

FINAL REPORT:

DOWNTOWN EVENT CENTER OPERATIONS STUDY
FOR THE CAPITAL IMPROVEMENT BOARD

NOVEMBER 16, 2017



Capital
Improvement
Board





November 16, 2017

Mr. Steve Brody
Allen County-Fort Wayne Capital Improvement Board
Grand Wayne Convention Center
120 W. Jefferson Boulevard
Fort Wayne, Indiana 46845

Mr. Brody,

Victus Advisors is pleased to present this report to the Capital Improvement Board (CIB) regarding the findings from our market demand analysis, economic impact study, and financial sustainability study for a proposed new downtown event center in Fort Wayne, Indiana.

We understand that this report is to be used by the CIB and other civic leaders to further assess the operational performance and feasibility of a proposed downtown events center. It should be noted that this report relies on a variety of information and assumptions to develop market, financial, and economic projections. Sources of information and assumptions include, but may not be limited to, information provided by the CIB, input and opinions provided by relevant third parties, information provided by other potential project stakeholders, Victus Advisors' industry experience and previous studies, and publicly available data from various industry sources. Any such information collected by Victus Advisors has not been audited or verified and has been assumed to be correct. There will be differences between actual events and the projections contained herein, and we express no assurances of any kind related to any projected information. Differences between projections and actual events may be material.

If you have any questions as you review this report, please contact Brian Connolly, Managing Principal of Victus Advisors, at (435) 604-0874 or bconnolly@victusadvisors.com.

Sincerely,

Victus Advisors LLC

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EXECUTIVE SUMMARY

Project Background - Victus Advisors was engaged by the Allen County-Fort Wayne Capital Improvement Board (CIB) in May 2017 to conduct a market demand analysis, economic impact study, and financial/operational sustainability study for a proposed new downtown event center in Fort Wayne.

Project Goals - It is our understanding that our study results will be used by the CIB and civic leaders to assess: a) the operational performance and feasibility of a proposed downtown event center, as well as b) the potential risks and benefits for the greater Fort Wayne community of downtown event center development. Therefore, our study includes the following key tasks:

- Estimate market demand for a new downtown event center
- Recommend a market-supportable building program
- Forecast event days by category/type of user
- Identify any potential partnership opportunities
- Review potential facility management options
- Project the potential financial operations of a new event center
- Analyze the potential economic and fiscal impacts of event center development

Fort Wayne Metropolitan Statistical Area (MSA) - An MSA is defined by the U.S. Office of Management & Budget as adjacent counties with a high degree of social/economic integration with an urban core of 50,000 people or more. The Fort Wayne MSA is geographically defined as a 3 county area (Allen County, Wells County, and Whitley County) with a total population of more than 432,000 people.

Primary & Secondary Market Areas - The population within a 30 mile driving radius of downtown Fort Wayne is 550,084. The population within a 60 mile driving radius of downtown Fort Wayne is 1,230,723. Based upon Victus Advisors' experience, primary attendance for a potential event center (especially for weekday events) is typically drawn from within a 30-minute drive radius. Additionally some weekend events could draw attendees from within a secondary radius beyond a 30-minute drive, however it is not recommended that sustainable event center operations be heavily dependent on this secondary market. As a result, for this study we will use the Fort Wayne MSA as the primary market area for our benchmark analysis.

Comparative Markets - Victus Advisors identified markets that are similar to the Fort Wayne MSA based upon population size and the presence of similar multi-purpose events centers that opened in the past 15 years. Based upon these criteria, the comparative markets selected for benchmarking and case study purposes in this study are:

- Omaha-Council Bluffs (Nebraska/Iowa) MSA
- Albuquerque (New Mexico) MSA
- McAllen-Edinburg-Mission (Texas) MSA
- Wichita (Kansas) MSA
- Youngstown-Warren-Boardman (Ohio/Pennsylvania) MSA
- Reno (Nevada) MSA
- Fort Collins (Colorado) MSA

Seating Capacities - Among the primary sports/entertainment event venues in Allen County, the arena and expo at War Memorial Coliseum are the largest sports/entertainment venues (in terms of capacity), and the Embassy Theatre is the only facility that is privately owned.

Spectator Seating Capacities

| Concert Facility | Ownership | Fixed Seating Capacity | |
|--|----------------------|------------------------|--------|
| | | Min | Max |
| Allen County War Memorial Coliseum - Arena | Public - County | 10,480 | 13,000 |
| Allen County War Memorial Coliseum - Expo | Public - County | 5,000 | 8,000 |
| Embassy Theatre | Private - Non Profit | 2,471 | 2,471 |
| Foellinger Outdoor Theatre - Summer Only | Public - City | 2,051 | 2,051 |

Note: Sorted by Max Capacity, in descending order.

Ticketed Event Activity - War Memorial Coliseum hosts the most annual events out of the primary event facilities analyzed in Allen County, accounting for more than 55% of the total annual ticketed entertainment and sports events.

Annual Ticketed Entertainment & Sports Events

| | Concerts & Entert. Acts | Family Shows & Circus Acts | Sports | TOTAL |
|------------------------------------|----------------------------|-------------------------------|--------|-------|
| Allen County War Memorial Coliseum | 12 | 50 | 92 | 154 |
| Embassy Theatre | 100 | | | 100 |
| Foellinger Outdoor Theatre | 20 | | | 20 |
| TOTAL: | 132 | 50 | 92 | 274 |

Coliseum Rental Rates - Rental rates at the Coliseum tend to be very low relative to comparable event centers. One of the reasons the Coliseum is able to charge low rental rates is because of the significant on-site parking revenue the Coliseum generates during each event they host. Low rental rates could make it very difficult for a new downtown event center to compete in the marketplace.

Coliseum Financials & Funding - Last year, Allen County War Memorial Coliseum generated over \$5.7 million in operating revenue, netting just over \$44,000 in operating profit. However, the Coliseum's annual debt service will be nearly \$3.4 million in 2017, and will increase to over \$3.7 million in 2018. Over the last 10 years Allen County has spent over \$45 million dollars on capital improvements and new capital projects at the Coliseum, including roof restructuring, office renovation, concourse renovations, and the addition of the Conference Center. These capital improvements are funded by County tax revenue sources that can only be used to pay debt service for capital improvements, and cannot be applied towards Coliseum operations.

Grand Wayne Center - Last year, the Grand Wayne Center (GWC) generated over \$5.2 million in operating revenue, netting over \$777,000 in net operating profit. The Convention Center's largest operating revenue sources were the County Innkeeper's Tax (\$3.7 million), room rental income (\$969k), and catering revenue (\$550k). The GWC currently hosts high-end meetings and banquets, as the entire facility is carpeted. If connected to a new event center, the GWC could also host more trade shows and flat floor shows that utilize concrete floor areas with 30,000+ square feet.

Comparable Facility Overview - Victus Advisors reviewed the following facilities from comparable markets:

| MSA | MSA Population | Events Center 1 | Events Center 2 |
|----------------------------|-------------------|-------------------------|---------------------------------|
| Omaha-Council Bluffs | 925,061 | CenturyLink Center | Mid-America Center |
| Albuquerque | 915,897 | Santa Ana Star Center | Dreamstyle Arena ⁽¹⁾ |
| McAllen-Edinburg-Mission | 856,205 | State Farm Arena | Bert Ogden Arena |
| Wichita | 654,135 | Intrust Bank Arena | Hartman Arena |
| Youngstown-Warren-Boardman | 549,433 | Covelli Centre Arena | |
| Reno | 456,012 | Reno Events Center | |
| Fort Collins | 332,234 | Budweiser Events Center | |

Sources: Esri, Victus Research
Sorted by MSA Population in descending order
(1) Dreamstyle Arena (AKA "The Pit") is owned by the University of New Mexico, but draws major non-university events

Our key findings regarding the comparable venues included:

- The 11 comparable venues profiled have an average fixed seating capacity of 8,705.
- The average development cost of the comparable venues is approximately \$123 million in 2017 dollars.
- Ownership of comparable venues is primarily through a municipal entity, however the majority of comparable facilities are operated by a private contract management firm.
- Comparable event centers hosted an average of 80 events per year with 393,000 attendees.

At right, we have provided some additional key takeaways that are unique to each of the two-facility markets shown in the comparable set above (i.e. Omaha-Council Bluffs, Albuquerque, McAllen-Edinburg-Mission, and Wichita).

Key Takeaways from Markets with Two Event Centers:

Omaha/Council Bluffs - CenturyLink Center Arena staff cited that they have a full-time marketing staff while the Mid-America Center is run by Caesars Entertainment which is not as aggressive in booking concert events as SMG was when it operated the facility. The staff was familiar with the Fort Wayne market and stressed the need for one entity to manage both the Coliseum and downtown event center to minimize competition.

Albuquerque - Santa Ana Star Center staff feel that there is too much competition in the Albuquerque market for arena events. They cited casino venues (with capacities between 2,000 and 4,000 seats), Live Nation Amphitheater (15,000 seat outdoor venue), Tingley Auditorium (11,000 seat arena on New Mexico State Fairgrounds), and Dreamstyle Arena (15,400-seat venue at University of New Mexico).

Key Takeaways: McAllen/Edinburg - With the Vipers moving to Bert Ogden Arena next season, City of Hidalgo officials are concerned about keeping their facility relevant in the years to come. The McAllen-Edinburg-Mission MSA does not have the population and high household income levels to warrant multiple venues vying for discretionary income from its residents.

Key Takeaways: Wichita - Hartman Arena staff stated that both their facility and Hartman Arena do not typically compete for events in the Wichita market. There appears to be a collaboration in that both facilities have carved out a niche for specific events they can book. Furthermore, the Wichita CVB actively markets both facilities.

Victus Advisors held telephone interviews with operators, promoters and influencers of sports, entertainment and arts events both regionally and nationwide. In total, we spoke with 18 promoters, with key findings such as:

Market Share - It is estimated that Live Nation and AEG control approximately 82% of the arena/event center/performance market in the United States. Feld controls another 5%, primarily family shows and motorsports, meaning that three promoters control nearly 90% of the arena event market in the United States. As a result, relationships with Live Nation, AEG, and/or Feld will be the key to long-term sustainable event usage at a new downtown event center, and also the key to understanding what events could be new to the market or transfers from existing venues.

Fort Wayne Market - Nearly all concert promoters feel that Fort Wayne is a secondary entertainment market and many expressed concern that it may be too saturated with concert venues if a downtown venue is built.

Impact of Downtown Event Center to New Events - Some concert promoters could envision an initial uptick in new events at a downtown event center, but that would only be during the “honeymoon” period (initial three years or so). In the long-term, most felt that sustainable event activity brought to the new facility would be a transfer from War Memorial Coliseum or Embassy Theatre.

Live Nation - Live Nation books just under 10 events per year in Fort Wayne, using both the Embassy Theatre and Coliseum. Their representative thought a new downtown facility with better amenities could attract promoter interest during the “honeymoon” period, however if operated in competition with other local venues the event center could struggle long-term in the Fort Wayne market. They indicated that Live Nation could potentially book a little more than 10 events (about half new) per year at the downtown event center during the “honeymoon” period, but long-term most if not all events would be a transfer from the Coliseum and Embassy.

AEG - AEG currently books two to three events at the Coliseum in most years. While indicating a mid-sized concert facility would be appealing, the market size is a challenge, and they wouldn’t envision a substantial increase in overall event activity if a downtown event center was built. Ultimately, they could envision transferring their two to three annual events from the Coliseum to a downtown facility.

Feld - Feld Entertainment books shows such as “Disney on Ice” and “Sesame Live” about twice a year at the Coliseum. Regarding the proposed downtown event center, they felt that both the Coliseum and new event center could not co-exist in the Fort Wayne market if operated competitively. Ultimately, they would be interested in hosting one non-ice family show at the event center, however it would be a transfer from the Coliseum. Their ice shows (Disney) would have to remain at the Coliseum, assuming no ice at the new venue.

Recommendations - Based on interviews conducted with project stakeholders and event promoters, Victus Advisors' research, and our industry experience, we have developed the following recommendations for a new downtown Fort Wayne event center:

- **Seating Capacity** - The preferred maximum seating capacity for the proposed new venue should be no more than 5,500 to 6,000 seats in center-court basketball configuration. Most concert/entertainment promoters felt that the Embassy Theatre, Foellinger Theatre, and War Memorial Coliseum have appropriate seating sizes for the majority of their touring concert activity in Fort Wayne. Some mentioned that a mid-sized venue (3,500 - 6,000 seat range) would be ideal.
- **Flat Floor Space** - A typical event center floor has approx. 17,000 ft² of event floor space, however the use of retractable seating systems could expand the available floor space to 30,000 ft² or more. It is estimated that 30,000 ft² of event floor space could accommodate as many as 150 ten-by-ten foot booths for trade show-type events.
- **Other Event Center Components** - At least one (1) concessions point of sale for every 250 seats, at least one (1) toilet stall per 50 seats, and one (1) urinal per 100 seats. At least two (2) full-sized locker rooms for sports use, and at least four (4) additional dressing rooms for use by officials, performers, etc. Video scoreboard, digital/LED signage, A/V and lighting equipment, storage and marshalling areas, rigging grid and stage capabilities, box office, office space, etc.

- **Connectivity** - In order to accommodate shared operations with the Grand Wayne Convention Center and enable cross-usage by certain convention events, the event center should be physically connected to the convention center. Doing so would maximize usage and expand convention business.
- **Parking** - Adjacent to the proposed event center, no more than 500 on-site parking spots should be provided for premium seat customers, customers with disabilities, and staff. In terms of best practices for economic development, there should be the minimum necessary amount of parking attached to the proposed facility. This will encourage the majority to utilize parking within the downtown corridor as walking through downtown encourages interaction with local businesses.
- **Premium Seating** - Victus Recommends the following premium seating amenities:
 - Private Suites: 10 to 12 private suites with up to 12 seats
 - Party Suites: 2 large suites with 20+ seats
 - Loge Boxes: 10 loge boxes with 4 to 6 seats per box
 - Club Seats: Up to 450 in-bowl club seats
 - Courtside Seats: typically sold by G League teams
 - At least one (1) upscale lounge area to be used by premium seat buyers, as well as meeting rentals and convention support on non-event nights

EVENT DEMAND PROJECTIONS: STAND-ALONE EVENT CENTER

Demand Estimates ("Honeymoon" Period) - The exhibit below summarizes Victus Advisors' estimated initial annual event activity at a new downtown event center in Fort Wayne, during the initial "honeymoon" period (approximately the first 3 years).

ESTIMATED UTILIZATION OF DOWNTOWN EVENT CENTER IN FORT WAYNE

| | Annual Event Days | Average Daily Attendance | Total Annual Attendance |
|--|-------------------------|--------------------------------|-------------------------------|
| TENANT EVENTS: | | | |
| Fort Wayne Mad Ants | 25 | 3,000 | 75,000 |
| MARKET DRIVEN EVENTS: | | | |
| Concerts/Entertainment Acts | 21 | 3,000 | 63,000 |
| Family Shows | 1 | 4,000 | 4,000 |
| Non-Tenant Sports Events | 5 | 1,000 | 5,000 |
| Flat Floor Shows | 5 | 1,000 | 5,000 |
| Community & Banquets/Meetings | 10 | 100 | 1,000 |
| TOTAL - TENANT & MARKET EVENTS: | 67 | 2,284 | 153,000 |

Demand Estimates (Sustainable Usage) - The exhibit below summarizes Victus Advisors' estimated sustainable annual event activity at a new downtown event center in Fort Wayne after the initial 3-year "honeymoon" period.

ESTIMATED UTILIZATION OF DOWNTOWN EVENT CENTER IN FORT WAYNE

| | Annual Event Days | Average Daily Attendance | Total Annual Attendance |
|--|-------------------------|--------------------------------|-------------------------------|
| TENANT EVENTS: | | | |
| Fort Wayne Mad Ants | 25 | 3,000 | 75,000 |
| MARKET DRIVEN EVENTS: | | | |
| Concerts/Entertainment Acts | 14 | 3,000 | 42,000 |
| Family Shows | 1 | 4,000 | 4,000 |
| Non-Tenant Sports Events | 3 | 1,000 | 3,000 |
| Flat Floor Shows | 3 | 1,000 | 3,000 |
| Community & Banquets/Meetings | 5 | 100 | 500 |
| TOTAL - TENANT & MARKET EVENTS: | 51 | 2,500 | 127,500 |

Estimated Event Activity - Incremental vs. Transfer:

INCREMENTAL VS TRANSFER - "HONEYMOON" PERIOD

| | New Events | Transfer of Events |
|--|---------------|-----------------------|
| MARKET DRIVEN EVENTS: | | |
| Concerts/Entertainment Acts | 9 | 12 |
| Family Shows | 0 | 1 |
| Non-Tenant Sports Events | 2 | 3 |
| Flat Floor Shows | 3 | 2 |
| Community & Banquets/Meetings | 5 | 5 |
| TOTAL - INCREMENTAL VS TRANSFER | 19 | 23 |
| TOTAL - EVENTS | 42 | |

INCREMENTAL VS TRANSFER - SUSTAINABLE PERIOD

| | New Events | Transfer of Events |
|--|---------------|-----------------------|
| MARKET DRIVEN EVENTS: | | |
| Concerts/Entertainment Acts | 4 | 10 |
| Family Shows | 0 | 1 |
| Non-Tenant Sports Events | 1 | 2 |
| Flat Floor Shows | 2 | 1 |
| Community & Banquets/Meetings | 3 | 2 |
| TOTAL - INCREMENTAL VS TRANSFER | 10 | 16 |
| TOTAL - EVENTS | 26 | |

Long-term, it is estimated that a new downtown event center, if operated in competition with the War Memorial Coliseum, would only generate about 10 new events each year for the Fort Wayne market.

The purpose of this section is to present an overview of various options regarding the management and operations of a proposed downtown event center in Fort Wayne. Each potential management structure for the proposed facility, and potentially multiple Fort Wayne-Allen County event facilities, has its own unique advantages and disadvantages which should be considered when making decisions regarding the management of the venue(s). This section was broken down in three parts:

1. Individual Facility Management
2. Multi-Facility Management
 - a) Co-Operated with Grand Wayne Center
 - b) Event Center, GWC and Coliseum Operated by a Joint Powers Authority
3. Fort Wayne Event Facility Management Recommendations

1. Individual Facility Management

Pros - A private operator could potentially network their existing facility relationships to leverage event bookings and could have more leverage and flexibility in negotiations than a typical public operator.

Cons - Facility management fees (if private operator); Operators would compete directly with Grand Wayne Center, War Memorial Coliseum, and other facilities for events; Less access to public use (if private); Would likely need dedicated revenue source to sustain operations, even with private management; No efficiencies from co-operation with other public venues.

2a. Multi-Facility Management - Co-Operated with GWC

Pros - Greater staffing resources and efficiencies than stand-alone options; No management fees for public operation; Incremental event options for the GWC because of skybridge connection.

Cons - Operators would compete directly with War Memorial Coliseum for arena events; Would likely need dedicated revenue source to sustain operations and fund an annual capital reserve.

2b. Multi-Facility Management - Joint Powers Authority

Pros - Greater staffing resources/efficiencies; No management fees for public ops; Aligned vision between City and County; Incremental event options for the GWC because of skybridge connection; Limit competition between downtown event center and War Memorial Coliseum; Community's best interests at heart.

Cons - Would require significant negotiation and long-term legal agreements between the City and County.

3. Fort Wayne Event Facility Management Recommendations

We believe that option number three (operating a new event center in conjunction with the Grand Wayne Center and War Memorial Coliseum via a joint powers authority) would be the recommended operating model if the proposed downtown event center were built in Fort Wayne. If politically feasible, this option would reduce risk by eliminating competition between public venues, maintaining the jobs of existing public employees, and uniting operating goals/efforts behind what is best for the region.

Scenario 1 (Stand-Alone Event Center):

| | New Event Center Operations |
|------------------------------------|-----------------------------|
| Revenues: | |
| Rental Income | \$620,000 |
| Catering/Concessions Revenue (net) | \$195,800 |
| Luxury Seating Premiums | \$702,500 |
| Naming Rights & Sponsorships | \$500,000 |
| Convenience Charge Rebates | \$81,648 |
| Total - Net Revenue: | \$2,099,948 |
| Expenses: | |
| Payroll & Related Expenses | \$1,420,000 |
| Utilities | \$409,000 |
| Advertising & Promotions | \$175,000 |
| Repairs & Maintenance | \$254,000 |
| Professional Services | \$82,000 |
| General Insurance | \$67,000 |
| Supplies | \$120,000 |
| Other | \$42,000 |
| Total - Expenses: | \$2,569,000 |
| Net Operating Income: | (\$469,052) |

In a stabilized year of operations, it is estimated that operations of the proposed event center as a stand-alone facility could result in an operating loss of approximately \$470k, prior to any debt service or capital reserve funds.

Scenario 2 (Attached To & Operated With Grand Wayne Center):

| | Grand Wayne Center | Increment from New Event Center | Combined Operations |
|------------------------------------|--------------------|---------------------------------|---------------------|
| Revenues: | | | |
| Innkeeper's Tax (net to GWC) | \$3,745,839 | - | \$3,745,839 |
| Rental Income | \$909,062 | \$640,000 | \$1,549,062 |
| Catering/Concessions Revenue (net) | \$506,019 | \$202,800 | \$708,819 |
| Interest/Other Income | \$31,664 | - | \$31,664 |
| Luxury Seating Premiums | - | \$702,500 | \$702,500 |
| Naming Rights & Sponsorships | - | \$500,000 | \$500,000 |
| Convenience Charge Rebates | - | \$81,648 | \$81,648 |
| Total - Net Revenue: | \$5,192,584 | \$2,126,948 | \$7,319,532 |
| Expenses: | | | |
| Payroll & Related Expenses | \$2,201,089 | \$1,287,000 | \$3,488,089 |
| Utilities | \$580,696 | \$438,000 | \$1,018,696 |
| Advertising & Promotions | \$302,816 | \$147,000 | \$449,816 |
| Repairs & Maintenance | \$339,417 | \$226,000 | \$565,417 |
| Professional Services | \$107,693 | \$99,000 | \$206,693 |
| General Insurance | \$88,379 | \$62,000 | \$150,379 |
| Supplies | \$171,432 | \$98,000 | \$269,432 |
| Other | \$85,691 | \$28,000 | \$113,691 |
| Lease payments (accrued) | \$825,000 | - | \$825,000 |
| Harrison Square Pledge (accrued) | \$250,000 | - | \$250,000 |
| Total - Expenses: | \$4,952,214 | \$2,385,000 | \$7,337,214 |
| Net Operating Income: | \$240,370 | (\$258,052) | (\$17,682) |

In a stabilized year of operations, it is estimated that the combined operations of the proposed event center and Grand Wayne Center could experience approximately \$17,000 in net operating loss, prior to event center debt service obligations or capital needs for the event center.

Scenario 3 (All Three Operated by a Joint Powers Authority):

| | Grand Wayne Center | Estimated War Memorial Coliseum | Increment from New Event Center | Combined Operations |
|------------------------------------|-----------------------|---------------------------------------|---------------------------------------|------------------------|
| Revenues: | | | | |
| Innkeeper's Tax (net to GWC) | \$3,745,839 | - | - | \$3,745,839 |
| Parking | - | \$1,367,373 | - | \$1,367,373 |
| Rental Income | \$909,062 | \$946,676 | \$740,000 | \$2,595,738 |
| Catering/Concessions Revenue (net) | \$506,019 | \$1,074,182 | \$282,800 | \$1,863,001 |
| Interest/Other Income | \$31,664 | \$821,316 | - | \$852,980 |
| Luxury Seating Premiums | - | \$646,986 | \$702,500 | \$1,349,486 |
| Naming Rights & Sponsorships | - | \$344,803 | \$500,000 | \$844,803 |
| Convenience Charge Rebates | - | - | \$115,344 | \$115,344 |
| Total - Net Revenue: | \$5,192,584 | \$5,201,336 | \$2,340,644 | \$12,734,564 |
| Expenses: | | | | |
| Payroll & Related Expenses | \$2,201,089 | \$3,695,630 | \$1,147,000 | \$7,043,720 |
| Utilities | \$580,696 | \$679,134 | \$438,000 | \$1,697,830 |
| Advertising & Promotions | \$302,816 | \$97,816 | \$161,000 | \$561,633 |
| Repairs & Maintenance | \$339,417 | \$313,920 | \$226,000 | \$879,337 |
| Professional Services | \$107,693 | \$91,766 | \$99,000 | \$298,459 |
| General Insurance | \$88,379 | \$300,936 | \$62,000 | \$451,315 |
| Supplies | \$171,432 | \$160,766 | \$98,000 | \$430,199 |
| Other | \$85,691 | \$39,005 | \$28,000 | \$152,696 |
| Lease Payments (accrued) | \$825,000 | - | - | \$825,000 |
| Harrison Square Pledge (accrued) | \$250,000 | - | - | \$250,000 |
| Total - Expenses: | \$4,952,214 | \$5,378,973 | \$2,259,000 | \$12,590,188 |
| Net Operating Income: | \$240,370 | (\$177,637) | \$81,644 | \$144,377 |

In a stabilized year of operations, it is estimated that the combined operations of the proposed event center, Grand Wayne Center, and War Memorial Coliseum could generate approximately \$144,000 in net operating income, prior to any event center debt service payments or capital needs for the event center.

Long-Term Capital Needs:

Event Center - The current industry best practice for long-term capital needs is to annually contribute an amount equal to at least 0.5% of facility construction costs (or approximately \$525,000 in Year 1, increased annually for inflation) to a reserve fund. This capital reserve fund can be drawn upon by facility owners/operators to pay for necessary capital maintenance and improvements as the facility ages. However, as shown below, it is not expected that combined facility operations could generate enough net operating income to fund this capital reserve. As such, the CIB should consider alternative sources for capital reserve funding for a new event center.

Grand Wayne Center & Coliseum - Both the Grand Wayne Center and War Memorial Coliseum have had significant capital expenditures over the last 10 years, which have been funded primarily by \$3 million in annual funds from the PSCDA, as well as surplus GWC operating income. Over the last 10 years the Coliseum has spent over \$45 million dollars in PSCDA funds on capital improvement projects. Meanwhile, \$3.4 million will have been paid to service debt and fund capital improvements at the Grand Wayne Center from 2013 to 2018, of which approximately \$2.4 million is funded via the PSCDA, and approximately \$1 million is drawn from GWC net operating surpluses.

Economic & Fiscal Impact Analysis - Combined Operations of All Three Venues:

Over a 30-year period (the estimated useful life of a public assembly venue), it is estimated that a new downtown event center in Fort Wayne would generate net impacts in Allen County with a net present value of \$89.5 million in direct spending and \$1.3 million in local tax revenues, amounts which are lower than the expected construction cost of the facility (approximately \$105 million according to Sink Combs Dethlefs). The reason that Victus Advisors projects the net economic/fiscal impacts to be relatively low is because a new downtown event center is only expected to generate approximately 10 new events in the Fort Wayne market each year, whereas the majority of the events would be a transfer between existing event facilities in the County. In order to generate greater net new economic/fiscal impacts, a new event center would need to generate a larger number of new event activity and visitors that are not currently present within the market.

**SUMMARY OF NET NEW IMPACTS OVER 30 YEARS:
VENUE CONSTRUCTION & ON-GOING OPERATIONS**

| <u>Net New Impacts</u> | <u>30-Year Cumulative</u> | <u>Net Present Value (NPV)</u> |
|------------------------|-------------------------------|------------------------------------|
| Direct Spending: | \$148,302,000 | \$89,477,000 |
| Total Output: | \$248,355,000 | \$148,229,000 |
| Employment: | 70 (<i>annual</i>) | n/a |
| Labor Income: | \$105,578,000 | \$64,763,000 |
| Local Tax Revenues: | \$2,293,000 | \$1,295,000 |

*Key Assumptions: 3% annual inflation and 5% discount rate. NPV presented in \$2017.
Includes impacts of both construction spending and facility operations.*

Development Considerations - Due to the nature of the Fort Wayne event market, in particular the expected transfer of existing event activity between existing venues and a new downtown event center, Victus Advisors' direct estimates of economic/fiscal impacts are relatively low compared to the \$105 million estimated project costs. That said, based upon feedback gathered by Victus Advisors via local/regional stakeholder interviews, many Fort Wayne/Allen County community stakeholders believe that shifting more sports/entertainment event activity downtown could have a significant, long-term, positive economic impact on the greater Fort Wayne community.

Reasons For Stakeholder Support of Downtown Events:

- Downtown development is now perceived as a huge benefit to Fort Wayne over the past decade. Many stakeholders said they were initially skeptical of Parkview Field's ability to attract attendees downtown on nights and weekends, but they now personally visit downtown much more often and see the economic benefit of downtown event venues.
- Many stakeholders are now strong supporters of downtown development and want to keep the momentum created by expansion of the Grand Wayne Center, addition of new downtown hotels, and construction of Parkview Field.
- There has been a community-wide perception that recent downtown activity/growth has given a "renewed vitality" to downtown. Many stakeholders cited Parkview Field's impact on downtown in particular, and felt that the majority of public and private leaders in the greater Fort Wayne area are now community-minded supporters of downtown growth.

- Many stakeholders feel a new downtown event center should be part of an overall long-term push for a variety of downtown projects that would help grow existing downtown businesses, attract new businesses to locate in downtown Fort Wayne, and grow the overall job opportunities, economic vitality, and tax base in greater Fort Wayne.
- Many stakeholders think a new downtown event center could have the same positive effects as Parkview Field and help further define Fort Wayne as a vibrant destination for businesses, young families, and tourists.
- More than \$354.5 million (\$216.1 million private, \$138.4 million public) in additional downtown development has occurred since the opening of Parkview Field in 2009.

Key Events Center Decision-Making Criteria:

- Ultimately, key stakeholders believe that the decision the City and County must ultimately make is whether or not sports, concert, and event activity in a downtown location, connected to the Grand Wayne Center and in close proximity to Parkview Field and Embassy Theatre, will create long-term economic benefits (both directly and indirectly) for the greater Fort Wayne community via a vibrant downtown that attracts incremental businesses, jobs, families and tourists, and increases perceptions of Fort Wayne as an attractive, growing community.
- If the decision is made to develop a new downtown event center, then all stakeholders agree that the City and County should work together to create an operating structure over County-wide events venues that minimizes operational and financial risk, while increasing the overall long-term benefits to the greater community.



SECTION 1 INTRODUCTION

Victus Advisors was engaged by the **Allen County-Fort Wayne Capital Improvement Board (CIB)** in May 2017 to conduct a market demand analysis, economic impact study, and financial/operational sustainability study for a proposed new downtown event center in Fort Wayne.

It is our understanding that the results of our study are to be used by the CIB and other civic leaders to further assess the operational performance and feasibility of a proposed downtown events center, as well as the potential risks and rewards. As such, our primary project goals for this study included:

- Estimate market demand for a new, downtown event center in Fort Wayne
- Recommend a market-supportable building program (seating capacity, VIP areas, parking, etc.)
- Forecast event days for the recommended program by category of user
- Identify potential partnership opportunities with the downtown event center
- Review of facility management options
- Project the potential financial operations of a new event center, potentially including shared operations with other public facilities
- Analyze the potential economic and fiscal impacts of event center development

1. MARKET
ANALYSIS



2. DEMAND ESTIMATES



3. NEEDS &
PARTNERSHIPS



4. FINANCIAL
ANALYSIS



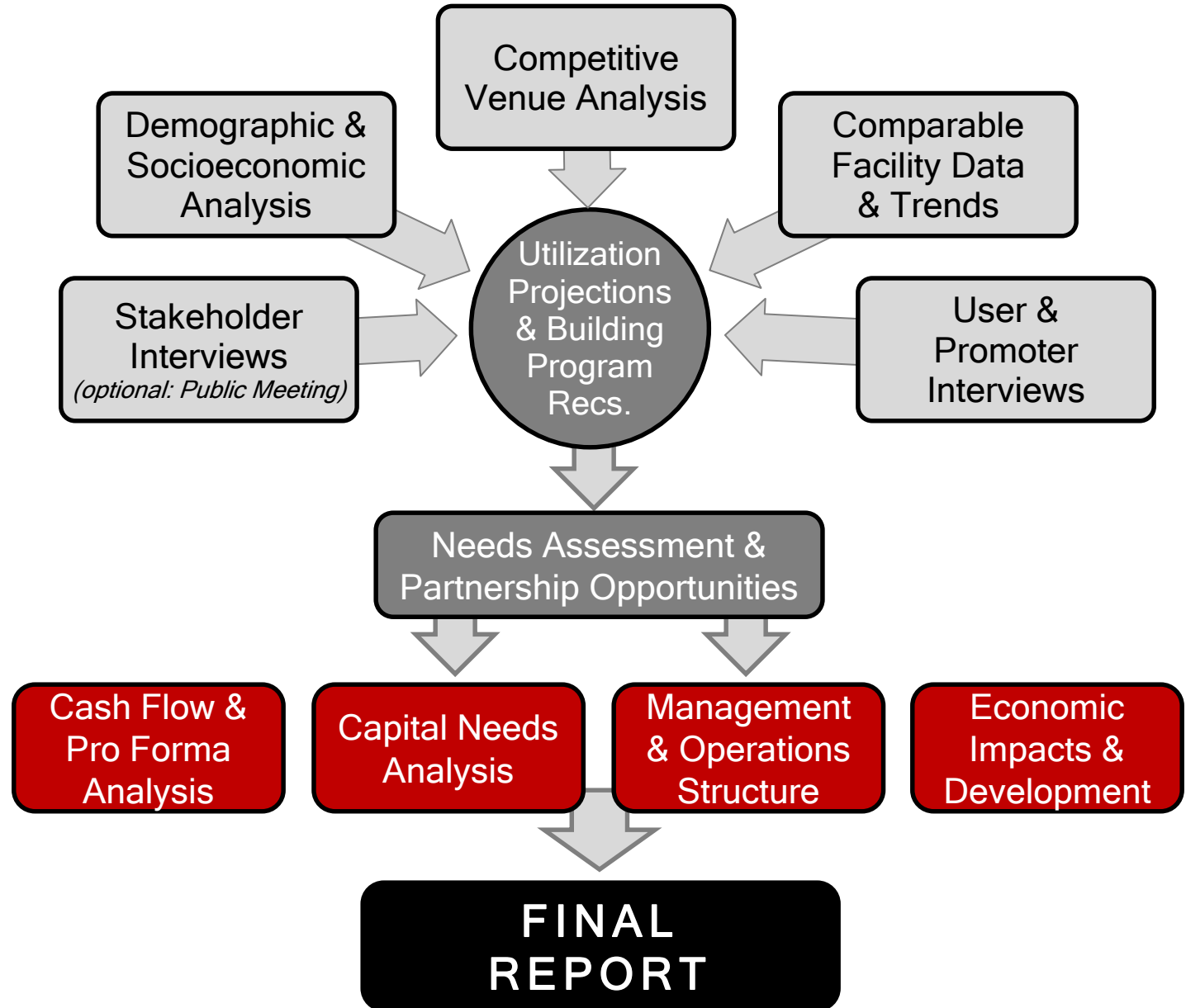
5. OPERATING
RECOMMENDATIONS



6. ECONOMIC
ANALYSIS



7. FINAL
REPORT



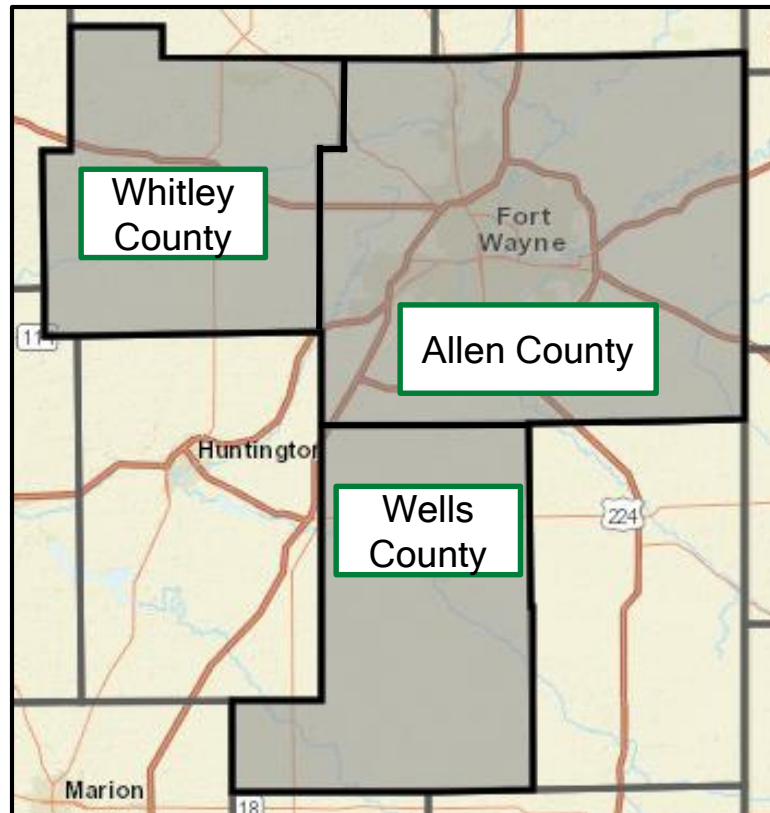


SECTION 2 DEMOGRAPHIC & SOCIOECONOMIC ANALYSIS

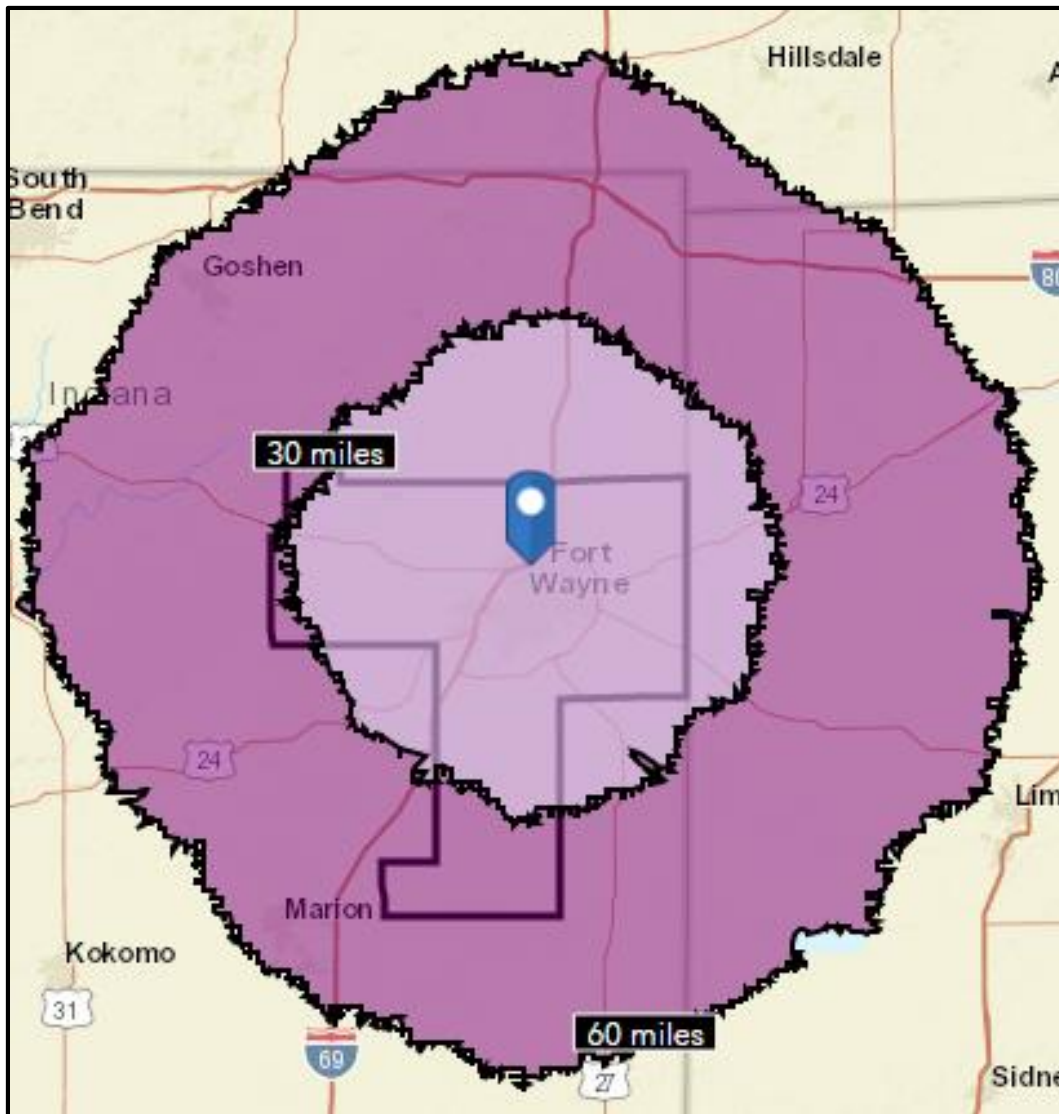
Metro.
Statistical
Areas

Fort
Wayne
MSA

- MSA's are defined by U.S. Office of Management & Budget
- Adjacent counties with high degree of social/economic integration with urban core of 50,000 people or more.
- Geographically defined as a 3 county area (Allen County, Wells County, and Whitley County).
- Fort Wayne MSA has a population of more than 432,000 people.



Source: Esri



Source: Esri

The population within a 30 mile driving radius of downtown Fort Wayne is 550,084.

The population within a 60 mile driving radius of downtown Fort Wayne is 1,230,723.

Based upon Victus Advisors' experience, primary attendance for a potential event center (especially for weekday events) is typically drawn from within a 30-minute drive radius. Additionally some weekend events could draw attendees from within a secondary radius beyond a 30-minute drive, however it is not recommended that sustainable event center operations be heavily dependent on this secondary market.

As a result, for this study we will use the Fort Wayne MSA population for our benchmark analysis.

The level of population from which to draw upon can impact the ability of an event center to attract events and attendees. The chart below presents the historical, current and projected population of the Fort Wayne MSA and the United States, as well as summary age, household income, and corporate base statistics. The context for each of these key factors will be explored further in the following pages of this report.

| | Fort Wayne MSA | United States |
|---|----------------|---------------|
| Population | 432,700 | 323,580,626 |
| Population Under 18 | 109,013 | 73,485,783 |
| Percentage of Population Under 18 | 25.2% | 23.2% |
| Population Growth: | | |
| Annual Pop. Growth (2000 to 2016) | 0.6% | 0.9% |
| Annual Pop. Growth (5-year Projection) | 0.7% | 0.8% |
| Projected Population (2021) | 448,253 | 337,326,118 |
| Median Age | 36.9 | 38.0 |
| Median Household Income | \$50,793 | \$54,149 |
| Adjusted Median Household Income ⁽¹⁾ | \$57,071 | \$54,149 |
| Total Households | 167,942 | 121,784,504 |
| Households With Children Under 18 | 110,909 | 80,307,260 |
| Percentage of Households With Children | 66.0% | 65.9% |
| Corporate Base ⁽²⁾ | 1,790 | |

Sources: Esri, Hoovers

(1) Adjusted for cost of living, according to ACCRA Cost of Living Index

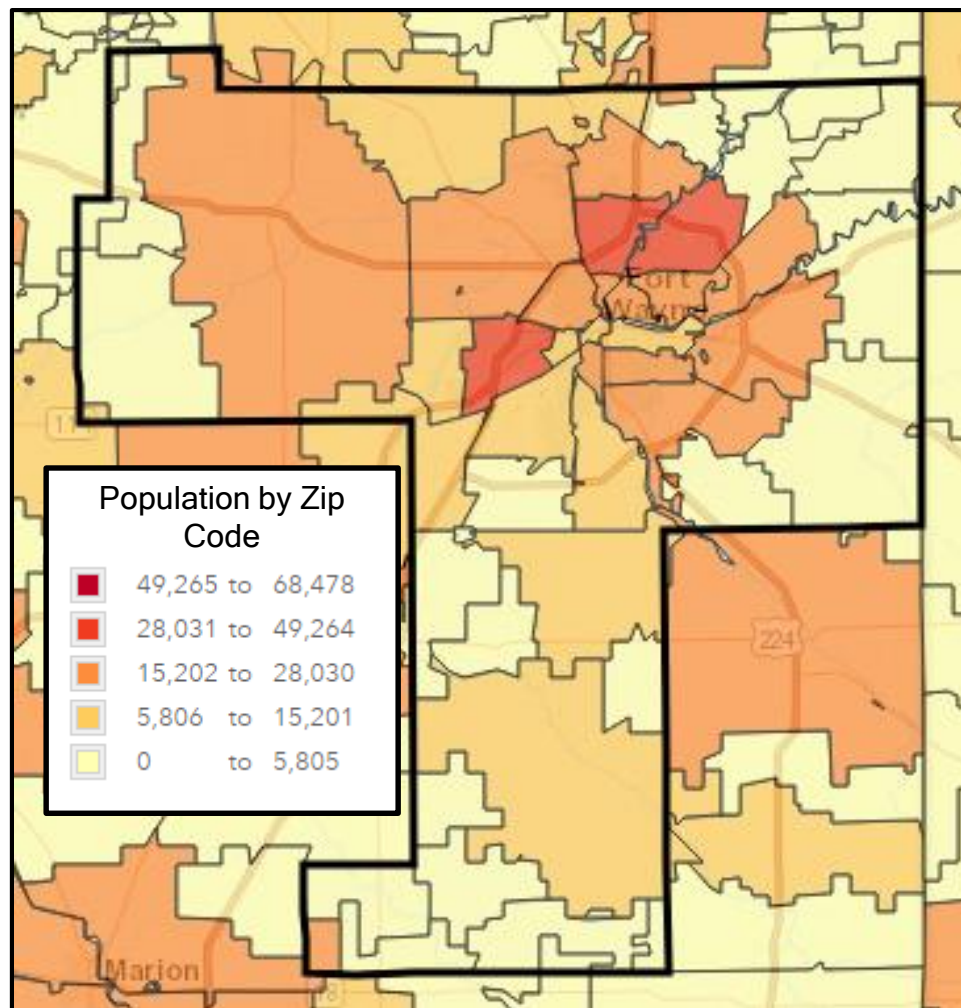
(2) Represents companies with at least 5 employees and \$1M+ annual sales.

For purposes of comparative analysis, Victus Advisors also identified markets that are similar to the Fort Wayne MSA based upon the following criteria:

- a) Population
 - MSA markets between 300,000 and 600,000 with one events center, or
 - MSA markets less than one million with two events centers
- b) Multi-purpose events center opened in the past 15 years (excluding any on-campus university arenas)
- c) Similar tenants (i.e., no major professional sports tenant such as NBA or NHL franchises)

Based upon these criteria, the comparative markets in this report include:

- Omaha-Council Bluffs (Nebraska/Iowa) MSA
- Albuquerque (New Mexico) MSA
- McAllen-Edinburg-Mission (Texas) MSA
- Wichita (Kansas) MSA
- Youngstown-Warren-Boardman (Ohio/Pennsylvania) MSA
- Reno (Nevada) MSA
- Fort Collins (Colorado) MSA



Source: Esri

The Fort Wayne MSA's population is clustered in Fort Wayne and to the west in Columbia City.

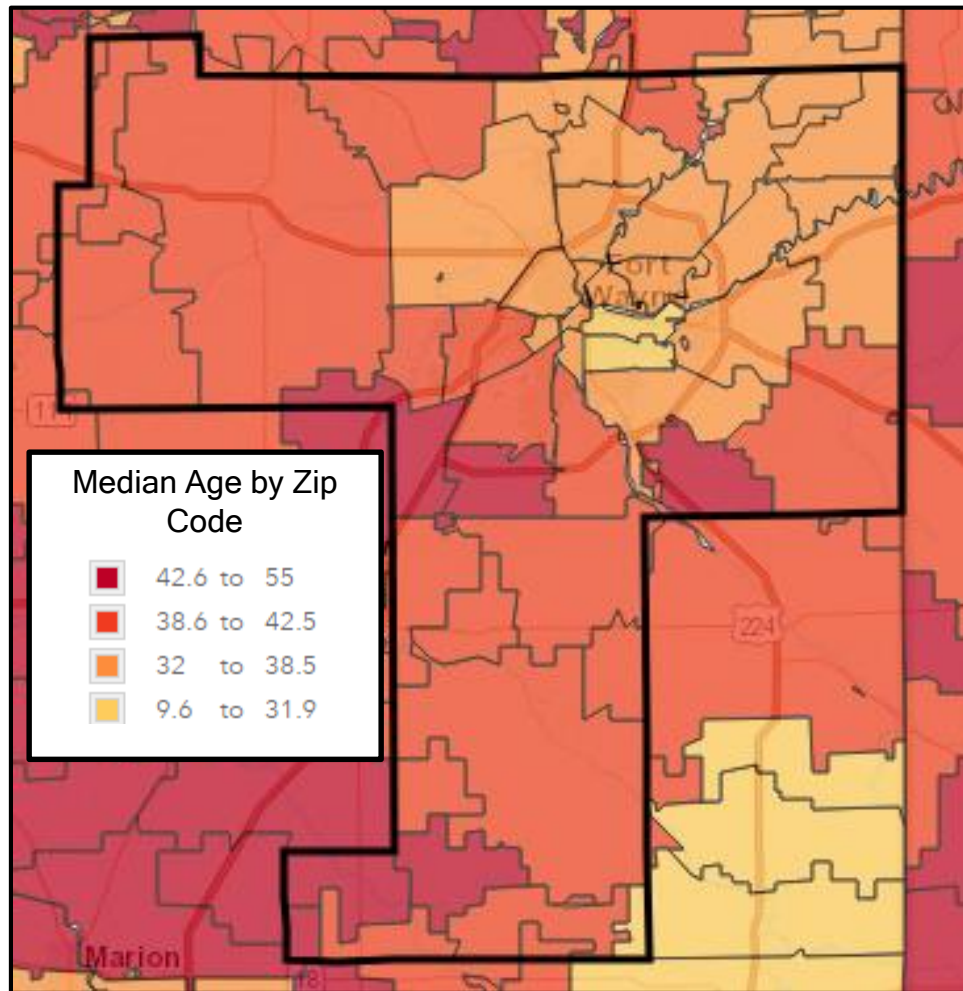
MSA POPULATION GROWTH

| MSA | MSA Population 2000 | MSA Population 2016 | MSA Population 2021 | Annualized Growth Rate Since 2000 | Projected 5- Yr Annual Growth Rate |
|----------------------------|---------------------------|---------------------------|---------------------------|---|--|
| Omaha-Council Bluffs | 767,041 | 925,061 | 976,181 | 1.2% | 1.1% |
| Albuquerque | 729,649 | 915,897 | 935,707 | 1.4% | 0.4% |
| McAllen-Edinburg-Mission | 569,463 | 856,205 | 931,528 | 2.6% | 1.7% |
| Wichita | 579,839 | 654,135 | 671,103 | 0.8% | 0.5% |
| Youngstown-Warren-Boardman | 602,964 | 549,433 | 537,390 | -0.6% | -0.4% |
| Reno | 342,885 | 456,012 | 485,909 | 1.8% | 1.3% |
| Fort Wayne | 390,156 | 432,700 | 448,253 | 0.6% | 0.7% |
| Fort Collins | 251,494 | 332,234 | 367,709 | 1.8% | 2.0% |
| Average | 529,186 | 640,210 | 669,223 | 1.2% | 0.9% |
| Median | 574,651 | 601,784 | 604,247 | 1.3% | 0.9% |

Source: Esri

Sorted by MSA Population 2021 in descending order

The Fort Wayne MSA's population of 432,700 people represents the seventh most populated out of the eight markets selected for comparative analysis. Furthermore, the projected growth rate of the Fort Wayne MSA is below the average and median among comparative markets.



Source: Esri

Another demographic characteristic that can be important to the overall viability of a permanent arena facility in Fort Wayne is the age of the local population. Generally, the core group of sports and entertainment event patrons is clustered within the 25 to 54-year-old age group, which is most likely to have disposable income available for arena events.

A relatively lower median age of a population tends to be a positive market indicator for a multi-purpose event center due to the presence of a large working age population and young families. As seen to the left, younger median ages within the Fort Wayne market tend to be clustered in and around the City of Fort Wayne.

| MSA | MSA Median Age |
|----------------------------|----------------------|
| McAllen-Edinburg-Mission | 29.0 |
| Omaha-Council Bluffs | 35.5 |
| Wichita | 35.9 |
| Fort Collins | 36.5 |
| Fort Wayne | 36.9 |
| Albuquerque | 37.3 |
| Reno | 37.9 |
| Youngstown-Warren-Boardman | 44.1 |
| Average | 36.6 |
| Median | 36.7 |

Source: Esri

Sorted by MSA Median Age in descending order

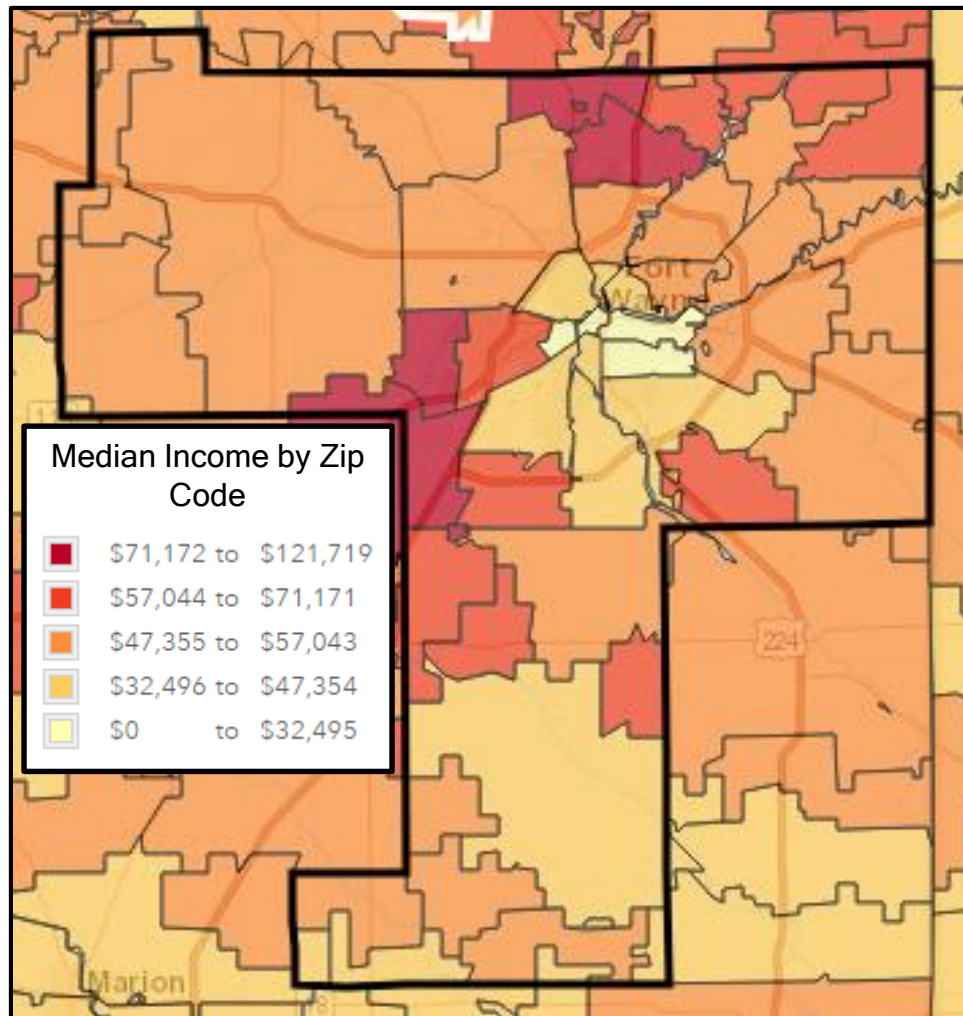
When compared against similar markets, the Fort Wayne MSA ranks fifth out of eight markets for median age as seen above.

| MSA | Total Households | Households w/ Children Under 18 | % of Households w/ Children |
|----------------------------|---------------------|---------------------------------------|-----------------------------------|
| McAllen-Edinburg-Mission | 238,236 | 197,046 | 83% |
| Wichita | 250,226 | 166,310 | 66% |
| Fort Wayne | 167,942 | 110,909 | 66% |
| Omaha-Council Bluffs | 356,843 | 232,650 | 65% |
| Youngstown-Warren-Boardman | 228,641 | 146,611 | 64% |
| Albuquerque | 356,556 | 225,094 | 63% |
| Reno | 174,885 | 109,758 | 63% |
| Fort Collins | 133,203 | 82,845 | 62% |
| Average | 238,317 | 158,903 | 67% |
| Median | 233,439 | 156,461 | 65% |

Source: Esri

Sorted by % of Households w/ Children in descending order

We also analyzed the presence of young families within each market, which can be a sign of a market's economic viability. As shown above, the Fort Wayne market is tied for second in ranking out of the eight comparative markets in terms of the percentage of households in the market that have children under 18.



Source: Esri

As shown to the left, household income levels within the Fort Wayne MSA tend to be lower near downtown Fort Wayne and higher in the suburbs. Household income levels tend to be higher north of Fort Wayne in Huntertown and west Fort Wayne.

High levels of disposable household income would be crucial to the success of any arena facility that hosts ticketed events such as professional sporting events or entertainment acts.

It should also be noted, based on in-market primary research interviews conducted by Victus Advisors, it is commonly perceived that wealthier suburban Fort Wayne-area residents have become significantly more likely to visit downtown on evenings and weekends since the addition of Parkview Field and other new downtown development (apartments, hotels, restaurants, etc.).

| MSA | MSA Median HH Income | Adjusted Median HH Income ⁽¹⁾ |
|----------------------------|----------------------------|--|
| Omaha-Council Bluffs | \$57,847 | \$65,512 |
| Fort Collins | \$60,994 | \$61,672 |
| Wichita | \$52,478 | \$57,479 |
| Fort Wayne | \$50,793 | \$57,071 |
| Reno | \$52,284 | \$53,790 |
| Albuquerque | \$49,651 | \$53,735 |
| Youngstown-Warren-Boardman | \$43,061 | \$48,167 |
| McAllen-Edinburg-Mission | \$35,016 | \$41,537 |
| Average | \$50,266 | \$54,870 |
| Median | \$51,539 | \$55,430 |

Source: Esri

Sorted by Adjusted Median HH Income in descending order

(1) Adjusted for cost of living, according to ACCRA Cost of Living Index and citydata.com

When adjusted for the cost of living in each market, the Fort Wayne MSA's median household income ranks fourth among comparative markets, as shown above. These income factors may indicate that Fort Wayne area households could have relatively more disposable income available for entertainment spending such as concert tickets or sporting events.

CORPORATE BASE SUMMARY

| MSA | MSA Corporate Base ⁽¹⁾ |
|----------------------------|---|
| Omaha-Council Bluffs | 3,591 |
| Albuquerque | 2,859 |
| Wichita | 2,377 |
| Youngstown-Warren-Boardman | 1,937 |
| Fort Wayne | 1,790 |
| Reno | 1,684 |
| McAllen-Edinburg-Mission | 1,546 |
| Fort Collins | 1,175 |
| Average | 2,120 |
| Median | 1,864 |

Source: Hoovers

Sorted by MSA Corporate Base in descending order

(1) Represents companies with at least 5 employees and \$1M+ annual sales.

Local companies can play a significant role in the overall success of a sports and entertainment arena by purchasing tickets, premium seating, advertising and sponsorship opportunities. The chart to the left presents the number of corporate headquarters and branches with annual sales of at least \$1 million and at least five employees in the local market. These criteria were used in order to qualify companies that may have the financial wherewithal to purchase premium ticket packages, advertising or sponsorships in an event center in downtown Fort Wayne.

This analysis reviews the overall depth of the corporate base, as most venue facilities often have more than just a facility naming sponsor. They also depend on four to eight founding (or cornerstone) sponsors, additional advertisers and signage buyers, and purchasers of premium seating packages ranging from private suites to club seats and courtside tickets. A typical multi-purpose event center can have key business relationships with well over 100 corporate partners at varying expenditure levels.

Among comparative markets, the Fort Wayne MSA has the fourth smallest corporate base, which could significantly affect the potential for a multi-purpose event center in the Fort Wayne market to generate key revenue streams such as premium seating and sponsorships from a wide range of corporations and local businesses.



SECTION 3 LOCAL VENUE ANALYSIS

The number and type of local facilities that could potentially compete for the limited supply of events, attendees and available sponsorship dollars will impact the market potential of a new event center in Fort Wayne. The purpose of this section is to assess event venues in the local area that could provide some level of competition to the proposed new downtown event center.

Based on a review of local market event activity, Victus Advisors analyzed the following local facilities:

- Allen County War Memorial Coliseum
- Embassy Theatre
- Foellinger Theatre
- Grand Wayne Convention Center

Spectator Seating Capacities

| <u>Concert Facility</u> | <u>Ownership</u> | <u>Fixed Seating Capacity</u> | |
|--|----------------------|-------------------------------|------------|
| | | <u>Min</u> | <u>Max</u> |
| Allen County War Memorial Coliseum - Arena | Public - County | 10,480 | 13,000 |
| Allen County War Memorial Coliseum - Expo | Public - County | 5,000 | 8,000 |
| Embassy Theatre | Private - Non Profit | 2,471 | 2,471 |
| Foellinger Outdoor Theatre - Summer Only | Public - City | 2,051 | 2,051 |

Note: Sorted by Max Capacity, in descending order.

The arena and expo at War Memorial Coliseum are the largest sports/entertainment venues (in terms of capacity) in Allen County. Embassy Theatre is the only facility that is privately owned.

Annual Ticketed Entertainment & Sports Events

| | <u>Concerts & Entert. Acts</u> | <u>Family Shows & Circus Acts</u> | <u>Sports</u> | <u>TOTAL</u> |
|------------------------------------|--|---|---------------|--------------|
| Allen County War Memorial Coliseum | 12 | 50 | 92 | 154 |
| Embassy Theatre | 100 | | | 100 |
| Foellinger Outdoor Theatre | 20 | | | 20 |
| TOTAL: | 132 | 50 | 92 | 274 |

War Memorial Coliseum hosts the most events out of any of the other facilities analyzed in Allen County accounting for more than 50% of the total annual ticketed entertainment and sports events.

Allen County War Memorial Coliseum:

- Owned and operated by Allen County; about one million total ft²
- Opened in 1952; Major expansion in 2015 (\$15M)
- Includes arena, two expos, and a conference center
- Arena capacity: 13,000 basketball; 10,480 hockey/concert
- Expo capacity: 8,000 concert; 5,000 sports



Annual **programming** includes:

- 141 arena events and 490,000+ attendees
 - 92 sports (Mad Ants, Komets, IPFW)
 - 30 family shows & 20 circus shows
 - 12 concerts
 - Community events (graduations, etc.)
- Expo events of varying sizes: 1,200+ events/yr



Potential **competition** with a new downtown event center:

- Memorial Coliseum is the primary multi-purpose event facility in Fort Wayne
- Capacity of 10,480-13,000 seats is significantly larger than proposed downtown event center, so the two facilities would not be likely to compete for larger events (8,000+ people)
- The proposed downtown event center could compete with the Coliseum's expo venues for small sports/concert events, community events and flat floor shows.

Premium Seating Offerings:

- 318 Club Seats - Prices vary depending on the event
- 24 Luxury Suites - \$700 for Komets games; \$350 for Mad Ants games; price varies for other events
- 1 Super Suite - \$350 plus a minimum purchase of 50 tickets is required

Unlike comparable event centers in similar markets, the majority of premium seating offerings at the Coliseum are sold on a per-game basis, rather than annual or multi-year terms.

Rental Rates per Event:

| Venue | Minimum Rate Range/Event (1) |
|-------------------|---------------------------------|
| Arena | \$1,500-\$5,000 |
| Expo Center | \$500-\$4,200 |
| Conference Center | \$250-\$2,100 |

*Source: Allen County War Memorial Coliseum
(1) Minimum, or 15% of daily gross ticket sales*

Rental rates at the Coliseum tend to be very low relative to comparable event centers. As shown on the following page, the Coliseum is able to charge such low rental rates because of the significant parking revenue the Coliseum generates during each event hosted at the venue. Such low rental rates could make it very difficult for a new downtown Event Center to compete in the marketplace.

Last year, Allen County War Memorial Coliseum generated over \$5.7 million in operating revenue, netting just over \$44,000 in operating profit.

The facility's largest revenue generators were parking (\$1.6 million), net food and beverage income via Aramark (\$1.2 million), and rental income (\$1 million). The facility's largest operating expenses were labor related (nearly \$3.8 million of payroll, benefits, and part-time or third-party labor).

Note: in addition to the operating revenues/expenses shown at right, the Coliseum's annual debt service will be nearly \$3.4 million in 2017, and will increase to over \$3.7 million in 2018. Coliseum capital expenditures and debt funding sources are described on the next page.

Operating Summary - 2016 Calendar Year

| | |
|---------------------------------|--------------------|
| Parking | \$1,560,306 |
| Aramark F&B | \$1,225,747 |
| Rental Revenue | \$1,048,676 |
| Other Revenues | \$821,316 |
| Suite Sales | \$739,413 |
| Advertising/Sponsorship Revenue | \$344,803 |
| Total Operating Revenue | \$5,740,261 |

| | |
|--|--------------------|
| Full-Time Payroll | \$1,613,055 |
| Third-Party Labor Expense | \$809,448 |
| Utilities Expense | \$774,958 |
| Supplies & Services Expense | \$743,179 |
| Payroll Benefits | \$715,041 |
| Part-Time Staffing Expense | \$637,813 |
| Maintenance Expense | \$358,213 |
| Other Expenses | \$44,509 |
| Personnel & Operating Expense | \$5,696,216 |

| | |
|-----------------------------|-----------------|
| NET OPERATING PROFIT | \$44,045 |
|-----------------------------|-----------------|

Source: Allen County War Memorial Coliseum

Note: Represents financial operating information prior to debt service.

Coliseum - Capital Expenditures Since 2007

| <u>Year</u> | <u>Capital Improvements</u> | <u>New Capital Projects</u> |
|--------------------|-----------------------------|-----------------------------|
| 2016 | \$3,535,752 | |
| 2015 | \$3,980,925 | \$16,185,000 * |
| 2014 | \$4,663,668 | |
| 2013 | \$1,808,210 | |
| 2012 | \$2,726,467 | |
| 2011 | \$1,244,538 | |
| 2010 | \$1,865,800 | |
| 2009 | \$6,888,112 | |
| 2008 | \$1,505,121 | |
| 2007 | \$740,830 | |
| Sub-totals: | \$28,959,423 | \$16,185,000 |
| Total: | \$45,144,423 | |

Sources: War Memorial Coliseum and Capital Improvement Board

**Conference Center addition estimate - includes FF&E*

Note: 2001 roof renovation was an additional \$35 million

Over the last 10 years Allen County has spent over \$45 million dollars in capital improvements and new capital projects at the Coliseum. Improvements include: roof restructuring, office renovation, concourse renovations, and the addition of the Conference Center.

Coliseum Funding Sources

Operations - In 2016, the Coliseum Complex reported annual operating income of approximately \$44,000 (prior to debt service). The Complex is operated to maximize usage (more than 1,200+ events per year) and the venue's rental rates reflect this goal.

Professional Sports & Convention Development Area (PSCDA) - The Coliseum receives up to \$2.6 million per year from a \$3.0 million annual tax capture for "financing or refinancing of a capital improvement". This funding source was utilized to fund the Coliseum's 2015 Conference Center expansion.

Supplemental Food & Beverage Tax - County F&B Tax collections first go to pay Coliseum debt, then the remainder may be used for Capital Improvements or Economic Development Projects.

Total Annual Debt Service - Annual Coliseum debt service is expected to be approximately \$3.7 million in 2018, funded primarily via PSCDA (\$2.6 million) and Supplemental F&B Tax (\$1.1 million).

Embassy Theatre:

- Opened in 1928; Renovations in 1995 and 2005
- Fixed seating capacity of 2,471
- Non-profit ownership and operations
- Located downtown - National Register of Historic Places



Annual event programming:

- Hosts approximately 100 annual concerts, including Fort Wayne Philharmonic, Broadway Series, and national headliners
- Average concert attendance of approximately 1,400
- Hosts over 250 event days for smaller events (parties, dinners, meetings) in various areas of building



Potential competition with a new downtown event center:

- Embassy Theatre would be located in close physical proximity to a new downtown event center.
- Depending on the flexible seating capabilities of a new event center, the two venues could potentially host events in a similar seating range (< 2,500 seats).
- Differentiation: historic theatres tend to cater towards upscale concerts and acts, such as Broadway, orchestra, singer/songwriter, etc. Whereas a new event center could host more pop/rock concerts that prefer a larger arena.

Foellinger Outdoor Theatre:

- Opened in 1949
- Located approx. 3 miles north of downtown Fort Wayne
- Fixed seating capacity of approximately 2,051
- City-owned and operated by Ft. Wayne Parks & Rec.



Summer Concert Series:

- Parks & Rec. department hosts an annual summer concert series (4 months: June-September)
- Hosts about 20 annual shows, with attendance of over 50,000
- Concerts include local, regional, national acts
- Focus on family entertainment (classic rock, cover bands, orchestra, choral)



Potential **competition** with a new downtown event center:

- Like Embassy Theatre, Foellinger and a new event center could potentially host concert events in a similar seating range (less than 2,500 people).
- During the summer months, Foellinger Theatre could compete with a new downtown event center for regional/national classic rock acts (such as recent Summer Concert Series like Chicago, America, Kansas, etc.).

Grand Wayne Convention Center:

- Primary convention/conference facility in Fort Wayne
- Opened in 1983; Renovation (\$42M) completed in 2005
- Owned and operated by the Capital Improvement Board
- 225,000 ft² downtown facility includes convention hall, ball rooms and meeting rooms



2016 programming included:

- 316 total events
 - Tradeshows
 - Conventions
 - Banquets, etc.
- Events generated an estimated 23,000 room nights



Potential competition with a new downtown event center:

- The Grand Wayne Center is not likely to compete with a new event center for events, because:
 - The Center's floor space is carpeted, and as such they cater to upscale meetings, conferences, trade shows and vendor shows.
 - The Center cannot host flat floor shows that typically utilize a concrete surface (e.g. gun shows, flower shows, etc.).

Annual Operating Summary

| | 2013 | 2014 | 2015 | 2016 | Projected 2017 | Budget 2018 | 3 Year Average |
|------------------------------------|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|
| Revenues: | | | | | | | |
| Innkeeper's Tax (net to GWC) | \$2,998,348 | \$3,162,617 | \$3,471,590 | \$3,706,769 | \$3,718,888 | \$3,811,860 | \$3,745,839 |
| Rental Income | \$925,598 | \$998,447 | \$979,045 | \$969,792 | \$882,394 | \$875,000 | \$909,062 |
| Catering/Concessions Revenue (net) | \$533,666 | \$547,935 | \$521,640 | \$549,095 | \$493,963 | \$475,000 | \$506,019 |
| Interest/Other Income | \$15,504 | \$18,282 | \$24,993 | \$35,417 | \$29,575 | \$30,000 | \$31,664 |
| Total - Net Revenue: | \$4,473,116 | \$4,727,281 | \$4,997,269 | \$5,261,073 | \$5,124,820 | \$5,191,860 | \$5,192,584 |
| Expenses: | | | | | | | |
| Payroll & Related Expenses | \$1,952,219 | \$1,989,239 | \$2,020,208 | \$2,053,542 | \$2,247,369 | \$2,302,357 | \$2,201,089 |
| Utilities | \$613,067 | \$634,126 | \$539,324 | \$542,894 | \$569,195 | \$630,000 | \$580,696 |
| Advertising & Promotions | \$227,887 | \$222,543 | \$258,263 | \$308,449 | \$300,000 | \$300,000 | \$302,816 |
| Repairs & Maintenance | \$266,845 | \$312,495 | \$285,679 | \$337,282 | \$335,969 | \$345,000 | \$339,417 |
| Professional Services | \$241,792 | \$108,075 | \$78,967 | \$112,752 | \$101,327 | \$109,000 | \$107,693 |
| General Insurance | \$75,326 | \$80,619 | \$83,625 | \$88,881 | \$86,257 | \$90,000 | \$88,379 |
| Supplies | \$84,250 | \$113,908 | \$160,734 | \$159,321 | \$164,976 | \$190,000 | \$171,432 |
| Other | \$31,919 | \$27,847 | \$34,347 | \$55,391 | \$81,681 | \$120,000 | \$85,691 |
| Lease Payments (accrued) | \$825,000 | \$825,000 | \$825,000 | \$825,000 | \$825,000 | \$825,000 | \$825,000 |
| Harrison Square Pledge (accrued) | \$250,000 | \$250,000 | \$250,000 | \$250,000 | \$250,000 | \$250,000 | \$250,000 |
| Total - Expenses: | \$4,568,303 | \$4,563,851 | \$4,536,147 | \$4,733,512 | \$4,961,774 | \$5,161,357 | \$4,952,214 |
| Net Operating Income: | (\$95,188) | \$163,429 | \$461,122 | \$527,561 | \$163,046 | \$30,503 | \$240,370 |

Source: Grand Wayne Convention Center Staff (Unaudited)

Note: Represents net income before capital expenditures

In 2016, Grand Wayne Convention Center generated over \$5.2 million in operating revenue, netting over \$500,000 in net operating income, prior to capital expenditures. The Convention Center's largest operating revenue sources were the County Innkeeper's Tax (\$3.7 million), room rental income (\$969,000), and catering revenue (\$550,000). Payroll and other labor expenses were the single largest source of operating expenses for the Center (nearly \$2.1 million).

GWC - Capital Expenditures Since 2013

| Year | PSCDA Funds | Less: Debt Service Payments | Less: Capital Expenditures | Funds Drawn From Net Operating Income |
|---------------|--------------------|-----------------------------------|----------------------------------|---|
| 2018 | \$400,000 | (\$175,000) | (\$800,000) | (\$575,000) |
| 2017 | \$426,000 | (\$175,000) | (\$567,358) | (\$316,358) |
| 2016 | \$362,269 | (\$175,000) | (\$187,269) | \$0 |
| 2015 | \$573,896 | (\$175,000) | (\$517,950) | (\$119,054) |
| 2014 | \$318,469 | (\$175,000) | (\$143,469) | \$0 |
| 2013 | \$307,635 | (\$175,000) | (\$132,635) | \$0 |
| Total: | \$2,388,269 | (\$1,050,000) | (\$2,348,681) | (\$1,010,412) |

Source: Grand Wayne Convention Center Staff

(1) Budgeted

(2) Projected

Over the last six years (including projected/budgeted data for 2017 and 2018) \$3.4 million has been paid to service debt and fund capital improvements at the Grand Wayne Center. Of that, approximately \$2.4 million has been funded via the PSCDA. GWC has or will have drawn the remaining \$1 million from net operating surpluses as seen above. Furthermore, Grand Wayne staff estimates that the GWC will require more than \$7 million in of capital improvement expenditures over the next 10 years.

Grand Wayne Funding Sources

Operations - In 2016, the Grand Wayne Center reported annual operating income of approximately \$527,000 (prior to capital expenditures), however in 2017 and 2018 the GWC is projecting net operating income from approximately \$30,000 to \$160,000 per operating year. It should be noted that the GWC's operations are supported by a portion of the Innkeeper's Tax that has ranged from approximately \$3 million to \$3.8 million since 2013.

Professional Sports & Convention Development Area (PSCDA) - The Grand Wayne Center receives up to \$400,000 per year from a \$3.0 million annual tax capture for "financing or refinancing of a capital improvement". Currently, \$175,000 of the \$400,000 is dedicated to debt service payments. In recent years, the remaining PSCDA funds (after debt service) have only covered a portion of necessary capital improvements at the Grand Wayne Center, therefore additional improvement funds have been drawn from net operating surpluses, as shown in the table at left.



SECTION 4 COMPARABLE FACILITY CASE STUDIES

The purpose of this section is to present an overview of selected facilities that are comparable to the proposed downtown event center in Fort Wayne. An assessment of the physical, operational, and financial characteristics of comparable arenas provides a framework from which to benchmark the potential operations of the proposed event center. The comparable facilities reviewed in this section were selected based on the following criteria:

- A. Population
 - MSA markets between 300,000 and 600,000 with one event center, or
 - MSA markets less than one million with two event centers
- B. Multi-purpose events center opened in the past 15 years (excluding any on-campus university arenas)
- C. Similar tenants (i.e., no major professional sports tenant such as NBA or NHL franchises)

| MSA | MSA Population | Events Center 1 | Events Center 2 |
|----------------------------|-------------------|-------------------------|---------------------------------|
| Omaha-Council Bluffs | 925,061 | CenturyLink Center | Mid-America Center |
| Albuquerque | 915,897 | Santa Ana Star Center | Dreamstyle Arena ⁽¹⁾ |
| McAllen-Edinburg-Mission | 856,205 | State Farm Arena | Bert Ogden Arena |
| Wichita | 654,135 | Intrust Bank Arena | Hartman Arena |
| Youngstown-Warren-Boardman | 549,433 | Covelli Centre Arena | |
| Reno | 456,012 | Reno Events Center | |
| Fort Collins | 332,234 | Budweiser Events Center | |

Sources: Esri, Victus Research

Sorted by MSA Population in descending order

(1) Dreamstyle Arena (AKA "The Pit") is owned by the University of New Mexico, but draws major non-university events

- Opened in 2003; Footprint: 1.1 million ft² (includes arena and convention center)
- Arena & Convention Center Cost: \$291M (estimated \$477.5M in 2017 dollars*)
- Funding: 75% general obligation bond issue, 25% private
- Capacities: 18,975 concerts; 18,320 basketball, 17,100 hockey
- Owner: City of Omaha; Operator: Metropolitan Entertainment & Convention Authority
- Naming Rights: \$934,000 per year from CenturyLink
- Tenant: NCAA Creighton University Men's Basketball Team



Annual Events & Attendance:

- 75 events
 - About 45-50 sports events; 15 concerts; 5 rodeos; 2-5 family shows
- 1 million total attendees (includes convention center)



Premium Seating:

- 32 Luxury Suites - Prices range from \$58,000 to \$105,000 per year with lease terms of seven or 10 years
- 1,240 Club Seats
 - 255 are "Platinum Seats" and cost \$1,995 per seat with lease terms of five, seven, or 10 years
 - 985 are "Silver Seats" and cost \$895 per seat per year with lease terms of five, seven, or 10 years

Facility Operator Feedback:

- CenturyLink Center Arena staff felt that they don't compete with the Mid-America Center for events. They cited the fact that the arena is twice the size (capacity) than the Mid-America Center. As a result, their facility is the only venue in the market that can hold large-scale events. The staff also cited that they have a full-time marketing staff while the Mid-America Center is run by Caesars Entertainment which is not as aggressive in booking events as SMG was when it operated the facility.
- Lastly, the staff was familiar with the Fort Wayne market and stressed the need for one entity to manage both the Coliseum and downtown event center to minimize competition. They also felt that the event center would compete with the Embassy Theatre.

- Opened in 2002; Footprint: 169,000 ft²
- Arena & Convention Center Cost: \$75M (estimated \$123.5M in 2017 dollars*)
- Funding: \$67.5M from gambling-based companies, \$7.5M from City of Council Bluffs
- Capacities: 9,000 concerts; 7,000 basketball, 6,793 hockey
- Owner: City of Council Bluffs; Operator: Caesar's Entertainment



Annual Events & Attendance:

- Less than 10 ticketed events are planned for 2017
- Most events are held in the convention center

Premium Seating:

- 12 Suites and 220 Club Seats

Potential Lessons for Fort Wayne:

- CenturyLink Arena staff in Omaha stated that the Mid-America Center does not aggressively market events and concerts.
- Ever since SMG transferred management to Caesar's entertainment, the focus has been on finding a niche in convention center events.
- According to City of Council Bluffs officials, the facility has lost money every since it first opened, and Caesar's now subsidizes these operating losses because of the casino visitation that the convention center business attracts.



Floor Plan

- Opened in 2006; Footprint: 165,000 ft²
- Cost: \$47M (estimated \$60.4M in 2017 dollars*)
- Capacities: 7,500 concerts; 6,000 sports events
- Owner: City of Rio Rancho; Operator: Spectra Venue Management
- Naming Rights: \$500,000 per year with Santa Ana Star Casino



SANTA ANA STAR CENTER

Annual Events & Attendance:

- 110 events in 2016
 - 35% family shows; 30% sports; 20% miscellaneous; 15% concerts
- 300,000 total attendance



Premium Seating:

- 31 Suites - Prices range from \$6,000 to \$15,500 with lease terms of one year or three years

Facility Operator Feedback:

- Santa Ana Star Center staff feel that there is too much competition in the Albuquerque market for events. They cited casino venues (with capacities between 2,000 and 4,000 seats), Live Nation Amphitheater (15,000 seat outdoor venue), and Tingley Auditorium (11,000 seat arena on New Mexico State Fairgrounds) as the facilities they most often compete with. They also noted that Dreamstyle Arena used to be a primary competitor, but has recently focused more on University of New Mexico Athletics rather than continue to compete in the crowded third-party event market.
- The staff stated that one of the biggest challenges it faces is that the market has limited discretionary income. Additionally the location is challenging as the facility is 30 miles northwest of downtown Albuquerque.
- Lastly, the staff suggested that in order for two event centers to be feasible in Fort Wayne both would need to be operated by the same entity and that there would need to be a coordinated effort to minimize competition over events.

- Opened in 1966; Renovated: 2010 Footprint: 169,000 ft²
- Renovation Cost: \$66M (estimated \$84.2M in 2017 dollars*)
- Capacities: 13,480 concerts; 15,411 basketball
- Owner/Operator: University of New Mexico
- Naming Rights: \$1 million per year with Dreamstyle Remodeling
- NCAA: University of New Mexico Men's and Women's Basketball Teams



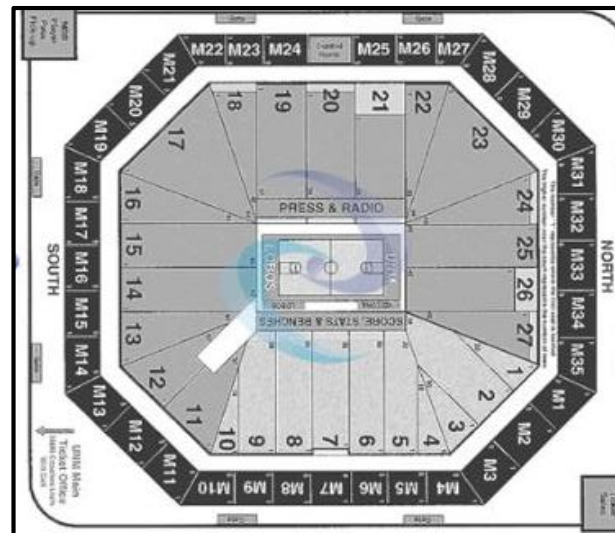
Annual Events & Attendance:

- 18 Men's Basketball Team home games
- 17 Women's basketball Team home games
- Last concert was held about two years ago according to Santa Ana Star Center staff.



Potential Lessons for Fort Wayne:

- According to Santa Ana Star Center staff, Dreamstyle Arena doesn't have a great rigging capacity which hinders the facilities ability to attract major concerts.
- Over the last several years, the focus has shifted on university athletic events and they have chosen no longer to actively competes with other venues in the market for third-party events.



Floor Plan

- Opened in 2003; Footprint: 186,000 ft²
- Cost: \$23M (estimated \$37.7M in 2017 dollars*); Publicly funded
- Capacities: 5,500 basketball; 6,800 concerts
- Owned & operated by the City of Hidalgo
- NBA G-League: Rio Grande Valley Vipers



Annual Events & Attendance:

- Up to 150 events / 400,000 attendees
 - 25 Vipers regular season games
 - Additional events (concerts, family events, etc.)
- Vipers will play in new Bert Ogden Arena starting in 2017-18 season



Premium Seating:

- 25 Private Suites: \$26,000-\$46,000 per year, three to 10 year terms, seats 10 to 18
- 1 Party Suite: up to 25 people, per-event price varies
- 508 Club Seats: \$990 per year, two to five year terms
- VIP Lounge: capacity up to 200 people for private party/meeting rentals

Potential Lessons for Fort Wayne:

- State Farm Arena was the only major facility for events in the Rio Grande Valley for more than 10 years. In 2015 it was announced that a new arena (Bert Ogden Arena) would be built in nearby Edinburg 15 miles away. Additionally a 9,735 seat soccer stadium was recently built in Edinburg. Both facilities have the intention to aggressively market concerts and other community events.
- With the Vipers moving to Bert Ogden Arena next season, City of Hidalgo officials are concerned about keeping their facility relevant in the years to come. As shown in Section 2 of this report, the McAllen-Edinburg-Mission MSA does not have the population and high household income levels to warrant multiple venues vying for discretionary income from its residents.

- Will open in November 2017; Footprint: 179,000 ft²
- Cost: \$88M
- Funding: 48% Private Developer Investment, 52% Public (Bond issue repaid by Tax Increment Reinvestment Zone (TIRZ) and Edinburg Economic Development Corp. sales taxes)
- Capacity: 8,500
- Owned by the City of Edinburg; will be operated by the Rio Grande Valley Vipers
- NBA D-League: Rio Grande Valley Vipers (2017-2018 Season)



Annual Events & Attendance:

- 25 Vipers regular season games (Starting in 2017)
- The arena plans to host a variety of entertainment events, including sporting events such as basketball, concerts, family shows, and trade shows.



Premium Seating:

- 12 Luxury Suites (Pricing TBD)
- 1,200 Club Seats (Pricing TBD)

Potential Lessons for Fort Wayne:

- State Farm Arena was the only major facility for events in the Rio Grande Valley for more than 10 years. A 9,735 seat soccer stadium (H-E-B Park) was recently built in Edinburg. Both Bert Ogden Arena and H-E-B Park have the intention to aggressively market concerts and other community events. As a result there will be fierce competition between State Farm Arena, H-E-B Park and Bert Ogden Arena for events.

- Opened in 2010; Footprint: 329,850 ft²
- Cost: \$205M (estimated \$261.4M in 2017 dollars*)
- Funding: 100% public (1% sales tax increase in Sedgwick County)
- Capacities: 15,750 concerts; 15,004 basketball; 13,450 hockey
- Owner: Sedgwick County; Operator: SMG
- Naming Rights: \$350,000 per year with Intrust Bank
- ECHL-Hockey: Wichita Thunder
- CIF-Football: Wichita Force



Annual Events & Attendance:

- Hosted 77 ticketed events in 2016; 371,280 total attendance
 - 37% Wichita Thunder Home Games
 - 25% local events
 - 19% concerts
 - 12% other (SMG, family, other sports)
 - 7% Wichita Force



Premium Seating:

- 20 Luxury Suites: \$50,000 per year; five, seven, or 10 year terms
- 2 Party Suites: up to 32 people, per-event price varies
- 40 Loge Boxes: \$8,000 per year; three, five, or seven year terms
- 487 Club Seats -
 - 222 are "Club Seats" and cost \$1,500 per seat with lease terms of three or five years
 - 265 are "Premier Seats" and cost \$1,000 per seat per year with lease terms of two or three years

Potential Lessons for Fort Wayne:

- Hartman Arena staff stated that both their facility and Intrust Bank Arena do not typically compete for events in the Wichita market. There appears to be an intentional (albeit informal) collaboration between the two venues. Furthermore, the Wichita CVB actively markets both facilities.

** Estimated according to the Turner Building Cost Index*

- Opened in 2009; Footprint: 100,000 ft²
- Cost: \$18M (estimated \$22M in 2017 dollars*)
- Funding: 100% private via Mr. Wink Hartman
- Capacities: 5,000 fixed; 6,500 concert
- Owner: Wink Hartman; Operator: VenuWorks



Annual Events & Attendance:

- Originally built for now defunct Wichita Wild (Indoor Football)
- 80 ticketed events in 2016
 - Most events are sports (high school championships) and concerts
- 120,000 attendees in 2016
- Hartman Arena hosts several concerts, family shows, and banquets throughout the year

Premium Seating:

- 20 Loge Boxes - 12 sold for annual lease at \$6,700, and 8 available to be sold on a per event basis for \$450

Facility Operator Feedback:

- Hartman Arena staff stated that the facility does not really compete with Intrust Bank Arena in Wichita. The main reason is that Intrust Bank Arena has a seating capacity of over 15,000, while Hartman Arena's capacity is less than half that.
- The staff noted that they typically are able to bring mid-size concerts, while large tours will book Intrust Bank Arena.
- Lastly the staff emphasized that for two venues to work in a market like Fort Wayne, both facilities must be different enough (size and seating capacity), so that each venue can cater to specific events.

- Opened in 2005; Footprint: 169,000 ft²
- Cost: \$42M (estimated \$59.7M in 2017 dollars*)
- Funding: 100% public (64% federal grant, 30% city bonds, 6% state grant)
- Capacities: 7,000 concerts; 5,900 basketball, 5,700 hockey
- Owner: City of Youngstown; Operator: JAC Management Group
- Naming Rights: \$200,000 per year with Covelli Enterprises
- USHL-Hockey: Youngstown Phantoms



Annual Events & Attendance:

- Hosted 83 events in 2016
 - Nearly 200,000 attendees
 - 41 sports events (including 32 Phantoms hockey games)
 - 14 family shows
 - 13 concerts
 - 10 miscellaneous events
 - 5 "spectacle shows"



Premium Seating:

- 20 Luxury Suites: Between \$22,500 and \$40,000. Includes tickets to Phantoms home games and other select events
- 520 Club Seats: \$350 per year, gives seat holder first right of refusal for all events

Potential Lessons for Fort Wayne:

- The Covelli Centre ended 2016 with a net income from operations of \$386,117, according to a financial statement released by the city. It was budgeted for a net income of \$274,635. The building has been paying for its own operations for the last six years, although it should be noted that the facility's operations does not generate income to pay the debt service from construction (which is typical for public event center facilities).

- Opened in 2005
- Footprint: 118,000 ft²
- Cost: \$65M (estimated \$92.4M in 2017 dollars*)
- Funding: 100% public via 30-year CVA bond issue
- Seating capacity up to 7,000
- Owner and Operator: Reno-Sparks Convention & Visitors Authority (CVA)
- NBA G-League: Reno Bighorns



Annual Events & Attendance:

- 56 total events for 2016-17 fiscal year
 - 25 Bighorn basketball games
 - 5 other sports events
 - 17 concerts
 - 10 trade shows/conferences
- Annual attendance 156,000



Premium Seating:

- 10 Private Suites: 24 seats each, \$75,000 annual lease. Includes 24 tickets to all ticketed events
- 123 Courtside Seats: Ranging between \$2,040 and \$3,600 depending on location
- 14 Courtside Tables: \$7,200 per table (Seats 4 people)

Potential Lessons for Fort Wayne:

- Reno Events Center was built by the CVA primarily to support its tourism and convention efforts, as well as to provide an additional amenity/attraction for use by its casino partners. The facility does not host a large number of annual events, however its financial operations and debt service obligations are combined with the operations of the Reno-Sparks Convention Center and the CVA as a whole, and it is not likely that the events center would be operationally self-sufficient as a stand-alone facility at its current level of usage.

- Opened in 2003
- Footprint: 250,000 ft²
- Cost: \$28M (estimated \$45.9M in 2017 dollars*)
- Funding: 100% public via voter-approved sales tax increase
- Capacities: 7,200 concerts; 5,300 hockey
- Owner: Larimer County; Operator: Spectra Venue Management
- Naming Rights: \$1.5M over 20 years (\$75,000/year)
- ECHL-Hockey: Colorado Eagles
- IFL-Football: Colorado Crush (formerly known as Ice)



Annual Events & Attendance:

- 160 events - 600,000 attendance
 - 36 Eagles hockey games
 - 7 Crush football games
 - 15 concerts
 - 35 family shows
 - 15 other shows
 - 45 other events (conferences, misc.)



Premium Seating:

- 24 Suites: 10 to 14 seats, \$30,000 to \$60,000 per year, three, five, or seven year terms
- 1 Suite for nightly rental: Price depends on type of event
- 777 Club Seats: \$375-\$485 personal seat licenses (does not include tickets to any events)

Potential Lessons for Fort Wayne:

- The Budweiser Events Center is operated as part of the larger fair grounds, which helps drive significant usage without competing against any separately-operated public venues. The Center has both a strong tenant (5,300 attendees per ECHL game) and a diverse mix of other entertainment and community uses.

** Estimated according to the Turner Building Cost Index*

COMPARABLE FACILITY OVERVIEW

| Arena/Event Center | City, State | MSA Population | Year Open | Est. 2017 Construction Cost (\$M) ⁽¹⁾ | Fixed Seats | Primary Sports Tenants |
|-------------------------|--------------------|-------------------|---------------------|--|----------------|-------------------------------|
| CenturyLink Center | Omaha, NE | 925,061 | 2003 | \$477.5 | 17,100 | NCAA - Basketball |
| Mid-America Center | Council Bluffs, IA | 925,061 | 2002 | \$123.5 | 6,793 | NONE |
| Santa Ana Star Center | Rio Rancho, NM | 915,897 | 2006 | \$60.4 | 6,000 | NONE |
| Dreamstyle Arena | Albuquerque, NM | 915,897 | 2010 ⁽²⁾ | \$84.2 | 15,411 | NCAA - Basketball |
| State Farm Arena | Hidalgo, TX | 856,205 | 2003 | \$37.7 | 5,500 | NBAGL - Basketball |
| Bert Ogden Arena | Edinburg, TX | 856,205 | 2017 | \$88.0 | 8,500 | NBAGL - Basketball |
| Intrust Bank Arena | Wichita, KS | 654,135 | 2010 | \$261.4 | 13,450 | ECHL - Hockey |
| Hartman Arena | Park City, KS | 654,135 | 2009 | \$22.0 | 5,000 | NONE |
| Covelli Centre Arena | Youngstown, OH | 549,433 | 2005 | \$59.7 | 5,700 | USHL - Hockey |
| Reno Events Center | Reno, NV | 456,012 | 2005 | \$92.4 | 7,000 | NBAGL - Basketball |
| Budweiser Events Center | Loveland, CO | 332,234 | 2003 | \$45.9 | 5,300 | ECHL - Hockey, IFL - Football |
| High | | 925,061 | 2017 | \$477.5 | 17,100 | |
| Low | | 332,234 | 2002 | \$22.0 | 5,000 | |
| Average | | 730,934 | 2007 | \$123.0 | 8,705 | |

Sources: Esri, Facility Operator Feedback, Victus Research

Sorted by MSA Population in descending order

(1) Estimated according to the Turner Building Cost Index

(2) Renovation

Key findings regarding the comparable venues shown above included the following:

- **Comparable Facilities:** The 11 comparable facilities profiled have an average fixed seating capacity of 8,705.
- **Development Cost:** The average development cost of the comparable venues is approximately \$123M in 2017 dollars.
- **Ownership:** Ownership of comparable venues is primarily through a municipal entity. However, the majority of comparable facilities are operated by a private contract management firm.
- **Event Mix:** Comparable event centers hosted an average of 80 events per year with 393,000 attendees.

CenturyLink Center Arena (Downtown Omaha):

- The staff cited that they have a full-time marketing staff while the Mid-America Center is run by Caesars Entertainment which is not as aggressive in booking concert events as SMG was when it operated the facility.
- The staff was familiar with the Fort Wayne market and stressed the need for one entity to manage both the Coliseum and downtown event center to minimize competition. They also felt that the event center would compete with the Embassy Theatre.

Mid-America Center (Council Bluffs, IA):

- According to City of Council Bluffs officials, the facility has lost money every since it first opened.
- Ever since SMG transferred management to Caesar's entertainment, the focus has been on finding a niche in convention center events. Caesar's focus is attracting higher-income, overnight casino players.

Santa Ana Star Center (Suburban Arena):

- Santa Ana Star Center currently operates at a loss of more than \$800,000 per year.
- Staff feel that there is too much competition in the Albuquerque market for arena events. They cited casino venues (with capacities between 2,000 and 4,000 seats), Live Nation Amphitheater (15,000 seat outdoor venue), Tingley Auditorium (11,000 seat arena on New Mexico State Fairgrounds), and Dreamstyle Arena (15,400-seat venue at University of New Mexico).
- In fact, due to the competition in the market, UNM Athletics is now de-emphasizing third-party concert activity at Dreamstyle Arena.
- The staff stated that one of the biggest challenges it faces is that the market has limited discretionary income. Additionally the location is challenging as the facility is nearly 25 miles northwest of downtown Albuquerque.
- Lastly, the staff suggested that in order for two event centers to be feasible in Fort Wayne both would need to be operated by the same entity and that there would need to be a coordinated effort to minimize competition.

State Farm Arena (Existing Arena in Hidalgo):

- State Farm Arena was the only major facility for events in the Rio Grande Valley for more than 10 years.
- In 2015 it was announced that a new arena (named Bert Ogden Arena) would be built in nearby Edinburg 15 miles away. Additionally a 9,735 seat soccer stadium was recently built in Edinburg. Both facilities have the intention to aggressively market concerts and other community events.
- With the Vipers moving to Bert Ogden Arena next season, City of Hidalgo officials are concerned about keeping their facility relevant in the years to come. The McAllen-Edinburg-Mission MSA does not have the population and high household income levels to warrant multiple venues vying for discretionary income from its residents.

Bert Ogden Arena (New Arena in Edinburg):

- Public-private arena (52% publicly funded) is being built for the primary use of the G-League Vipers and will be operated by ownership group. No independent, third-party, market/financial feasibility study was conducted.
- Both Bert Ogden Arena and H-E-B Park have the intention to aggressively market concerts and other community events. As a result there will be fierce competition between State Farm Arena, H-E-B Park and Bert Ogden Arena for events.

Intrust Bank Arena (Downtown Wichita):

- Hartman Arena staff stated that both their facility and Intrust Bank Arena do not typically compete for events in the Wichita market. There appears to be a collaboration in that both facilities have carved out a niche for specific events they can book. Furthermore, the Wichita CVB actively markets both facilities.

Hartman Arena (Suburban):

- Hartman Arena staff stated that the facility does not really compete with Intrust Bank Arena in Wichita. The main reason is that Intrust Bank Arena has a seating capacity of over 15,000, while Hartman Arena's capacity is less than half that.
- The staff noted that they typically are able to bring mid-size concerts, while large tours will book Intrust Bank Arena.
- Lastly the staff emphasized that for two venues to work in a market like Fort Wayne, both facilities must be different enough (size and seating capacity), so that each venue can cater to specific events.

Covelli Centre:

- The Covelli Centre has no primary competition within its regional event market.
- The Centre hosts more than 80 events per year, and ended 2016 with a net income of more than \$386,000.
- The building has been paying for its own operations for the last six years.

Reno Events Center:

- Reno Events Center was built by the CVA primarily to support its tourism and convention efforts, as well as to provide an additional amenity/attraction for use by its casino partners.
- The facility does not host a large number of annual events, however its financial operations and debt service obligations are combined with the operations of the Reno-Sparks Convention Center and the CVA as a whole and it is not likely that the events center would be operationally self-sufficient as a stand-alone facility at its current level of usage.

Budweiser Events Center:

- The Budweiser Events Center is part of the larger fair grounds, which helps drive significant usage without competing against any separately-operated public venues.
- The Center has both a strong tenant in the Colorado Eagles (5,300 attendees per ECHL game) and a diverse mix of other entertainment and community uses.



SECTION 5 USER & PROMOTER INTERVIEW SUMMARY

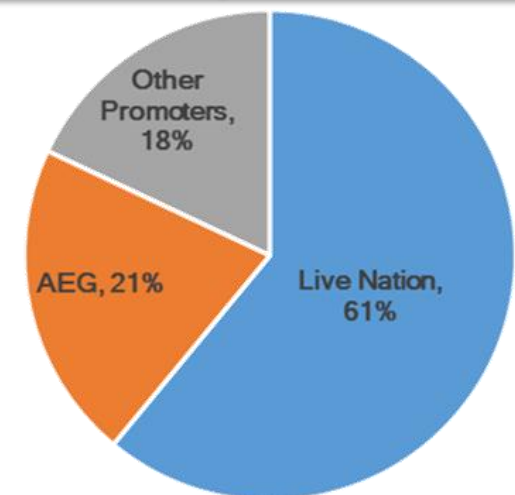
Victus Advisors held telephone interviews with operators, promoters and influencers of sports, entertainment and arts events both regionally and nationwide. In total, we spoke with 18 promoters:

- AEG
- Live Nation
- Feld Entertainment
- Dusty Guitar Productions
- Harlem Globetrotters
- Hoosier Regional Volleyball Association
- IndianaFIRST
- Indiana Judo
- Mischell Promotions
- Nitelite Promotions
- Pacific Coast Concerts
- Premier Productions
- Promo West
- Trinity Communications
- USA Gymnastics
- USA Judo
- USA Weightlifting
- William Morris Endeavor

As shown at right, it is estimated that Live Nation and AEG control approximately 82% of the arena/event center/performance market in the United States. Feld controls another 5%, primarily family shows and motorsports, meaning that three promoters control nearly 90% of the arena event market in the United States.

Key Takeaway: *Relationships with Live Nation, AEG, and/or Feld will be the key to long-term sustainable event usage at a new downtown event center, and also the key to understanding what events could be new to the market or transfers from existing venues.*

Estimated U.S. Concert/Entertainment Market Share by 2016 Ticket Sales



Source: Pollstar

AEG

Representatives for AEG stated that they typically book two to three events in Fort Wayne per year, sometimes even skipping a year. They feel that the market is not “tremendously active”. As a result they indicated that while a mid-sized concert facility would be appealing, the *market size is a challenge*, and they would not envision a substantial increase in event activity if a downtown event center were built. Ultimately, AEG would be interested in using the facility, and would project *two to three events per year* at the downtown event center. They stated, however that most of those events would be a transfer from War Memorial Coliseum.

Live Nation

Live Nation books just under 10 events per year in Fort Wayne, using both the Embassy Theatre and War Memorial Coliseum. The representative thought while a new facility would have newer amenities, after the “honeymoon” period, the *facility would struggle in the Fort Wayne market*. They indicated that Live Nation could potentially book a little more than *10 events per year* at the downtown event center during the “honeymoon” period, but most if not all events would be a transfer from Embassy Theatre and the Coliseum.

Feld Entertainment

Feld Entertainment books shows such as “Disney on Ice” and “Sesame Live” about twice a year in Fort Wayne. They typically use the convention or expo center space for stage shows at the Coliseum and the arena for its ice shows. Regarding the proposed downtown event center, they felt that both the *Coliseum and event center could not co-exist in the Fort Wayne market*. Ultimately, they would be interested in hosting *one show per year* (non-ice) at the event center, however it would be a transfer from the Coliseum.

Dusty Guitar Productions

Dusty Guitar Productions hosts up to two events per year at Embassy Theatre in Fort Wayne. The representative stated their concerts average about 1,750 per event so the anything larger than Embassy Theatre would not work for them. As a result *they would not book any events* at the proposed downtown event center. Given their knowledge of the Fort Wayne market, they feel that *an additional concert venue would probably not be needed.*

Harlem Globetrotters

The Globetrotters have booked at least one event per year (with the exception of 2013) since 1989. Although not contractually obligated to do so, they have always used War Memorial Coliseum. They indicated that they have a great relationship with Coliseum staff. As a result of the two previously mentioned factors, they felt that *they would probably not use the downtown event center.* They also stated that *they are not sure if an additional venue would be sustainable in Fort Wayne,* unless it was replacing the Coliseum.

Mischell Promotions

This regional promoter used to book events at War Memorial Coliseum and Embassy Theatre two to three times per year for almost 20 years. They have not booked events in Fort Wayne over the last few years, because they have lost artists to major promoters such as AEG and Live Nation. Despite their lack of activity in the market, they were intrigued by the idea of a mid-sized facility in Fort Wayne, but acknowledged that *the Coliseum can cut down to a half-house for smaller events* which may be *a challenge to a downtown event center.* The promoter would be interested in bringing new events to the market if a downtown event center were built, but could not project how many.

Nitelite Promotions

Nitelite Promotions has booked around 60 events over the last 20 years in the Fort Wayne market. With an average attendance of 2,000 people per event, most have been held at Embassy Theatre. They would be interested in possibly using the downtown event center if it were built, Ultimately they think that *an additional concert venue would be detrimental to the Fort Wayne market* and existing venues and that *it would most likely just be a transfer of events* from other facilities.

Pacific Coast Concerts

Pacific Coast Concerts promotes a series of concerts at Foellinger Theater. The promoter feels that a *new event center would not attract strong event activity* suggesting that there is *not enough demand* for a small city like Fort Wayne. They would possibly use the event center if it were built, but only if the artist required a larger venue than Foellinger Theater, but smaller than the Coliseum.

Trinity Communications

This local promoter books about 12 events per year in Fort Wayne and uses Embassy Theatre and War Memorial Coliseum often. They stated that the *Fort Wayne market needs a 3,000-4,000 seat concert facility* and would most likely book events at the facility if it were built. As of now *the promoter projects booking about four events per year*, with *half being a transfer from an existing venue*.

William Morris Endeavor

This agency works with many promoters that have booked events in Fort Wayne and felt that *many artists and promoters want a mid-sized venue*. Their concern would be the *competition with War Memorial Coliseum*.

Premier Productions

Premier Productions promotes between three and six religious concerts in Fort Wayne, often partnering with Trinity Communications. The promoter has used venues from churches to Embassy Theatre and War Memorial Coliseum. *They were intrigued by the possibility of a mid-sized concert venue*, but acknowledged that the market can't bear too many events. *They could envision booking up to two events per year* at the proposed event center with *one being new to the market and the other being a transfer from the Coliseum*.

IndianaFIRST

IndianaFIRST is the state chapter of the national organization FIRST Robotics. The organization hosts competitions for middle and high school students throughout the country. Regarding the Fort Wayne market IndianaFIRST stated, *"IndianaFIRST would definitely consider the use of a multipurpose event center in the Fort Wayne Area*. Fort Wayne is an area that we have looked to host events in the past but have not found a space with availability in the timeframe we were looking for. *If the space was right, we would be bringing a new event to the Fort Wayne area*. This would bring in and out of state teams for 3 days to the area who would likely utilize local restaurants and hotels in the area." They *would look to host one event per year*.

Hoosier Regional Volleyball Association

Hoosier Regional Volleyball Association is the state chapter of USA Volleyball. The association sanctions events in the state and stated that *most events are held primarily in 12 dedicated volleyball facilities in Indiana*. They mentioned that the proposed event center could be used for volleyball events, it would ultimately be up to the local volleyball clubs to decide.

USA Gymnastics

This national organization is headquartered in Indianapolis. They stated that it would *be unlikely any national events would be held in the Fort Wayne market* citing the need for a major airport, sufficient hotel accommodations, and working with a sports commission to help facilitate renting a facility.

USA Weightlifting

This national organization hosts up to eight events per year throughout the country (Nationals and Jr. Nationals). While they were not completely familiar with the Fort Wayne market, they are always open to trying new markets for events. The main factors they consider *when choosing a market for an event are proximity to a major airport and proximity to hotels from the venue*. If the proposed downtown event center were built, they would be interested in possibly using the facility once every four years as they cycle through different markets.

USA Judo/Indiana Judo

USA Judo stated that they are not familiar with the Fort Wayne market due to its smaller size, but could potentially be interested in using the proposed event center depending on the incentives the City of Fort Wayne could provide in terms of hotels, grants, etc. They referred us to *Indiana Judo* which is based out in Portland. They *would be very interested in hosting an annual regional event at the proposed event center* suggesting it would be a two day event and would bring in several hundred participants from out of state.

- **Fort Wayne Market** - Nearly all concert promoters feel that Fort Wayne is a secondary entertainment market and many expressed concern that it may be too saturated with concert venues if a downtown venue is built.
- **Impact of Downtown Event Center to New Events** - Some concert promoters could envision an initial uptick in new events at a downtown event center, but that would only be during the “honeymoon” period (initial three years or so). In the long-term, most felt that sustainable event activity brought to the new facility would be a transfer from War Memorial Coliseum or Embassy Theatre.
- **Live Nation** - Live Nation books just under 10 events per year in Fort Wayne, using both the Embassy Theatre and Coliseum. Their representative thought a new downtown facility with better amenities could attract promoter interest during the “honeymoon” period, however if operated in competition with other local venues the event center could struggle long-term in the Fort Wayne market. They indicated that Live Nation could potentially book a little more than 10 events (about half new) per year at the downtown event center during the “honeymoon” period, but long-term most if not all events would be a transfer from the Coliseum and Embassy.
- **AEG** - AEG currently books two to three events at the Coliseum in most years. While indicating a mid-sized concert facility would be appealing, the market size is a challenge, and they wouldn’t envision a substantial increase in overall event activity if a downtown event center were built. Ultimately, they could envision transferring their two to three annual events from the Coliseum to a downtown facility.
- **Feld** - Feld Entertainment books shows such as “Disney on Ice” and “Sesame Live” about twice a year at the Coliseum. Regarding the proposed downtown event center, they felt that both the Coliseum and new event center could not co-exist in the Fort Wayne market if operated competitively. Ultimately, they would be interested in hosting one non-ice family show at the event center, however it would be a transfer from the Coliseum. Their ice shows (Disney) would have to remain at the Coliseum, assuming no ice at the new venue.



SECTION 6 BUILDING PROGRAM RECOMMENDATIONS

The purpose of this section is to estimate the potential event mix and attendance levels that could be attracted to the proposed new downtown event center in Fort Wayne. A variety of factors have been analyzed in order to gauge the ability of a new facility to attract various events, including:

- Local market analysis was completed, including demographic and socioeconomic comparisons.
- Event levels and physical characteristics of comparable arenas were used as benchmarks to gain an understanding of the types and number of events typically hosted by similar venues.
- Interviews with local, regional, and national event organizers were conducted to gauge interest in utilizing a new event center in Fort Wayne.
- Discussions were held with representatives from the CIB, City of Fort Wayne, Allen County, and other key local stakeholders to obtain opinions regarding potential uses and support for the proposed downtown event center in Fort Wayne.
- This information, along with Victus Advisors' knowledge of potential event markets and industry trends, was used to recommend an optimal building program for the proposed event center and estimate the number of events that the proposed event center could host in a stabilized year of operations.

Based on the interviews conducted with project stakeholders and event promoters, Victus Advisors' research, and our team's industry experience, we have developed the following recommendations for a new downtown event center in Fort Wayne. Additionally we compared our recommendations to Sink Combs Dethlefs' (SCD) existing conceptual plans, which were completed prior to this study:

SEATING CAPACITY - The preferred maximum seating capacity for the proposed new venue should be no more than 5,500 to 6,000 seats in center-court basketball configuration. Most concert/entertainment promoters felt that the Embassy Theatre, Foellinger Theatre, and War Memorial Coliseum have appropriate seating sizes for the majority of their touring concert activity in Fort Wayne. Some mentioned that a mid-sized venue (3,500 - 6,000 seat range) would be ideal.

(SCD: Basketball Configuration - 5,716; Concert Configuration - 6,132)

FLAT FLOOR SPACE - A typical event center floor has approx. 17,000 ft² of event floor space, however the use of retractable seating systems could expand the available floor space to 30,000 ft² or more. It is estimated that 30,000 ft² of event floor space could accommodate as many as 150 ten-by-ten foot booths for trade show-type events.

(SCD: 30,500 ft² of event floor space)

OTHER EVENT CENTER COMPONENTS - At least one (1) concessions point of sale for every 250 seats, at least one (1) toilet stall per 50 seats, and one (1) urinal per 100 seats. At least two (2) full-sized locker rooms for sports use, and at least four (4) additional dressing rooms for use by officials, performers, etc. Video scoreboard, digital/LED signage, A/V and lighting equipment, storage and marshalling areas, rigging grid and stage capabilities, box office, office space for event center personnel, etc.

(SCD: Four (4) full-sized locker rooms; two (2) green rooms)

CONNECTIVITY - In order to accommodate shared operations with the Grand Wayne Convention Center and enable cross-usage by certain convention events, the event center should be physically connected to the convention center. Doing so would maximize usage and expand convention business.

(SCD: Event center would be connected to Grand Wayne via skybridge)

PARKING

An event center typically requires at least one available parking spot within walking distance for every three attendees. For example, it is estimated that 5,000 concert attendees could require nearly 1,700 total parking spots within a 10-minute walk. Adjacent to the proposed event center, up to 500 on-site parking spots should be provided for premium seat customers, customers with disabilities, and staff. In terms of best practices for economic development, there should be a minimum amount of parking attached to the proposed facility. This will encourage the majority to utilize parking within the downtown corridor as walking through downtown encourages interaction with local businesses.

(SCD: 213 total on-site parking spots)

PREMIUM SEATING AMENITIES

Victus Recommends the following premium seating amenities, based on our analysis shown on the following four (4) pages :

- Private Suites: 10 to 12 private suites with up to 12 seats each - leased annually
 - Party Suites: 2 large suites with 20+ seats - rented nightly
 - Loge Boxes: 10 loge boxes with 4 to 6 seats per box - leased annually
 - Club Seats: Up to 450 in-bowl club seats - leased annually (*note: target approximately 500 total club/loge seats*)
 - Courtside Seats: ability to place chairs on the floor for courtside seating (typically sold by G League teams during their games)
 - At least one (1) upscale lounge area to be used by premium seat buyers, as well as meeting rentals and convention support on non-event nights
- **SCD PREMIUM PROGRAM:**
 - Private Suites: 10 suites with 12-20 seats each
 - Party Suites: 2 large suites with 20+ seats
 - Loge Boxes: 8 loge boxes with 6 seats per box
 - Club Seats: 648 in-bowl club seats
 - Courtside Seats: n/a

PREMIUM SEATING AMENITIES (CONT.)

The below chart shows premium seating amenities for venues where NBA G League teams played during the 2016-17 season.

| 2016-2017 Premium Seating Inventory at G League Venues | | | | | |
|--|----------------------|--------------------------|---------------|--------------------------|-----------------|
| Arena/Event Center | City, State | Team | NBA Affiliate | Club/Loge Seat Inventory | Suite Inventory |
| Bob Carpenter Center | Newark, DE | Delaware 87ers | 76ers | - | - |
| Canton Civic Center | Canton, OH | Canton Charge | Cavaliers | - | - |
| Cox Convention Center | Oklahoma City, OK | Oklahoma City Blue | Thunder | 60 | - |
| DeltaPlex Arena | Grand Rapids, MI | Grand Rapids Drive | Pistons | - | - |
| Dr. Pepper Arena | Frisco, TX | Texas Legends | Mavericks | - | 12 |
| Erie Insurance Arena | Erie, PA | Erie Bayhawks | Magic | 301 | 13 |
| Greensboro Fieldhouse | Greensboro, NC | Greensboro Swarm | Hornets | - | - |
| H-E-B Center | Austin, TX | Austin Spurs | Spurs | 220 | 24 |
| Hershey Centre | Mississauga (Canada) | Raptors 905 | Raptors | - | 24 |
| Kaiser Permanente Arena | Santa Cruz, CA | Santa Cruz Warriors | Warriors | - | - |
| Lifetime Activities Center | Taylorsville, UT | Salt Lake City Stars | Jazz | - | - |
| Memorial Coliseum | Uniondale, NY | Long Island Nets | Nets | - | 11 |
| Portland Expo Building | Portland, ME | Maine Red Claws | Celtics | - | - |
| Prescott Valley Event Center | Prescott Valley, AZ | Northern Arizona Suns | Suns | 82 | 24 |
| Reno Events Center | Reno, NV | Reno Bighorns | Kings | - | 10 |
| Sanford Pentagon | Sioux Falls, SD | Sioux Falls Skyforce | Heat | - | 18 |
| Sears Centre | Hoffman Estates, IL | Windy City Bulls | Bulls | 1,000 | 43 |
| State Farm Arena | Edinburg, TX | Rio Grande Valley Vipers | Rockets | 508 | 26 |
| Toyota Sports Center | El Segundo, CA | South Bay Lakers | Lakers | - | - |
| Wells Fargo Arena | Des Moines, IA | Iowa Wolves | T-Wolves | 750 | 39 |
| Westchester County Center | White Plains, NY | Westchester Knicks | Knicks | - | - |
| Median | | | | - | 10 |
| Average | | | | 139 | 12 |

Sources: Facility Operator Feedback, Victus Research

Sorted by Arena/Event Center in alphabetical order

It should be noted, that most G League teams are not primary tenants of their arenas, and therefore do not have access to sell club/loge seats or suites. Most G League teams create their own "Premium Seating" via courtside seats and "Courtside Suites" (which is table top seating).

COMPARABLE VENUES - CAPACITY & PREMIUM SEATING INVENTORY

| Arena/Event Center | Metropolitan Statistical Area (MSA) | MSA Population | SEATING CAPACITY | SUITES | | LOGE/CLUB SEATS | |
|-------------------------|--|----------------|--------------------|--------------------|-----------------|------------------------|-----------------|
| | | | Total Inventory | Suite Inventory | Annual Price | Loge/Club Inventory | Annual Price |
| Budweiser Events Center | Fort Collins | 332,234 | 5,300 | 24 | \$45,000 | 777 | \$430 |
| CenturyLink Center | Omaha-Council Bluffs | 925,061 | 17,100 | 32 | \$81,500 | 1,240 | \$1,120 |
| Covelli Centre Arena | Youngstown | 549,433 | 5,700 | 20 | \$31,250 | 520 | \$350 |
| Hartman Arena | Wichita | 654,135 | 5,000 | - | - | 100 | \$1,340 |
| Intrust Bank Arena | Wichita | 654,135 | 13,450 | 20 | \$50,000 | 671 | \$1,450 |
| Reno Events Center | Reno | 456,012 | 7,000 | 10 | \$30,000 | - | - |
| Santa Ana Star Center | Albuquerque | 915,897 | 6,000 | 31 | \$11,500 | - | - |
| State Farm Arena | McAllen-Edinburg-Mission | 856,205 | 5,500 | 26 | \$24,000 | 508 | \$400 |
| AVERAGE | | | 8,131 | 20 | \$34,156 | 477 | \$640 |
| MEDIAN | | | 5,850 | 22 | \$30,625 | 514 | \$415 |

Sources: Facility Operator Feedback, Victus Research, Esri

Sorted by Arena/Event Center in alphabetical order

Note: Dreamstyle Arena (University facility with no premium seating amenities), Bert Ogden Arena (Premium seat pricing was not available), and Mid-America Center (Premium seat pricing was not available) were omitted from this analysis.

Upon initial review of the venues we identified as comparable with a potential downtown event center in Fort Wayne, we found that the average suite inventory per facility was 20 and the average loge/club seat inventory was 477. The premium seat analysis per market and facility on the following pages provided a benchmark for recommendations specific to the Fort Wayne market.

COMPARABLE VENUES - CORPORATE BASE PER SUITE

| Arena/Event Center | SEATING CAPACITY | SUITES | | Metropolitan Statistical Area (MSA) | Corporate Base | Corporations Per Suite |
|-------------------------|--------------------|--------------------|-----------------|--|-------------------|---------------------------|
| | Total Inventory | Suite Inventory | Annual Price | | | |
| Budweiser Events Center | 5,300 | 24 | \$45,000 | Fort Collins | 1,175 | 49 |
| CenturyLink Center | 17,100 | 32 | \$81,500 | Omaha-Council Bluffs | 3,591 | 112 |
| Covelli Centre Arena | 5,700 | 20 | \$31,250 | Youngstown | 1,937 | 97 |
| Hartman Arena | 5,000 | - | - | Wichita | 2,377 | - |
| Intrust Bank Arena | 13,450 | 20 | \$50,000 | Wichita | 2,377 | 119 |
| Reno Events Center | 7,000 | 10 | \$30,000 | Reno | 1,684 | 168 |
| Santa Ana Star Center | 6,000 | 31 | \$11,500 | Albuquerque | 2,859 | 92 |
| State Farm Arena | 5,500 | 26 | \$24,000 | McAllen-Edinburg-Mission | 1,546 | 59 |
| AVERAGE | 8,131 | 20 | \$34,156 | | 2,193 | 87 |
| MEDIAN | 5,850 | 22 | \$30,625 | | 2,157 | 95 |

Sources: Facility Operator Feedback, Victus Research, Hoovers

Sorted by Arena/Event Center in alphabetical order

(1) Represents companies with at least 5 employees and \$1M+ annual sales.

| Hypothetical Fort Wayne Corporations Per Suite | | |
|--|----------------|-----------------|
| | Corporate Base | Suite Inventory |
| Average: | 1,790 | 21 |
| Median: | 1,790 | 19 |

We analyzed comparative suite inventories relative to corporate base. Based on this metric, we estimated the potential suite inventory for a downtown event center in Fort Wayne to be between 19 and 21 suites. Based on conversations with facility operators, not all of their suite inventory is sold on an annual basis and industry trends are moving towards more flexible corporate products such as Loge Boxes, therefore to be conservative we are recommending 12-14 total suites, including both private suites and party suites. In addition, it should be noted that the Fort Wayne market is already saturated given the existing premium seating inventory at War Memorial Coliseum

COMPARABLE VENUES - CORPORATE BASE PER SUITE

| Arena/Event Center | SEATING CAPACITY | LOGE/CLUB SEATS | | Metropolitan Statstical Area (MSA) | HH With Income Over \$150K | HH With Income Over \$150K Per Seat |
|-------------------------|--------------------|------------------------|-----------------|---------------------------------------|-------------------------------|---|
| | Total Inventory | Loge/Club Inventory | Annual Price | | | |
| Budweiser Events Center | 5,300 | 777 | \$430 | Fort Collins | 18,745 | 24 |
| CenturyLink Center | 17,100 | 1,240 | \$1,120 | Omaha-Council Bluffs | 38,389 | 31 |
| Covelli Centre Arena | 5,700 | 520 | \$350 | Youngstown | 11,051 | 21 |
| Hartman Arena | 5,000 | 100 | \$1,340 | Wichita | 18,666 | 187 |
| Intrust Bank Arena | 13,450 | 671 | \$1,450 | Wichita | 18,666 | 28 |
| Reno Events Center | 7,000 | - | - | Reno | 16,233 | - |
| Santa Ana Star Center | 6,000 | - | - | Albuquerque | 28,535 | - |
| State Farm Arena | 5,500 | 508 | \$400 | McAllen-Edinburg-Mission | 12,852 | 25 |
| AVERAGE | 8,131 | 477 | \$640 | | 20,392 | 40 |
| MEDIAN | 5,850 | 514 | \$415 | | 18,666 | 25 |

Sources: Facility Operator Feedback, Victus Research, Hoovers

Sorted by Arena/Event Center in alphabetical order

(1) Represents annual seat license and does not include events, concerts and games.

| Hypothetical Fort Wayne HH With Income Over \$150K Per Seat | | | |
|---|-------------------------------|-----------------------------|--|
| | HH With Income Over \$150K | Club/Loge Seat Inventory | |
| Average: | 11,902 | 301 | |
| Median: | 11,902 | 482 | |

We analyzed comparative loge and club seat inventories based on households with income over \$150K. We estimated the potential loge/club seat inventory for a downtown event center in Fort Wayne to be between 301 and 482 loge/club seats. As mentioned on the previous page, industry trends are moving towards more flexible corporate products such as Loge Boxes. In addition the market is already saturated given the existing premium seating inventory at War Memorial Coliseum. Therefore we are recommending 10 loge boxes with 4 to 6 seats per box and up to 450 in-bowl club seats for a target of 500 total club/loge seats.

Based on the interviews conducted with project stakeholders and event promoters, Victus Advisors' research, and our team's industry experience, we have developed the following recommendations for a new downtown event center in Fort Wayne.

VENUE PROGRAMMING - The downtown event center should be multi-purpose and maximize daily use (when not in 5,500 to 6,000-seat event configuration) by featuring retractable seating in order to accommodate a wide variety of potential uses and configurations. Victus Advisors believes that programming for a new downtown event center should complement the Grand Wayne Convention Center, with recommended programming to include: Fort Wayne Mad Ants games; high school sports; youth/amateur basketball, volleyball, and gymnastics; and flat floor and consumer shows (i.e. conferences, home & garden shows, other events that utilize a non-carpeted/concrete floor).

The remainder of this section presents an overview of the types of users and events that are projected for the proposed new downtown event center in Fort Wayne.

Several event types have been considered for potential facility usage at the proposed downtown event center in Fort Wayne. Potential events have been categorized into two types: Tenant Events and Market Driven Events.

Tenant events at an event center typically consist of basketball, hockey, football, soccer or lacrosse games played by sports teams that are tenants of the facility. Tenant events are usually scheduled well in advance and provide a facility with a predictable level of facility usage. The majority of multi-purpose event centers have at least one sports tenant.

Potential tenant evaluated as part of this analysis include the Fort Wayne Mad Ants.

NBA G LEAGUE

The NBA G League (“G League”) began operating in 2001 and serves as the official minor league of the National Basketball Association (NBA).

The G League has achieved stability due in large part to the fact that every G League team is affiliated with at least one NBA team that allocates players with less than two years of professional experience to their G League affiliate for developmental purposes. 22 of the current 26 G League franchises are owned by their respective NBA affiliates.

G-League teams play 50 games per season, coinciding with the NBA regular season, including 25 home games. The regular season is followed by an eight team playoff, culminating in a best of three series in the final round.



Source: NBA G League

There are currently 26 G League franchises. The Washington Wizards' (team name TBD) affiliate will begin play in 2018 and be based in Washington D.C.

TENANT EVENTS (CONT.)

Currently there are two types of G League franchise ownership and operations: Parent Club and Hybrid.

Parent Club Ownership: 22 G League teams (including the Fort Wayne Mad Ants) are owned and operated by its NBA Parent Club. The Parent Club runs both the basketball and business operations.

Hybrid Operations: Four G League teams currently employ this model. The NBA affiliate runs the team basketball operations, while a local ownership group handles business operations.

| G League Ownership Models | | | | |
|---------------------------|----------------------|---------------|-----------------|---------|
| Team | City, State | NBA Affiliate | Ownership Model | Founded |
| Washington | Washington, D.C. | Wizards | Parent Club | 2018 |
| Wisconsin Herd | Oshkosh, WI | Bucks | Parent Club | 2017 |
| Agua Caliente Clippers | Ontario, CA | Clippers | Parent Club | 2017 |
| Memphis Hustle | South Haven, MS | Grizzlies | Parent Club | 2017 |
| Erie Bayhawks | Erie, PA | Hawks | Parent Club | 2017 |
| Windy City Bulls | Hoffman Estates, IL | Bulls | Parent Club | 2016 |
| Greensboro Swarm | Greensboro, NC | Hornets | Parent Club | 2016 |
| Long Island Nets | Uniondale, NY | Nets | Parent Club | 2016 |
| Raptors 905 | Mississauga (Canada) | Raptors | Parent Club | 2015 |
| Westchester Knicks | White Plains, NY | Knicks | Parent Club | 2014 |
| Maine Red Claws | Portland, ME | Celtics | Hybrid | 2009 |
| Reno Bighorns | Reno, NV | Kings | Parent Club | 2008 |
| Lakeland Magic | Lakeland, FL | Magic | Parent Club | 2008 |
| Delaware 87ers | Newark, DE | 76ers | Parent Club | 2007 |
| Fort Wayne Mad Ants | Fort Wayne, IN | Pacers | Parent Club | 2007 |
| Rio Grande Valley Vipers | Edinburg, TX | Rockets | Hybrid | 2007 |
| Iowa Wolves | Des Moines, IA | T-Wolves | Parent Club | 2007 |
| Sioux Falls Skyforce | Sioux Falls, SD | Heat | Parent Club | 2006 |
| Salt Lake City Stars | Taylorsville, UT | Jazz | Parent Club | 2006 |
| South Bay Lakers | El Segundo, CA | Lakers | Parent Club | 2006 |
| Texas Legends | Frisco, TX | Mavericks | Hybrid | 2006 |
| Grand Rapids Drive | Grand Rapids, MI | Pistons | Hybrid | 2006 |
| Northern Arizona Suns | Prescott Valley, AZ | Suns | Parent Club | 2006 |
| Santa Cruz Warriors | Santa Cruz, CA | Warriors | Parent Club | 2006 |
| Canton Charge | Canton, OH | Cavaliers | Parent Club | 2001 |
| Austin Spurs | Austin, TX | Spurs | Parent Club | 2001 |
| Oklahoma City Blue | Oklahoma City, OK | Thunder | Parent Club | 2001 |

Sources: NBA G League, Victus Research

Sorted by Founded in descending order

(1) The Orlando Magic bought the original Erie Bayhawks to relocate and rebrand in 2017

TENANT EVENTS (CONT.)

NBA G LEAGUE VENUES AT A GLANCE

| Arena/Event Center | City, State | Team | NBA Affiliate | MSA Population | Year Open | Est. 2017 Construction Cost (\$M) (1) | Basketball Capacity | Primary Sports Tenants |
|------------------------------|----------------------|--------------------------|---------------|-------------------|-------------|---------------------------------------|---------------------|---|
| St. Elizabeths Sports Arena | Washington, D.C. | TBD | Wizards | 6,146,460 | 2018 | \$65.00 | 2,505 | WNBA, NBA G League, NCAA - Basketball |
| Oshkosh Arena | Oshkosh, WI | Wisconsin Herd | Bucks | 170,817 | 2017 | \$15.00 | 3,500 | NBA G League |
| UCLA Health Training Center | El Segundo, CA | South Bay Lakers | Lakers | 13,505,354 | 2017 | N/A | 750 | NBA G League |
| RP Funding Center | Lakeland, FL | Lakeland Magic | Magic | 662,421 | 2017 (2) | \$14.00 | 8,178 | NBA G League, MASL - Soccer |
| Bert Ogden Arena | Edinburg, TX | Rio Grande Valley Vipers | Rockets | 856,205 | 2017 | \$88.00 | 8,500 | NBA G League |
| Greensboro Fieldhouse | Greensboro, NC | Greensboro Swarm | Hornets | 761,079 | 2016 (2) | \$6.18 | 2,118 | NBA G League |
| Sanford Pentagon | Sioux Falls, SD | Sioux Falls Skyforce | Heat | 262,280 | 2013 | \$22.41 | 3,250 | NBA G League |
| Kaiser Permanente Arena | Santa Cruz, CA | Santa Cruz Warriors | Warriors | 278,575 | 2012 | \$4.30 | 2,505 | NBA G League, NCAA - Basketball |
| H-E-B Center | Austin, TX | Austin Spurs | Spurs | 2,076,982 | 2009 | \$67.36 | 8,000 | NBA G League, AHL - Hockey |
| Citizens Business Bank Arena | Ontario, CA | Agua Caliente Clippers | Clippers | 4,542,092 | 2008 | \$168.34 | 10,832 | NBA G League, AHL - Hockey |
| Sears Centre | Hoffman Estates, IL | Windy City Bulls | Bulls | 9,680,659 | 2006 | \$79.67 | 10,000 | NBA G League, MASL - Soccer |
| Prescott Valley Event Center | Prescott Valley, AZ | Northern Arizona Suns | Suns | 229,102 | 2006 | \$46.26 | 5,100 | NBA G League |
| Reno Events Center | Reno, NV | Reno Bighorns | Kings | 456,052 | 2005 | \$92.38 | 7,000 | NBA G League |
| Wells Fargo Arena | Des Moines, IA | Iowa Wolves | T-Wolves | 651,138 | 2005 | \$166.28 | 16,110 | NBA G League, AHL - Hockey |
| Dr. Pepper Arena | Frisco, TX | Texas Legends | Mavericks | 7,284,296 | 2003 | \$44.30 | 6,500 | NBA G League |
| Memorial Coliseum | Fort Wayne, IN | Fort Wayne Mad Ants | Pacers | 432,700 | 2002 (2) | \$57.62 | 13,000 | NBA G League, ECHL - Hockey |
| Landers Center | South Haven, MS | Memphis Hustle | Grizzlies | 1,377,749 | 2000 | \$59.94 | 8,362 | NBA G League, SPHL - Hockey |
| Hershey Centre | Mississauga (Canada) | Raptors 905 | Raptors | 5,928,040 | 1998 | \$40.83 | 5,400 | NBA G League, OHL - Hockey, MASL - Soccer |
| Lifetime Activities Center | Taylorsville, UT | Salt Lake City Stars | Jazz | 1,207,227 | 1996 | N/A | 5,000 | NBA G League, NJCAA - Basketball |
| Bob Carpenter Center | Newark, DE | Delaware 87ers | 76ers | 6,162,249 | 1992 | \$46.42 | 5,100 | NBA G League, NCAA - Basketball |
| Erie Insurance Arena | Erie, PA | Erie Bayhawks | Hawks | 279,798 | 1983 | \$27.71 | 6,754 | NBA G League, NCPHL - Hockey |
| Memorial Coliseum | Uniondale, NY | Long Island Nets | Nets | 20,487,271 | 1972 | \$213.12 | 13,500 | NBA G League |
| Cox Convention Center | Oklahoma City, OK | Oklahoma City Blue | Thunder | 1,410,071 | 1972 | \$153.18 | 13,846 | NBA G League |
| DeltaPlex Arena | Grand Rapids, MI | Grand Rapids Drive | Pistons | 1,058,079 | 1952 | N/A | 5,000 | NBA G League |
| Canton Civic Center | Canton, OH | Canton Charge | Cavaliers | 408,869 | 1951 | N/A | 5,200 | NBA G League |
| Westchester County Center | White Plains, NY | Westchester Knicks | Knicks | 20,487,271 | 1930 | N/A | 5,000 | NBA G League |
| Portland Expo Building | Portland, ME | Maine Red Claws | Celtics | 541,324 | 1914 | N/A | 3,100 | NBA G League |
| High | | | | 20,487,271 | 2018 | \$213.1 | 16,110 | |
| Low | | | | 229,102 | 1914 | \$4.3 | 750 | |
| Median | | | | 1,132,653 | 2005 | \$57.6 | 5,400 | |
| Average | | | | 4,122,052 | 1994 | \$70.4 | 6,819 | |

Sources: Esri, NBA G League, Victus Research

Sorted by Year Open in descending order

(1) Estimated according to the Turner Building Cost Index

(2) Major renovation or expansion

There is currently no standard or typical model for G League venues. Franchises utilize venues that vary widely in terms of age and capacity, depending on the availability of secondary arenas (smaller, non-NBA or NHL arenas) within their market area, as well as the operating goals of the franchise (player development focus vs. profit-oriented). Very few G League venues were designed specifically for a G League tenant.

TENANT EVENTS (CONT.)

G LEAGUE REPORTED ATTENDANCE FIGURES

| Arena/Event Center | (1) City, State | Team | NBA Affiliate | Basketball Capacity | 2016-2017 Total Rep. Attendance (2) | 2016-17 Avg. Reported Attendance (2) | % Average Capacity |
|------------------------------|----------------------|--------------------------|---------------|---------------------|-------------------------------------|--------------------------------------|--------------------|
| Dr. Pepper Arena | Frisco, TX | Texas Legends | Mavericks | 6,500 | 147,134 | 5,885 | 91% |
| State Farm Arena | Edinburg, TX | Rio Grande Valley Vipers | Rockets | 8,500 | 108,624 | 4,345 | 51% |
| Wells Fargo Arena | Des Moines, IA | Iowa Wolves | T-Wolves | 16,110 | 107,006 | 4,280 | 27% |
| H-E-B Center | Austin, TX | Austin Spurs | Spurs | 8,000 | 102,965 | 4,119 | 51% |
| Hershey Centre | Mississauga (Canada) | Raptors 905 | Raptors | 5,400 | 83,588 | 3,344 | 62% |
| DeltaPlex Arena | Grand Rapids, MI | Grand Rapids Drive | Pistons | 5,000 | 79,130 | 3,165 | 63% |
| Memorial Coliseum | Fort Wayne, IN | Fort Wayne Mad Ants | Pacers | 13,000 | 75,651 | 3,026 | 23% |
| Kaiser Permanente Arena | Santa Cruz, CA | Santa Cruz Warriors | Warriors | 2,505 | 74,675 | 2,987 (3) | 119% |
| Canton Civic Center | Canton, OH | Canton Charge | Cavaliers | 5,200 | 66,244 | 2,650 | 51% |
| Sanford Pentagon | Sioux Falls, SD | Sioux Falls Skyforce | Heat | 3,250 | 63,039 | 2,522 | 78% |
| Cox Convention Center | Oklahoma City, OK | Oklahoma City Blue | Thunder | 13,846 | 62,318 | 2,493 | 18% |
| Erie Insurance Arena | Erie, PA | Erie Bayhawks | Magic (4) | 8,178 | 60,723 | 2,429 | 30% |
| Sears Centre | Hoffman Estates, IL | Windy City Bulls | Bulls | 10,000 | 58,426 | 2,337 | 23% |
| Reno Events Center | Reno, NV | Reno Bighorns | Kings | 7,000 | 54,071 | 2,163 | 31% |
| Portland Expo Building | Portland, ME | Maine Red Claws | Celtics | 3,100 | 51,116 | 2,045 | 66% |
| Bob Carpenter Center | Newark, DE | Delaware 87ers | 76ers | 5,100 | 45,378 | 1,815 | 36% |
| Westchester County Center | White Plains, NY | Westchester Knicks | Knicks | 5,000 | 42,780 | 1,711 | 34% |
| Lifetime Activities Center | Taylorsville, UT | Salt Lake City Stars | Jazz | 5,000 | 40,621 | 1,625 | 32% |
| Greensboro Fieldhouse | Greensboro, NC | Greensboro Swarm | Hornets | 2,118 | 39,569 | 1,583 | 75% |
| Prescott Valley Event Center | Prescott Valley, AZ | Northern Arizona Suns | Suns | 5,100 | 36,056 | 1,442 | 28% |
| Memorial Coliseum | Uniondale, NY | Long Island Nets | Nets | 13,500 | 12,017 | 481 | 4% |
| Toyota Sports Center | El Segundo, CA | South Bay Lakers | Lakers | 750 | 10,896 | 436 | 58% |
| High | | | | 16,110 | 147,134 | 5,885 | 119% |
| Low | | | | 750 | 10,896 | 436 | 4% |
| Median | | | | 5,300 | 61,521 | 2,461 | 43% |
| Average | | | | 6,916 | 64,638 | 2,585 | 48% |

Sources: stats.com, NBA G League, Victus Research

Sorted by 2016-17 Avg. Reported Attendance in descending order

(1) Facilities used during the 2016-2017 season. Some facilities have changed for the 2017-2018 season

(2) Based on Victus' professional experience, reported attendance generally represents "tickets distributed" and can be as much as 30-40% higher than turnstile attendance

(3) The Santa Cruz Warriors played one home game at Oracle Arena which was attended by more than 17,000 spectators

(4) The 2016-2017 Bayhawks were owned by Orlando Magic and are not the same franchise as the 2017-2018 team owned by Atlanta Hawks

As shown on the previous slide, the majority of G League teams average between 40,000 and 85,000 attendees per year, which is not usually significant enough attendance to drive major revenue streams for a multi-purpose facility. As a result, very few G League teams are considered the primary sports tenants of the facilities in which they play. Most of the facilities that house G League teams either must rely on multiple tenants and/or other day-to-day uses (concerts, entertainment, recreation, special events, banquets/meetings, community uses, physical therapy, etc.) to attract a more significant attendee load and stable revenue streams.

The Mad Ants ranked seventh in the league by average reported attendance. Additionally the team ranked 20th in the league by percent average of capacity at 23% suggesting the Mad Ants are better suited to play in a mid-sized facility.

The following is a summary of G League trends and future outlook:

- **Venue Age:** About half of the current G League teams play in a venue older than 15 years old, indicating that relatively few facilities have been built in recent years specifically for primary use by an NBA G League franchise.
- **Markets** - The majority of G League venues built after 2000 are located in markets with less than one million people, illustrating: a) the League's desire to expand in small-to-mid-sized markets that are underserved in terms of professional sports franchises, and b) the increasing willingness of these small-to-mid-sized markets to partner (either publicly or privately) with G League franchises as the league has continued to prove and increase its long-term stability.
- **Attendance** - Attendance varies widely by market (400 to 5,900 per game) but, on average, G League franchises report attendance of more than 2,500 per game.

- **Purpose Built Arenas for G League Teams** - Currently the only venue that was built to house a G League team is Kaiser Permanente Arena in Santa Cruz, California. Bert Ogden Arena (to be completed in 2017) in Edinburg, Texas, will be the second facility built specifically for a G League team and Oshkosh Arena in Oshkosh, Wisconsin will be the third. Given that the typical G League team currently averages approximately 2,600 attendees per game, Victus Advisors believes that there will not be great demand in the near future for new facilities to be built with a G League team as the sole or primary tenant. Rather, we expect that most mid-sized municipal arenas (with 5,000 to 10,000 seats) will continue to be built for sports tenants that draw larger crowds (such as AHL or ECHL hockey franchises, for example) and/or in markets where there is significant market demand for a larger scale concert arena (with a minimum concert seating capacity significantly greater than 7,000 seats). Furthermore, as has been mentioned in this report, we believe that the planned Bert Ogden Arena may be a risky proposition given that the current home of the G League's Rio Grande Valley Vipers (State Farm Arena) is an arena located just 15 miles away and built only 114 years ago. State Farm Arena recently lost one of its primary sports tenants (the Rio Grande Valley Killer Bees of the North American Hockey League) and will now also lose the Vipers, and so it is expected that the two arenas will compete very aggressively for the available concerts and entertainment acts that tour through the area, which could harm the ability of both arenas to be profitable.
- **Facility Operating Agreements** - Victus' research found that most facility operators (public or private) retain all revenues from concessions, rent, advertising, and licensing, while G League tenants will typically only retain revenues from team-specific ticket sales, courtside seating, advertising and sponsorship (in-game signage etc.). Based on our findings Victus Advisors recommends that the proposed downtown event center enter into a similar agreement with the Mad Ants if the team were to be a tenant.

- **Outlook & Sustainability** - Recent trends suggest improved long-term growth and stability for the NBA G League. Over the next 10 to 15 years, we expect the G League to become significantly more stable and continue to grow in popularity as all G League teams are able to market their affiliation with a single NBA team via either a Parent Club or Hybrid model. It should also be anticipated that the NBA affiliate clubs will prefer to have their G League teams be located within a close regional area, in order to reduce NBA player/coach travel costs and promote the G League team's affiliation within an amenable market that supports the NBA club, as is currently the case in Fort Wayne with the Pacers. Lastly, it should be noted that the G League, even by minor league sports standards, is not typically a major revenue driver by multi-purpose facility standards. For example, the G League generates less annual attendance than the primary minor leagues for Major League Baseball and National Hockey League, as shown below.

| <u>Minor League</u> | <u>2016 Annual Attendance</u> |
|---------------------|-------------------------------|
| MiLB AAA | 14,424,442 |
| MiLB AA | 8,353,821 |
| AHL (Hockey) | 6,498,733 |
| ECHL (Hockey) | 4,132,784 |
| USL (Soccer) | 1,496,493 |
| NBA G League | 1,422,027 |
| NASL (Soccer) | 885,337 |

Sources: MiLB, AHL, ECHL, USL, NASL, Victus Research

Sorted by 2016 Annual Attendance

With 30 teams playing (which is estimated to occur within the next few years), the G League attendance could be expected to gradually increase and eventually become more comparable to figures for the ECHL (which is the third-tier of minor leagues for the NHL, below the AHL). It will still be important however, for an event center in Fort Wayne to be planned and programmed to accommodate a variety of multi-purpose uses in addition to the Mad Ants.

Market-driven events are defined as those events that are affected by local market forces and characteristics, and represent events that are either part of a national tour and/or do not have a permanent home venue. The number of market-driven events in a given community is typically a function of the size of the marketplace, the number of available facilities to host these events, facility availability, and the outcome of a competitive bid process.

The types of market-driven events evaluated in this section include:

- Concerts
- Family Shows
- Other Sports
- Flat Floor Shows
- Miscellaneous Events

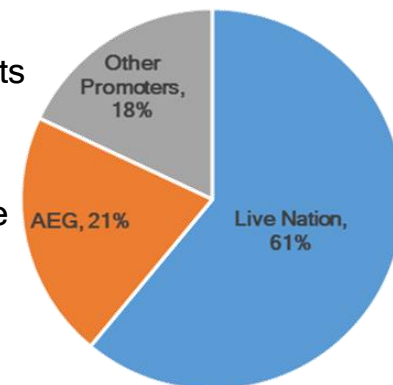
CONCERTS

Within the context of the current facilities in the marketplace, the consensus among the promoters (both regional and national) that we interviewed was that Fort Wayne is a secondary concert market that lacks the population characteristics to accommodate multiple large concert venues.

In addition, based upon interviews with key stakeholders and concert promoters, Victus Advisors believes that a downtown event center in Fort Wayne with a seating capacity of between 4,000 to 6,000 people that is marketed as a concert destination could take events away from the War Memorial Coliseum. It is estimated that a new downtown event center could host approximately 10 concerts each year, with average attendance of 4,500 people per event.

CONCERTS (CONT.)

Furthermore, out of the top 10 promoters in the United States (representing 72 million tickets sold in 2016) Live Nation and AEG account for 82% (or 60 million) of those ticket sales. These two promoters are critical for any concert facility that wants to attract top talent and large shows. Both promoters think that the Fort Wayne market would not attract many more new events if a event center were built, and most events at the new facility would be a transfer from the Coliseum.



Source: Pollstar

FAMILY SHOWS

Family shows are events that cater to spectators of all ages and include a wide variety of events including Sesame Street Live, Barney, and Nickelodeon shows, among others. A new venue's ability to attract events such as family shows will depend somewhat on the physical characteristics of the facility as well as the demographic make-up of the local population.

Based upon our experience in the event center industry and input from family show organizers, it is believed that most family shows prefer to tour in major markets and rent large arenas (8,000 or more seats) for multiple days in that market, while hosting several daily shows. The family show organizers that we interviewed for this study indicated that War Memorial Coliseum has worked out great for their ice events, and the expo center has worked well for non-ice events. If a new downtown event center were built, organizers feel they could possibly use the new venue, but it would be a transfer from the Coliseum and not new events to the market.

As a result of all the factors described above, it is estimated that a downtown event center in Fort Wayne could approximately host one (1) to (2) family shows per year, with an average attendance of 3,500 people.

NON-TENANT SPORTS EVENTS

Other individual sporting events held at a downtown event center in Fort Wayne could include a variety of events such as the Harlem Globetrotters, collegiate tournaments (basketball, volleyball, and gymnastics), wrestling (both professional and amateur), etc.

Regional and national event organizers we spoke with were interested in hosting events at a downtown event center in Fort Wayne, however they were also interested in knowing the potential ability to work with a visitors bureau or sports commission to minimize their rental costs, the availability of hotel chains near the facility, proximity to a major airport and that the facility met the minimum standards and needs of their respective sports event. It is estimated that a new downtown event center could host approximately 5 sports exhibition and tournament days each year, with average attendance of 1,500 people per event.

FLAT FLOOR SHOWS

Flat floor shows typically include conventions, trade shows, job fairs, and consumer shows that can utilize column-free, concrete floor space. The most common flat floor shows hosted by event centers include home and garden shows, automobile shows, boat shows, recreational vehicle shows, food festivals, and other similar consumer shows.

Worth noting is that there would be direct competition with the convention center at War Memorial Coliseum. As a result, it is estimated that a downtown event center in Fort Wayne could host approximately five (5) flat floor show days per year with average daily attendance of approximately 1,000 people.

COMMUNITY EVENTS

Based on the analyses of comparable facilities, other events that are often held in multi-purpose event centers include high school and collegiate graduation ceremonies, religious services, holiday/ethnic festivals, corporate meetings, private banquets, professional certification testing and other community or private events. The number of civic-type events held at the proposed event center in Fort Wayne will depend somewhat on the operating philosophy of facility management and competition from War Memorial Coliseum. In general, these events do not represent a significant income source to a facility, but rather serve to increase the utilization of the building and meet the needs of the local community. Based on the market research conducted by Victus Advisors for this study, it is estimated that a downtown event center in Fort Wayne could host approximately 10 community events per year with approximately 100 attendees per event.

SUMMARY OF MARKET DRIVEN EVENT PROJECTIONS

In summary, the Fort Wayne market may not be able to profitably support a multi-purpose event center that is dedicated solely to market-driven events. In addition the flexibility and availability of the War Memorial Coliseum makes it difficult to compete for mid-size events.



SECTION 7 EVENT DEMAND PROJECTIONS: STAND-ALONE EVENT CENTER

The exhibit below summarizes Victus Advisors' estimated initial annual event activity at a new downtown event center in Fort Wayne, during the initial "honeymoon" period (approximately the first 3 years). These estimates are primarily based on local market factors, discussions with stakeholders and event promoters, and our review of historical event activity at comparable facilities operating in mid-sized, competitive markets.

ESTIMATED UTILIZATION OF DOWNTOWN EVENT CENTER IN FORT WAYNE

| | <u>Annual Event Days</u> | <u>Average Daily Attendance</u> | <u>Total Annual Attendance</u> |
|--|----------------------------------|---|--|
| TENANT EVENTS: | | | |
| Fort Wayne Mad Ants | 25 | 3,000 | 75,000 |
| MARKET DRIVEN EVENTS: | | | |
| Concerts/Entertainment Acts | 21 | 3,000 | 63,000 |
| Family Shows | 1 | 4,000 | 4,000 |
| Non-Tenant Sports Events | 5 | 1,000 | 5,000 |
| Flat Floor Shows | 5 | 1,000 | 5,000 |
| Community & Banquets/Meetings | 10 | 100 | 1,000 |
| TOTAL - TENANT & MARKET EVENTS: | 67 | 2,284 | 153,000 |

**Note: This represents the event center as a stand-alone operation, therefore does not include events or support activity related to Grand Wayne Center*

The exhibit below summarizes Victus Advisors' estimated sustainable annual event activity at a new downtown event center in Fort Wayne after the initial 3-year "honeymoon" period.

ESTIMATED UTILIZATION OF DOWNTOWN EVENT CENTER IN FORT WAYNE

| | <u>Annual Event Days</u> | <u>Average Daily Attendance</u> | <u>Total Annual Attendance</u> |
|--|----------------------------------|---|--|
| TENANT EVENTS: | | | |
| Fort Wayne Mad Ants | 25 | 3,000 | 75,000 |
| MARKET DRIVEN EVENTS: | | | |
| Concerts/Entertainment Acts | 14 | 3,000 | 42,000 |
| Family Shows | 1 | 4,000 | 4,000 |
| Non-Tenant Sports Events | 3 | 1,000 | 3,000 |
| Flat Floor Shows | 3 | 1,000 | 3,000 |
| Community & Banquets/Meetings | 5 | 100 | 500 |
| TOTAL - TENANT & MARKET EVENTS: | 51 | 2,500 | 127,500 |

**Note: This represents the event center as a stand-alone operation, therefore does not include events or support activity related to Grand Wayne Center*

INCREMENTAL VS TRANSFER - "HONEYMOON" PERIOD

| | <u>New Events</u> | <u>Transfer of Events</u> |
|--|-----------------------|-------------------------------|
| MARKET DRIVEN EVENTS: | | |
| Concerts/Entertainment Acts | 9 | 12 |
| Family Shows | 0 | 1 |
| Non-Tenant Sports Events | 2 | 3 |
| Flat Floor Shows | 3 | 2 |
| Community & Banquets/Meetings | 5 | 5 |
| TOTAL - INCREMENTAL VS TRANSFER | 19 | 23 |
| TOTAL - EVENTS | 42 | |

INCREMENTAL VS TRANSFER - SUSTAINABLE PERIOD

| | <u>New Events</u> | <u>Transfer of Events</u> |
|--|-----------------------|-------------------------------|
| MARKET DRIVEN EVENTS: | | |
| Concerts/Entertainment Acts | 4 | 10 |
| Family Shows | 0 | 1 |
| Non-Tenant Sports Events | 1 | 2 |
| Flat Floor Shows | 2 | 1 |
| Community & Banquets/Meetings | 3 | 2 |
| TOTAL - INCREMENTAL VS TRANSFER | 10 | 16 |
| TOTAL - EVENTS | 26 | |

Long-term, it is estimated that a new downtown event center, if operated in competition with the War Memorial Coliseum, would only generate about 10 new events each year for the Fort Wayne market.



SECTION 8 MANAGEMENT & OPERATIONS STRUCTURE

The purpose of this section is to present an overview of various options regarding the management and operations of a proposed downtown event center in Fort Wayne.

Each potential management structure for the proposed facility, and potentially multiple Fort Wayne-AlLEN County event facilities, has its own unique advantages and disadvantages, which should be considered when making decisions regarding the management of the venue(s).

The following section provides an overview of each potential facility management structure.

1. Individual Facility Management Options:
 - a. Public
 - b. Private
 - c. Other (Sports Commission, Non-Profit, Agency/Bureau)
2. Multi-Facility Management Options:
 - a. Case Studies
3. Fort Wayne Event Facility Management Recommendations

A. PUBLIC

Public management of sports and entertainment facilities was the typical model prior to the early 1990's. Facility operational control within a government is typically accomplished either by creating a separate department that is responsible for facility management or by designating responsibility to a department that already exists within the government. In many cases a government will already have other existing public assembly facilities such as arenas, auditoriums or theaters under their control prior to the development of a new venue, and in these cases the governmental departments currently overseeing the other public assembly facilities could control the proposed new event center as well.

Advantages of public management include owner control, financial support, and sharing of staff and support functions, among other factors. Within this structure, the management's primary responsibility is to the city/county/state government and the facility. The ability to combine the purchase of goods and services with other governmental departments provides a distinct advantage in maximizing purchasing power and rate structures. Furthermore, the ability to use governmental employees from other departments can be advantageous. Lastly, assuming day-to-day management of the facility is also handled internally, the need to pay additional fees to a private management contractor is not required.

Disadvantages of public management include lack of private sector support, civic service constraints, and changing political policies. The primary disadvantages relate to the additional burden placed on governmental departments and the additional level of bureaucracy sometimes required to facilitate building operating decisions. The decisions made regarding the operation of a facility may be slowed due to the nature of the particular governmental department in terms of requirements for approvals and other regulations and procedures. When competing with other facilities and markets for potential events, this aspect can sometimes hinder a facility's ability to effectively compete.

A. PUBLIC (CONT.)

A summary of key advantages and disadvantages to the public sector associated with public management is shown below:

| ADVANTAGES | DISADVANTAGES |
|--|--|
| <ul style="list-style-type: none">• Owner control• Financial support• Coordinating/sharing of staff/support functions• Bulk-price purchasing• No management fees | <ul style="list-style-type: none">• Lack of outside/private sector financial support• Civic service constraints• Contract approval requirements• Changing political policies• Lack of incentives• Limited flexibility• Lack of expertise and access in sports and industry |

Based upon Victus Advisors' conversation with local stakeholders it is possible that if the Grand Wayne Convention Center and the proposed downtown event center were connected (via skybridge), the new facility could be operated by Grand Wayne staff. By operating jointly, operational synergies could be created between the facilities to reduce staffing expenses and host larger/expanded convention events.

B. PRIVATE

Intense and increasing levels of competition among facilities coupled with increased pressure from governmental entities for facilities to break even has forced many governments to consider changes in the fundamental process of managing sports and entertainment venues. As a result, numerous venues across the country have contracted day-to-day operations to a private management company. Currently, private management companies such as Live Nation, SMG, AEG, Spectra (formerly Global Spectrum), and VenuWorks control numerous sports and entertainment venues across the country and worldwide.

Contract management often supplies full facility management services, consulting and project services. Under typical contract management, the facility owner retains all of the rights and privileges of ownership while the contract management firm performs assigned management functions. The owner sets policies while the contract management firm establishes procedures in order to implement the policies. The contract management company is typically an agent of the hiring body (either a government department or an authority). The firm is often compensated with a flat annual fee plus incentive payments designed to reward the contractor for producing desired results. Incentives could be based on achieving specific revenue goals, attendance, events, room night generation or other targets. Operating contracts usually stipulate that operating budgets must be submitted by the management company to the governing body of the facility for approval. The governing body is responsible for providing the funds necessary to operate the facility.

Contract management firms are typically responsible for various key operational and fiscal factors such as policies and directives, organizational structure, leadership, job classifications, competition, scheduling and booking, finance and accounting, and capital repairs. In addition to the day-to-day operations of the venue, a number of contract management firms also offer project services such as pre-opening management services, operational audit services, and marketing support as alternatives to full facility management.

B. PRIVATE (CONT.)

A summary of key advantages and disadvantages associated with contract management is shown below:

| ADVANTAGES | DISADVANTAGES |
|---|---|
| <ul style="list-style-type: none">• Greatest operating autonomy• Efficiency incentives• Network of relationships to leverage event bookings• Internal network of knowledge/experience• More independence in negotiations• Greater staffing resources• More objective criteria for accountability• More efficient procurement process• Design and pre-opening services• Less financial risk for owner | <ul style="list-style-type: none">• Potential loss of direct control by owner• Profit motive versus economic impact motive• Facility management fees• Management personnel turnover• Corporate resources spread among several facilities• Misaligned purpose and goals between owner and management firm• Less access to public use |

It is possible that project leaders could solicit proposals from private management companies and negotiate an agreement that benefits the City, its taxpayers and the proposed downtown event center. However, it should be noted that: A) Victus Advisors spoke with regional and national promoters (found in Section 5) and the general thought was that Fort Wayne is a secondary market and would not be able to compete with other larger market venues for top tier talent on a consistent basis. The larger management companies may shy away from operating a facility that could not attract premier events. B) Fort Wayne and Allen County have existing public management and operations structures for the Grand Wayne Center and the Coliseum, and the hiring of a private management could lead to job losses for long-tenured public management staff.

B. PRIVATE (CONT.)

Another potential private operator could be Pacers Sports & Entertainment, the owners of the Fort Wayne Mad Ants. The below chart summarizes the ownership and operator composition of G League facilities:

OWNERSHIP/OPERATOR OVERVIEW OF G LEAGUE FACILITIES

| Arena/Event Center | City, State | Team | Affiliate | Ownership | Operator |
|---------------------------------|----------------------|--------------------------|-----------|---------------|--------------------------------|
| Bert Ogden Arena | Edinburg, TX | Rio Grande Valley Vipers | Rockets | Public | Private - G League Team |
| Bob Carpenter Center | Newark, DE | Delaware 87ers | 76ers | Private | Private - University |
| Canton Civic Center | Canton, OH | Canton Charge | Cavaliers | Public | Private - SMG |
| Citizens Business Bank Arena | Ontario, CA | Agua Caliente Clippers | Clippers | Public | Private - SMG |
| Cox Convention Center | Oklahoma City, OK | Oklahoma City Blue | Thunder | Public | Private - SMG |
| DeltaPlex Arena | Grand Rapids, MI | Grand Rapids Drive | Pistons | Private | Private - Private Group |
| Dr. Pepper Arena | Frisco, TX | Texas Legends | Mavericks | Public | Private - NHL Team |
| Erie Insurance Arena | Erie, PA | Erie Bayhawks | Hawks | Agency/Bureau | Agency/Bureau - Econ Authority |
| Greensboro Fieldhouse | Greensboro, NC | Greensboro Swarm | Hornets | Public | Public - City |
| H-E-B Center | Austin, TX | Austin Spurs | Spurs | Public | Private - SMG |
| Hershey Centre | Mississauga (Canada) | Raptors 905 | Raptors | Public | Public - City |
| Kaiser Permanente Arena | Santa Cruz, CA | Santa Cruz Warriors | Warriors | Public | Public - City |
| Landers Center | South Haven, MS | Memphis Hustle | Grizzlies | Public | Agency/Bureau - CVB |
| Lifetime Activities Center | Taylorsville, UT | Salt Lake City Stars | Jazz | Private | Private - University |
| Memorial Coliseum | Fort Wayne, IN | Fort Wayne Mad Ants | Pacers | Public | Public - County |
| Memorial Coliseum | Uniondale, NY | Long Island Nets | Nets | Private | Private - AEG |
| Oshkosh Arena | Oshkosh, WI | Wisconsin Herd | Bucks | Private | Private - Private Group |
| Portland Expo Building | Portland, ME | Maine Red Claws | Celtics | Public | Public - City |
| Prescott Valley Event Center | Prescott Valley, AZ | Northern Arizona Suns | Suns | Public | Private - Encore |
| Reno Events Center | Reno, NV | Reno Bighorns | Kings | Agency/Bureau | Agency/Bureau - CVB |
| RP Funding Center | Lakeland, FL | Lakeland Magic | Magic | Public | Public - City |
| Sanford Pentagon | Sioux Falls, SD | Sioux Falls Skyforce | Heat | Private | Private - Private Group |
| Sears Centre | Hoffman Estates, IL | Windy City Bulls | Bulls | Public | Private - Spectra |
| St. Elizabeths Sports Arena | Washington, D.C. | TBD | Wizards | Public | Agency/Bureau - CVB |
| UCLA Health Training Center | El Segundo, CA | South Bay Lakers | Lakers | Private | Private - NBA Team |
| Wells Fargo Arena | Des Moines, IA | Iowa Wolves | T-Wolves | Public | Private - Spectra |
| Westchester County Center | White Plains, NY | Westchester Knicks | Knicks | Public | Public - County |
| Percentage Public | | | | 67% | 26% |
| Percentage Private | | | | 26% | 59% |
| Percentage Agency/Bureau | | | | 7% | 15% |
| Percentage Non-Profit | | | | 0% | 0% |

Source: Victus Research

Sorted by Arena/Event Center in alphabetical order

B. PRIVATE (CONT.)

As shown on the previous page, 18 out of the 27 G League facilities or 67% are owned by a public entity, while 9 of the 27 G League facilities or 33% are owned by either a private group or agency/bureau. Operationally speaking, 17 of 27 G League facilities or 63% are operated privately. That said, it is worth noting that Dr. Pepper Arena, UCLA Health Training Center, and Kaiser Arena are the only facilities that are currently operated by a sports tenant. When Bert Ogden Arena is completed this fall, the Rio Grande Valley Vipers will be just the second G League team to operate a facility.

It is not uncommon for a minor league sports tenant, such as a G League team, to have a tenant usage agreement that is restricted to game days. These agreements are typically structured so that the team pays per-game rent, is responsible for all game-day expenses, and receives most or all of game-day revenue streams including, but not limited to: net concessions, merchandise, game day sponsorships/advertising, parking revenue (if under arena control), and other major revenue streams (naming rights, premium seating, etc.). An example (albeit the NBA) is the agreement between the Oklahoma City Thunder and the city of Oklahoma City for use of the Chesapeake Energy Arena (SMG operated venue) on game days only. The Thunder pay per-game rent and reimburse game day expenses. The team also maintains the right to sell naming rights to the facility, as well as receive a share of premium seating sales, among other stipulations.

C. OTHER (SPORTS COMMISSION, NON-PROFIT, AGENCY/BUREAU)

In some cases, a public owner will outsource the management of a facility to a third-party via a sports commission, a non-profit organization, or an agency or bureau.

SPORTS COMMISSION (PUBLIC, PRIVATE OR HYBRID)

Sports commissions are created to attract local, regional, and international sports events to capture tourism revenue. The commission's priorities typically include, but are not limited to (in order): visitor spending, marketing the region, representing the sports industry in the community, supporting the local sports franchises and venues, and sports advocacy.

Sports commissions can be public, private or a hybrid. Public sports commissions usually housed within a convention and visitors bureau (CVB) and receive funding through CVB and city budgets, dedicated hotel tax and/or car rental taxes. Private sports commissions are driven through the private sector and are typically sustained through fundraising events, private donations, membership fees, and sponsorships. Hybrid sports commissions have a mix of public and private funding and representation. Each type of sports commission typically has a board of directors.

C. OTHER (CONT.)

NON-PROFIT (PRIVATE)

Under this form of management, the organization is typically run under the guidance and supervision of a Board of Directors. Members of the board tend to be local community leaders and stakeholders. This can serve as an advantage because they usually have the community and city's best interests in mind. Alternatively, a lack of diversity on the board, in terms of entertainment and sporting interests, can lean programming to heavily favor certain events and activities that could alienate other community interests.

This structure requires active and continued support both in labor and funding from the community. The organization would need to depend on donations and grants (in most cases donations would be tax deductible) from individuals, companies, and government entities in addition to volunteer labor hours to be sustainable in the short and long-term.

AGENCY OR BUREAU (PUBLIC)

Agencies, bureaus, and authorities are political subdivisions formed by local or state government entities. Relevant examples include special services districts (such as a parks district or an arena district) or a convention and visitors bureau (CVB). Much like a non-profit, agencies or bureaus are typically governed by a Board of Directors with Board members consisting of elected officials and local stakeholders. Although it is independent, an agency or bureau would need a dedicated revenue source. CVBs often rely on tourism taxes, for example.

C. OTHER (CONT.)

A summary of key advantages and disadvantages associated with sports commission, a non-profit organization, or an agency or bureau management is shown below:

ADVANTAGES

- Community's best interest at heart (All)
- Aligned vision with City (public sports commission/agency/bureau)
- Limited use of public funds to maintain operations (non-profit)

DISADVANTAGES

- Risks alienating groups in community (non-profit)
- Lack of diverse interest groups (non-profit)
- Would need dedicated revenue source to sustain operations (sports commission/agency/bureau)

C. OTHER (CONT.)

The organizational structures at comparable facilities (detailed in Section 4) can provide a framework for project representatives to determine an appropriate organizational structure for the proposed downtown event center. The following chart summarizes the ownership and operator composition of comparable facilities:

OWNERSHIP/OPERATOR OVERVIEW OF COMPARABLE FACILITIES

| <u>Arena/Event Center</u> | <u>City, State</u> | <u>Ownership</u> | <u>Operator</u> |
|---------------------------------|--------------------|------------------|-----------------|
| Bert Ogden Arena | Edinburg, TX | Public | Private |
| Budweiser Events Center | Loveland, CO | Public | Private |
| CenturyLink Center | Omaha, NE | Public | Agency/Bureau |
| Covelli Centre Arena | Youngstown, OH | Public | Private |
| Dreamstyle Arena | Albuquerque, NM | Private | Private |
| Hartman Arena | Park City, KS | Private | Private |
| Intrust Bank Arena | Wichita, KS | Public | Private |
| Mid-America Center | Council Bluffs, IA | Public | Private |
| Reno Events Center | Reno, NV | Agency/Bureau | Agency/Bureau |
| Santa Ana Star Center | Rio Rancho, NM | Public | Private |
| State Farm Arena | Hidalgo, TX | Public | Public |
| Percentage Public | | 73% | 9% |
| Percentage Private | | 18% | 73% |
| Percentage Agency/Bureau | | 9% | 18% |
| Percentage Non-Profit | | 0% | 0% |

Source: Victus Research

Sorted by Arena/Event Center in alphabetical order

Of the 11 comparable facilities, 82% are owned by a public entity or public agency/bureau, while two of the 11 comparable facilities or 18% are owned by a private group. Operationally speaking, eight of 11 comparable facilities or 73% are operated privately. When Bert Ogden Arena is completed this fall, the Rio Grande Valley Vipers will be the only sports tenant to operate a venue among comparable facilities.

Some venues within a City or County are jointly operated by entities such as a capital improvement board, public facilities district, and/or a stadium or sports authority.

Based on our industry experience and additional research conducted by Victus Advisors, we have identified the following examples of Capital Improvement Boards (CIB), Public Facilities Districts (PFD), or Joint Powers Authorities that oversee multiple public facilities within a region. This list is not intended to be comprehensive, but rather a representative set that we can examine for purposes of identifying trends and best practices that may be relevant to Fort Wayne and Allen County:

- Indianapolis Capital Improvement Board (Indianapolis CIB) - Indianapolis, Indiana
- Spokane Public Facilities District (Spokane PFD) - Spokane County, Washington
- Tampa Sports Authority (TSA) - Tampa, Florida
- Oakland-Alameda Coliseum Authority - Oakland, California
- Georgia World Congress Authority - Atlanta, Georgia
- Augusta-Richmond County Coliseum Authority - Augusta, Georgia

The following pages provide a case study on each entity and relevant takeaways for Fort Wayne.

Facilities Operated and/or Owned by the CIB:

- Indiana Convention Center
- Lucas Oil Stadium
- Bankers Life Fieldhouse (operated by Pacers Sports & Entertainment)
- Victory Field
- Virginia Avenue Parking Garage
- Capital Commons



Funding Sources, Board & Staff Structure:

- The CIB is funded from various sources including:
 - Excise taxes (innkeeper's tax, food & beverage tax, cigarette tax, etc.)
 - Professional sports development area (PSDA) revenues
 - Ticket fees
 - Specialty license plate fees
 - Interlocal funding
- 9 board members
 - Mix of City and County appointees
- The Executive Director oversees the operations of Lucas Oil Stadium and the Indiana Convention Center. Bankers Life Fieldhouse is operated by the Indiana Pacers, while booking for concerts and other events is outsourced to Live Nation. Victory Field is operated by the Indianapolis Indians of Minor League Baseball.



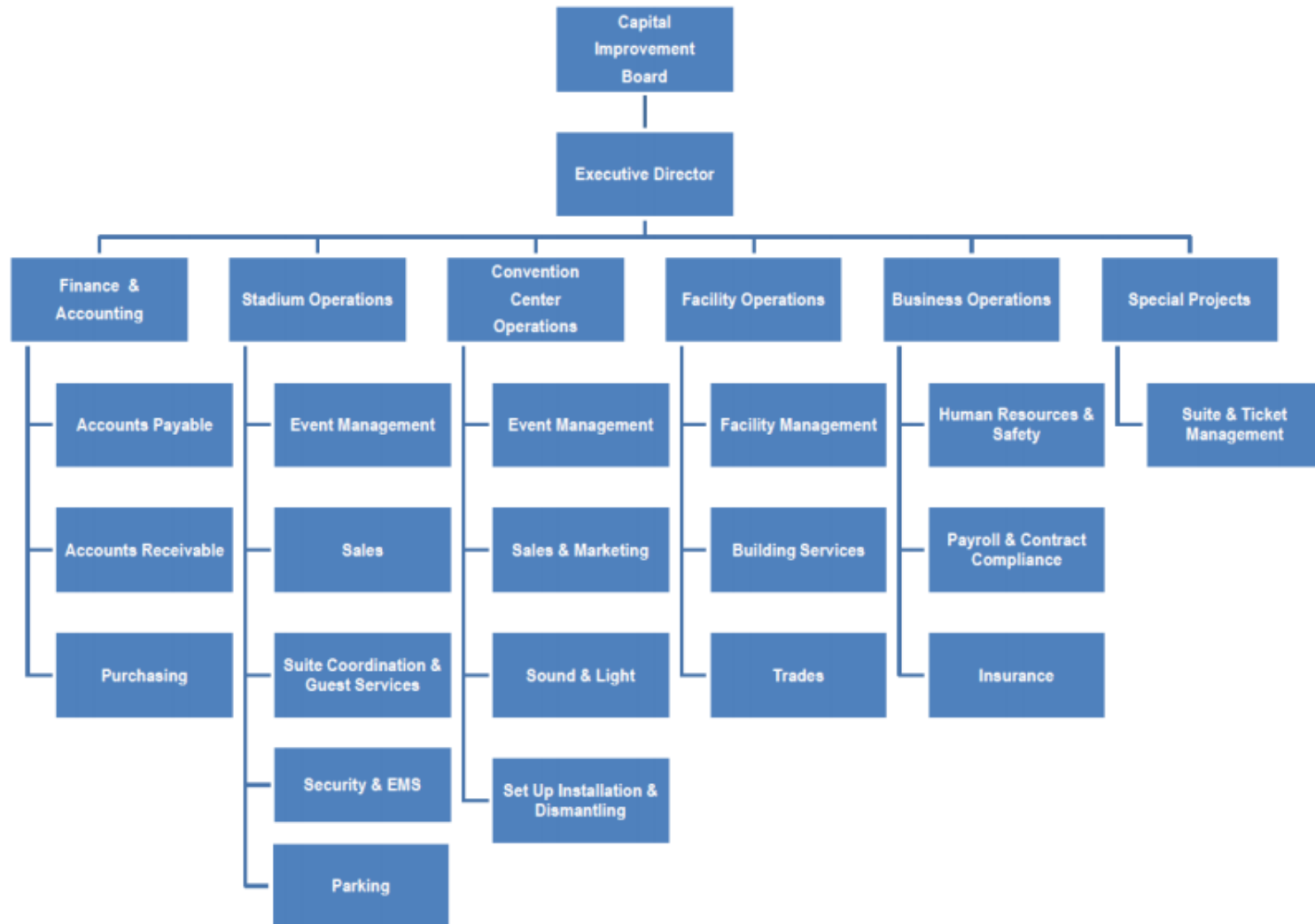
Annual Operations & Financials:

- The Indiana Pacers of the National Basketball Association receive about \$16 million per year from the CIB to cover operating costs and facility upgrades of Bankers Life Fieldhouse.
 - The CIB 2017 budget projects revenues at \$129 million and expenses at \$175 million for a deficit of \$46 million.
 - The City leases Bankers Life Fieldhouse to the Pacers for \$1.00 per year.
 - The facilities hosted a combined 346 events in fiscal year 2016, down from 380 events in fiscal year 2015, and 433 events in fiscal year 2014.
-

Lessons for Fort Wayne:

- The CIB signed an agreement in 2014 with the Indiana Pacers for the CIB to provide funding for ongoing operating costs and facility upgrades for 10 years. This was done in order to ensure that the team stays in Indiana.
- The Pacers keep all game and non-game revenue.
- The CIB operates Lucas Oil Stadium and the Indiana Convention Center. Bankers Life Fieldhouse is operated by the Indiana Pacers, while booking for concerts and other events is outsourced to Live Nation. Victory Field is operated by the Indianapolis Indians of Minor League Baseball.

Organizational Table



Source: Indianapolis CIB

Facilities Operated and/or Owned by the PFD:

- Spokane Veterans Memorial Arena
- Spokane Convention Center
- INB Performing Arts Center



SPOKANE
PUBLIC FACILITIES
DISTRICT

Funding Sources, Board & Staff Structure:

- The PFD is funded from various sources including:
 - Lodging tax
 - Admission tax
 - Venue revenues
- 5 board members
 - 4 County appointees and 1 representative of the lodging industry within the boundaries of the district
- The PFD oversees the operations of all three facilities, but each is fully staffed with some roles shared between the Convention Center and Performing Arts Center.



Annual Operations & Financials:

- The PFD reported nearly 700 major events were held at the three facilities in 2016 for a total attendance of 1,232,683 people.
- The PFD also reported operating revenues of \$14.1 million and operating expenses of almost \$12 million for an operating profit of \$2.2 million.

Lessons for Fort Wayne:

- The PFD has a strong marketing relationship with both the Spokane CVB (Visit Spokane) and Spokane Sports Commission.
- Despite being a smaller market (under 600,000 people in the Spokane MSA) the Spokane Arena has been able to host the NCAA Men's Tournament on multiple occasions and other top tier concerts. The PFD cites strong partnerships with Live Nation and AEG.

Facilities Operated and/or Owned by the TSA:

- Raymond James Stadium
- George Steinbrenner Field
- Amalie Arena
- 3 city golf courses



Funding Sources, Board & Staff Structure:

- The TSA is funded from various sources including:
 - Hillsborough County Community Investment Tax (CIT)
 - Rent from the Tampa Bay Buccaneers and University of South Florida Football
 - Subsidies from Hillsborough County and the City of Tampa
- 11 board members
 - Mix of City and County appointees
- The TSA operates both Raymond James Stadium and the three city golf courses, while Tampa Bay Sports Entertainment (ownership group of the NHL's Tampa Bay Lightning) operate Amalie Arena.



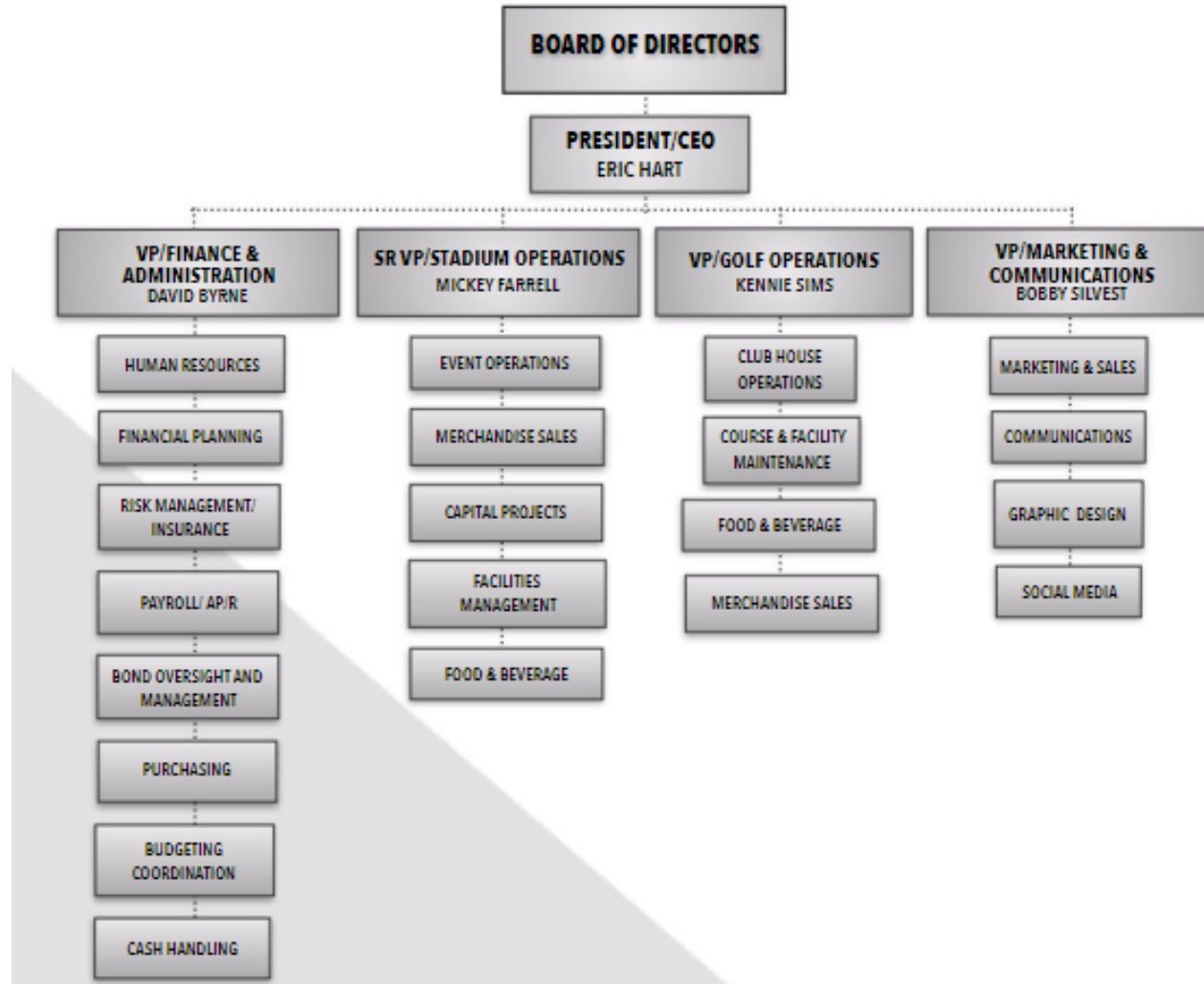
Annual Operations & Financials:

- The TSA is projecting an operating shortfall of over \$2.2 million for fiscal year 2017. As a result Hillsborough County will pay just over \$1.5 million while the City of Tampa pay the remaining balance of about \$750,000 to cover the operating deficit.
- The TSA subleases Amalie Arena to Tampa Bay Sports Entertainment for an annual rent of \$12,000.

Lessons for Fort Wayne:

- According to Pollstar, Amalie Arena has sold the third most tickets of any arena in the country in 2017, and is ranked 15th in the world in ticket sales. In 2015 Tampa Bay Sports Entertainment hired an experienced event manager to oversee all booking for the Arena.

Organizational Table



Source: Tampa Sports Authority

Facilities owned by the OACCA:

- Oracle Arena
- Oakland-Alameda County Coliseum
- Both venues are operated by AEG



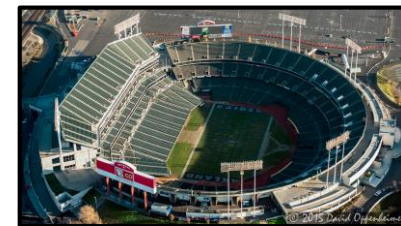
Funding Sources, Board & Staff Structure:

- The OACCA is funded from various sources including:
 - Facility fees
 - Operating subsidy from the County and City
- 8 board members
 - Mix of City and County appointees
- Both Oracle Arena and Oakland-Alameda County Coliseum are operated by AEG Facilities.



Annual Operations & Financials:

- As of June 2016, the OACCA has over \$155 million in loans receivable from the Oakland Raiders. The maturity date of these loans is fiscal year 2036, and there is considerable doubt that the OCCA will be able to collect the full loan amount.
- AEG is compensated solely through an incentive fee which is equal to 12% of AEG generated revenues. In fiscal year 2016 the fee was just over \$1.25 million.



Lessons for Fort Wayne:

- Both Oracle Arena and Oakland-Alameda County Coliseum will be without major tenants in the next few years. The Warriors (2019), the Raiders (2019), and the A's (TBD) will have new stadiums in the Bay Area or out of state. As a result the sustainability of both facilities will be in doubt.
- There is measured optimism from the OACCA regarding the Warriors' departure. They believe that that the facility will generate more revenue for the County because they will collect all the revenues from luxury suites, signage on the building, sponsorships and ticket sales. Additionally they will have more dates available for events. The new home of Warriors (Chase Center in San Francisco) will aggressively market non-sports events.

Facilities owned and/or operated by the GWCCA:

- Georgia World Congress Center
- Centennial Olympic Park
- Savannah International Trade & Convention Center
- Mercedes-Benz Stadium



Funding Sources, Board & Staff Structure:

- The GWCCA is funded from various sources including:
 - Facility revenues
 - Atlanta CVB hotel and motel tax
- 15 board members
 - Appointed by the Governor of Georgia
- The new Mercedes-Benz Stadium will be operated by the Atlanta Falcons of the NFL while the other facilities are operated by the GWCCA.



Annual Operations & Financials:

- The GWCCA reported hosting over 520 events in fiscal year 2016 and receiving 2.7 million visitors which generated an economic impact of over \$1.5 billion.
- GWCCA operating revenues eclipsed \$104.5 million for fiscal year 2016 and netted over \$8.8 million in operating profit.



Lessons for Fort Wayne:

- The GWCCA recently underwent a structural change in the organization. As a result the focus has shifted towards revenue generation for the City and the State of Georgia.
- All GWCCA facilities benefit from being in one of the largest markets in the United States.
- The new Mercedes-Benz Stadium will be operated by the Atlanta Falcons of the NFL while the other facilities are operated by the GWCCA.

Organizational Vision Since Structural Reorganization

New Governance Committees shaping the Authority's future

Through the process of reorganization, Internal Governance Committees were created in FY16 to support the Authority's new structure. These committees, headed by team members from various departments, cater to an area or subject matter influencing the achievement of the Authority's 2020 Vision strategic plan. The teams are tasked with seeking innovative solutions and routinely provide updates to the Executive Committee and Board of Governors.



Culture and Values

Define the GWCCA's values and strategically

integrate them to further develop the organization's corporate culture. FY16 Highlight: Established the 4Bs: Be One, Be Stewards, Be Honest, and Be Dynamic.



Growth and Innovation

Effectively generate new business ideas, new revenue

streams, and new products and services to enhance the profitability of the Authority and positively affect the customer experience. FY16 Highlight: Created Peach Assist, a real-time text platform for exhibitors.



Event Review

Create a process for accurate, useful and consistent post-event financial

and operational reporting. FY16 Highlight: Developed an organizational scorecard to consistently track event performance.



Customer Experience

To continually enhance GWCCA's client experience

and ensure the company is taking a customer-centric view. FY16 Highlight: Created a new customer survey that will cater to specific audiences. The customized survey yields better data and improves the gathering of feedback.



Talent Task Force

Effectively plan for future recruitment, development and

retention of top talent. FY16 Highlight: Created new recruiting videos that highlight opportunities within the Public Safety, Building Services, and Engineering departments, all competitive positions in the market. These videos tell the Authority's story, promoting the organization's status as an employer of choice.

VALUES

These four values shape every part of our culture and along with our Vision provide the foundation that guides every action and decision.

BE ONE

WE ACHIEVE TOGETHER.

BE HONEST

WE HOLD OURSELVES AND OTHERS ACCOUNTABLE TO THE HIGHEST ETHICAL STANDARDS.

BE STEWARDS

WE ARE FOCUSED ON SAFETY AND COMMITTED TO SERVING OUR CUSTOMERS, COMMUNITY, ENVIRONMENT AND EACH OTHER.

BE DYNAMIC

WE SEIZE THE EVER-CHANGING, INTENSE AND EXHILARATING ENVIRONMENT IN WHICH WE LIVE AND WORK.

Facilities owned and/or operated by the ARCCA:

- James Brown Arena
- Bell Auditorium



Funding Sources, Board & Staff Structure:

- The ARCCA is funded from various sources including:
 - Augusta hotel and motel tax
- 7 board members
 - Appointed by the County
- Both facilities are operated by Spectra Venue Management.



Annual Operations & Financials:

- Spectra booked 129 events in fiscal year 2016 and brought in more than 290,000 visitors.
- According to Spectra's 2016 annual report, "operating deficit has decreased from \$1,184,112 in fiscal year 2009 to \$528,657 in fiscal year 2016."



Lessons for Fort Wayne:

- A recent feasibility study concluded that the James Brown Arena was in need of at least \$25 million in upgrades to be sustainable for the next decade or so. The study also found that a new arena with a capacity of 10,000 people would cost about \$110 million. This modern arena would include premium seating amenities and additional exhibit and expo space.
- The ARCCA is moving forward with plans to build a new arena to replace James Brown Arena, but has only secured \$6 million in public funding through a special purpose local option sales tax (SPLOST). There are no other funding sources that have been confirmed.

3. FORT WAYNE EVENT CENTER MANAGEMENT RECOMMENDATIONS

After extensive review of various operating models and comparative case studies, Victus Advisors identified three primary options (described below) that the Capital Improvement Board should carefully consider in regards to a new downtown event center:

- **Stand-Alone** - The potential downtown event center could be operated independently of any other facility in the City or County, either by a public operating staff or a private operator under contract management. In either case, the operating staff would be competing directly with the War Memorial Coliseum for arena events and would not be able to share operating efficiencies with an attached and co-operated Grand Wayne Center.
- **Operated in conjunction with (and attached to) the Grand Wayne Center** - The potential downtown event center could be publicly operated by a joint operating staff with the attached Grand Wayne Convention Center. The two facilities would be connected via sky bridge, and could not only share operational staff/resources, but also develop incremental event activity for the Convention Center via flat floor events and larger convention activities that might require arena seating.
- **Operated in Conjunction with the Grand Wayne Center and War Memorial Coliseum via a Joint Powers Authority (JPA)** - Under this scenario, the potential downtown event center, the Grand Wayne Center, and War Memorial Coliseum could be publicly operated by either the Capital Improvement Board or a newly formed City/County joint powers authority.

3. FORT WAYNE EVENT FACILITY MANAGEMENT RECOMMENDATIONS (CONT.)

Each scenario has pros and cons which are detailed below:

1. Stand-Alone

Pros

- A private operator could potentially network their existing facility relationships to leverage event bookings and could have more leverage and flexibility in negotiations than a typical public operator

Cons

- Facility management fees (if private ops.)
- Operators would compete directly with Grand Wayne Center, War Memorial Coliseum, and other facilities for events
- Less access to public use (if private)
- Would likely need dedicated revenue source to sustain operations, even with private management
- No efficiencies from co-operation with other public venues

2. Co-Operated w/ GWC

Pros

- Greater staffing resources and efficiencies than stand-alone options
- No management fees for public operation
- Incremental event options for the GWC because of skybridge connection

Cons

- Operators would compete directly with War Memorial Coliseum for arena events
- Would likely need dedicated revenue source to sustain operations and fund an annual capital reserve.

3. Operated by JPA (3 Facilities)

Pros

- Greater staffing resources/efficiencies
- No management fees for public ops.
- Aligned vision between City and County
- Incremental event options for the GWC because of skybridge connection
- Limit competition between downtown event center and War Memorial Coliseum
- Community's best interests at heart

Cons

- Would require significant negotiation and long-term legal agreements between the City and County

3. FORT WAYNE EVENT FACILITY MANAGEMENT RECOMMENDATIONS (CONT.)

Ultimately, we believe that option number three (Operated in Conjunction with the Grand Wayne Center and War Memorial Coliseum via a Joint Powers Authority) would be the recommended operating model if the proposed downtown event center were built in Fort Wayne. If politically feasible, this option would reduce risk by eliminating competition between public venues, maintaining the jobs of existing public employees, and uniting operating goals/efforts behind what is best for the region.

To the extent possible, we recommend that the CIB, City, and County negotiate a joint oversight and operating structure that could utilize existing operating staff, while incentivizing them to maximize both usage and operations for the overall entity, rather than any one venue as a stand-alone.

At a minimum, we recommended that the joint operating authority identifies an Executive Director to oversee the combined operations of the entities. It is also recommended that booking activities for the facilities should be shared across the venues, so there is no incentive other than to place each event in the venue that best serves the event's needs.



SECTION 9 PRO FORMA ANALYSIS & CAPITAL NEEDS

In addition to the event/attendance assumptions developed earlier in this report, the following key assumptions were utilized by Victus Advisors in order to develop financial operating projections for a new downtown event center in Fort Wayne:

- The event center will be owned by the public sector and exempt from property taxes. We have assumed it will be operated by a qualified and experience public management staff.
- The Fort Wayne Mad Ants will be a tenant and pay annual rent in exchange for game day control (including ownership of their game day revenue streams such as ticket sales, food/beverage, merchandise, in-game sponsorships/signage; as well as responsibility for their game day expenses) for approximately 25 game days per year. As such, Mad Ants game day revenues and expenses have not been included in the financial projections on the next pages.
- No assumptions have been made yet for debt service or capital improvement funds.
- The facility will offer competitive regional/national event center rental rates and aggressively market to 3rd-party events.
- The facility should be designed foremost with sports events and concerts/entertainment events in mind, however we have assumed that the event center would not have ice making capabilities (unlike the War Memorial Coliseum).
- The event center will have approximately between 5,000 and 6,000 fixed seats.
- The event center will have approximately ten (10) private suites, two (2) party suites, ten (10) loge boxes, and 450 club seats... with approx. 90% of inventory leased.
- These projections are based on current market circumstances, and therefore assume that there will be no major changes to the Fort Wayne event market or available facilities.

SCENARIO 1 - STAND-ALONE

In a stabilized year of operations, it is estimated that operations of the proposed event center as a stand-alone facility could result in an operating loss of approximately \$470,000, prior to any debt service payments or capital reserve funds.

| | New Event Center Operations |
|------------------------------------|-----------------------------|
| Revenues: | |
| Rental Income | \$620,000 |
| Catering/Concessions Revenue (net) | \$195,800 |
| Luxury Seating Premiums | \$702,500 |
| Naming Rights & Sponsorships | \$500,000 |
| Convenience Charge Rebates | \$81,648 |
| Total - Net Revenue: | \$2,099,948 |
| Expenses: | |
| Payroll & Related Expenses | \$1,420,000 |
| Utilities | \$409,000 |
| Advertising & Promotions | \$175,000 |
| Repairs & Maintenance | \$254,000 |
| Professional Services | \$82,000 |
| General Insurance | \$67,000 |
| Supplies | \$120,000 |
| Other | \$42,000 |
| Total - Expenses: | \$2,569,000 |
| Net Operating Income: | (\$469,052) |

Note: Represents a stabilized year of operations. Shown in 2017 dollars.

SCENARIO 2 - ATTACHED TO AND CO-OPERATED WITH GRAND WAYNE CENTER

In a stabilized year of operations, it is estimated that the combined operations of the proposed event center and Grand Wayne Center could experience approximately \$17,000 in net operating loss, prior to debt service obligations or capital needs.

Relative to the stand-alone model, It is assumed that the new event center would have decreased operating costs due to sharing resources with the GWC, and that event activity would be increased due to convention support capabilities made possible via a skybridge attaching the two venues.

| | Grand Wayne Center (1) | Increment from New Event Center | Combined Operations |
|------------------------------------|---------------------------|---------------------------------------|------------------------|
| Revenues: | | | |
| Innkeeper's Tax (net to GWC) | \$3,745,839 | - | \$3,745,839 |
| Rental Income | \$909,062 | \$640,000 | \$1,549,062 |
| Catering/Concessions Revenue (net) | \$506,019 | \$202,800 | \$708,819 |
| Interest/Other Income | \$31,664 | - | \$31,664 |
| Luxury Seating Premiums | - | \$702,500 | \$702,500 |
| Naming Rights & Sponsorships | - | \$500,000 | \$500,000 |
| Convenience Charge Rebates | - | \$81,648 | \$81,648 |
| Total - Net Revenue: | \$5,192,584 | \$2,126,948 | \$7,319,532 |
| Expenses: | | | |
| Payroll & Related Expenses | \$2,201,089 | \$1,287,000 | \$3,488,089 |
| Utilities | \$580,696 | \$438,000 | \$1,018,696 |
| Advertising & Promotions | \$302,816 | \$147,000 | \$449,816 |
| Repairs & Maintenance | \$339,417 | \$226,000 | \$565,417 |
| Professional Services | \$107,693 | \$99,000 | \$206,693 |
| General Insurance | \$88,379 | \$62,000 | \$150,379 |
| Supplies | \$171,432 | \$98,000 | \$269,432 |
| Other | \$85,691 | \$28,000 | \$113,691 |
| Lease payments (accrued) | \$825,000 | - | \$825,000 |
| Harrison Square Pledge (accrued) | \$250,000 | - | \$250,000 |
| Total - Expenses: | \$4,952,214 | \$2,385,000 | \$7,337,214 |
| Net Operating Income (2): | \$240,370 | (\$258,052) | (\$17,682) |

Note: Represents a stabilized year of operations. Shown in 2017 dollars.

(1) Represents average of actual ('16), projected ('17), and budgeted ('18) annual operations as provided by GWC staff

(2) Before debt service and capital expenditures

SCENARIO 3 - OPERATED BY A JOINT POWERS AUTHORITY

In a stabilized year of operations, it is estimated that the combined operations of the proposed event center, Grand Wayne Center, and War Memorial Coliseum could generate approximately \$144,000 in net operating income, prior to any event center debt service payments or capital needs.

| | Grand Wayne Center (1) | Estimated War Memorial Coliseum (2) | Increment from New Event Center | Combined Operations |
|------------------------------------|---------------------------|---|---------------------------------------|------------------------|
| Revenues: | | | | |
| Innkeeper's Tax (net to GWC) | \$3,745,839 | - | - | \$3,745,839 |
| Parking | - | \$1,367,373 | - | |
| Rental Income | \$909,062 | \$946,676 | \$740,000 | \$2,595,738 |
| Catering/Concessions Revenue (net) | \$506,019 | \$1,074,182 | \$282,800 | \$1,863,001 |
| Interest/Other Income | \$31,664 | \$821,316 | - | \$852,980 |
| Luxury Seating Premiums | - | \$646,986 | \$702,500 | \$1,349,486 |
| Naming Rights & Sponsorships | - | \$344,803 | \$500,000 | \$844,803 |
| Convenience Charge Rebates | - | - | \$115,344 | \$115,344 |
| Total - Net Revenue: | \$5,192,584 | \$5,201,336 | \$2,340,644 | \$12,734,564 |
| Expenses: | | | | |
| Payroll & Related Expenses | \$2,201,089 | \$3,695,630 | \$1,147,000 | \$7,043,720 |
| Utilities | \$580,696 | \$679,134 | \$438,000 | \$1,697,830 |
| Advertising & Promotions | \$302,816 | \$97,816 | \$161,000 | \$561,633 |
| Repairs & Maintenance | \$339,417 | \$313,920 | \$226,000 | \$879,337 |
| Professional Services | \$107,693 | \$91,766 | \$99,000 | \$298,459 |
| General Insurance | \$88,379 | \$300,936 | \$62,000 | \$451,315 |
| Supplies | \$171,432 | \$160,766 | \$98,000 | \$430,199 |
| Other | \$85,691 | \$39,005 | \$28,000 | \$152,696 |
| Lease Payments (accrued) | \$825,000 | - | - | \$825,000 |
| Harrison Square Pledge (accrued) | \$250,000 | - | - | \$250,000 |
| Total - Expenses: | \$4,952,214 | \$5,378,973 | \$2,259,000 | \$12,590,188 |
| Net Operating Income (3): | \$240,370 | (\$177,637) | \$81,644 | \$144,377 |

Note: Represents a stabilized year of operations. Shown in 2017 dollars.

(1) Represents average of actual ('16), projected ('17), and budgeted ('18) annual operations as provided by GWC staff

(2) Represents estimated War Memorial Coliseum based off 2016 operating data provided by staff and future assumptions explained in the following pages.

(3) Before debt service and capital expenditures

Revenue generated by the proposed downtown event center in Fort Wayne is expected to consist primarily of rent, reimbursable event expenses, concessions, convenience charge rebates, and naming rights and sponsorships. A brief description of each revenue source is provided below.

RENTAL INCOME:

Scenario 1 (Stand-Alone): Facility rent for ticketed events is typically the largest revenue source for a multi-purpose venue. Facility rental agreements will incorporate either a flat rental rate or a percentage of gate receipts generated by the event, subject to negotiations with each event organizer. Based upon Victus' Event Demand Projections (found in Section 7), the proposed downtown event center is projected to generate \$620,000 in rental revenue from ticketed events in a stabilized year with stand-alone operations. Please note that these rates are meant to be higher than the Coliseum's rates (reflecting a newer facility in a premium downtown location), while remaining lower than typical rates in other regional markets (reflecting competitive feedback from regional/national event promoters).

| <u>Event</u> | <u>Rental Rate Per Event/Day</u> |
|-------------------------------|--------------------------------------|
| Fort Wayne Mad Ants | \$15,000 |
| Concerts & Entertainment Acts | \$15,000 |
| Family Shows | \$10,000 |
| Non-Tenant Sports Events | \$10,000 |
| Flat Floor Shows | \$2,500 |
| Community & Banquets/Meetings | \$500 |

Note: Sorted by Rental Rate Per Event/Day in descending order

Scenario 2 (Co-operated with Grand Wayne Center): In this scenario, we assumed that there would be an increase in rental income due to an increase in flat floor shows and other convention support events.

Scenario 3 (Operated By Joint Powers Authority): In this scenario, we assumed a substantial increase in rental income via shared booking between the Coliseum and the proposed downtown event center. However, since most of these events would be a transfer from the Coliseum, the Coliseum could see a decrease in rental income (if its books were kept separately).

In addition, venues are typically reimbursed for event day costs incurred during ticketed events. Event day costs include expenses associated with ticket receivers, ushers, security, event turnover crews, materials, supplies, and other pertinent expenses. We have assumed that the Mad Ants would be responsible for their own event day revenues and expenses, and that other ticketed events would reimburse the facility for their event costs (at the cost incurred).

CONCESSIONS REVENUE:

Scenario 1 (Stand-Alone): Concessions revenue consists of sales of various food and beverage items at concession stands throughout the facility. Revenue assumptions are based on estimated usage and attendance (not including Mad Ants games, where they have been assumed to control revenues/expenses on game days). Based on industry trends, the profit margin on concession operations is generally in the range of 35 to 40 percent of gross sales, with the remaining percentage being allocated to the vendor to cover the cost of labor and products and to provide a profit. In most venues, the venue retains all, or a very significant portion, of the net concessions revenue after sharing agreements with the concessionaire. The per capita spending assumption we have utilized for food and beverage (except on Mad Ants game days) ranges between \$2.00 and \$6.00, which is comparable with similar venues in the United States.

Scenario 2 (Co-operated with Grand Wayne Center): In this scenario, we assumed that there would be an increase in catering/concessions revenue due to an increase in attendance from flat floor shows.

Scenario 3 (Operated By Joint Powers Authority): In this scenario, we assumed a substantial increase in catering/concessions revenue due to an increase in concert events and attendance. However, since most of these events would be a transfer from the Coliseum, that facility would see a considerable decrease in catering/concessions revenue (if its books were kept separately).

CONVENIENCE CHARGE REBATES:

Event centers and other such sports/entertainment venues often utilize a third-party ticket seller (such as Ticketmaster, Ticketfly, Tickets.com, etc.) to handle non-box office ticket sales for their events. Ticket sellers generally collect a convenience charge on each ticket sold, a portion of which can be rebated to the event center. For this analysis, we have assumed that convenience charges would be levied on Mad Ants tickets (\$8.00 per ticket) and other ticketed events (up to \$6.00), with 30% of collections rebated to the facility. These assumptions are in line with comparable facilities in the U.S.

Alternatively, for any ticket sales that are handled through the facility's box office, many venues will charge additional box office transaction fees (or facility fees) per ticket. Fees can commonly range from \$1.00 to \$5.00 per ticket sold, depending on the facility. However, for purposes of this study, we have assumed the majority of ticket sales would be handled by a third-party seller, and thus we have only shown convenience charge rebates as the primary source of ticket fee revenue.

NAMING RIGHTS & SPONSORSHIPS:

Facility naming rights, sponsorships and advertising are important sources of arena revenue, especially when they are publicly owned. Most multi-use arenas and sports facilities have a single naming rights partner for the overall building, which is typically the highest-priced sponsorship in the venue, as well as multiple additional sponsors and advertisers who support the venue via interior signage and in-venue activation:

- **Naming Rights Partner** - The below chart summarizes the lead naming rights agreement for comparable facilities and G League venues with publicly available naming rights terms.

NAMING RIGHTS OVERVIEW FOR COMPARABLE & G LEAGUE VENUES

| Arena/Event Center | City, State | Buyer | Industry | MSA Population | Total Price (million) | Term (years) | Average Annual Cost |
|--------------------------|---------------------|-----------------------|------------------|-------------------|-----------------------------|-----------------|---------------------------|
| Dreamstyle Arena | Albuquerque, NM | Dreamstyle Remodeling | Home Improvement | 915,897 | \$10.0 | 10 | \$1,000,000 |
| CenturyLink Center Arena | Omaha, NE | CenturyLink | Communications | 925,061 | \$14.0 | 15 | \$934,000 |
| Sears Centre | Hoffman Estates, IL | Sears | Retail | 9,680,659 | \$1.8 | 3 | \$600,000 |
| Wells Fargo Arena | Des Moines, IA | Wells Fargo | Bank/Finance | 611,549 | \$11.5 | 20 | \$575,000 |
| Santa Ana Star Center | Albuquerque, NM | Santa Ana Star Casino | Casino | 915,897 | \$2.5 | 5 | \$500,000 |
| Intrust Bank Arena | Wichita, KS | Intrust Bank | Bank/Finance | 654,135 | \$8.8 | 25 | \$350,000 |
| Erie Insurance Arena | Erie, PA | Erie Insurance | Insurance | 278,443 | \$3.0 | 10 | \$300,000 |
| Covelli Centre | Youngstown, OH | Covelli Enterprises | Restaurant | 550,695 | \$0.6 | 3 | \$200,000 |
| Budweiser Events Center | Loveland, CO | Anheuser-Busch | Beverage | 323,793 | \$1.5 | 20 | \$75,000 |
| Average | | | | 1,650,681 | \$6.0 | 12 | \$503,778 |
| Median | | | | 654,135 | \$3.0 | 10 | \$500,000 |

Sources: Esri, Victus Research

As shown above, the comparable naming rights agreements that we analyzed have an average annual value of approximately \$504,000 per year, for an average term of approximately 12 years, with an average total contract value of \$6.0 million. However, it should also be noted that the average market size for these facilities is about 647,000 people (not including Chicago MSA), versus the Fort Wayne market with approximately 432,700 people. Based upon this analysis of comparable agreements, we have assumed that a new downtown event center in Fort Wayne could generate approximately \$300,000 per year for corporate naming rights over the course of a 10 year term (\$3.0 million total).

NAMING RIGHTS & SPONSORSHIPS (CONT.):

- **Other Sponsorships & Advertising** - In addition to a naming rights partner, event centers also generate sponsorship and advertising revenues that are derived from the sale of signage related to scoreboards, scorer's table, concourse, interior and exterior fascia, courtside, dasher boards, outdoor marquee displays and promotions. Ultimately, the rates the proposed Fort Wayne venue is able to charge for sponsorships and advertising will rely on several factors including the total estimated number of events and total attendance, the number of televised events at the arena, and the amount of tie-ins such as program advertising and public address announcements that are included with advertising packages.

We have conservatively assumed that a new downtown event center could generate approximately \$200,000 in additional sponsorship and advertising revenue, in addition to their major naming rights partnership. Please note, it is assumed that sponsorship and advertising revenue controlled by the facility would include naming rights, founding partnerships, and other permanent building signage such as the scoreboard signage, fascia signage, and concourse signage. Whereas we have assumed that game day sponsorships, including digital advertisement and other non-permanent sponsorship and advertising, would be allocated to the Fort Wayne Mad Ants. Additionally, with the existence of War Memorial Coliseum, the market is already saturated somewhat with sponsorship and advertising inventory.

Operating expenses expected to be generated by the operations of the proposed event center in Fort Wayne include payroll and related expenses, utilities, and other operating expenses. A brief description of each major source of expense is provided below.

PAYROLL & RELATED EXPENSES:

Scenario 1 (Stand-Alone): Salary and wage estimates are based on typical staffing levels for comparable facilities, industry average salaries and wages (adjusted for Indiana cost of living), and local socioeconomic characteristics. Estimated salaries and wages are assumed to account for full- and part-time operating staff for which expenses are not directly reimbursed by facility users. It is assumed that functions such as food, beverages, and catering would be outsourced to a third-party experience in food service operations. Victus' staffing, salary, benefit, and wage projections are consistent with comparable venues that we analyzed. For the stand-alone model, we have assumed 15 full-time employees, including a General Manager, Finance Director, HR Manager, Sales and Marketing/Communications Managers, Box Office Manager, Operations Manager, and other administrative support and technical staff, as well as part-time labor.

Scenario 2 (Co-operated with Grand Wayne Center): In this scenario, we assumed that there would 14 full-time employees including a Director of Operations, Engineering Assistant, Assistant General Manager, Accountant, Sales and Marketing/Communications Managers, Operations Manager, Assistant Box Office Manager, and other administrative support and technical staff, as well as part-time labor.

Scenario 3 (Operated By Joint Powers Authority): In this scenario, we assumed that there would 12 full-time employees including a Director of Operations, Engineering Assistant, Assistant General Manager, Accountant, Operations Manager, Assistant Box-office Manager, and other administrative, marketing, and technical support staff, as well as part-time labor. Because it is assumed that booking would be shared between the Coliseum and the downtown event center, we have assumed that no additional event booking staff would be necessary.

UTILITIES:

Scenarios 1 & 2: Utilities often represent one of the largest expenses incurred by facility operators. Cost estimates for utilities include use of electricity, gas, water, and steam. Estimates also account for potential square footage. The assumed rate is more than \$2.40 per square foot which is consistent with comparable venues in the Midwest.

Scenario 3 (Operated By Joint Powers Authority): In this scenario, we assumed that utilities expense at War Memorial Coliseum would about \$100,000 less from its 2016 operations. This would be due to a decrease in attendance and events which would shift to the downtown event center.

OTHER EXPENSES:

Scenarios 1 & 2: Other expenses expected to be incurred by the facility include general and administrative expenses, repairs and maintenance, materials and supplies, advertising, insurance and other such expenses. The projection of \$740,000 for these expenses is comparable to similar venues in the United States.

Scenario 3 (Operated By Joint Powers Authority): In this scenario, we assumed that other expense at War Memorial Coliseum would decrease from its 2016 operations. This would be due to a decrease in attendance and events which would shift to the downtown event center.

With combined operations of the proposed event center, the Grand Wayne Center, and the Coliseum, it is expected that the combined entity would generate positive annual net operating income, although it is not expected that annual operating income could reliably be depended upon for funding a long-term capital reserve fund for the new event center. Current industry best practices for long-term capital needs is to annually contribute an amount equal to at least 0.5% of facility construction costs (or approximately \$525,000 in Year 1, increased annually for inflation) to a reserve fund. This capital reserve fund can be drawn upon by facility owners/operators to pay for necessary capital maintenance and improvements as the facility ages. However, as shown below, it is not expected that combined facility operations could generate enough net operating income to fund this capital reserve. As such, the CIB should consider alternative sources for capital reserve funding for a new event center.

| Operating Year: | | 1 | 2 | 3 | 4 | 5 | 10 | 15 | 20 | 25 | 30 |
|---|--|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|
| COMBINED ANNUAL OPERATIONS | Est. Operating Revenue* | \$12,949,907 | \$12,842,236 | \$12,734,564 | \$13,116,601 | \$13,510,099 | \$15,661,908 | \$18,156,444 | \$21,048,295 | \$24,400,742 | \$28,287,148 |
| | Est. Operating Expenses | (\$12,590,188) | (\$12,590,188) | (\$12,590,188) | (\$12,967,893) | (\$13,356,930) | (\$15,484,343) | (\$17,950,597) | (\$20,809,662) | (\$24,124,101) | (\$27,966,445) |
| | Projected Net Operating Income | \$359,719 | \$252,048 | \$144,377 | \$148,708 | \$153,169 | \$177,565 | \$205,847 | \$238,633 | \$276,641 | \$320,703 |
| CAPITAL RESERVE FUNDING: 0.50% | Less: Annual Capital Reserve Funding | (\$524,607) | (\$540,345) | (\$556,556) | (\$573,252) | (\$590,450) | (\$684,493) | (\$793,515) | (\$919,902) | (\$1,066,418) | (\$1,236,271) |
| | Net Income after Capital Reserve | (\$164,888) | (\$288,297) | (\$412,179) | (\$424,544) | (\$437,280) | (\$506,928) | (\$587,668) | (\$681,269) | (\$789,777) | (\$915,568) |
| | Cumulative Capital Reserve Contributor | \$524,607 | \$1,064,952 | \$1,621,508 | \$2,194,760 | \$2,785,210 | \$6,014,031 | \$9,757,120 | \$14,096,386 | \$19,126,785 | \$24,958,395 |

Notes to Operating Model:

- Years 1 through 3 presented in 2017 dollars. 3% annual inflation begins in year 4.
- Revenue: Year 3 represents stabilized revenue year, whereas Years 1 and 2 represent "honeymoon" period.
- Expenses - Operating expenses held stable for Years 1 through 3.

Notes to Capital Reserve Model:

- 0.50% reserve funding scenario represents 0.50% of estimated facility construction costs, plus 3% annual inflation, contributed annually to a capital reserve fund.
- Cumulative Capital Reserve is a conservative calculation of potential available funds, as no assumptions have been made for potential returns from holding Reserve Funds in an investment account or interest-bearing account.

As noted in Section 3, both the Grand Wayne Center and War Memorial Coliseum have had significant capital expenditures over the last 10 years, which have been funded primarily by the PSCDA, as well as surplus facility operating income. It is anticipated that these expenditures will continue to increase in future years as both the GWC and Coliseum continue to age.

GWC - Capital Expenditures Since 2013

| Year | PSCDA Funds | Less: Debt Service Payments | Less: Capital Expenditures | Funds Drawn From Net Operating Income |
|---------------|--------------------|-----------------------------|----------------------------|---------------------------------------|
| 2018 | \$400,000 | (\$175,000) | (\$800,000) | (\$575,000) |
| 2017 | \$426,000 | (\$175,000) | (\$567,358) | (\$316,358) |
| 2016 | \$362,269 | (\$175,000) | (\$187,269) | \$0 |
| 2015 | \$573,896 | (\$175,000) | (\$517,950) | (\$119,054) |
| 2014 | \$318,469 | (\$175,000) | (\$143,469) | \$0 |
| 2013 | \$307,635 | (\$175,000) | (\$132,635) | \$0 |
| Total: | \$2,388,269 | (\$1,050,000) | (\$2,348,681) | (\$1,010,412) |

Source: Grand Wayne Convention Center Staff

(1) Budgeted

(2) Projected

Over the last 6 years (including 2017 and 2018) \$3.4 million has been paid to service debt and fund capital improvements at the Grand Wayne Center. Of that, approximately \$2.4 million has been funded via the PSCDA. GWC has or will have drawn the remaining \$1 million from net operating surpluses as seen above. Furthermore, Grand Wayne staff estimates that the GWC will require more than \$7 million in of capital improvement expenditures over the next 10 years.

Coliseum - Capital Expenditures Since 2007

| Year | Capital Improvements | New Capital Projects |
|--------------------|----------------------|----------------------|
| 2016 | \$3,535,752 | |
| 2015 | \$3,980,925 | \$16,185,000 * |
| 2014 | \$4,663,668 | |
| 2013 | \$1,808,210 | |
| 2012 | \$2,726,467 | |
| 2011 | \$1,244,538 | |
| 2010 | \$1,865,800 | |
| 2009 | \$6,888,112 | |
| 2008 | \$1,505,121 | |
| 2007 | \$740,830 | |
| Sub-totals: | \$28,959,423 | \$16,185,000 |
| Total: | \$45,144,423 | |

*Conference Center addition estimate - includes FF&E

Note: 2001 roof renovation was an additional \$35 million

Over the last 10 years Allen County has spent over \$45 million dollars in PSCDA funds on capital improvement projects at the Coliseum. PSCDA funds have been utilized for: roof restructuring, office renovation, concourse renovations, and Conference Center addition.



SECTION 10 ECONOMIC/FISCAL IMPACTS & ECONOMIC DEVELOPMENT

Please note the following key sources for the data utilized in developing this economic and fiscal impact analysis:

- **CONSTRUCTION IMPACTS** - Construction cost estimates displayed in this analysis were developed by Sink Combs Dethlefs and Elevatus Architecture.
- **OPERATIONAL IMPACTS** - Operational estimates for the downtown event center were developed by Victus Advisors, and this economic impact model is based upon our recommended co-operation model where the Event Center, Grand Wayne Center, and the Coliseum are operated under a joint authority.

Our economic/fiscal impact analysis was conducted in four (4) steps:

- 1) Estimate Gross Direct Spending
- 2) Identify the Local Economy
- 3) Estimate Net Impacts Occurring within Local Economy
- 4) Estimate the Multiplier Effect

1. ESTIMATE GROSS DIRECT SPENDING

The first step in projecting the potential economic and fiscal impacts of a new downtown event center is estimating the Gross Direct Spending activity that could occur due to both the one-time construction and on-going operations of the event center.

Gross Direct Spending represents all of the direct spending that could be associated with the project, regardless of income source or spending location.

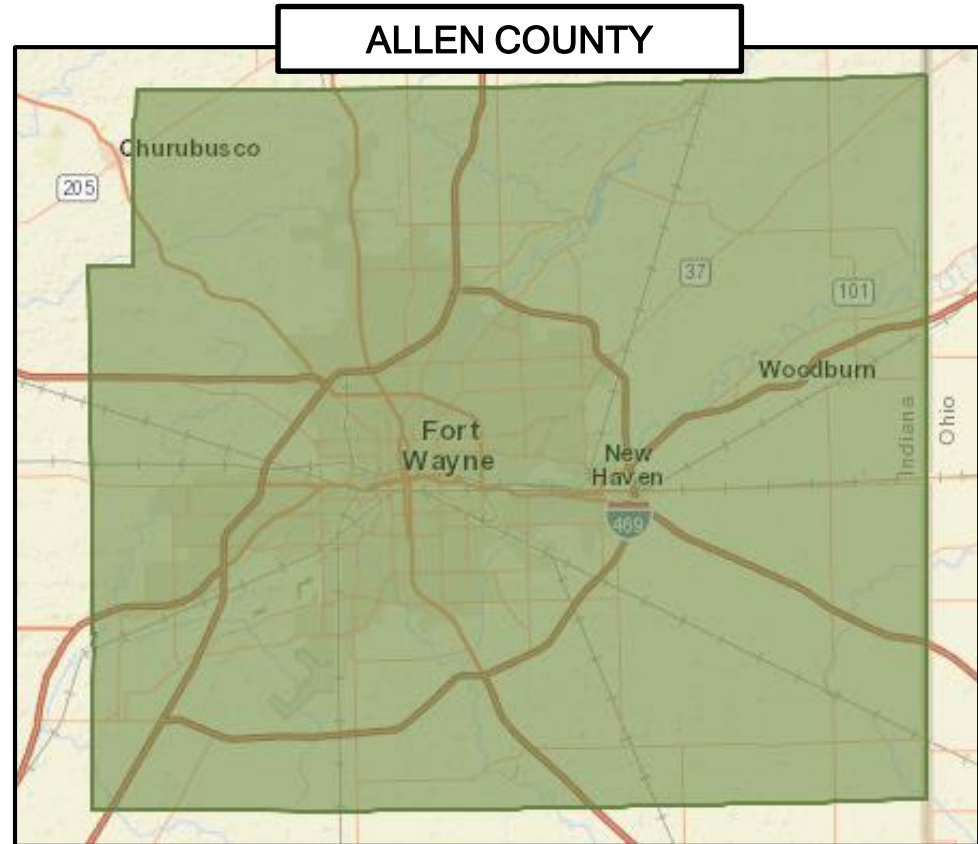
Primary Sources of Direct Spending from Event Center

| One-Time Construction Expenditures | On-Going Facility Operations | |
|---|---|--|
| Supplies & Materials Labor Costs Service Fees | <i>In-Facility Revenues:</i> Ticket Sales Premium Seating Concessions/Catering Sponsorships/Advertising | <i>Visitor Spending:</i> Lodging Restaurants/Bars Entertainment Retail Transportation |

For purposes of this study, Victus Advisors has been tasked with identifying the potential economic and fiscal impacts on Allen County.

Therefore, the local economy studied in this analysis is the physical area solely within the limits of Allen County (as shown at right).

As described on the next page, “Net” Direct Spending only occurs when the spending source originates outside of County limits and occurs within the County’s limits.



Source: Esri

After estimating the “Gross” economic activity associated with the event center, Victus Advisors estimated the portion of Gross Direct Spending that could represent incremental (or “Net”) spending within the County’s economy. Net Direct Spending accounts for the phenomenon of “displacement”, as described below.

DISPLACEMENT is the economic principle that assumes a household (or business) entertainment and recreation budget would be spent within the local economy with or without development of a new event center.



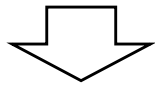
For purposes of this study, we have assumed that local entertainment spending would be displaced (i.e. spent elsewhere within the Allen County economy) without the presence of the downtown event center. Therefore...



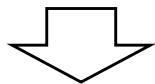
NET IMPACTS will only include the estimated dollars spent within County limits by non-resident visitors and businesses located outside of Allen County.

Net Direct Spending that is captured in Allen County is subsequently re-spent, both inside and outside the local economy. The cumulative impact of the re-spending cycles that occur within County limits is called the “Multiplier Effect”.

| Initial Direct Spending | Construction | Facility Revenues & Visitor Spending |
|-------------------------------|-------------------------------------|--|
| | Labor, Materials, Services, etc. | Tickets, Concessions, Sponsorships, Lodging, Restaurants, Entertainment, Retail, etc. |



| Indirect Spending | Manufacturing, Wholesalers (Food & Beverage, Merchandise), Shipping/Freight, Utilities, etc. |
|----------------------|---|
|----------------------|---|



| Induced Spending | Additional spending by businesses, households, government entities, and other economic sectors. |
|---------------------|--|
|---------------------|--|

Victus Advisors utilized IMPLAN Multipliers specific to Allen County (shown below) to estimate the following Net Economic Impacts:

- **TOTAL OUTPUT** (direct, indirect & induced spending in Allen County)
- **EMPLOYMENT** (full-time & part-time jobs in Allen County)
- **LABOR INCOME** (salaries & wages associated with Allen County jobs)
- **COUNTY TAX REVENUES** (associated with the net total output)

| IMPLAN MULTIPLIERS - ALLEN COUNTY | | | |
|-------------------------------------|-------------------------|-------------------------|-------------------------|
| Industry | Total Output Multiplier | Employment Multiplier | Labor Income Multiplier |
| Construction - Non Res. | 1.59837 | 1.4082×10^{-5} | 0.76219 |
| Transit & Ground Transport. | 1.55078 | 2.8269×10^{-5} | 0.73777 |
| Retail Stores | 1.53841 | 2.6748×10^{-5} | 0.68737 |
| Commercial Sports & Performing Arts | 1.89383 | 3.9956×10^{-5} | 0.79180 |
| Amusement & Recreation | 1.60775 | 2.5180×10^{-5} | 0.67893 |
| Hotels & Motels | 1.69809 | 1.7420×10^{-5} | 0.49171 |
| Food Services & Drinking Places | 1.55159 | 2.4744×10^{-5} | 0.52986 |

Note: IMPLAN stands for IMpacts for PLANning and is a registered trademark of the IMPLAN Group.

ONE-TIME IMPACTS OF EVENT CENTER CONSTRUCTION

| | |
|--|---------------|
| Estimated Project Cost: | \$104,921,397 |
| Estimated Direct Spending within Allen County: | \$43,017,773 |

Projected Economic Impacts:

| | |
|--------------|--------------|
| Total Output | \$68,758,145 |
| Employment | 606 |
| Labor Income | \$32,787,802 |

Projected Fiscal Impacts:

| | |
|--------------------|-----------|
| Local Income Taxes | \$485,259 |
|--------------------|-----------|

Notes: a) Impacts are presented for the economic area of Allen County in 2017 dollars.
b) Sales Tax has only been applied to estimated taxable portion of Total Output, as it has been assumed that construction materials purchases would not be taxable.

As shown above, spending associated with the construction of a new downtown event center in Fort Wayne could generate one-time economic and fiscal impacts within Allen County, including total economic output of more than \$68 million, and over 600 full- and part-time jobs generating labor income of more than \$32 million and local income taxes over \$485,000.

**NET NEW ANNUAL IMPACTS OF
ONGOING EVENT CENTER OPERATIONS**

| | |
|---|-------------|
| Estimated Net New Annual Direct Spending: | \$2,213,000 |
|---|-------------|

Projected Economic Impacts:

| | |
|--------------|-------------|
| Total Output | \$3,775,000 |
| Employment | 70 |
| Labor Income | \$1,530,000 |

Projected Fiscal Impacts:

| | |
|----------------------------|----------|
| Local Income Taxes | \$23,000 |
| County Food & Beverage Tax | \$10,000 |
| County Innkeeper's Tax | \$5,000 |

Notes: a) Impacts are presented for the economic area of Allen County in 2017 dollars.

b) "Net New" impacts represent the incremental impacts after adjusting for displacement.

As shown above, the operations of a new downtown event center in Fort Wayne could generate on-going economic and fiscal impacts within Allen County of more than \$3.7 million in total economic output, 70 annual jobs (both full- and part-time) and over \$1.5 million in labor income. In addition, Victus Advisors estimates incremental annual local tax revenues of more than \$38,000 per year could be associated with ongoing facility operations

**SUMMARY OF NET NEW IMPACTS OVER 30 YEARS:
VENUE CONSTRUCTION & ON-GOING OPERATIONS**

| <u>Net New Impacts</u> | <u>30-Year Cumulative</u> | <u>Net Present Value (NPV)</u> |
|------------------------|-------------------------------|------------------------------------|
| Direct Spending: | \$148,302,000 | \$89,477,000 |
| Total Output: | \$248,355,000 | \$148,229,000 |
| Employment: | 70 (<i>annual</i>) | n/a |
| Labor Income: | \$105,578,000 | \$64,763,000 |
| Local Tax Revenues: | \$2,293,000 | \$1,295,000 |

*Assumptions: 3% annual inflation and 5% discount rate. NPV presented in \$2017.
Construction spending assumed to occur during Year 1.*

Over a 30-year period (the estimated useful life of a public assembly venue), it is estimated that a new downtown event center in Fort Wayne would generate net impacts with a Net Present Value of \$89.5 million in direct spending and \$1.3 million in local tax revenues, amounts which are lower than the expected construction cost of the facility (approximately \$105 million according to Sink Combs Dethlefs). The reason that Victus Advisors projects the net economic/fiscal impacts to be relatively low is because a new downtown event center is only expected to generate approximately 10 new events in the Fort Wayne market each year, whereas the majority of the events would be a transfer between existing event facilities in the County.

Due to the nature of the Fort Wayne event market, in particular the expected transfer of existing event activity between existing venues and a new downtown event center, Victus Advisors' direct estimates of economic/fiscal impacts are relatively low compared to the \$105 million estimated project costs. That said, based upon feedback gathered by Victus Advisors via local/regional stakeholder interviews, many Fort Wayne/Allen County community stakeholders believe that shifting more sports/entertainment event activity downtown could have a significant, long-term, positive economic impact on the greater Fort Wayne community.

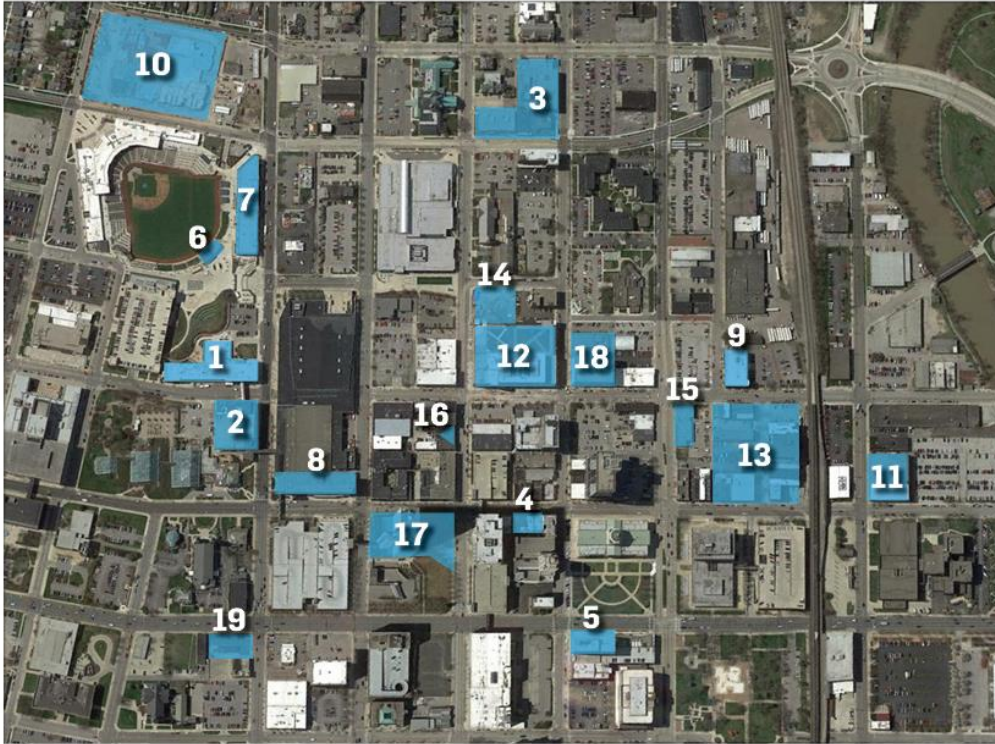
As part of our stakeholder interview process, we specifically asked stakeholders (both public and private) if they would be supportive of a new downtown event center even if market demand analysis and economic impact analysis showed that the net impact of new events brought to the market would be limited. The vast majority of the stakeholder groups we interviewed (8 of the 10) indicated they would still support the downtown event center project due to one or more of the following reasons presented on the next page. It should also be noted that the other 2 stakeholders were not opposed to downtown development, rather they reserved their potential support for a downtown event center pending the operational/management components of our study, in particular the ability to create a joint operating structure that could oversee all three City/County venues and limit the operational and financial risks of downtown event center development.

REASONS FOR SUPPORTING INCREASED DOWNTOWN EVENTS/ACTIVITY:

- Downtown development is now perceived as a huge benefit to Fort Wayne over the past decade. Many stakeholders said they were initially skeptical of Parkview Field's ability to attract attendees downtown on nights and weekends, but they now personally visit downtown much more often and see the economic benefit of downtown event venues.
- Many stakeholders are now strong supporters of downtown development and want to keep the momentum created by expansion of the Grand Wayne Center, addition of new downtown hotels, and construction of Parkview Field.
- There has been a community-wide perception that recent downtown activity/growth has given a "renewed vitality" to downtown. Many stakeholders cited Parkview Field's impact on downtown in particular, and felt that the majority of public and private leaders in the greater Fort Wayne area are now community-minded supporters of downtown growth.
- Many stakeholders feel a new downtown event center should be part of an overall long-term push for a variety of downtown projects that would help grow existing downtown businesses, attract new businesses to locate in downtown Fort Wayne, and grow the overall job opportunities, economic vitality, and tax base in greater Fort Wayne.
- Many stakeholders think a new downtown event center could have the same positive effects as Parkview Field and help further define Fort Wayne as a vibrant destination for businesses, young families, and tourists.


REASONS FOR SUPPORTING INCREASED DOWNTOWN EVENTS/ACTIVITY (CONT.):

- Greater Fort Wayne Inc. provided information and data indicating that more than \$354.5 million (\$216.1 million private, \$138.4 million public) in additional downtown development has occurred since the opening of Parkview Field in 2009:



Downtown Development

1. Courtyard Marriott
2. The Embassy
3. University of Saint Francis - Scottish Rite & Camber Bldgs
4. 817-819 Calhoun Street - Residential/Restaurant
5. Anthony Wayne Building
6. Parkview Field - 400 Club Suite & Ticket Booth North Entrance
7. The Harrison/Wine Down
8. Hilton
9. Randall Lofts
10. Cityscape Flats
11. Superior Street Lofts
12. Ash Headquarters / Public Garage
13. Landing - Model Group
14. Skyline Tower - Great Lakes Capital
15. Kitch Acceptance Corp.
16. CityExchange
17. AEP Power Center
18. Ash Metro Building
19. WBOI



**GREATER
FORT WAYNE INC.**
METRO CHAMBER ALLIANCE

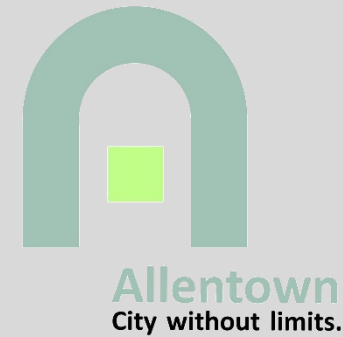
REASONS FOR SUPPORTING INCREASED DOWNTOWN EVENTS/ACTIVITY (CONT.):

- Greater Fort Wayne Inc. also referenced recent downtown event center projects in Allentown, Pennsylvania, and Lincoln, Nebraska, as relevant case studies for downtown development that can be spurred by community investment in arts, entertainment, and event facilities in the urban core. The case studies presented on the following two pages were provided by Greater Fort Wayne Inc.

PPL CENTER - ALLENTOWN, PENNSYLVANIA - 2014

- PPL Arena is a publicly funded, \$191 million, 10,000 seat state-of-the-art sports and events facility. It is home to a professional minor-league hockey team and a broad range of musical and entertainment events year-around. The development also includes a 865 car parking garage. The facility opened 2014.
- A local developer with deep roots in the community then began investing in the area immediately surrounding the new arena downtown, utilizing the Neighborhood Improvement Zone as a financing tool. Allentown's public investment of \$191 million for the arena and parking garage, has resulted in \$600 million of private investment to date, with \$500 million worth of development in construction and in planning.
- As a result of the development downtown, the number of employees has increased from 12,000 in 2014 to 16,000 in 2018, and is projected to grow to 22,000 by 2022 due to the developments under construction and currently proposed.
- According to Mayor Ed Pawlowski, The City "went from a multimillion-dollar budget deficit to a multimillion-dollar surplus. We're seeing 4,000 new jobs come into the urban core and a billion dollars of new development. We're now the fastest-growing city in Pennsylvania."

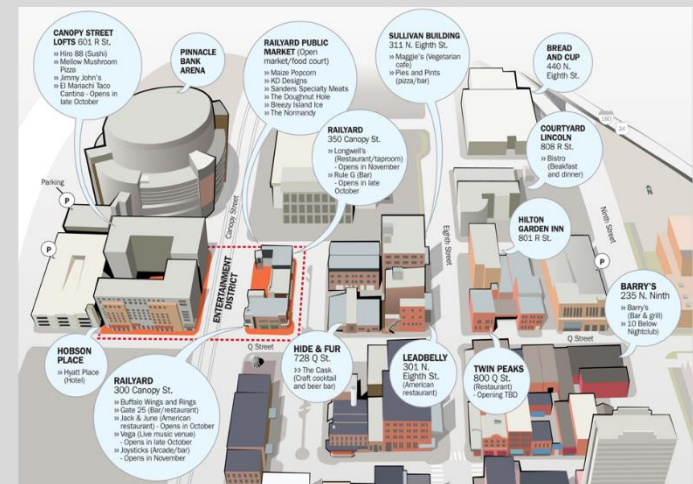
Source: Greater Fort Wayne, Inc.



PINNACLE BANK ARENA - LINCOLN, NEBRASKA - 2013

- Pinnacle Bank Arena opened its doors in 2013. Encompassing 470,000 square feet and costing \$179 million, the multi-purpose event center has been a key component of Lincoln's downtown revitalization.
- From 2006 to 2016, \$1.3 billion of investment has occurred in the greater downtown area, with approximately \$200 million of that immediately adjacent to the arena since 2012, and \$355 million coming from public investment in the arena, 3 parking garages, parking lots, and pad-ready development sites.
- From 2012 to 2016, the property taxes generated within the development area have increased by \$96 million.
- Downtown now has over 3,000 residents, a 149% growth from 2010. That number is expected to double to 6,000 by 2020.
- Downtown Lincoln is now the employment, entertainment and educational hub of the community, with a vibrant retail presence. It is a downtown with established entertainment venues and programming, expanded housing types and opportunities, significant new public community space, increased transportation choices linking city-wide trails/open space, and the resources to accommodate future regional convention, sports, and entertainment event needs.

Source: Greater Fort Wayne, Inc.



- Ultimately, key stakeholders believe that the decision the City and County must ultimately make is whether or not sports, concert, and event activity in a downtown location, connected to the Grand Wayne Center and in close proximity to Parkview Field and Embassy Theatre, will create long-term economic benefits (both directly and indirectly) for the greater Fort Wayne community via a vibrant downtown that attracts incremental businesses, jobs, young families and tourists, and increases the regional and national perception of Fort Wayne as an attractive, growing community.
- If the decision *is* made to develop a new downtown event center, then all stakeholders agree that the City and County should work together to create an operating structure over County-wide events venues that minimizes operational and financial risk, while increasing the overall long-term benefits to the greater community.



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