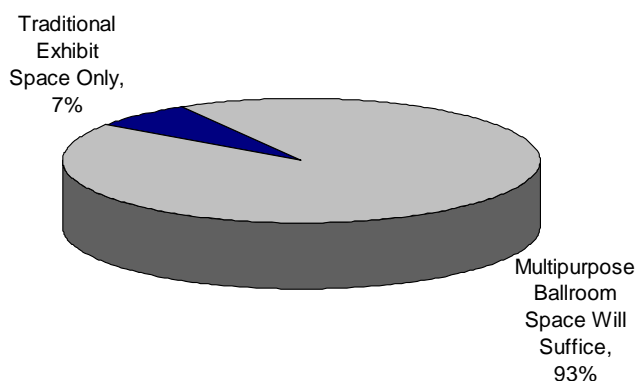
Exhibit 18
Telephone Survey – Space Needed for Exhibits



Note: Of those respondents with a positive interest in Hendricks County
Source: CSL State & Regional Organization Survey, 2008.

As shown, 59 percent of surveyed planners responded that their event requires space for exhibits. While this initially suggests that any new conference center in Hendricks County that lacks an exhibit hall would miss out on nearly half of its potential market, it is our experience that many groups could use ballroom or other multipurpose space to fulfill their exhibition space requirements. Exhibit 19 presents meeting planners' requirement of traditional concrete floor exhibit space, or whether a multipurpose ballroom space would suffice.

Exhibit 19
Telephone Survey – Space That Would Be Sufficient for Exhibits

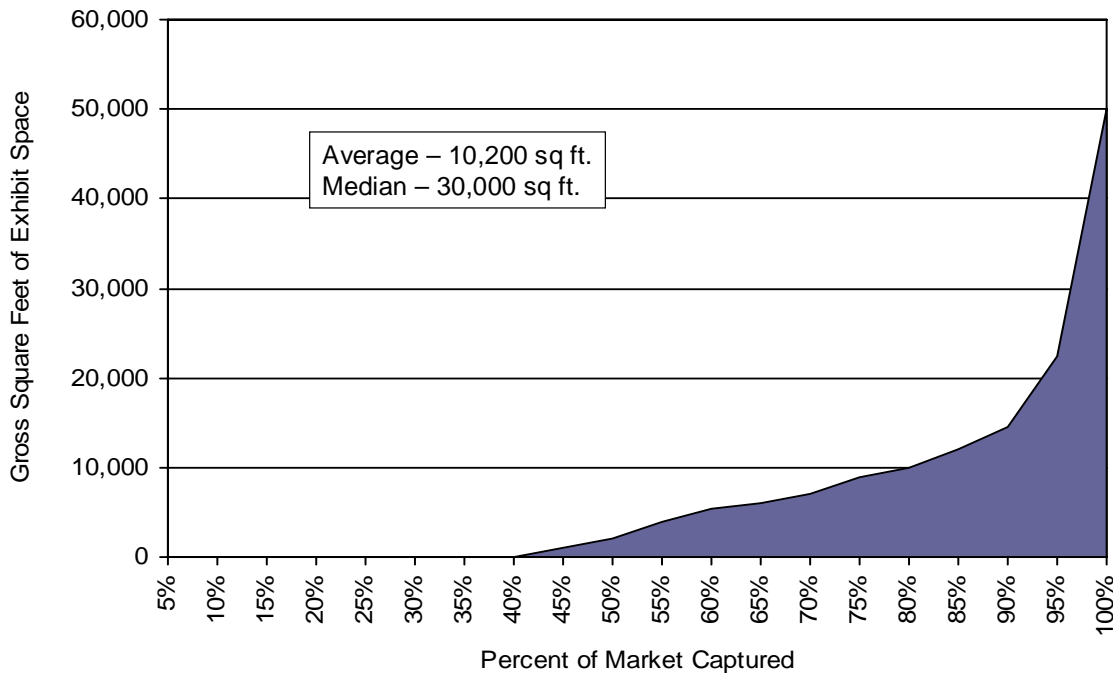


Note: Of those respondents with a positive interest in Hendricks County
Source: CSL State & Regional Organization Survey, 2008.

As shown in the exhibit on the previous page, only seven percent of the respondents with a positive interest in Hendricks County (that require space for exhibitions/tradeshows), require traditional concrete floor exhibit space. The remaining (and majority) indicated a multipurpose ballroom would be sufficient for their exhibition/tradeshow needs. Additionally, as will be discussed, nearly all groups also require some level of breakout meeting space and/or ballroom space concurrent to their exhibition space needs.

Exhibit 20 summarizes the estimate the average space levels needed for exhibits associated with Hendricks County's state and regional event market.

Exhibit 20
Telephone Survey – Total Space Required for Exhibits



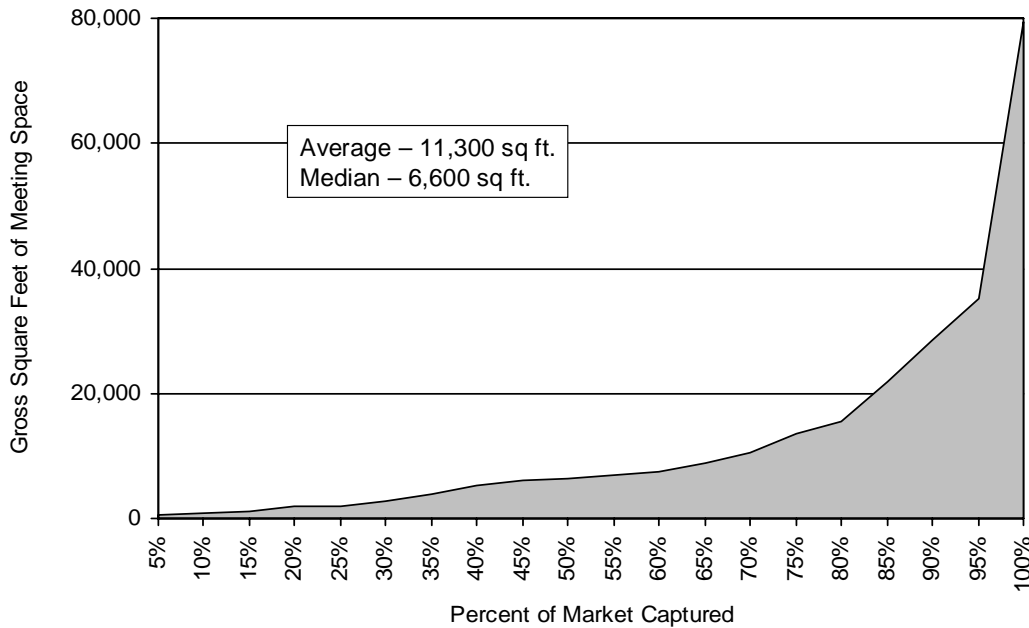
Note: Of those respondents with a positive interest in Hendricks County. Average and median only reflect respondents requiring exhibit space.
Source: CSL State & Regional Organization Survey, 2008.

As shown, of the 59 percent of Hendricks County's potential state and regional organization event market that require exhibit space, the average amount of space required is approximately 10,200 square feet, with 90 percent of Hendricks County's market requiring 14,500 square feet of space for exhibits or less. Forty-one percent of Hendricks County's market potential does not require such space as their events lack a tradeshow/exhibit component.



Breakout meeting space is a significant portion of a “complete” convention or conference center. State and regional organization event planners were also asked to estimate the average meeting space levels for their events. Because meeting room space can be used for many different purposes, actual square footage requirements can vary considerably. Responses are summarized below in Exhibit 21.

**Exhibit 21
Telephone Survey – Total Meeting Space Required**



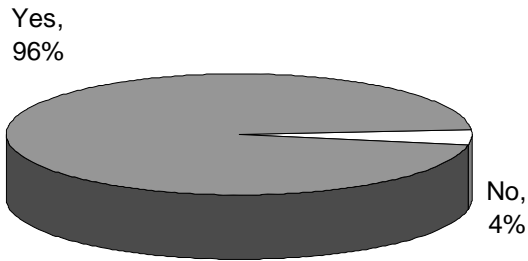
Note: Of those respondents with a positive interest in Hendricks County. Average and median only reflect respondents requiring meeting space.
Source: CSL State & Regional Organization Survey, 2008.

As shown, in order to capture between approximately 90 percent of Hendricks County's market, more than 28,500 square feet of breakout meeting space is required. It is important to note that other facility space, such as ballroom space can often be used to accommodate meeting space requirements.

Exhibit 22, located on the following page, illustrates the survey responses given by state/regional organizations regarding the need for appropriate food function space. Based on survey results, such space is often used multiple times during the course of an event. Importantly, ballroom space can often be used to fulfill certain “meeting space” requirements as well.



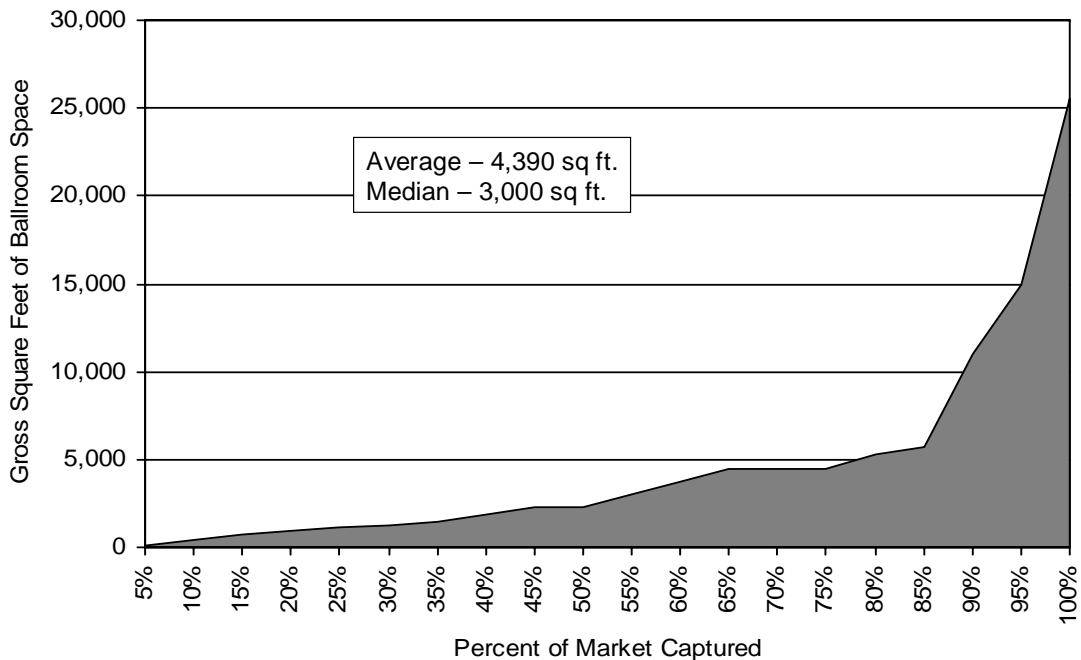
Exhibit 22
Telephone Survey – Ballroom Space Required for Food Functions



Note: Of those respondents with a positive interest in Hendricks County
 Source: CSL State & Regional Organization Survey, 2008.

Event planners were also asked to estimate the average amount of ballroom space used for their events. Exhibit 23 illustrates that 90 percent of Hendricks County's state and regional organization event market requires 11,000 square feet of dedicated ballroom space or less. It is important to note that ballroom space is the most versatile space offered in most convention/conference centers. Ballrooms are regularly subdivided and concurrent events and/or activities are held in them.

Exhibit 23
Telephone Survey – Total Ballroom Space Required

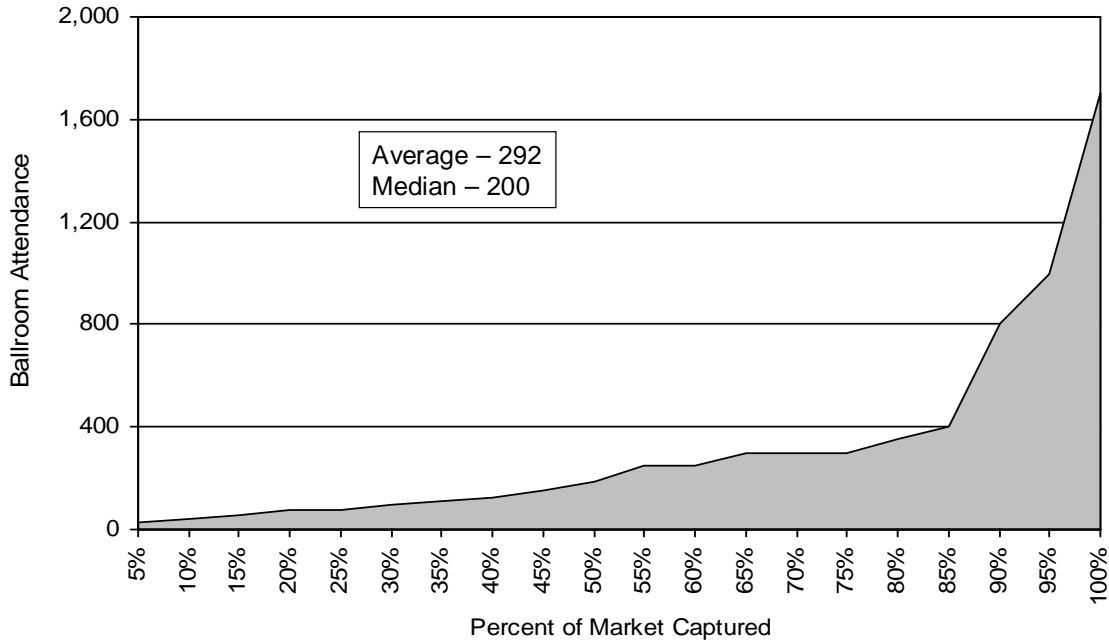


Note: Of those respondents with a positive interest in Hendricks County. Average and median only reflect respondents requiring ballroom space.
 Source: CSL State & Regional Organization Survey, 2008.



Many planned conferences, conventions or meetings have seated banquets as part of the event. Exhibit 24 displays event planners' estimated seated ballroom attendance for their events.

Exhibit 24
Telephone Survey – Average Ballroom Function Attendance



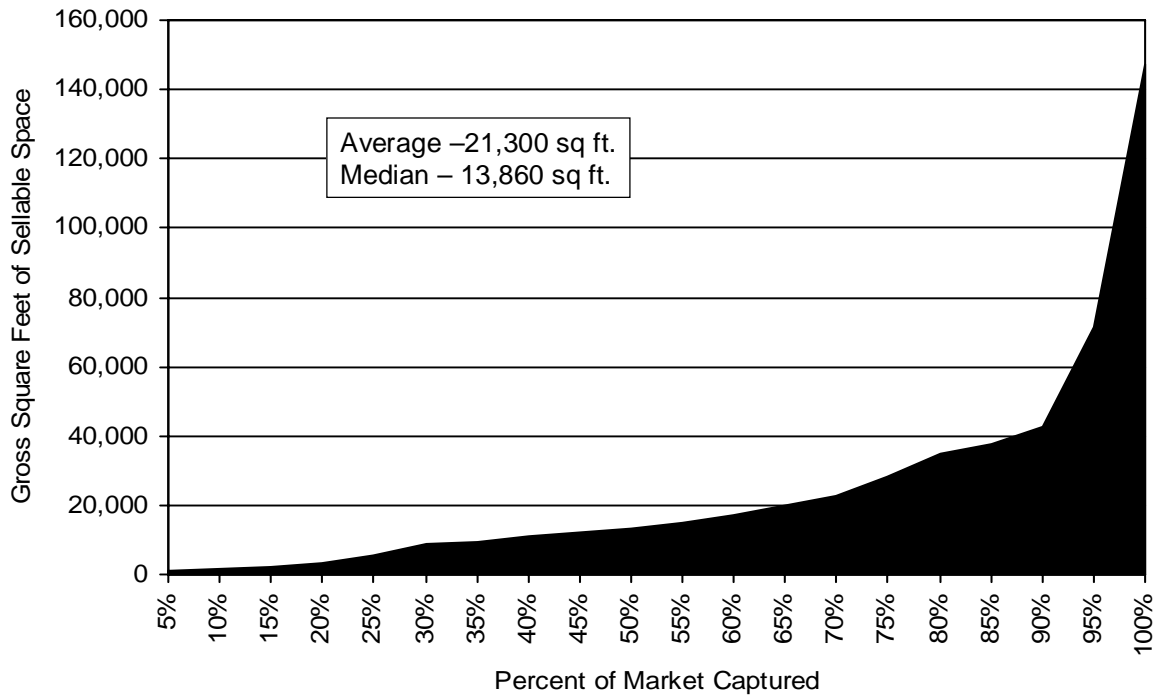
Note: Of those respondents with a positive interest in Hendricks County. Average and median only reflect respondents requiring ballroom space.
 Source: CSL State & Regional Organization Survey, 2008.

In order to capture 90 percent of its state and regional organization event market, a Hendricks County conference center would need food function space (ballroom) for nearly 800 attendees.



Exhibit 25 summarizes the estimate the total sellable space levels (exhibit, ballroom and meeting space) associated with the state/regional event market.

Exhibit 25
Telephone Survey –Total Sellable Space Required



Note: Of those respondents with a positive interest in Hendricks County.
 Source: CSL State & Regional Organization Survey, 2008.

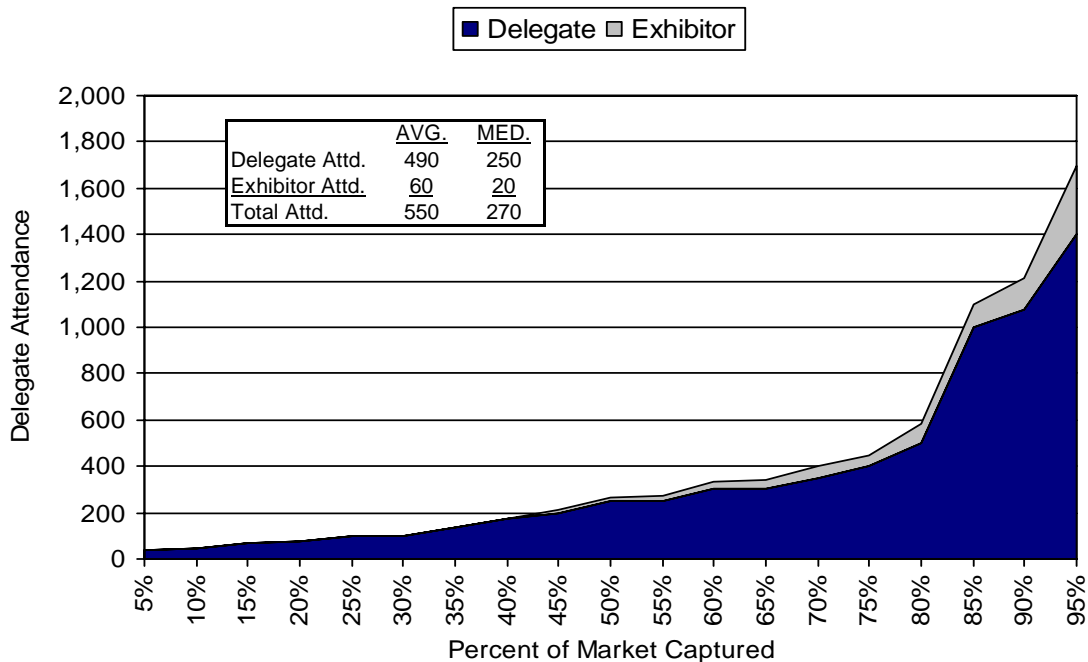
As shown, state and regional groups surveyed require an average of 21,300 square feet and a median of 13,900 square feet of sellable space for their events. In order to capture 90 percent of the Hendricks County potential event market, 42,600 square feet of sellable event space would be required.



Delegate Attendance

Event planners were asked to estimate the average delegate and exhibitor attendance levels for their events. These figures exclude spouses and guests of the event's delegates and exhibitors. Responses are summarized in Exhibit 26.

Exhibit 26
Telephone Survey – Average Attendance



Note: Of those respondents with a positive interest in Hendricks County.
Source: CSL State & Regional Organization Survey, 2008.

This exhibit illustrates the percentage of the potential market represented by various levels of attendees and exhibiting personnel to Hendricks County area events. As shown, nearly 50 percent of Hendricks County potential state and regional organization event market will have approximately 250 attendees/exhibiting personnel or fewer, while 90 percent possess 1,200 or fewer.

Conclusions

Surveys completed with state/regional convention and conference planners suggest strong interest in using a potential new Hendricks County hotel/conference center. Measured levels of interest have strongly improved relative to the 2003 convention center feasibility study survey. It is believed that this is a result of several factors, including but not limited to (1) a better "definition" of the potential Hendricks County project; (2) joining the studied hotel and conference center concept "under one roof"; and (3) clarification and certainty involved with the Midfield Terminal project, among other issues. The analysis suggests that a large portion of this market demand is currently "unmet" in Hendricks County, and would therefore represent a significant level of new non-local conference activity to the local community. Survey results stress the importance of an appropriately sized and branded full-service hotel that is physically integrated with the conference center.

5.0. SITE / LOCATION ANALYSIS

As part of the overall evaluation of a potential Hendricks County hotel/conference center, CSL conducted a site/location analysis, focusing on general areas within the County. As important as size and configuration, the site of a hotel/conference facility can have a significant impact on the facility's success.

The 2003 convention center feasibility study analyzed a set of specific site parcels spread throughout the County and recommended a "preferred" set of sites. At the CVB's direction, this study effort did not include a detailed analysis of individual site parcels; rather, it focused on evaluating areas/locations within the County that would be the best candidate areas to be focusing planning efforts, as well as providing a basis for the analysis of financial and economic issues that are relevant to both public and private sector return on investment considerations.

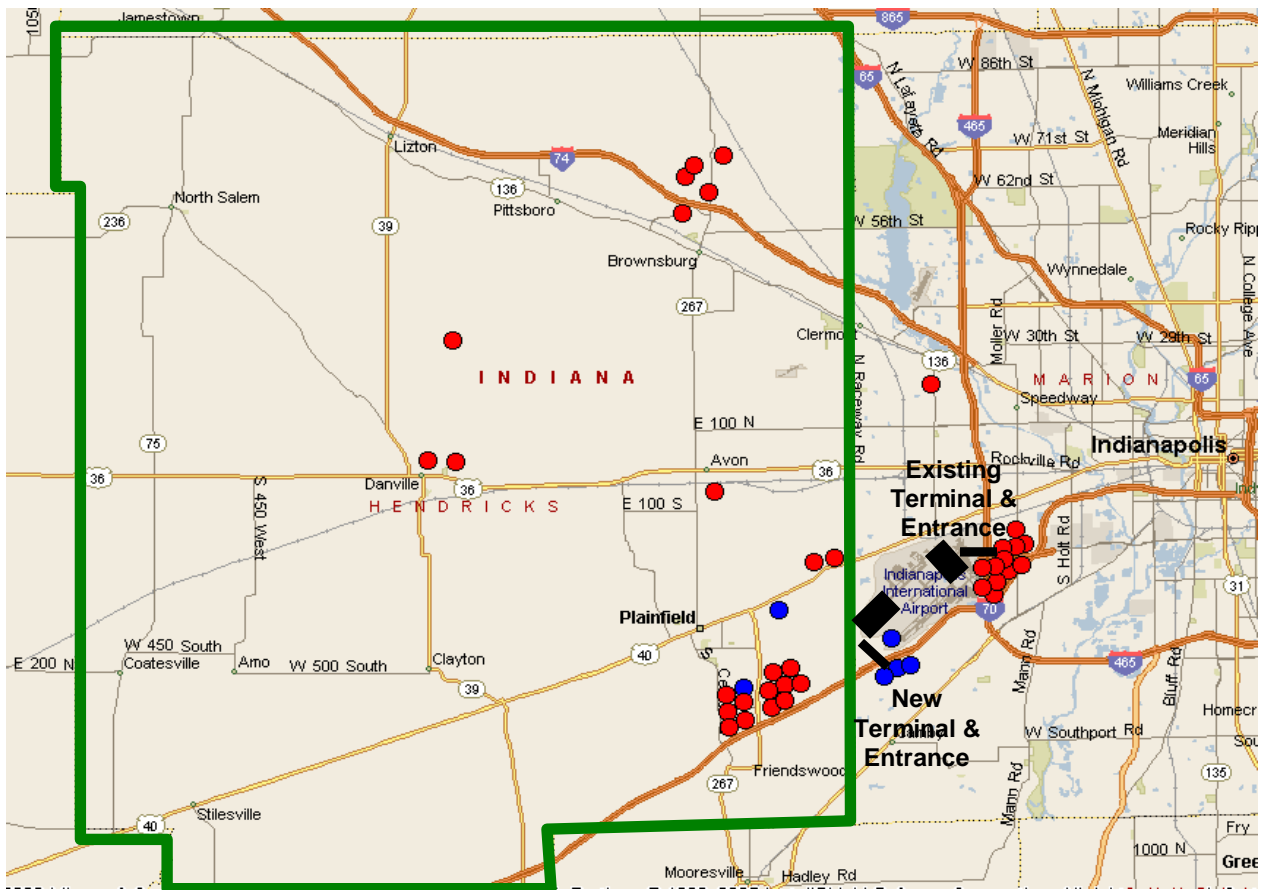
In general, a large number of characteristics and factors are typically important when evaluating the attractiveness of site locations. These include, but are not limited to:

1. Proximity to quality hotel inventory
2. Size, cost and ownership complexity of site
3. Proximity to restaurants, retail, nightlife and entertainment
4. Pedestrian-friendly walking environment
5. Parking availability
6. Ingress/egress
7. Site visibility
8. Synergy with other public sector development initiatives / master plans
9. Compatibility with surroundings
10. Other considerations

However, under a public/private partnership project such as the hotel/conference center development that is the subject of this report, the requirements and preferences of the private partner will have significant influence on the ultimate location. In all likelihood, a prospective hotel developer/operator partner(s) will be looking for a site/location that will be able to maximize non-conference center hotel room demand, as the conference center component itself will not likely drive the majority of room night demand in the hotel. As such, locations near highly-visible and highly-trafficked roadway arteries and other demand generators will likely be more attractive from the hotel partner's perspective.

Exhibit 1 presents a map of the Hendricks County area with major roadways and locations of existing and proposed/discussed hotels indicated (existing hotels shown in red and proposed/discussed hotels shown in blue). It is important to note that it is not likely that all of the proposed lodging properties will ultimately be developed. Likewise, over the next several years, it is also possible that additional hotel projects will be proposed in the Hendricks County area (that are not illustrated in the map), particularly in the Plainfield and Airport areas.

**Exhibit 1
Hendricks County Site/Location Issues**



As shown in the exhibit, the majority (approximately 75 percent) of hotels located in Hendricks County are situated in Plainfield along Interstate 70. With the opening of the new Midfield Terminal, the vast majority of new hotel development that is planned for the area is set to occur adjacent to or in close proximity of the new terminal. Specifically, there are several new full-service products proposed or under development near airport, specifically on the airport campus or in the Ameriplex Business Park adjacent to the airport. Due to the opening of the Midfield terminal, it is expected that it will lead to a shift in perception of what an "airport property" is, as evidenced by proposed hotel and retail projects near the new Airport Interchange to the west of the Terminal (which will be the new primary vehicular access

point). The next I-70 exit to the west beyond the Airport Interchange will be in the southeast portion of Hendricks County (in Plainfield).

In regards to a new hotel/conference center in Hendricks County, tying the project in to the airport as an "airport property" will best position the product for economic impact and interest by private sector investors. It is believed that other locations such as at or near Metropolis, located in Plainfield, and off of I-74 in Brownsburg offer some advantages, but less than that of the I-70/Airport location. Areas adjacent to I-70 near Six Points Road and 267 intersections will best position a project in the County in terms of visibility and accessibility to attract transient and group demand. Since this would be a public/private partnership, the requirements/preferences of the private partner will be critical; as such, the ultimate site parcel (or site parcels) must be available for negotiation.



6.0. DEVELOPMENT OPTIONS, USE & PERFORMANCE ESTIMATES

Based on the results of the analysis of local market conditions, competitive/comparable facilities and host communities, industry trends and characteristics, and market demand, an analysis of the development options, use and performance estimates was performed for a potential new Hendricks County hotel/conference center.

Development Options

Based on the previous analyses completed, three development scenarios have been identified for further evaluation. It is believed that these three options represent prudent facility models for additional consideration, understanding the unique market demand characteristics associated with the County and the expected financial and economic interests of both public sector and potential private sector participants. They include two traditional, mid-priced full-service hotel properties and one quasi-full-service (select service) property. A fourth, alternate development scenario was also considered, at the request of the CVB, and issues pertaining to its estimated viability will be subsequently discussed in this chapter.

Exhibit 1
Considered Development Scenarios

	SCENARIO 1	SCENARIO 2	SCENARIO 3
Type:	Full-service	Full-service	Quasi-full-service
Prototype Brand Examples:	Doubletree, Sheraton, Four Points by Sheraton	Doubletree, Sheraton, Four Points by Sheraton	Hyatt Place, Cambria Suites, aloft, Holiday Inn
Guestrooms:	250	200	120
Conference Space (in SF):			
Ballroom	20,000	15,000	12,000
Meeting Space	<u>10,000</u>	<u>7,000</u>	<u>5,000</u>
Total Sellable Space	30,000	22,000	17,000

Under Scenario 1, we have analyzed a 250-room full-service hotel with a 20,000-square foot ballroom and 10,000 square feet of additional meeting and function space. Likely brand affiliations would include, but are not limited to, Doubletree (a Hilton brand), Sheraton (Starwood), Four Points by Sheraton (Starwood), and Holiday Inn (InterContinental Hotels Group).

Scenario 2 represents a slightly smaller full-service hotel in scope, with a 200-room full-service hotel with a 15,000-square foot ballroom and 7,000 square feet of additional meeting and function space. The same brand affiliations would be considered, although this scenario reflects a hotel that would likely accommodate less large-scale group demand and more mid-sized regional groups, commercial and leisure transient demand.

For Scenario 3 we have analyzed a 120-room select-service or quasi-full-service hotel with a 12,000-square foot ballroom and 5,000 square feet of additional meeting and function space in an adjacent or

attached conference center. Brand options include new-build Hyatt Place, Cambria Suites (Choice Hotels), aloft (Starwood Hotel & Resorts) and Holiday Inn (InterContinental Hotels Group). Apart from the conference center facilities, this hotel would compete in the more traditional Hendricks County lodging market, supplementing such demand with smaller regional groups. This scenario could hypothetically include a partnership with a hotel like the County's new Cambria Suites hotel, albeit with added rooms to achieve a level of 120.

As previously mentioned, a fourth alternate scenario was also considered. Interest in this alternate scenario was precipitated by an unforeseen opportunity that recently presented itself involving real estate parcels in Plainfield (near the existing CVB-owned site) that have been offered for sale. Specifically, owners of the Primo Banquet and Conference Center (one of the largest flat floor event facilities in the County) have put the property up for sale. The transaction, from the public's sector's perspective, would involve the CVB swapping its approximate ten acre site with an approximate eight acre site (that is adjacent to Primo) and purchasing the existing Primo facility and associated land area. The thinking surrounding the request to consider this scenario would be that the existing Primo structure could be used as a foundation for the conference center structure and the land swap could secure an adjacent parcel for the hotel component of the project.

However, in consideration of this possibility, it is not believed that this presents a viable option for the County in its pursuit of a potential hotel/conference center under a public/private partnership model. Two primary reasons form the basis for this conclusion:

1. While Primo contains a contiguous, column-free room of sufficient size to meet the market supportable requirements for a ballroom as outlined in this study, there are important physical limitations of the structure that would likely not prove to be useful for re-use in a state-of-the-industry hotel/conference project. Notably, Primo is a relatively inexpensively-built facility, integrating a pre-engineered structure using a combination of brick, Dryvit and metal siding. Further, ceiling heights in the main room are presently approximately 12 feet in height. Conference space in modern full-service and quasi-full-service hotels have ballrooms with ceiling heights of approximately 20 feet or higher and are constructed with similar materials and in a manner that are consistent with other areas of the hotel facility. In all practicality with regard to the Primo structure, this would mean new walls, removing the ceiling, expanding the pre-function areas and adding circulation, storage and back of the house space—with the ultimate effect of essentially nullifying the benefit of beginning with an existing structure.
2. The CVB (and public sector) will theoretically have the greatest amount of leverage in negotiating with a private partner if it offers the partner the ability to choose either the existing CVB-owned site or any other site of its choosing (as long as it is in Hendricks County, which would then result in the sale and likely profit from the sale of the current site). Undertaking an additional transaction to purchase another site as well as an improvement on the site (Primo), that will not likely be productively used, could actually be counterproductive in maximizing the County's potential capital contribution.

As such, this fourth alternate scenario was not considered for the remainder of the financial, cost and economic analyses that have been undertaken.

Use and Performance Estimates

Exhibit 2 presents a summary of the conference center use and performance estimates under the three development scenarios considered for a stabilized year of operations. For purposes of this analysis, it is assumed that the fourth year of operations represents a “stabilized year of operation”.

Exhibit 2
Conference Center Use Estimates (in a stabilized year of operation)

	Number of Events	Event Days	Utilization Days	Delegate Days	Non-local Overnight Days	Non-local Daytrip Days	Local Delegate Days
SCENARIO 1							
Conv/Tradeshow (with exhibits)	15	35	66	10,350	6,055	3,260	1,035
Conv/Conf (without exhibits)	25	55	88	12,375	7,239	3,898	1,238
Public/Consumer Shows	7	17	33	25,200	1,890	17,010	6,300
Meetings/Banquets/Receptions	350	350	385	49,000	9,188	27,563	12,250
Other Events	<u>15</u>	<u>18</u>	<u>27</u>	<u>9,000</u>	<u>1,755</u>	<u>4,095</u>	<u>3,150</u>
Total	412	474	598	105,925	26,127	55,826	23,973
SCENARIO 2							
Conv/Tradeshow (with exhibits)	12	28	53	6,900	4,037	2,174	690
Conv/Conf (without exhibits)	25	55	88	11,000	6,435	3,465	1,100
Public/Consumer Shows	6	14	28	17,280	1,296	11,664	4,320
Meetings/Banquets/Receptions	325	325	358	39,000	7,313	21,938	9,750
Other Events	<u>12</u>	<u>14</u>	<u>22</u>	<u>5,040</u>	<u>983</u>	<u>2,293</u>	<u>1,764</u>
Total	380	436	548	79,220	20,063	41,533	17,624
SCENARIO 3							
Conv/Tradeshow (with exhibits)	10	23	44	4,945	2,893	1,558	495
Conv/Conf (without exhibits)	27	59	95	11,880	6,950	3,742	1,188
Public/Consumer Shows	5	12	24	12,000	900	8,100	3,000
Meetings/Banquets/Receptions	315	315	347	31,500	5,906	17,719	7,875
Other Events	<u>10</u>	<u>12</u>	<u>18</u>	<u>3,300</u>	<u>644</u>	<u>1,502</u>	<u>1,155</u>
Total	367	421	527	63,625	17,292	32,620	13,713

Note: Figures represent a stabilized year of operations (assumed fourth year).

As shown above, it is estimated that event levels at a new Hendricks County hotel/conference center during a stabilized year of operations could reach 412 events per annum under Scenario 1, 380 events per annum under Scenario 2 and 367 events per annum under Scenario 3. While fairly small within the context of the total number of events, the top two event categories represent the primary economic impact-generating events for the Center and community. They tend to be larger events in terms of attendance and space used, with longer durations. Most of these events assumed under both scenarios would represent events that are “new” to the community (i.e., not presently hosted at local Hendricks County facilities). Similar to other comparable convention/conference center facilities located throughout the country, the large majority of events under both scenarios are estimated to comprise small local events. As conference space levels diminish under Scenarios 2 and 3, so does the ability of these facilities to capture convention and conference event demand. Additionally, under the smallest conference space program (Scenario 3), the facility’s ability to accommodate concurrent events (across all event types) is also diminished relative to the others.

Performance estimates for the hotel component of the facility have been developed based on the comparable operating performance of existing area hotels, our understanding of the impacts of the new

Midfield Terminal on the existing marketplace, and the impacts of the meeting and function space associated with each scenario.

**Exhibit 3
Hotel Performance Estimates**

	2010	2011	2012	2013*	2014
Scenario 1: 250 Rooms					
Occupancy	54.00%	63.00%	68.00%	69.00%	69.00%
Average Rate	\$117.00	\$125.00	\$128.00	\$132.00	\$136.00
RevPAR	\$63.18	\$78.75	\$87.04	\$91.08	\$93.84
Scenario 2: 200 Rooms					
Occupancy	56.00%	64.00%	69.00%	70.00%	70.00%
Average Rate	\$120.00	\$128.00	\$132.00	\$136.00	\$140.00
RevPAR	\$67.20	\$81.92	\$91.08	\$95.20	\$98.00
Scenario 3: 120 Rooms					
Occupancy	64.00%	69.00%	72.00%	73.00%	73.00%
Average Rate	\$114.00	\$121.00	\$125.00	\$129.00	\$133.00
RevPAR	\$72.96	\$83.49	\$90.00	\$94.17	\$97.09

* Stabilized Year

Source: Conventions, Sports & Leisure International; Hospitality Real Estate Counselors; 2008.

Based on the meeting planner surveys and local market information, as well as certain assumptions relative to brand affiliation and third-party management of the hotel and meeting and function space, we have estimated that the hotel analyzed as part of Scenario 1 would achieve a stabilized occupancy level of 69 percent and ADR of \$132, resulting in a RevPAR of \$91.08. Occupancy and ADR levels are estimated to ramp-up over a four-year period, with initial year occupancy levels of 54 percent in 2010, 63 percent in 2011 and 68 percent in 2012. ADR levels are estimated to increase from \$117 in 2010 to \$128 in 2012, or an average annual compounded increase of 4.6 percent.

Estimated occupancy levels for Scenario 2 stabilize at 70 percent, slightly higher as compared to Scenario 1 due primarily to the smaller overall room count. As previously noted, this hotel would likely cater more to the mid-sized groups, commercial transient and leisure transient demand as compared to the larger, full-service hotel. As such, it is reasonable to estimate a slightly higher ADR level as well as the minor occupancy premium as compared to Scenario 1. By the stabilized year 2013, the Scenario 2 hotel is projected to achieve an ADR of \$136, or roughly \$4 higher as compared to the larger hotel. It is important to note that while the occupancy and ADR levels from a stabilized year perspective are slightly higher in this scenario, certain other revenues such as food and beverage from the banquets and catering department associated with the function space, would likely be reduced under the smaller scenario.

Scenario 3 represents a different business model as compared to the first two scenarios, focusing more on the commercial and leisure transient demand already in the marketplace, and less on the group segment. However, the analysis assumes roughly 17,000 square feet of meeting space contained either within the hotel or adjacent to the hotel in a conference center facility. As such, we have projected a higher stabilized occupancy level for Scenario 3, with a quicker ramp-up in occupancy levels. Overall, this scenario is likely to achieve a stabilized occupancy level of 73 percent in 2013, with an ADR of approximately \$129, below that of the two traditional full-service hotels.



7.0. PRELIM. COST ESTIMATES, FINANCIAL ANALYSIS & VALUATION

Within this chapter, analyses are presented pertaining to order-of-magnitude construction costs, asset valuation, financial operation characteristics, and feasibility gap estimates with respect to the three development scenarios considered for a potential new Hendricks County hotel/conference center. We have generated estimates of operating performance for the various development scenarios by projecting the potential cash flow generating capability of each facility. The cash flows are then converted to an estimated current market value, which can then be compared to the estimated construction costs as a test of each scenario's feasibility. If the market value of the facility is greater as compared to the construction costs, the project is deemed feasible. Conversely, if the construction costs are greater as compared to the estimated market value, a "feasibility gap" exists. In instances where a feasibility gap exists, financial incentives by the public sector will likely be necessary to attract a potential developer.

Preliminary Construction Cost Assumptions

As part of our analysis of the potential development options for a new hotel/conference center facility in Hendricks County, we have evaluated the estimated construction costs for each scenario. It is important to note that our construction costs assume no cost for land or development profit, often referred to as entrepreneurial profit. These costs would likely result in an overall increase ranging from 20 to 30 percent. Additionally, these cost figures should be considered preliminary and order-of-magnitude. Further planning relating to the programmatic elements, product branding, site/infrastructure, environmental, and architectural design and costing services will be required to fully estimate ultimate project costs.

Exhibit 1 presents the estimated order-of-magnitude hard construction costs for the assumed Hendricks County hotel/conference center under each of the three development scenarios.

Exhibit 1
Order-of-Magnitude Construction Cost Estimates by Scenario

	SCENARIO 1	SCENARIO 2	SCENARIO 3
Type:	Full-service	Full-service	Quasi-full-service
Guestrooms:	250	200	120
Est. Construction Costs:			
Per Room - Low	\$150,000	\$150,000	\$125,000
Per Room - High	\$175,000	\$175,000	\$140,000
Conference Center (net)	\$9,500,000	\$6,500,000	\$5,500,000
Total - Low	\$47,000,000	\$36,500,000	\$20,500,000
Total - High	\$53,000,000	\$41,000,000	\$22,500,000

Note: Per room figures noted above represent current typical hard and soft construction costs for new branded prototypes similar to those under consideration by scenario. Certain efficiencies have been assumed in constructing both the hotel and the integrated conference space simultaneously, which is reflected in a reduction in the "conference center" cost line item. Construction cost estimates do not include cost of land or entrepreneurial profit. Figures presented represent order-of-magnitude estimates. Detailed architectural concept, design and costing analysis would be required to specifically project construction costs for a potential new Hendricks County project. Presented in 2008 dollars.

For Scenario 1, according to construction cost information relative to the hotel brands under consideration, the potential range of construction costs is estimated to range from a low of \$150,000 per room to a high of \$175,000 per room. Total construction costs for the 250-room hotel, including the attached conference center, would range from \$47 million to \$53 million. It should be noted that certain efficiencies relative to constructing both the hotel and the attached conference center simultaneously are factored into the total costs for the two components. Specifically, we have applied a roughly 20 percent discount to the hard construction costs for each facility component, based on the assumption that both are constructed simultaneously as opposed to being constructed as individual, stand-alone units.

With similar assumptions, total construction costs for Scenario 2, the 200-room hotel, including the attached conference center, could range from \$36.5 million to \$41 million, with the per room costs similar to the 250-room scenario. Since brand affiliation and function space square footage per room in both scenarios is similar, this appears reasonable.

With regard to Scenario 3, according to construction cost information relative to the hotel brands under consideration, the potential range of construction costs could range from a low of \$125,000 per room to a high of \$140,000 per room. Total construction costs for the 120-room hotel, including the attached conference center, could range from \$20.5 million to \$22.5 million. It should be noted that certain efficiencies relative to constructing both the hotel and the attached conference center simultaneously are factored into the total costs for the two facility components. Similar to the traditional full-service scenarios, we have applied a roughly 20 percent discount to the hard construction costs for each facility component, based on the assumption that both are constructed simultaneously as opposed to being constructed as individual, stand-alone units.

Financial Operating Analysis and Valuation

We have performed an analysis of the potential operating results that could be generated by a new hotel/conference center in Hendricks County, based on key assumptions and estimates. Building on the conclusions of the previous analyses, estimates were developed concerning the financial operating characteristics of a potential new Hendricks County hotel/conference center.

This presentation is designed to assist project representatives in assessing the financial effects of the proposed new hotel/conference center and cannot be considered a presentation of expected future results. Accordingly, the analysis of potential financial operating results may not be useful for other purposes. The assumptions disclosed herein are not all inclusive, but are those deemed to be significant. Because events and circumstances frequently do not occur as expected, there usually will be differences between estimated and actual results and these differences may be material.

As with all new facilities of this nature, an initial startup period is assumed before conference center event and hotel occupancy/ADR levels are anticipated to stabilize. Financial operating estimates prepared in this section reflect a stabilized year of operations (assumed to occur by the fourth full year of operation).

As in all studies of this type, the estimated results are based on competent and efficient facility management and assume that no significant changes in the various event markets will occur beyond those set forth in this report.

The following definitions are provided to clarify the components of individual revenue and expense line items presented in the financial operating analysis:

Room Revenue: Room revenue is calculated based off the previously presented occupancy and average room rate levels for the proposed subject hotel.

Food & Beverage: Revenue related to food and beverage (F&B) consists of revenue generated from the hotel's restaurant, lounge and room service. Food & beverage revenue also includes all of the conference center-specific revenue (i.e., space rental, catering, equipment rental and miscellaneous revenue).

Other Operating Income: Other operating income includes revenues from sources other than guest room rentals, food & beverage, spa, and any other major revenue generating departments.

Room Expense: Room expenses include the costs of payroll and related costs associated with the reservations department, front desk, housekeeping, laundry and other items necessary to maintain guest rooms.

Food & Beverage Expense: Food and beverage expenses consist of necessary items for the primary operation of a hotel's food, banquet, lounge and bar areas.

Other Operated Income Expense: This expense category is often times comprised of smaller departments that generate expenses from activities, such as valet, laundry, business services, etc.

Administrative and General ("A&G"): The A & G expense category includes the salaries and wages of all administrative personnel who are not directly associated with a particular department, as well as expenses related to the management and operation of the property.

Management Fees: Management fee expenses consist of the basic management fees paid to the hotel's operating company and do not include incentive management fees, assumed to be subordinate to debt service. Industry standards indicate that a typical management fee for full-service hotels is three percent.

Marketing: Marketing expenses consist of all payroll and related expenses involved with advertising, sales and promotions for a hotel-based property.

Franchise Fees (Royalty): Franchise fee expenses, or often times referred to as royalties, paid to the corporate owner of the brand. Under a situation where the asset is corporately-managed, franchise fees are not paid; however, it is typical that other expenses such as marketing expenditures are often higher in these cases.

Property Operations and Maintenance ("POM"): POM expenses include the costs of repairs and on-going maintenance of the facility's physical plant, as well as salaries and wages, employee benefits, other payroll costs, landscaping and mechanical equipment.

Utilities: Utilities expense consists of all utilities required to heat, cool, and service the property. The estimates are based on industry averages and the assumption that the new facility will include all the current energy-saving components.

Property Taxes: Property taxes have been based on estimates from hotels comparable to the ones proposed for Hendricks County.

Insurance: Insurance expense consists of the cost of insuring the physical plant of the hotel/conference center against damage or destruction by fire, weather, sprinkler leakage and so forth.

Reserve for Replacement: Reserve for replacement expense consists of funding put aside for the periodic replacement of furniture, fixtures and equipment. The timely replacement of these items is essential to the continued successful operation of the hotel. Based on our knowledge of the lodging and conference industries, typically, new full-service hotels will be required to ramp-up their reserve for replacement expenses.

In Scenario 1, we have assumed a stabilized occupancy level of 69 percent and an ADR of \$132, equating to a RevPAR level of \$91.08. In order to estimate the economic value of this scenario, we have analyzed similar group-oriented hotels with conference space of a similar size to determine the total estimated revenue generating capacity of a facility of this nature.

Assuming the hypothetical hotel under Scenario 1 achieves an occupancy level of 69 percent and ADR of \$132, room revenues would equate to approximately \$8.3 million. Assuming that room revenues would comprise 65 percent of the total revenues for the hypothetical hotel in Scenario 1, total revenues would equate to approximately \$12.8 million. However, since the hotel in Scenario 1 would have roughly 30,000 square feet of meeting space, we have assumed higher total revenues based on the strength of the food and beverage department. The next step in our analysis was to estimate the cash-flow generating capacity of the hypothetical hotel based on typical industry expenses for assets of this type.

Based on industry data, the range of income before other fixed charges (often referred to as Net Operating Income, or "NOI") equates to 17.3 percent of total revenues on the low end and 30.9 percent on the high end. Total NOI levels would range from \$2.9 million to \$5.3 million, based on the comparable statements. Utilizing the comparable statements and our knowledge of similar assets in the lodging industry, we have prepared an estimate of the financial operating characteristics for the Scenario 1 facility during a stabilized year of operation, as shown in Exhibit 2 on the following page.

Exhibit 2
Estimates of Financial Operations – Scenario 1

**Scenario 1: 250-Room
Full Service Hotel**

Stabilized Year Forecast
of Income and Expense

Number of Salable Guestrooms:	250
Occupancy:	69%
Average Room Rate:	\$132.00
REVPAR:	\$91.08
Assumed Year:	2013

	\$	%	POR	PAR
REVENUES				
Rooms	\$8,311,000	48.3%	\$132.00	\$33,244
Food and Beverage	7,380,000	42.9%	117.21	29,520
Other Income	861,000	5.0%	13.67	3,444
Rentals and Other Income	<u>649,000</u>	<u>3.8%</u>	<u>10.31</u>	<u>2,596</u>
Total	17,201,000	100.0%	273.19	68,804
DEPARTMENTAL EXPENSES *				
Rooms	2,265,000	27.3%	35.97	9,060
Food & Beverage	4,740,000	64.2%	75.28	18,960
Other Income	<u>617,000</u>	<u>71.7%</u>	<u>9.80</u>	<u>2,468</u>
Total	7,622,000	44.3%	121.06	30,488
DEPARTMENTAL INCOME				
	\$9,579,000	55.7%	\$152.44	\$38,316
UNDISTRIBUTED OPERATING EXPENSES				
Administrative & General	1,416,000	8.2%	22.49	5,664
Management Fee	416,000	2.4%	6.61	1,664
Marketing	1,285,000	7.5%	20.41	5,140
Franchise Fees (Royalty Fees)	416,000	2.4%	6.60	1,662
Property Oper & Maintenance	857,000	5.0%	13.61	3,428
Utilities	<u>671,000</u>	<u>3.9%</u>	<u>10.66</u>	<u>2,684</u>
Total	5,061,000	29.4%	80.37	20,242
HOUSE PROFIT				
	\$4,518,000	26.3%	\$71.76	\$18,074
FIXED EXPENSES				
Property Taxes	520,000	3.0%	8.26	2,080
Insurance	174,000	1.0%	2.76	696
Reserve for Replacement	<u>688,000</u>	<u>4.0%</u>	<u>10.93</u>	<u>2,752</u>
Total	1,382,000	8.0%	21.95	5,528
NET INCOME				
	\$3,136,000	18.3%	\$49.81	\$12,546

* Ratios are expressed as a percentage of respective departmental revenues.

Based on assumed total revenues of \$17.2 million and an NOI ratio of 18.3 percent, the hypothetical hotel in Scenario 1 would generate approximately \$3.14 million in NOI in the stabilized year. Based on the estimates of net operating income for the hypothetical Scenario 1 hotel, we have estimated the current market value. The market value represents the current price that a potential hotel investor would be willing to pay for the future cash-flow generating capability of the hypothetical hotel. We have utilized a direct capitalization method, which estimates the value of the hypothetical hotel based on its stabilized cash flows in its stabilized year, utilizing an appropriate capitalization rate for assets of this nature. Specifically, assumptions included a 9.0 to 10.0 percent cap rate (reflecting what a typical purchaser would be willing to pay today for the future cash flow stream), market rates for debt consisting of 70 to 75 percent loan-to-value at a 7.0 to 7.5 percent interest rate, and equity returns assumed in excess of 18 percent rate of return. Based on our net operating income assumptions and the direct capitalization method to value the hypothetical hotel, we have determined the following value estimates:

Stabilized Year Value Estimate:

10% Capitalization Rate = \$31.5 million (rounded), or \$126,000 per room

9.0% Capitalization Rate = \$35.0 million (rounded), or \$140,000 per room

Under Scenario 2, we have assumed a stabilized occupancy level of 70 percent and an ADR of \$136, equating to a RevPAR level of \$95.20. Similar to Scenario 1, we have analyzed similar group-oriented hotels of a similar size to determine the total estimated revenue generating capacity of a facility of this nature.

Assuming the hypothetical hotel/conference center under Scenario 2 achieves an occupancy level of 70 percent and ADR of \$136, room revenues would equate to approximately \$6.95 million. Assuming that room revenues would comprise 65 percent of the total revenues for the hypothetical facility in Scenario 2, total revenues would equate to approximately \$10.7 million. However, since the hotel in Scenario 2 would have roughly 22,000 square feet of conference space, we have assumed higher total revenues based on the strength of the food and beverage department.

NOI levels are estimated to range from \$2.3 million to \$4.2 million, based on the comparable facility statements. Utilizing the comparable statements and our knowledge of similar assets in the lodging and conference industries, we have estimated the financial operating characteristics for the Scenario 2 facility, as detailed in Exhibit 3 below.

Exhibit 3
Estimates of Financial Operations – Scenario 2

**Scenario 2: 200-Room
Full Service Hotel**

Stabilized Year Forecast
of Income and Expense

Number of Salable Guestrooms:	200
Occupancy:	70%
Average Room Rate:	\$136.00
REVPAR:	\$95.20
Assumed Year:	2013

	\$	%	POR	PAR
REVENUES				
Rooms	\$6,950,000	51.1%	\$136.01	\$34,750
Food and Beverage	5,453,000	40.0%	106.71	27,265
Other Income	697,000	5.1%	13.64	3,485
Rentals and Other Income	<u>523,000</u>	<u>3.8%</u>	<u>10.23</u>	<u>2,615</u>
Total	13,623,000	100.0%	266.59	68,115
DEPARTMENTAL EXPENSES *				
Rooms	1,821,000	26.2%	35.64	9,105
Food & Beverage	3,488,000	64.0%	68.26	17,440
Other Income	<u>497,000</u>	<u>71.3%</u>	<u>9.73</u>	<u>2,485</u>
Total	5,806,000	42.6%	113.62	29,030
DEPARTMENTAL INCOME	<u>7,817,000</u>	<u>57.4%</u>	<u>\$152.97</u>	<u>\$39,085</u>
UNDISTRIBUTED OPERATING EXPENSES				
Administrative & General	1,137,000	8.3%	22.25	5,685
Management Fee	348,000	2.6%	6.81	1,740
Marketing	1,038,000	7.6%	20.31	5,190
Franchise Fees (Royalty Fees)	348,000	2.6%	6.80	1,738
Property Oper & Maintenance	690,000	5.1%	13.50	3,450
Utilities	<u>540,000</u>	<u>4.0%</u>	<u>10.57</u>	<u>2,700</u>
Total	4,101,000	30.2%	80.24	20,503
HOUSE PROFIT	<u>\$3,717,000</u>	<u>27.2%</u>	<u>\$72.73</u>	<u>\$18,583</u>
FIXED EXPENSES				
Property Taxes	416,000	3.1%	8.14	2,080
Insurance	139,000	1.0%	2.72	695
Reserve for Replacement	<u>545,000</u>	<u>4.0%</u>	<u>10.66</u>	<u>2,725</u>
Total	1,100,000	8.1%	21.52	5,500
NET INCOME	<u>\$2,617,000</u>	<u>19.1%</u>	<u>\$51.21</u>	<u>\$13,083</u>

* Ratios are expressed as a percentage of respective departmental revenues.

Based on the assumed total revenues of \$13.6 million and an NOI ratio of 19.1 percent, the hypothetical facility in Scenario 2 would generate approximately \$2.62 million in NOI in the stabilized year. Based on our estimates of net operating income for the hypothetical Scenario 2 facility, we have estimated the



current market value. Based on our net operating income assumptions and the direct capitalization method to value the hypothetical hotel, we have determined the following value estimates.

Stabilized Year Value Estimate:

10% Capitalization Rate = \$26 million (rounded), or \$130,000 per room

9.0% Capitalization Rate = \$29 million (rounded), or \$145,000 per room

Under Scenario 3, we have assumed a stabilized occupancy level of 73 percent and an ADR of \$129, equating to a RevPAR level of \$94.17. For this facility scenario (quasi-full-service with the expanded conference center space), we have based our pro forma on comparable statements from similar assets, adjusted to reflect the atypical meeting and function spaces. In most limited or select-service hotels, room revenues comprise the vast majority of the total revenues (generally more than 90 percent). However, in this case, the 17,000 square feet of meeting and function space that is assumed to be located adjacent to the subject hotel will likely result in greater food and beverage revenues.

Utilizing comparable facility statement data and our knowledge of similar assets in the lodging and conference industries, we have prepared estimates of the financial operating characteristics for a stabilized year for the Scenario 3 facility, as presented in Exhibit 4 below.

Exhibit 4
Estimates of Financial Operations – Scenario 3

		\$	%	POR	PAR
REVENUES					
	Rooms	\$4,125,000	69.1%	\$129.01	\$34,375
	Food and Beverage	1,516,000	25.4%	47.41	12,633
	Other Income	263,000	4.4%	8.23	2,192
	Rentals and Other Income	<u>64,000</u>	<u>1.1%</u>	<u>2.00</u>	<u>533</u>
	Total	5,968,000	100.0%	186.65	49,733
DEPARTMENTAL EXPENSES *					
	Rooms	986,000	23.9%	30.84	8,217
	Food & Beverage	1,354,000	89.3%	42.35	11,283
	Other Income	<u>196,000</u>	<u>74.5%</u>	<u>6.13</u>	<u>1,633</u>
	Total	2,536,000	42.5%	79.31	21,133
DEPARTMENTAL INCOME					
		3,432,000	57.5%	\$107.34	\$28,600
UNDISTRIBUTED OPERATING EXPENSES					
	Administrative & General	450,000	7.5%	14.07	3,750
	Management Fee	124,000	2.1%	3.88	1,033
	Marketing	378,000	6.3%	11.82	3,150
	Franchise Fees (Royalty Fees)	206,000	3.5%	6.45	1,719
	Property Oper & Maintenance	242,000	4.1%	7.57	2,017
	Utilities	<u>297,000</u>	<u>5.0%</u>	<u>9.29</u>	<u>2,475</u>
	Total	1,697,000	28.5%	53.08	14,144
HOUSE PROFIT					
		\$1,735,000	29.0%	\$54.26	\$14,456
FIXED EXPENSES					
	Property Taxes	142,000	2.4%	4.44	1,183
	Insurance	98,000	1.6%	3.06	817
	Reserve for Replacement	<u>239,000</u>	<u>4.0%</u>	<u>7.47</u>	<u>1,989</u>
	Total	479,000	8.0%	14.97	3,989
NET INCOME					
		\$1,256,000	21.0%	\$39.28	\$10,467

* Ratios are expressed as a percentage of respective departmental revenues.

**Scenario 3: 120-Room
Quasi Full Service Hotel**

Stabilized Year Forecast
of Income and Expense

Number of Salable Guestrooms:	120
Occupancy:	73%
Average Room Rate:	\$129.00
REVPAR:	\$94.17
Year:	2013



Based on our assumed total revenues of \$6 million and an NOI ratio of 21 percent, the hypothetical facility in Scenario 3 would generate approximately \$1.26 million in NOI in the stabilized year. Based on our estimates of net operating income for the hypothetical Scenario 3 facility, we have estimated the current market value. Based on our net operating income assumptions and the direct capitalization method to value the hypothetical facility, we have determined the following value estimates.

Stabilized Year Value Estimate:

10% Capitalization Rate = \$12.5 million (rounded), or \$104,000 per room

9.0% Capitalization Rate = \$14.0 million (rounded), or \$117,000 per room

A feasible hotel-based project is such because its market value (economic benefit) outweighs its costs. Additionally, a potential investor may not choose to develop a hotel-based project, even if it is feasible, if the feasibility margin does not meet the investor's required rate of return. As discussed previously, our estimated value for the hypothetical hotel ranges for each scenario. Based on the construction cost estimates previously discussed, the current market value for the proposed subject property is less than the estimated cost to construct the facility, resulting in a feasibility gap. Exhibit 5 illustrates the breadth of the feasibility gap, assuming both the high and low ends of the ranges for market value and construction costs for all three scenarios.

Exhibit 5 Feasibility Gap Analysis

Scenario 1: 250-Room Full Service Hotel

	<u>Low</u>	<u>High</u>	<u>Rooms</u>	<u>Low/Room</u>	<u>High/Room</u>
Estimated Value	\$31,500,000	\$35,000,000	250	\$126,000	\$140,000
Estimated Cost to Build	<u>\$47,000,000</u>	<u>\$53,000,000</u>	250	<u>\$188,000</u>	<u>\$212,000</u>
Feasibility Margin/(Gap)	(\$15,500,000)	(\$18,000,000)		(\$62,000)	(\$72,000)

Scenario 2: 200-Room Full Service Hotel

	<u>Low</u>	<u>High</u>	<u>Rooms</u>	<u>Low/Room</u>	<u>High/Room</u>
Estimated Value	\$26,000,000	\$29,000,000	200	\$130,000	\$145,000
Estimated Cost to Build	<u>\$36,500,000</u>	<u>\$41,000,000</u>	200	<u>\$182,500</u>	<u>\$205,000</u>
Feasibility Margin/(Gap)	(\$10,500,000)	(\$12,000,000)		(\$52,500)	(\$60,000)

Scenario 3: 120-Room Quasi-Full-Service Hotel

	<u>Low</u>	<u>High</u>	<u>Rooms</u>	<u>Low/Room</u>	<u>High/Room</u>
Estimated Value	\$12,500,000	\$14,000,000	120	\$104,167	\$116,667
Estimated Cost to Build	<u>\$20,500,000</u>	<u>\$22,500,000</u>	120	<u>\$170,833</u>	<u>\$187,500</u>
Feasibility Margin/(Gap)	(\$8,000,000)	(\$8,500,000)		(\$66,667)	(\$70,833)

Note: The feasibility gap represents the level of incentive, reduced costs or increased value that would need to be induced before the project is considered economically sound. Under Scenario 3, the operating efficiencies generally realized by a quasi-full-service hotel are significantly impacted by the addition of conf. center. As such, this scenario appears the least feasible from a per room basis, but requires less financial incentive from a pure dollar amount basis.

It should be noted that land costs have not been included in the total construction cost estimates. For Scenario 1, based on the low end of the value range and the low end of the construction cost range, a feasibility gap of roughly \$15.5 million, or roundly \$62,000 per room exists. On the high end of the value and construction costs range, a feasibility gap of roughly \$18 million, or roundly \$72,000 per room exists.

Based on the low end of the value range and the low end of the construction cost range, a feasibility gap of roughly \$10.5 million, or roundly \$52,500 per room exists under Scenario 2. On the high end of the value and construction costs range, a feasibility gap of roughly \$12 million, or roundly \$60,000 per room exists.

Under Scenario 3, a feasibility gap of roughly \$8 million, or roundly \$67,000 per room exists based on the low end of the value range. On the high end of the value and construction costs range, a feasibility gap of roughly \$8.5 million, or roundly \$71,000 per room exists.

The feasibility gap represents the level of incentive, reduced costs or increased value that would need to be induced before the project is considered economically sound from a private sector development standpoint. From a private development standpoint, whereas a developer would be required to acquire a parcel of land, the project is considered less attractive, and a wider feasibility gap would exist. As such, we are of the opinion that no prudent investor would develop the proposed subject facility without public-sector participation.

While none of the three development scenarios are considered financially feasible, the quasi-full-service hotel requires the lowest overall public commitment on a total investment basis. Assuming the highest end of the value range and the lowest construction costs, the total public investment would equate to \$6.5 million. Based on a similar analysis of the lowest potential public investment per scenario, Scenario 1 would require a total investment of \$12 million, while Scenario 2 would require a total investment of \$7.5 million. However, these figures and this analysis does not include a comparison of economic impacts (benefits) to the Hendricks County community. These impacts, along with an analysis of overall costs and benefits, are provided in the following chapters.

8.0. ECONOMIC IMPACT ANALYSIS

The purpose of this chapter is to provide an analysis of the potential economic impacts that could be generated by a potential new hotel/conference center in Hendricks County, based on key assumptions described herein. As previously mentioned, the evaluation of the economic benefits generated by hotels and conference centers is one of the primary determinants regarding the decision by the public sector to invest in such projects.

The annual operations of a hotel/conference center typically provide significant benefits to an area. Typically, and for purposes of this report, quantifiable effects are characterized in terms of *economic and fiscal impacts*. *Economic impacts* are conveyed through measures of direct spending, total output, personal earnings and employment. *Fiscal impacts* are the tax revenues generated through direct and indirect spending. All of the economic and fiscal impacts that are highlighted in this analysis relate to “incremental” impacts, or those that are estimated to be “net new” to Hendricks County and directly attributable to the operation of the new facility. For instance, we have excluded all spending that is estimated to be associated with Hendricks County residents and that which is already generated by existing hotels and meeting facilities located in the County (this is assumed to represent “displaced spending”).

The characteristics of economic impact effects are generally discussed in terms of their *direct, indirect and induced effects* on the area economy:

- Direct effects consist principally of initial purchases made by hotel guests and convention/conference attendees and exhibitors who have arrived from out-of-town. This spending typically takes place in local hotels, restaurants, retail establishments and other such businesses.
- Indirect effects consist of the re-spending of the initial or direct expenditures. An example of indirect spending is when a restaurant purchases additional food and dining supplies as a result of new dining expenditures through increased patronage. A certain portion of these incremental supply expenditures occurs within the local community (i.e., “indirect spending,” the type of which is quantified under this analysis), while another portion leaves the local economy (i.e., “leakage”).
- Induced effects consist of the positive changes in employment and earnings collections generated by changes in population associated with the direct and indirect expenditures.

The re-spending of dollars in an economy is estimated by using economic multipliers and applying them to the amount of direct, or initial spending. The *multiplier effect* is estimated in this analysis using a regional economic forecasting model provided by the Minnesota IMPLAN Group, Inc., a private economic modeling company. The IMPLAN system uses an input-output matrix with specific data for multipliers based on regional business patterns from across the country. Financial information for the matrix of multipliers is collected from various sources that include, but are not limited to, the U.S. Department of Labor, as well as state sales and tax reports. The system uses this data to determine the economic independence of specific geographic regions as well as the interdependence that exists between industries in those regions. The systems provide total industry output, personal earnings and employment data for approximately 520 industry groups.

For purposes of this analysis, results of the economic impact analyses are measured in terms of the following categories:

- Total output represents the total direct, indirect and induced spending effects generated by the project. This calculation measures the total dollar change in output that occurs in the local economy for each dollar of output delivered to final demand.
- Personal earnings represents the wages and salaries earned by employees of businesses associated with or impacted by the project. In other words, the multiplier measures the total dollar change in earnings of households employed by the affected industries for each additional dollar of output delivered to final demand.
- Employment represents the number of full- and part-time jobs. The employment multiplier measures the total change in the number of jobs in the local economy for each additional \$1.0 million of output delivered to final demand.

The initial spending of new dollars into an economy begins a series in which the dollars are cycled through the economy. The re-spending of the dollars is estimated by using the economic multipliers discussed above and applying them to the amount of direct, or initial, spending. The multiplier illustrates that spending in a defined economy will lead to additional spending until that dollar has completed its cycle through leakage. Leakage represents the portion of a dollar spent in areas outside the designated economy.

Spending estimates using industry sources have been adjusted to 2008 dollars and for cost of living levels and the unique characteristics of Hendricks County. The estimates of average daily spending on a per visitor basis were applied to estimates of potential future activity and patronage at the potential new Hendricks County hotel/conference center, based on the results of the overall market analysis. Given Hendricks County's proximate location to Indianapolis, careful consideration was made for those conference center attendees that might represent "day-trippers" as opposed to "overnight" visitors, which typically have very different daily spending patterns.

Exhibit 1, on the following page, presents the estimated new annual hotel room night and economic and tax impacts associated for a potential new Hendricks County hotel/conference center under all three development scenarios.

Exhibit 1
Estimates of Net New Economic & Tax Impacts in Hendricks County

	SCENARIO 1	SCENARIO 2	SCENARIO 3
ROOM NIGHTS			
Conference Space Events - Subject Property	15,782	12,156	10,540
Conference Space Events - Other Hotels	6,764	5,210	4,517
Other Net Demand - Subject Property	<u>33,026</u>	<u>27,261</u>	<u>15,004</u>
Total Net New Room Nights in County	55,572	44,627	30,061
ECONOMIC IMPACTS			
Conference Space Events			
Direct Spending	\$8,311,423	\$6,357,564	\$3,409,099
Indirect/Induced Spending	<u>4,986,854</u>	<u>3,814,538</u>	<u>2,045,459</u>
Total Output	\$13,298,277	\$10,172,102	\$5,454,558
Other Hotel Demand			
Direct Spending	\$4,893,023	\$4,038,787	\$2,222,897
Indirect/Induced Spending	<u>2,935,814</u>	<u>2,423,272</u>	<u>1,333,738</u>
Total Output	\$7,828,836	\$6,462,060	\$3,556,635
Total			
Direct Spending	\$13,204,446	\$10,396,351	\$5,631,995
Indirect/Induced Spending	<u>7,922,667</u>	<u>6,237,811</u>	<u>3,379,197</u>
Total Output	\$21,127,113	\$16,634,162	\$9,011,193
TAX IMPACTS			
Conference Space Events			
County Taxes	\$180,135	\$139,013	\$114,000
City Taxes	\$44,687	\$34,097	\$15,545
Other Hotel Demand			
County Taxes	\$301,007	\$248,457	\$136,747
City Taxes	\$43,288	\$35,730	\$19,665
Total			
County Taxes	\$481,142	\$387,469	\$250,748
City Taxes	\$87,975	\$69,828	\$35,211

Note: Presented in 2008 dollars for a stabilized year of operations (assumed to occur by the fourth full year).

As presented in the exhibit, estimated total net new annual room nights for Hendricks County generated by a potential new hotel/conference center range from 55,600 in Scenario 1 to 30,100 under Scenario 3. In addition to the new conference center-oriented hotel room night demand (for both the subject hotel and other existing County hotels), it is estimated that the new hotel product could generate a significant level of new hotel room nights (transient and group demand unrelated to conference center activity). Much of this demand would be estimated to be displaced from existing Airport area properties (outside the County), particularly under Scenarios 1 and 2, as they represent full-service hotel products that the County presently does not offer. As the differentiation of Scenario 3 over existing County hotel product is more limited (and the size of the property is smaller), net new non-conference center hotel room night generation is more modest.

Direct spending, induced/indirect spending and total output have also been estimated as they relate to new visitation generated by the potential new facility. Scenario 1 is again estimated to generate the highest level of annual economic impacts—more than \$21.1 million annually in new economic output (direct, indirect and induced spending) in Hendricks County. Scenarios 2 and 3 are estimated to generate \$16.6 million and \$9.0 million, respectively, in annual total output.



These expenditures result in new tax dollars generated in the County and the City of Plainfield. Specifically, in terms of County hotel and food and beverage taxes only, the potential facility is estimated to generate between \$481,000 and \$251,000 in new tax revenue annually. The City of Plainfield would also benefit from collection of new food and beverage tax revenue.

Other intangible benefits, such as quality of life aspects, greater exposure of the County to visitors, facilitating an amenity that can be attractive for local corporate growth and ancillary economic development issues, have not been quantified in this analysis; however, they are typically important in the consideration of public investment decisions relating to projects of this nature.



9.0. COST / BENEFIT, FUNDING ISSUES & NEXT PLANNING STEPS

Ultimately, the decision whether the public sector should invest in a facility project such as a potential new hotel/conference center relies on a careful consideration of benefits relative to costs. Through this feasibility study, we have provided a detailed analysis and generated estimates relating to market demand and various cost and benefit measurements. It is therefore useful to summarize several of these quantifications in the form of a cost/benefit comparison to contrast the three different development scenarios that have been the subject of the latter portion of our analysis.

Exhibit 1 presents a summary of key costs and benefits (cast in two primary ways) associated with each of the three development scenarios for a potential new Hendricks County hotel/conference center project.

**Exhibit 1
Cost/Benefit Analysis**

	SCENARIO 1	SCENARIO 2	SCENARIO 3
BASED ON ANNUAL ECONOMIC OUTPUT			
Low			
Feasibility Gap	\$15,500,000	\$10,500,000	\$8,000,000
Net New Annual Economic Output	\$21,127,113	\$16,634,162	\$9,011,193
Benefits to Costs	1.36	1.58	1.13
High			
Feasibility Gap	\$18,000,000	\$12,000,000	\$8,500,000
Net New Annual Economic Output	\$21,127,113	\$16,634,162	\$9,011,193
Benefits to Costs	1.17	1.39	1.06
BASED ON INCREMENTAL COUNTY TAX REVENUE AND EQUITY (NPV of incremental County tax revenue over 30 years + assumed sale of site)			
Low			
Feasibility Gap	\$15,500,000	\$10,500,000	\$8,000,000
Net New County Tax Revenue	\$9,872,728	\$7,950,626	\$5,145,184
Contribution of Existing Site	\$1,600,000	\$1,600,000	\$1,600,000
Benefits to Costs	0.74	0.91	0.84
High			
Feasibility Gap	\$18,000,000	\$12,000,000	\$8,500,000
Net New County Tax Revenue	\$9,872,728	\$7,950,626	\$5,145,184
Contribution of Existing Site	\$1,600,000	\$1,600,000	\$1,600,000
Benefits to Costs	0.64	0.80	0.79

As shown, Scenario 2 is estimated to offer the greatest level of benefits to costs among the three scenarios. It is believed that it (at least between the two traditional full-service hotel scenarios) offers a better suited project in terms of size (guestrooms and conference space) for the current and foreseeable future Hendricks County marketplace. In the top analysis, net new annual economic output (direct, indirect and induced spending) in the County by the project would be estimated to exceed the feasibility gap (or potential public sector incentive required to facilitate the project) associated with the facility.

However, from a practical funding standpoint, new direct spending occurring within the County is obviously not directly realized from a fiscal (or tax) collection perspective. Therefore, when considering an alternate analysis (presented in the lower half of the previous exhibit), when the calculated net present value (NPV) of estimated new County tax revenue streams (generated by facility operations) is added to the cash equivalent of the potential proceeds from the sale of the CVB's existing owned site, and then cast relative to the feasibility gap (i.e., public sector cost), the total direct benefits near the total direct public sector costs.

Potential Next Steps in the Planning Process

At this point, analyses have been conducted concerning the feasibility of a potential Hendricks County hotel/conference center project. Market demand has been established for the project and the "feasibility gap" has been estimated, giving public sector planners order-of-magnitude information regarding the possible financial contribution (or incentive) that would be possibly be required to facilitate interest by private sector investors in development and operation of the project.

While every project and transaction of this nature has unique elements and follows differing paths to implementation, a number of additional steps have been summarized below that may be important considerations for public sector participants in further project planning. These include:

- 1) Identify a set of potential private sector developer/operator partners.
- 2) Develop and issue a Request for Expressions of Interest.
- 3) Evaluate responses, re-issue to a larger set of potential partners if necessary.
- 4) Identify public sector funding sources and parameters.
- 5) Develop a prioritized list of key terms that development and operating agreements should contain to best protect the public sector's interest—financially and economically.
- 6) Develop and issue a Request for Proposals.
- 7) Assemble Project Team consisting of public sector reps, legal, industry advisors, etc.
- 8) Identify potential financial advisors/underwriters that will be required for the transaction.
- 9) Evaluate developer/operator proposals, analyze key proposed terms and compare strengths/weaknesses, resulting ROI aspects, project cash flows, etc.
- 10) Develop and submit a list of follow-up/clarifying questions to proposers.
- 11) Designate a private partner for further negotiations.
- 12) Enter into negotiations between the Project Team and designated private partner.
- 13) Develop a Memorandum of Understanding concerning development/operation.
- 14) Conduct additional market/financial analysis as needed as planning progresses.
- 15) Complete Development and Operating agreements.

APPENDIX A: TELEPHONE SURVEY SAMPLE

- A.R.T. of Event Planning
- ACUI
- ADESA Corporation
- Advito
- Aerospace Department Chairmen's Assoc.
- A'Hearn@Assoc LLC
- AIA Indiana
- Air Brake Association
- Alliance of Indiana Rural Water
- Alpha Chi Sigma Fraternity, Inc.
- Alpha Kappa Psi
- American Acdy. of Maxillofacial Prosthetics
- American Academy of Osteopathy
- American Acdy. of Pediatrics - Indiana
- American Acdy of Vet. Pharm./Therapeutics
- American Association of Dental Consultants
- American Assn. of Nutritional Consultants
- American Assn of Pro. Sales Engineers
- American Berkshire Association
- American Camp Association
- American Co. of Emgcy Physicians - Indiana
- American College of Sports Medicine
- American College Veterinary Ophthalmologists
- American Congress of Rehabilitation Medicine
- American Consulting Engineers Co. - Indiana
- American Dairy Association of Indiana
- American Federation of Employees - Indiana
- American No. Country Cheviot Sheep Assn
- American Teleservices Association
- American Wholesale Booksellers Association
- Animal Behavior Society
- Art Council of Indianapolis
- Asphalt Pavement Association of Indiana
- Associated Builders and Contractors of Indiana
- Assn for Educational Communications & Tech
- Association for General and Liberal Studies
- Association for Indiana Media Educators
- Association for Information Systems
- Assn for Practical and Professional Ethics
- Assn for Research on Nonprofit Orgs
- ASSOCIATION MANAGEMENT PLUS
- Association of American Feed Control Officials
- Association of College Unions International
- Association of Fraternity Advisors
- Association of Indiana Counties
- Assn of Indiana Life Insurance Companies
- Association of Life Insurance Counsel
- Assn of Pro Communication Consultants
- Association of Shareware Professionals
- Association of University Interior Designers
- Association of University Summer Sessions
- Audience Response Systems, Inc.
- Automobile Dealers Association of Indiana
- Axxis, Inc.
- Baker & Daniels LLP
- Baldwin & Lyons, Inc
- Barry Miller & Associates, Inc
- Bayer HealthCare Pharmaceuticals
- BCD M + I
- Belgian Draft Horse Corporation of America
- Black Coaches Association
- BMG Event Productions
- Bose Public Affairs Group
- BST Global
- Cactus Meetings and Technologies
- CEDIA
- Charles Homer Haskins Society
- Commercial Dental Laboratories of Indiana
- Committee on History in the Classroom
- Community Bankers Association of Indiana
- Community Pharmacies of Indiana
- Comprehensive Management Services, Inc.
- Conference on Asian History
- Conference on Faith and History
- Conseco
- Consortium of College & Univ. Media Centers
- Corporate Housing Providers Association
- Cranial Academy
- Creativepointe
- Custom Electronic Design & Installation Assn
- Danesport Group
- Deborah Wood Associates
- Defense Trial Counsel of Indiana
- Delta Faucet Company
- Denturist Association of Indiana
- Diagnostic Marketing Association
- Duke Realty Corporation
- Elanco Animal Health
- Electric League of Indiana
- Electronics Technicians Assn International
- Elegant Events, Ltd.
- Eli Lilly & Company
- Elite Management Services
- Enflora
- Enjoy Events
- Experient Sales Network

- Family Service Society
- General Hotels Corporation
- Grtr Northwest Indiana Association of Realtors
- Health Care Excel, Inc.
- Helms Briscoe
- Herff Jones, Inc.
- Hill Rom
- Hillenbrand Industries
- Hill-Rom Co.
- Holland-Parlette Associates
- Hoosier State Press Association
- IARCCA
- IEEE Society on Social Implications of Tech
- Independent Colleges of Indiana
- Independent Insurance Agents of Indiana
- Indiana Academy of Family Physicians
- Indiana Agricultural Leadership Institute
- Indiana Apartment Association
- Indiana Assessors Association
- Indiana Assn of Homes/Services for the Aging
- Indiana Assoc. of Area Agencies on Aging
- IN Assn for Child Care Resource & Referral
- Indiana Assn for Comm Ec Development
- Indiana Assn for Home and Hospice Care
- Indiana Assn of Area Vocational Districts
- Indiana Association of Beverage Retailers
- Indiana Association of Chiefs of Police
- Indiana Association of Cities and Towns
- Indiana Association of County Commissioners
- Indiana Association of Credit Management
- Indiana Assn of Insurance & Financial Advisors
- Indiana Association of Mortgage Brokers
- IN Assn Plumbing-Heating-Cooling Contractors
- Indiana Association of Private Career Schools
- Indiana Assn of Public School Superintendents
- Indiana Association of REALTORS
- Indiana Association of Rehabilitation Facilities
- Indiana Association of School Principals
- Indiana Association of School Psychologists
- Indiana Bankers Association
- Indiana Bar foundation
- Indiana Beef Cattle Association
- Indiana Beverage Alliance
- Indiana Beverage Association
- Indiana Bowling Centers Association
- Indiana Broadcasters Association
- Indiana Builders Association
- Indiana Building / Construction Trades Council
- Indiana Cable Telecommunications Association
- Indiana Cast Metals Association
- Indiana Certified Public Accountants Society
- Indiana Chamber of Commerce
- Indiana Coal Council
- Indiana Community Action Association
- Indiana Construction Roundtable
- Indiana Constructors
- Indiana Consumer Finance Association
- Indiana Corn Growers Association
- Indiana Co. of Comm. Mental Health Centers
- Indiana Counseling Association
- Indiana CPA Society
- Indiana Credit Union League
- Indiana Crop Improvement Association
- Indiana Dental Association
- Indiana Dental Hygienists' Association
- Indiana Dietetic Association
- Indiana Drycleaning and Laundry Association
- Indiana Electric Association
- Indiana Electronic Service Association
- Indiana Emergency Management Association
- Indiana Farm Bureau
- Indiana Farmers Union
- Indiana Federation of Teachers
- Indiana Fireworks Users Association
- Indiana Fraternal Order of Police
- Indiana Funeral Directors Association
- Indiana Ground Water Association
- Indiana Hardwood Lumbermen's Association
- Indiana Health Care Assoc.
- Indiana Health Care Association
- Indiana Health Care Association
- Indiana Hearing Aid Specialists Association
- Indiana High School Coaches Association
- Indiana Hospice / Palliative Care Organization
- Indiana Hospital and Health Association
- Indiana Hosp Purchasing/Material Mgmt Assn
- Indiana Hotel and Lodging Association
- Indiana Household Movers / Warehousemen
- Indiana Independent Auto Dealers Association
- Indiana Industrial Energy Consumers
- Indiana Jewelers Association
- Indiana Land Improvement Contractors Ass/n
- Indiana Licensed Beverage Association
- Indiana Life/Health Insurance Guaranty Ass/n
- Indiana Limestone Institute of America
- Indiana Lumber / Builders' Supply Association
- Indiana Mnfctured Housing / Rec Vehicle Assn
- Indiana Manufacturers Association
- Indiana Manufacturers Association
- Indiana Middle Level Education Association
- Indiana Mineral Aggregates Association
- Indiana Mortgage Bankers Association
- Indiana Motor Truck Association
- Indiana Municipal Electric Association

- Indiana Non-Public Education Association
- Indiana Nursery and Landscape Association
- Indiana Occupational Therapy Association
- Indiana Optometric Association
- Indiana Orthopedic Society
- Indiana Osteopathic Association
- Indiana Petroleum Council
- Indiana Petroleum Mktrs/Conven. Store Assn
- Indiana Pharmacists Alliance
- Indiana Plant Food/Agricultural Chemical Assn
- Indiana Podiatric Medical Association
- Indiana Pork Producers Association
- Indiana Primary Health Care Association
- Indiana Private Industry Council Association
- Indiana Professional Educators
- Indiana Propane Gas Association
- Indiana Prosecuting Attorneys Council
- Indiana Psychological Association
- Indiana Radiological Society
- Indiana Reading Specialists Association
- Indiana Ready Mixed Concrete Association
- Indiana Retail Council
- Indiana Retired Teachers Association
- Indiana School Boards Association
- Indiana Seed Trade Association
- Indiana Sheep Association
- Indiana Sheriffs' Association
- Indiana Society for Respiratory Care
- Indiana Society of Association Executives
- Indiana Society of Internal Medicine
- Indiana Soc of Prof Consulting Soil Classifiers
- Indiana Society of Professional Engineers
- Indiana Society of Professional Land Surveyors
- Indiana Society of Public Accountants
- Indiana Soybean Growers Association
- Indiana Speech-Language-Hearing Association
- Indiana State AFL-CIO
- Indiana State Bar Association
- Indiana State Chiropractic Association
- Indiana State Dairy Association
- Indiana State Employees Association
- Indiana State Grange
- Indiana State Medical Association
- Indiana State Nurses Association
- Indiana State Police Alliance
- Indiana State Poultry Association
- Indiana State Teachers Association
- Indiana Statewide Assn of Rural Electric Coops
- Indiana Telecommunications Association
- Indiana Township Association
- Indiana Transportation Association
- Indiana Trial Lawyers Association
- Indiana University
- Indiana Veal Association
- Indiana Veterinary Medical Association
- Indiana Warehousemen's Association
- Indiana Water Environment Association
- Indiana Wholesale Distributors
- Indiana Wood Products
- Indiana Youth Institute
- Indiana/Illinois Tire Dealers Association
- Indy Promo Products, LLC
- Insurance Institute of Indiana
- INTER-ASSOCIATES INC.
- Interior Design Educators Council
- Int'l Assn of Electrical Inspectors Indiana
- International Association of Speakers Bureaus
- International Buckskin Horse Association
- International Chiropractors Association of IN
- International Energy Credit Association
- International Society of Arboriculture
- ITT Educational Services
- IUPUI Center for Teaching and Learning
- IUPUI-Dept Tourism, Conv & Event Man
- Kaplan Professional Schools
- Kappa Delta Pi
- Kiwanis International Foundation
- Klipsch Audio Technologies
- Lew White Tours
- Lipizzan Association of North America
- LMV Consulting
- Markey's Audio Visual
- Mechanical Contractors Assn of America - IN
- Meeting Consultant
- Meeting Services Unlimited
- Meetings & Events International
- Mental Health Association in Indiana
- Michael George & Associates
- Mid-America Cooperative Council
- Mid-America Equipment Retailers Association
- Midwest Association of Rail Shippers
- Midwest ISO
- MPSA
- Mutual Insurance Cos Association of Indiana
- NAMIC
- Nash Association Management Services
- Nat'l Alliance of Statewide Preservation Orgs
- National Appliance Service Association
- Natl Assn of Juvenile Correctional Agencies
- National Assn of Mutual Insurance Companies
- National Assn of Orthopaedic Technologists
- National Assn of Social Workers - Indiana
- National Association of Swine Records
- National Chimney Sweep Guild

- National Collegiate Athletic Association
- National Committee on Planned Giving
- National Costumers Association
- National Council on Public History
- National Fed of Independent Business - IN
- National Federation of Officials Association
- National Fed of State High School Associations
- National FFA Organization
- Natl Interscholastic Athl. Administrators Assn
- National Network of Estate Planning Attorneys
- National Optometric Association
- National Pan-Hellenic Conference
- Natl Postsecondary Agriculture Student Org
- National Precast Concrete Association
- National Retail Hardware Association
- National Swine Registry
- National Trappers Association
- Natural Colored Wool Growers Association
- NFHS Music Association
- NORTH - American Inter-fraternity Conference
- North American Retail Hardware Association
- NPCA
- OLZ Indiana
- One America
- Organization of American Historians
- Oxford Financial Group
- Parkview Health
- Percussive Arts Society
- Phi Delta Kappa International
- Phi Epsilon Kappa
- Phi Mu Alpha Sinfonia
- Phi Rho Sigma Medical Society
- Pi Lambda Theta
- Pony of the Americas Club
- PRACTICAL SOLUTIONS
- Probation Officers Professional Assn of Indiana
- Professional Conventions & Meetings
- Professional Golfers Assn of America - Indiana
- Prof Insurance Communicators of America
- Professional Photographers of Indiana
- Property Casualty Conferences
- Pulp and Paper Safety Association
- Purdue Research Foundation
- Raybourn Group International
- Rec Vehicle Manufacturer's Clubs Assn
- Religious Conference Management Association
- Roche Diagnostics Corporation
- Roller Skating Association International
- Rural Rental Housing Association of Indiana
- Sallie Mae & USA Funds
- School Social Work Association of America
- Sharon Brown Events
- Sheet Metal Contractors Assn of Central IN
- Sigma Kappa Sorority
- Sigma Theta Tau International
- Society for Ethnomusicology
- Society for Pediatric Dermatology
- Society for Romanian Studies
- Society for Textual Scholarship
- Society for the Scientific Study of Religion
- Society of Broadcast Engineers
- Society of Insurance Research
- Society of Professional Journalists
- Society of Roller Skating Teachers of America
- Spring Research Institute
- State Auto Insurance Co
- State Farm Insurance
- State Florist Association of Indiana
- Tamworth Swine Association
- Tenant-in-Common Association
- The American Safe Deposit Association
- The Children's Museum of Indianapolis
- The Finish Line, Inc
- Honor Society Nursing, Sigma Theta Tau Int'l
- The Moreland Group, LLC
- The National Campus Ministry Association
- Theatre Owners of Indiana
- Tina Mahern Events, LLC
- Tobacconists' Association of America
- TRS - The Registration System
- UAW - Region 3
- United Transportation Union of Indiana
- Universal CIT
- University Risk Management / Insurance Assn
- VMS, Inc
- Walnut Council
- Wilderness Education Association
- Wine and Spirits Wholesalers of Indiana
- Zimmer Inc

APPENDIX B: TELEPHONE SURVEY OPEN-ENDED QUESTION RESPONSES

Q5. Are there any particular reasons why your organization is not likely to use the potential hotel & conference center? *(those who responded negatively towards Plainfield)*

- We schedule our meeting with the industry's meetings. We just go to shows that we partner with, and always in different cities.
- The conference is an international organization, so if they fly into Indianapolis downtown, then they would stay downtown.
- Because of the location; we need to be on the north side of Indianapolis.
- We have used another one for several years now, and it is more centrally located.
- We would be interested in only having it downtown, as it has been there for several years.
- The wouldn't be able to build a large enough facility to accommodate us.
- We would prefer to be in a downtown location. We would like to be within walking distance to cultural events and restaurants.
- The sites we go to are on a rotation, and Indiana is not one of them.
- All of our membership lives in Chicago, and the conferences always have been held there.
- We need to schedule meetings at resort areas.
- Because we are city-wide, so we need 4,000 sleeping rooms, and one hotel is not sufficient.
- We are able to hold our events in our own building.
- For both meetings the guests want to be by shopping malls and restaurants.
- The only way we would consider it would be if it was built union.
- We generally hold the events downtown; it's more centrally located.
- We have contracts with other hosts for at least the next 5 years.
- We would choose to have it in the downtown area, because it is tradition for us, and that's where our guests want to be.
- We require a local host who is part of our society to make the arrangements. We usually try to do it on a university campus because it's cheaper.
- It's not close enough to the city for my attendees to enjoy the restaurants and shopping downtown.
- It's probably too far from downtown Indianapolis. There are no major attractions near there.
- It wouldn't be large enough for our annual meeting and our other event is at resort areas.
- No I can't really comment; not enough information.
- We don't have a need for it to be by the airport. There are lots of bars and restaurants downtown which is where we go.
- We go to national resorts.
- We like to go to warmer areas in the nation, because it's held during the winter.

- It's not downtown. Downtown is close to shopping and restaurants.
- We like to go somewhere that's a resort setting that brings families together. We have a conference area in our office.
- We go to a warm location, and the time we have the conference is in February.
- No specific reason; just no comment.
- We are in a multi-year contract, and that's where we want to go.
- We prefer a resort location.
- Our people prefer a resort; it's like a vacation to them. They want warmer areas. It's held in July.
- We always hold it in Arizona, because we have always done it that way.
- The conference is for state-wide realtors, and they just want it held downtown.

Q16. Can you explain what types of requirements and preferences you have concerning the conference center's headquarters hotel, in terms of hotel brand, size and amenities?

- The hotel needs to have more double rooms, and free parking.
- Nothing.
- It should be more of a mid-grade to upper scale hotel.
- Wire internet through the building, and have better food options and AV capabilities.
- Any Hilton properties, ballroom size capacity for 100 people, a boardroom, a hotel with a full service restaurant, at least a hotel with 100 sleeping rooms, and free parking.
- No. It's just not my cup of tea. I'm not sure how to answer.
- Well it needs to be a full service restaurant and lounge.
- Availability of restaurant or lounge.
- Well, we really don't need hotel space for the event, because the event is one day only, and all are local guests.
- I just know we have always used the Marriott because of their service, and we have always been happy with them.
- We prefer the hotel to house our meeting and not use a convention center.
- No; we have a wonderful relationship with the Marriott East. That's where we hold all of our events because it's the cheapest and cheaper than a convention center.
- Shuttle service to the conference center and wireless internet.
- Well, I like to have for my people free or reduced rate parking and ease of getting around hotel.
- No.
- I would look for a mid level property, 3 to 4 stars; it's typically what our groups get.
- Short walking distance, deluxe or high first class, Hyatt, 1,200 rooms, restaurant needed, room service.
- Modern comfortable surroundings, audiovisual equipment, easy access to the hotel.

- We need to have small a area were people can sit down in a comfortable area, so you feel more at home.
- It needs to be large enough to accommodate our function, and it needs to be clean, organized, have a restaurant, and to be handicap accessible in all rooms.
- Just good staff.
- We have to have more meeting rooms instead of sleeping rooms, and people and staff that are easy to work with.
- Thirty rooms, a restaurant, workout rooms, a pool; resort type fun stuff.
- A Marriott, with 300 rooms, a restaurant, pools, steam rooms, and shopping facilities.
- Nothing.
- Location is the main one, because we travel from all over.
- High end, have a health club, a physical fitness facility, and 200 rooms.
- The Marriott, with restaurants, physical fitness facilities, and a pool.
- The hotel we use has to be geared to help us set up our meeting. We need to have meal functions, so it can't be a small Day's Inn hotel.
- Luxury, all the amenities.
- It needs to be nice, have good food and service and be easily accessible.
- I don't stay at hotels, so I have no comment.
- No, not really. I have no comment at this time.
- I expect it to be reasonably priced, nice, easy to get out of, and it would have to be close to a restaurant and shopping for something to do.
- We need a swimming pool, an exercise room, hot tubs, and eating facilities.
- I don't know. Nothing. I don't use hotels.
- They would have deluxe accommodations, five star hotels.
- It would depend on the amount of meeting rooms space. We need a lot of space for numerous rooms.
- We'd need a business center.
- Large meeting rooms, enough banquet space to accommodate guests, and enough hotel rooms to accommodate guests.
- We generally look for a place that is decent and inexpensive. The attendees are students, so it has to be cheaper for them.
- Space, and meals be sponsored by the facility or they give a reduced price that we could provide.
- We'd like to have a hotel that has 500 rooms or more. I'd like to have a 4 to 5 star hotel, definitely a Marriott or Peabody.
- The cost, so it's cheaper; we are a non-profit.
- That the staff is accommodating.
- All the top of the line audiovisual, and a restaurant.
- We look for a hotel that gives good rates and can hold 75 people.

- I don't use anything that's like a headquarters hotel; all we do is sleep there. We like to be close to the hotel, so if it's attached to the convention center, that's better.
- We like the outdoor setting. Have outdoor space so we can have campfires.
- No comment; the hotel is not going to do what I want them to do.
- We like good service, nice rooms, adequate meeting space, good food, reasonable prices.
- No. I can't think of anything.
- Amenities are a big issue. People that do the conference don't get to eat lunch, so I try to get places that have that option.
- It needs to be high end with cheaper prices off rooms.
- I'd like to have a hot breakfast bar, and have a coffee pot in the hotel rooms.
- Free wireless internet, and a station where people can sign in at.
- Make sure there are accommodations for the disabled (ramps).
- On property restaurant and lounge. In house AV is nice.
- We want enough room space, and the big thing is to be cheap because we're non-profit.
- The hotel brand is irrelevant. We need wireless access throughout the entire meeting room space.
- A business center, with a fax machine and internet, and a restaurant within the hotel.
- As a meeting planner, I need quality, clean rooms and buildings, and great customer service.
- We need the conference center to be big enough for the meeting.
- The hotel needs to be updated with projectors and a good sound system.
- Good restaurants within in the hotel or close by, and decent rooms, clean.
- We value customer service, flexibility, good planning and following through, meaning one planner.
- We like to break down into small groups. We like small rooms.

Q17. Do you have any specific requirements or preferences regarding the conference center facility, in terms of its space and amenity offerings and its location near major roadways, the airport, and proximity to amenities like restaurants and shopping?

- It needs to have rooms for the exhibitors and one big room to hold over 1500.
- No; it's just fine. It suits our needs.
- None that can think of right now.
- Better food, need wireless internet, better coordination of things with personnel, be able to ship items before the conference, and good service from the staff.
- Nearby restaurants, shopping close to the center, and good storage facilities for supplies that we bring in.
- No, I don't know. I'm not that familiar with this convention center.

- It is nice to have a place to go to when not in meetings, like shopping; just something to do.
- Well, it is nice if the airport is close to the hotel and meeting place.
- Our biggest question is what county it would be held in, because we are a city department we need to be in the local county.
- Preferably downtown, with a proximity to restaurants and shopping.
- Our members always like to be in a downtown area that includes or is close to nightlife and shopping. They would really enjoy it if they had wireless internet.
- I have no comment. The convention centers are more expensive than the hotels.
- Wireless internet. Let vendors ship to and from the convention center. Onsite audio and visual.
- It needs to be close to major highways; we have a lot of people coming from smaller towns, so it has to be close so they can see it and don't get lost.
- No.
- It is what we would look for if it wasn't downtown.
- 60,000 sq ft, a large stage, room for 1,550 people, a ceiling 22 ft or higher. We need an airport, but no restaurant or shopping needed; we're self-supplied for food.
- Wireless internet access.
- No, we don't use conference centers; we stay at hotels that have large rooms so we can stay at the same place.
- It does need to be close to the airport; most of our conference members come from across the nation.
- Just close to a major highway so it's easy to get to.
- We like free parking, restaurants and shopping would be nice, because if it's there, they will use it.
- Close to an interstate, shopping, restaurants, and physical activities centers.
- Near an airport, major highways, and restaurants, and close to shopping. Have rooms and convention facilities under one roof.
- Nothing. I don't have those answers.
- All are important, because some people use the event for a vacation.
- We need to be near a major roadway, because 95% of my attendees drive in, so I don't need much airport access. We need access to restaurants, shopping and golf courses.
- Close to the airport, major highways, restaurants, and with easy access.
- It has to be close to all those things our attendees would like to have the opportunity to go to other than the hotel. It would be easy to get there from the airport.
- Close to the airport, highways, and restaurants.
- It needs to be easy to get into and out of.
- Big enough to hold over 2,500 people and be centrally located in the convention center, near bathrooms and desks. Have the bathrooms and desk centrally located within the convention center.
- No. I just have no comment.

- Yes, because people need more restaurants in the hotel.
- It needs to be close to shopping and the airport.
- Nothing. I don't know.
- The convenience to where the location is. It has to be close to the airport.
- No. Good audiovisual.
- No. It's not too important.
- Generally, for the educational workshops, we like to be near the airport, and for the symposiums, we like to be near downtown.
- We really like it close to cheap airports. If it's close for people to eat and walk around, that's fine. We like the lunches that are close to the meeting rooms, and it is an outdoor conference, so we have to be close to outdoor recreation.
- The closer to downtown, the better.
- I want it free, complimentary space, and we like to have it in house or close to the hotel.
- Easily be able to converse with the staff, and be able to ship in and put of the conference center.
- No, I do not. I can't think of one.
- None can't think of any.
- Nothing. No requirements.
- I don't have to worry about those things; we keep them busy at the convention. There need to be some restaurants around that are easy to get to.
- I can't think of any.
- I want meeting rooms that are truly meeting rooms. I don't want ballrooms that are made into meeting rooms; the sound is horrible.
- We need easy access to from the major highway to the meeting; we would like adequate meeting space and good service.
- We would prefer to have it in Indianapolis; that's where the association is located.
- Restaurants; we need have access to them so people can eat.
- Easy move in; easy move out. Big enough doors at the entrances and side doors.
- Nothing. We're easy. I can't think of anything.
- No, not really. I can't think of one.
- Audiovisual, and an area to have a hospitality site.
- It needs to be around restaurants and shopping and have free parking.
- We need internet access.
- We need to have other restaurants near by, and shopping is not needed.
- Internet access, audio and visual in all rooms, a large screen in one room.
- We have lots a vehicles that are on show, so maybe a big crate door to bring in the cars rather than use the parking lot.
- Nothing; we all live here, so it doesn't matter.

- Seminars go on all day, so shopping is not important to us; the conference rooms are most important. We want clean rooms.
- No, not really. No comment.
- We need things within walking distance. It's nice to have a fitness facility in the hotel. They should offer meals so that they don't have to leave the facility.
- No, we're pretty satisfied, because it's peaceful, quieter.

Q18. What are your overall impressions of the Plainfield/Airport area as a potential site for your events?

- It's a cheaper alternative than downtown.
- I don't have any impressions at this time.
- It's not as desirable as if it was held downtown. People coming from out of town would want to sightsee.
- I'm not that familiar with it, so I cannot comment.
- Well, it is a good possibility, because it is close to the interstate and close to the airport because of out of town speakers that attend.
- I don't have an opinion. I'm not familiar with the area.
- Very reasonable; it is not going to be expensive like downtown.
- It is a possibility. The location is a possibility, being close to the airport, so clients coming in don't have to travel too far.
- I'm not really sure of the plans for the facility.
- We would not have it there because it's not close to shopping and restaurants.
- I don't think it is ideal for us, because most people are local and would like to see something different.
- If it's not close to the airport as you imply it is. If it's close to the shopping center, then it would be fine; otherwise it's too far from attractions.
- It's a good area, I think, closer to the airport and close to hotels.
- I don't know; I have never been there.
- We are a business office, so I cannot give an opinion.
- I think it is a great idea. It is a good area with growth potential, not really congested.
- Adequate, from what I've heard. We need an airport.
- We have not looked into that area yet, so I cannot comment.
- Depending on the noise of the airport, and we would need to have easy exits into and out of the hotel.
- Very good; we are located in Bloomington, so we can drive instead of fly.
- I live there, so it's easy to get there.
- I don't know what the new terminal looks like, so I don't know.

- It's adequate for our needs.
- We'd likely consider using it in the future. It's close to our business location. Periodically, our members like to travel here and see the locations. We have many training and class settings scheduled at our business location, so members appreciate the opportunity to come here.
- Nothing. I can't answer that.
- I'm not really familiar with it, so I don't have any impressions.
- We'd likely use it on a rotating basis.
- We'd consider using it for all sizes of meetings.
- I have no idea; I have not been there.
- It might be something to plan for in the future.
- It's good, because we already go to the airport.
- I think it's wide open out there. I think it could work for new developments, new construction.
- It's great. It would give us another venue on other side of town and a site for more job opportunities.
- There is nothing else there; there are not any restaurants or shopping. The plus would be the location; it would be a new location.
- It would be fine it depends on where in Plainfield, because its 6 miles farther than where we book the event.
- It's a very slim possibility, since most of our members are located on the north side.
- It wouldn't be my top place to go; it's out of my way.
- Favorable. It's close to the airport and easy to get people in and out.
- On a scale of 1 to 5, it's about a 2; it doesn't excite me. It doesn't make a difference to me if it's near an airport or not.
- For Midwest events, it's a desirable place for the educational workshops.
- I think it would be a good thing. We have had several conferences in Bloomington; keeping it close to an airport is a good thing.
- It depends on the event. We generally have better attendance downtown, but it would be exciting, because it's a new site.
- Well, I live right there, so I would say fine; it would be great. It's convenient to downtown.
- A good area. It's expanding and gaining a good reputation. More people want to go out that way.
- The location is not ideal. The folks want to be downtown next to shopping and restaurants.
- I would go there. I think its a high profile site. It's a site with a new economy, new construction.
- Its nothing we considered in the past; the airport makes no difference, since everyone comes form Indianapolis.
- Since I live there, it would be great if there was affordable parking or free parking; that would go a long way.
- I like it because it has the outdoor setting there.

- It's good. There's easy access from interstate 465.
- I think it is possible, but I can't say for certain, because our board decides where we go.
- I would be willing to take a look at that. That's all I can say.
- It's a little too far away from downtown, but I would be willing to try it if it met the clients' requirements.
- I really don't have an impression. I am not too familiar with the area, so I can't comment.
- It's alright; it works well. There's easy access from the freeway, and it's close to the airport.
- I don't think it's a bad idea as long as there's a restaurant close by.
- I have not been to the airport for over 10 years, so no comment.
- I have to see the center before I say anything.
- I haven't ever been there, so it would be hard to comment, but I'm willing to look at the options.
- Indianapolis is talked about, but there has been nothing available; we need to book more in advance.
- I haven't been there for awhile. I think it's adequate. It has some cons and pros; it's somewhat rural out there, and we're close to the airport, so there's easy access.
- Across the board, it is much needed. My clients want the downtown experience, but not the downtown cost; they want the shopping and restaurants.
- It depends on the look of the facility and easy access parking.
- After all the construction on 70, it is easy to get to, so it is a good impression.
- It's okay, but it's hard to make a comparison; there are no hotels out that way.
- Doesn't draw me in a little. I don't have anything against it, but there's nothing really around it.
- It's a good site, easy to fly people in and out.