



Plano Event Center

Hotel & Retail Market Analysis

Market Demand & Financial
Feasibility Report

October 22, 2024





Table of Contents

Executive Summary

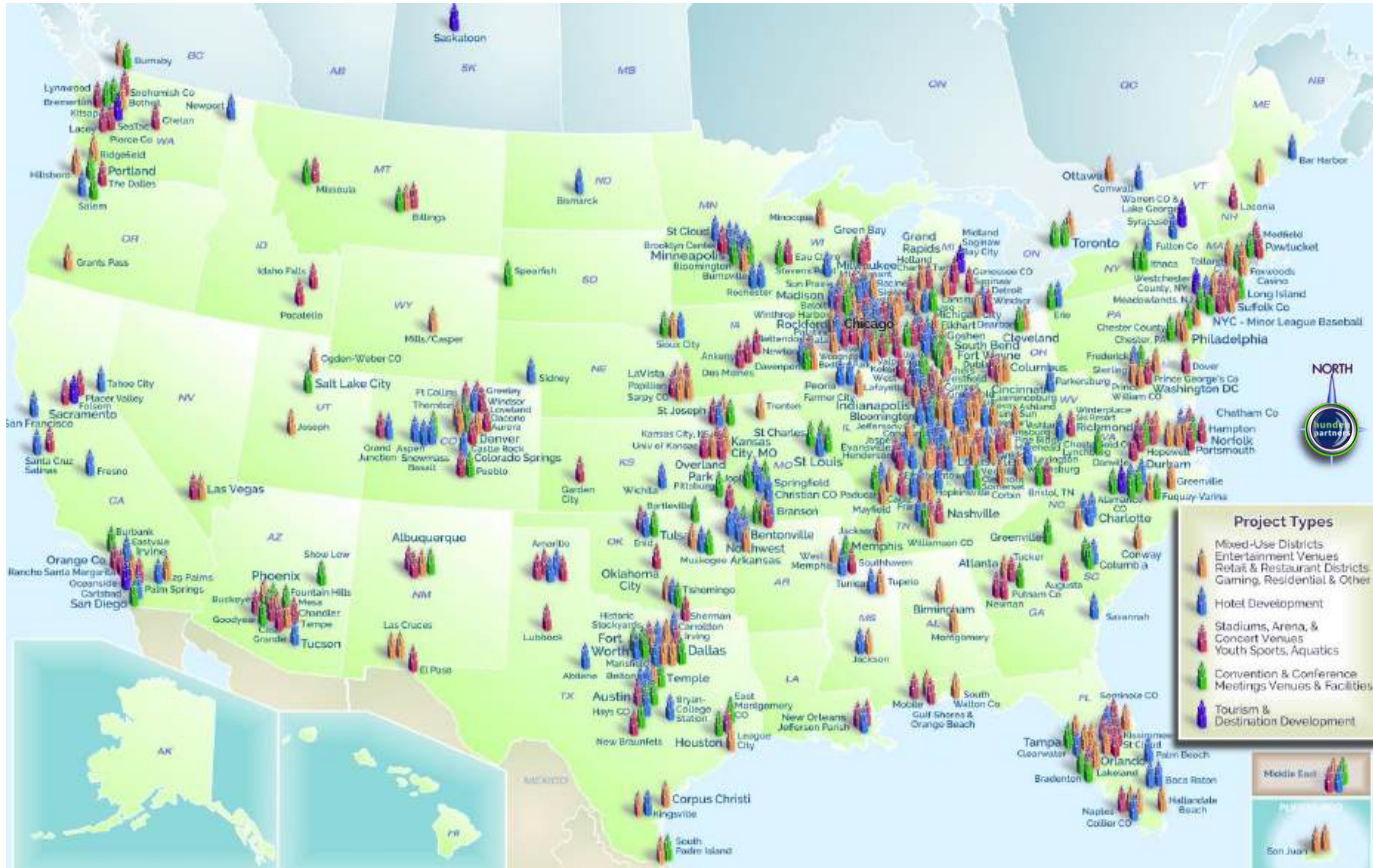
1. Plano Event Center Profile
2. Review of Hotel Development Program
3. Economic, Demographic, and Tourism Analysis
4. Competitive Convention Hotel Analysis
5. Local Hotel Market Analysis
6. Retail, Restaurant, and Entertainment District Analysis
7. Case Studies
8. Implications and Recommendations
9. Demand and Financial Projections
10. Economic, Fiscal, and Employment Impact Analysis

Executive Summary



hunden partners

applies market realities to
Live / Work / Play / Visit placemaking



HUNDEN QUALIFICATIONS: Hunden Partners is a full-service global real estate development advisory practice, providing public and private sector clients with confidence and results so they can move their projects from concept through execution. With more than 28 years of experience on 1,000+ projects, Mr. Hunden and his team are relied-upon guides and advisors that provide owner’s representation services, project management and strategy, and the individual components of the process: feasibility and financing studies, impact analysis, governance/management structures, deal negotiation and team-assembly — managing RFQ/P processes for developers, architects, construction, management companies and service providers.

Hunden Partners professionals have provided all the above services for hundreds of client projects worldwide for the public, non-profit and private sectors. In addition, our professionals have prior professional career experience in municipal and state government, economic and real estate development, real estate law, hotel operations, and non-profit management. Over eighty percent of our clients are public entities, such as municipalities, counties, states, convention bureaus, authorities and other quasi-government entities empowered to conduct real estate, economic development, and tourism activities.

- Entertainment Venues & Mixed-Use Districts
- Stadiums, Arenas & Event Centers
- Convention & Conference Centers
- Headquarter, Conference & Boutique Hotels
- Tournament Sports Complexes
- Retail, Restaurant, Residential, Office
- University Assets & Districts
- Fairgrounds & Expos
- Fine Arts Venues, Distilleries & Attractions

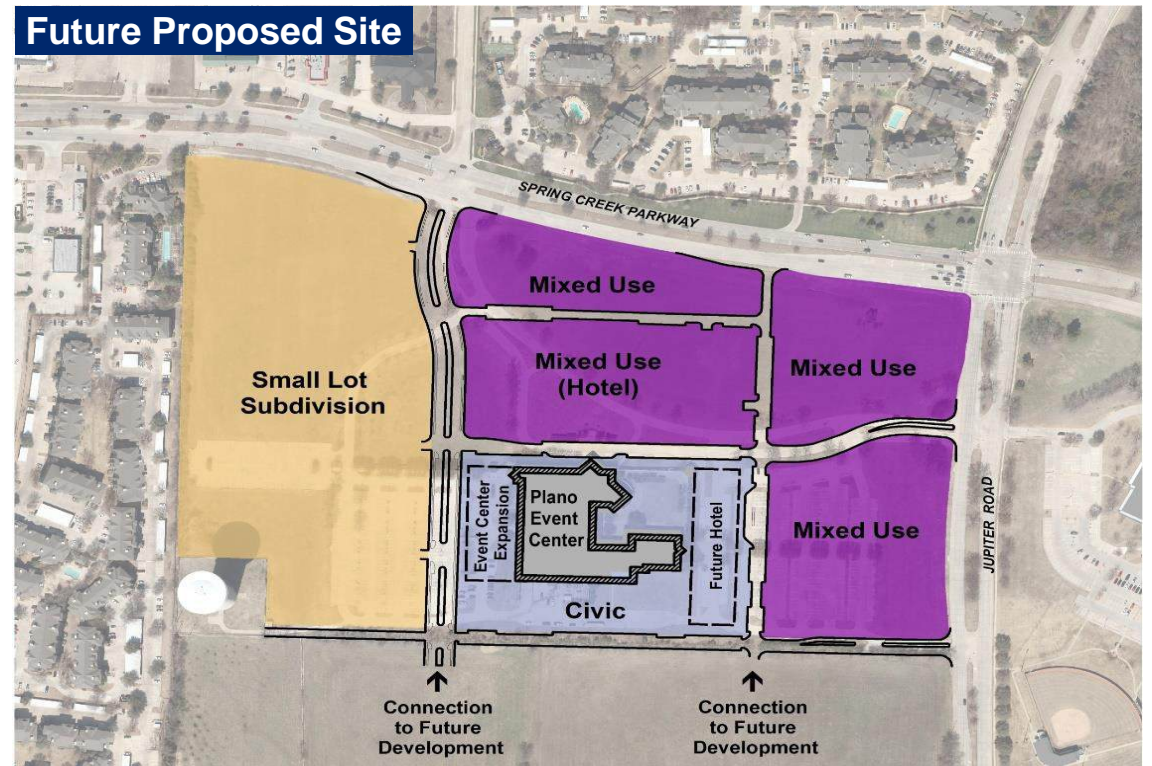
Project Introduction

The Hunden Partners Team (Hunden or Team) was engaged by the City of Plano (City) to complete an independent review of the former proposed hotel development agreement and conduct a headquarters hotel market demand, financial feasibility, and economic impact study to determine how the optimal hotel product can complement the Plano Event Center (PEC) in Plano, Texas. Hunden was also tasked with conducting a market analysis and financial feasibility study to determine the optimal surrounding mix of restaurant, retail, and entertainment assets to attract events through the creation of a compelling convention district around the PEC. The Hunden Team understands Plano's desire to remain competitive in the industry as a destination for conventions, meetings, events, and hospitality, and to generate strong returns on investment, tax revenue, and economic impact.

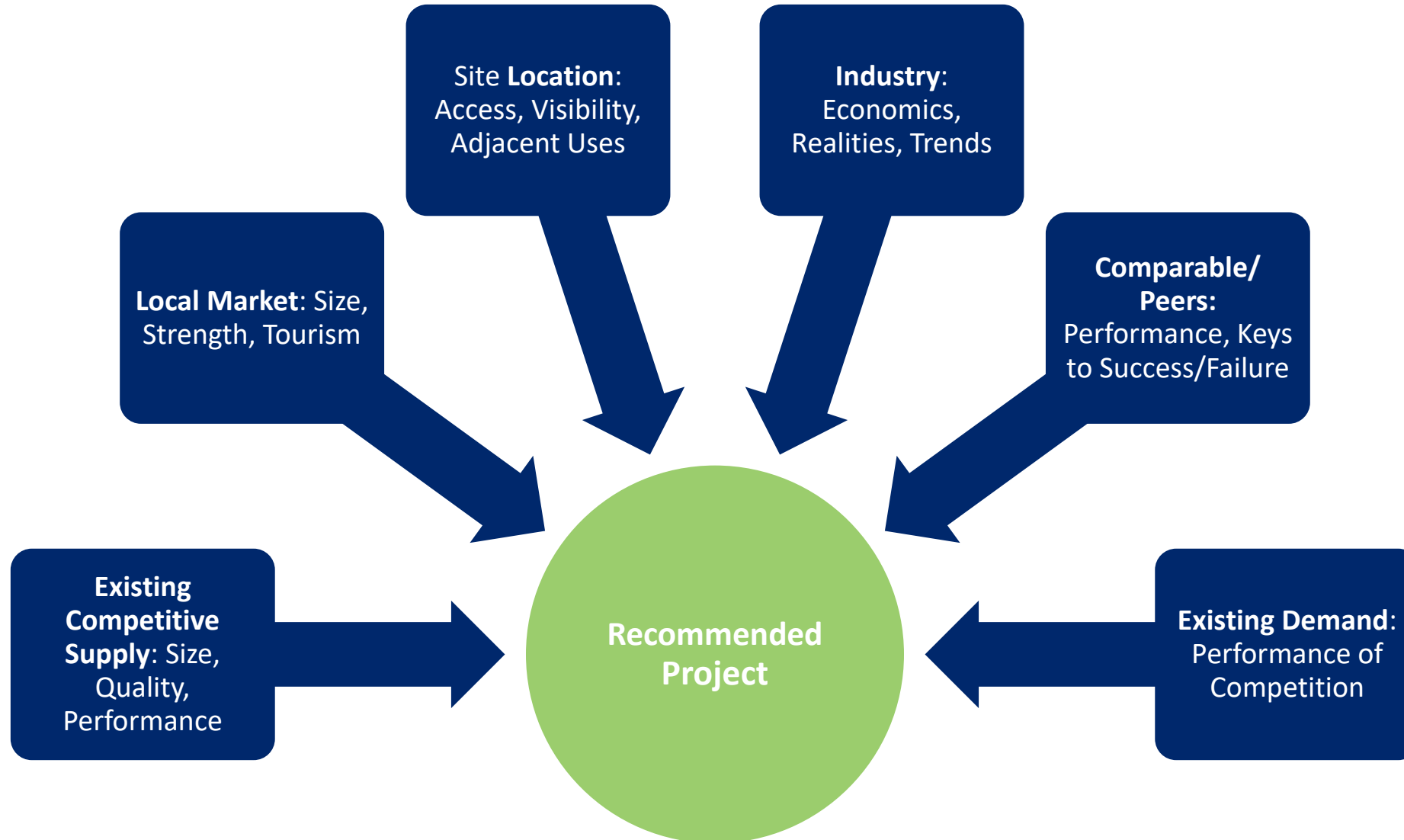


Proposed Project Site

The Plano Event Center is situated on a 41-acre site, which currently houses the PEC building and 920 parking spaces. The City of Plano is currently undergoing construction of an improved road layout, which is reflected in the bottom right figure derived from the Envision Oak Point Plan. **The Project site, highlighted in purple, includes plans for an onsite hotel and parking on five acres of the site, along with an adjacent retail and entertainment district spanning up to roughly 12 acres**, based on Hunden's estimates. Other adjacent developments involve residential development on the site's west side, as well as the Farmland area south of the site. Additionally, the PEC has reserved space for a potential future expansion of the exhibit hall which would nearly double the PEC's current exhibit footprint.



What Influences Viability and Recommendations?



Stakeholder Engagement

In addition to meeting with local stakeholders during the in-person kickoff, Hunden interviewed several local and regional groups throughout the market research process. Interview feedback provided further understanding of the Project opportunities on top of Hunden's data-driven analyses. Hunden has met with the following groups and organizations to help identify Project opportunities:

Local/City

- Plano Event Center Staff
- Visit Plano
- Special Projects (City)
- Parks & Rec (City)
- Governmental Relations (City)
- Planning (City)

Meeting Planners and Organizations

- TACVB
- Texas Society of Association Executives
- Society of Government Meeting Professionals
- Meeting Planners International
- PRA Event Management
- PCMA
- Freeman Company
- Catalyst Management Solutions
- Event One Meetings
- American College of Emergency Physicians
- Texas Association of School Administrators
- Texas Medical Association

Retail

- Assembly Park
- CBRE

Case Studies

- Wilmington Convention Center (General Manager)
- Iowa Events Center (Des Moines CVB)
- Palm Beach County Convention Center (General Manager)
- Tucson Convention Center (Director of Sales)

Key Questions and Impacts

The Project will serve as a major catalyst for optimizing performance at the PEC and driving further growth in the Plano market. Without this Project, the PEC will remain limited in its ability to effectively compete in the market and maximize economic impact. The following outlines the key impacts of the Project and its implications if it does not come to fruition:

Impact without Project

Potential Impact with Project

How will the Project impact the PEC's ability to compete in the market?

- **Continued risk for lost business** due to lack of hotels and destination amenities
- Decline in competitive value as additional developments and renovations enter the market

- Opportunity to establish stronger awareness within the regional and statewide market
- **Greater ability to compete** in the market

How will the Project impact the event opportunities and performance at the PEC?

- **Limited to hosting local events**
- Stagnant revenue potential

- Greater revenue potential from an elevated tier of clientele
- **Higher frequency of multiday events from statewide and regional groups**

How will the Project impact the economic impact generated by the PEC?

- **Continued loss of hotel and sales tax revenue** to nearby cities
- **Limited hotel impact** due to lack of long-distance attendees

- **Increase in hotel and spending impact** generated by PEC visitors
- Growth in long-distance visitation

How does the Project impact the greater Plano market?

- **Limited development growth** and future investment in east Plano
- Lack of strong foot traffic and activity in east Plano

- **Catalyst for additional development** in east Plano
- Placemaking opportunities driven by the creation of a compelling entertainment district

Competitive Value of Plano Event Center

Many factors influence the decision-making process for meeting planners when selecting a host facility for events, but a few attributes stand out as the most critical. The table below highlights how the current PEC satisfies these key attributes based on Hunden’s analysis of the competitive market and feedback from local and regional stakeholders.

Key Factors for Meeting Planners	Size/Function Space	Accessibility/ Location	Cost	Hotel Supply	Walkability/ Destination Appeal
Rank	Moderate	Good	Good	Limited	Limited
<p>Limited Moderate Good Strong</p> <p><i>Rankings are based on feedback from meeting planners and how the facility stacks up within the competitive market</i></p>	<ul style="list-style-type: none"> ▪ Current footprint: <i>Slightly larger than saturated supply of conference hotels offering 20,000 – 30,000 SF in the competitive market</i> ▪ Opportunity for expanded exhibit space: <i>All competitive convention facilities offer around 35,000 – 50,000 square feet of exhibit space</i> ▪ Opportunity for increased, higher-quality ballroom space: <i>The PEC has limited quality ballroom space compared to its competitors</i> 	<ul style="list-style-type: none"> ▪ Market advantage: <i>Located in one of the nation’s largest MSAs</i> ▪ Proximity to two international airports: <i>Stakeholder feedback states Plano benefits from ideal proximity to Dallas’s main airports</i> ▪ Suburban market: <i>Limited interest from national groups</i> 	<ul style="list-style-type: none"> ▪ Cost advantage over downtown: <i>Many groups choose suburban facilities due to their lower costs</i> ▪ Concessions: <i>Free parking and low F&B rates are becoming increasingly important for meeting planners</i> 	<ul style="list-style-type: none"> ▪ Lack of walkable hotels: <i>PEC is the only facility in the entire competitive market that does not offer walkable hotel supply</i> ▪ Limited long-distance visitation: <i>14 percent of PEC’s visitors travel more than 100 miles for events, compared to an average of 46 percent for competitive facilities</i> 	<ul style="list-style-type: none"> ▪ Limited nearby commercial activity: <i>Lack of commercial assets in east Plano</i> ▪ Lost hotel and spending impact to nearby cities: <i>Many PEC visitors seek hotel and restaurant options in other nearby cities</i>

HQ Hotel Recommendations

An on-site hotel has strong potential to serve as the primary lodging option for long-distance visitors attending events at the PEC, addressing a key challenge the facility currently faces in attracting regional and overnight groups. Hunden’s HQ hotel recommendations offer the size, quality, and ancillary meeting space capabilities necessary to generate a strong increase in group business for the City of Plano. Hunden’s key rationale for its HQ hotel recommendations is summarized below:

Industry Metrics

- The ideal metric of walkable hotel supply is 15 rooms per 1,000 square feet of exhibit space.
- Based on the PEC’s current footprint of 21,600 square feet, the hotel should include 324 rooms.

Competitive Market

- Across the entire competitive market, on-site hotels average 372 rooms.
- Within the selected set of competitive convention centers and conference hotels, on-site properties average 378 rooms for convention facilities and 424 rooms for conference hotels.
- Of the 25 facilities in the competitive market with an on-site hotel, 21 are Hilton or Marriott properties.

	Baseline Scenario	Optimal Scenario
Key Count	300	375
Brand	Hilton or Marriott	Hilton or Marriott
Function Space	10,000 SF 9,000 SF Grand Ballroom 1,000 SF Meeting Rooms	12,000 SF 10,000 SF Grand Ballroom 2,000 SF Meeting Rooms
Parking	750 Spaces ~425 hotel spaces 325 event center spaces	825 Spaces ~500 hotel spaces 325 event center spaces
Amenities	5,000 SF ground-floor restaurant	5,000 SF ground-floor restaurant 5,000 SF rooftop event/F&B space

**Hoteliers may seek increased internal function space to drive more business, in concert with the convention center and internally.*

District Recommendations

Throughout Hunden’s assessment of industry trends and its market engagement process, it was determined that **the Project’s proposed district will be very important for optimizing event opportunities.** As walkability and destination appeal of a meeting facility continue to grow in importance, particularly for regional and national events and corporate clients, the district will play a vital role.

What Can the Market Support?

25,000 – 30,000 Square Feet

Although the Project site’s footprint is significantly larger than what is recommended, the current retail market cannot support a full build-out. Hunden recommends implementing 25,000 – 30,000 square feet along with an outdoor plaza in the first phase to assess its market performance, while reserving the remaining land for future mixed-use development opportunities.

What Should the District Include?

Restaurants – 2,500 – 5,000 SF

Minimum of 3–4 Assets

Local food & beverage concepts

Variety in scale and offerings

Entertainment Anchor – 8,000 – 12,000 SF

Anchors help to establish an identity for a district, serving as its main driver and focal point

Common anchors in these districts include beer gardens/ breweries, “eatertainment” assets, or experiential dining

Greenspace/Plaza

Outdoor seating and gathering places

Programming opportunities such as live music to provide experiences for both residents and visitors

Similar / Aspirational Concepts



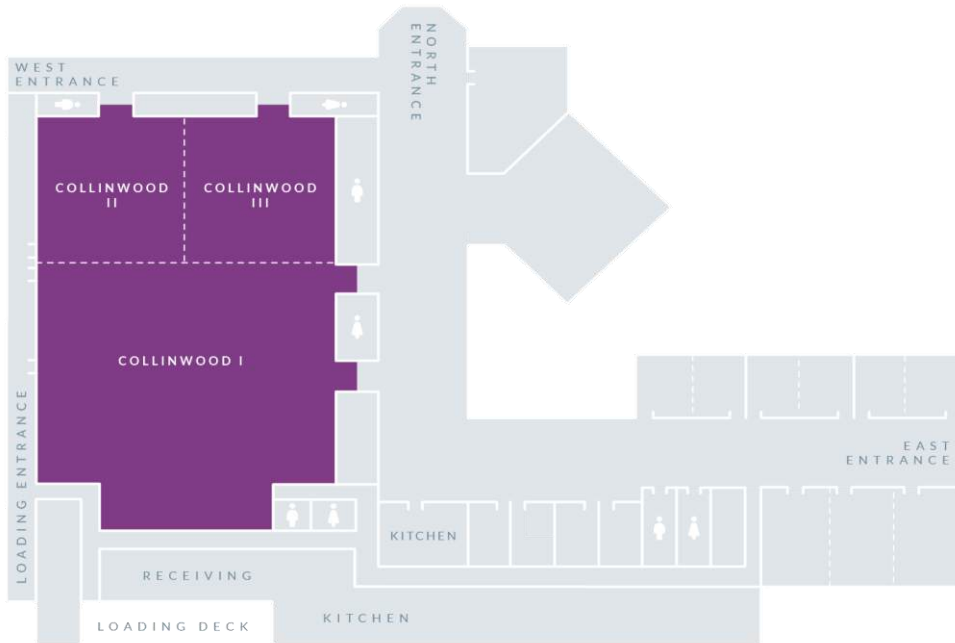
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Plano Event Center Profile



Plano Event Center

The Plano Event Center (PEC) offers approximately 32,903 square feet of designated indoor function space. This includes 21,600 square feet of divisible exhibit space, 3,556 square feet of ballroom space, and 7,747 square feet of meeting space spread across 12 breakout rooms. The exhibit hall also frequently serves as flexible ballroom space. The City of Plano owns and manages the facility. The PEC's catering department serves as the exclusive caterer.



Plano Event Center			
	Total (SF)	By Division (SF)	Divisions
Exhibit Space	21,600		3
Collinwood Hall	21,600		3
<i>Collinwood 1</i>		14,400	
<i>Collinwood 2</i>		3,600	
<i>Collinwood 3</i>		3,600	
Ballroom Space	3,556		1
Windhaven	3,556		1
Meeting Space	7,747		12
Northbrook	2,778		3
<i>Northbrook 1</i>		926	
<i>Northbrook 2</i>		926	
<i>Northbrook 3</i>		926	
Spring Glade	1,099		2
<i>Spring Glade 1</i>		556	
<i>Spring Glade 2</i>		543	
Sunny Slope	1,087		2
<i>Sunny Slope 1</i>		544	
<i>Sunny Slope 2</i>		543	
Fairview	1,087		2
<i>Fairview 1</i>		544	
<i>Fairview 2</i>		543	
Lavon	587	587	1
Hillhaven	574	574	1
Shady Grove	535	535	1
Summary	Total SF		Divisions
Exhibit	21,600	-	3
Ballroom	3,556		1
Meeting Rooms	7,747		12
Total	32,903	-	16

Source: Plano Event Center



Zoning

In 2018, the Plano City Council approved the Envision Oak Point Plan. The adjacent map provides the City's long-term vision for future land use, community amenities, and infrastructure improvements. This map also serves as a baseline for assessing zoning change requests in Oak Point.

The Project site is zoned as **Neighborhood Business Design (NBD)**, a framework meant for development within neighborhood-scale commercial areas. The current zoning guidelines accommodate the proposed hotel size, along with retail and restaurant spaces, as long as the building provides adequate parking and adheres to height restrictions.

The relevant requirements for parking and building structures are highlighted below:

Parking Requirements

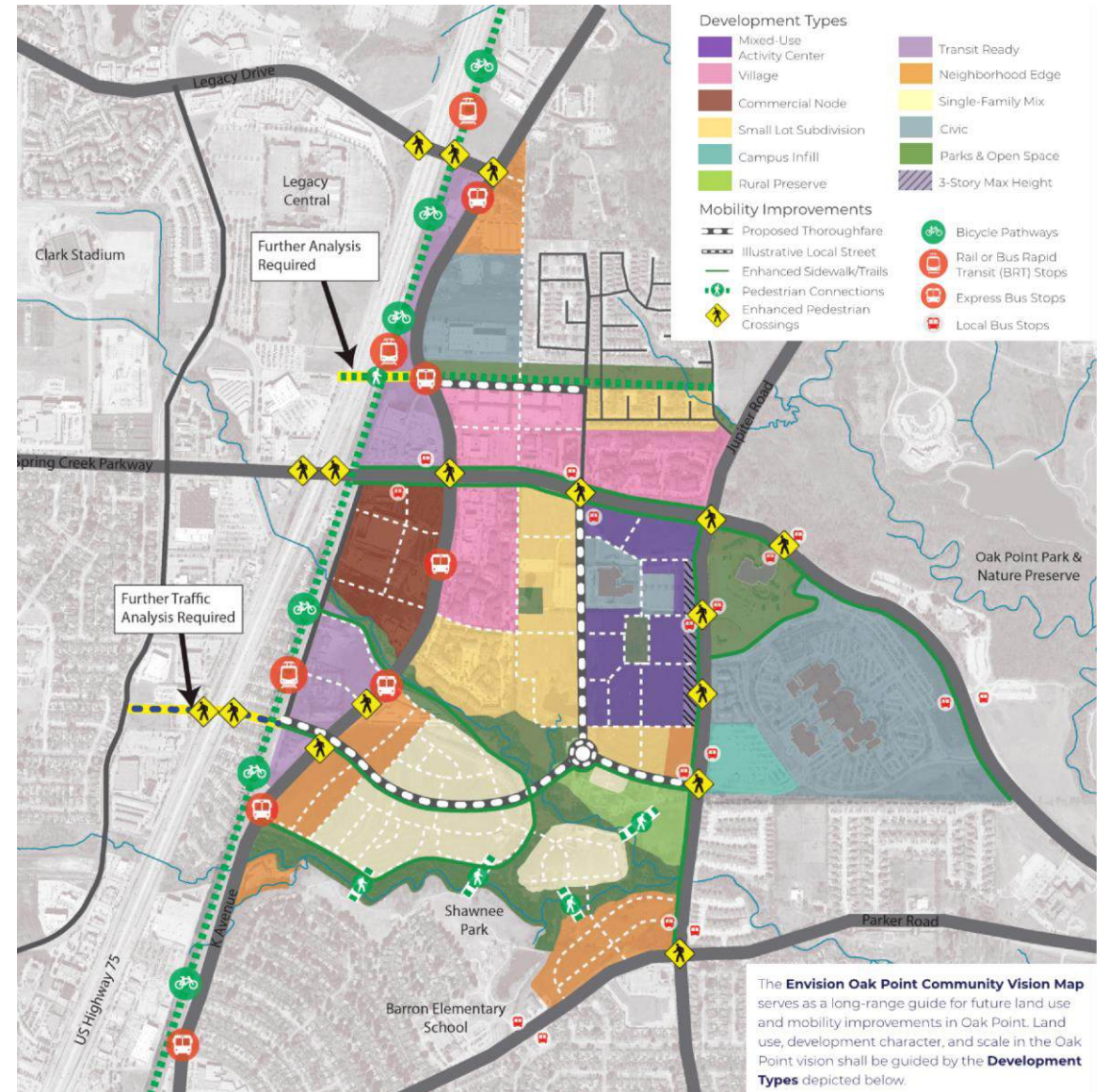
- Hotel with a restaurant and meeting facilities: 1.25 spaces per room
- Retail: 1 space per 200 square feet
- Restaurant: 1 space per 100 square feet

“Lot coverage can be up to 75%, or 90% if structured parking is included”

“Surface lots must not exceed 200 spaces per parking lot”

Height Requirements

- Height Restrictions: Maximum height 3 stories or 50 ft.

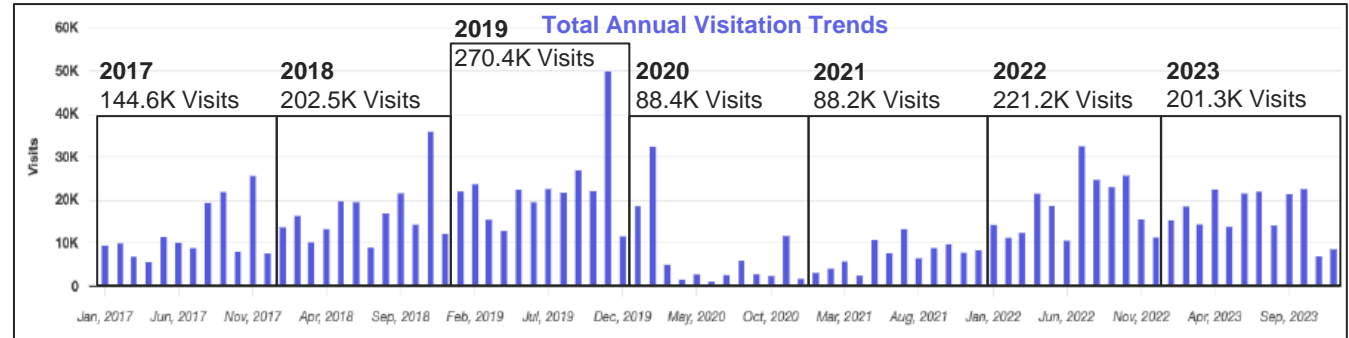


Visitation Trends

Besides 2019, visitation in 2022 and 2023 suggests that activity at the PEC has returned to pre-pandemic levels, some of which is likely attributed to the overall growth experienced across Texas since Covid-19.

Of the approximately 195,000 visitors to the PEC 12-month time period, **only 14 percent came from more than 100 miles away**, and most visitors came from within the greater Dallas-Fort Worth market. **The PEC's lack of walkable hotel supply likely played a significant role in this fact.**

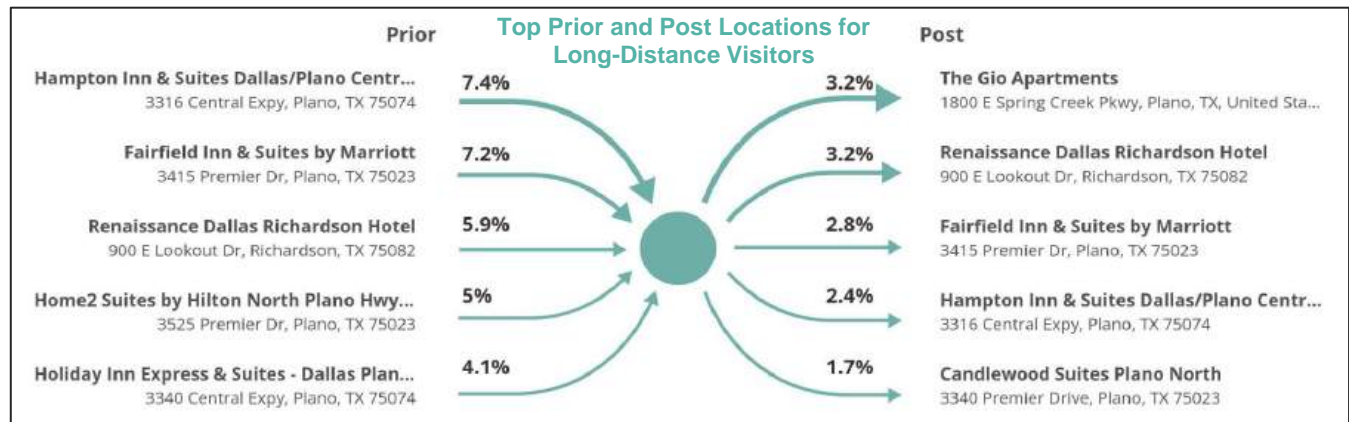
Based on prior and post visitation patterns for long-distance visitors, the nearby Marriott and Hilton properties are the most popular hotel brands for visitors.



Plano Event Center
July 1, 2023 - June 30, 2024

Visitor Origins by Distance from Site	Est. Number of Visits	% of Total Visits	Est. Number of Visitors	% of Total Visitors	Visit Frequency
Local - Within 25 miles	127,600	65.5%	98,300	67.8%	1.30
Regional - Over 25 miles & Less Than 100 miles	39,900	20.5%	29,600	20.4%	1.35
Long Distance - Over 100 miles	27,200	14.0%	17,100	11.8%	1.59
Total Visits	194,700	100%	145,000	100%	1.34

Source: Placer.ai



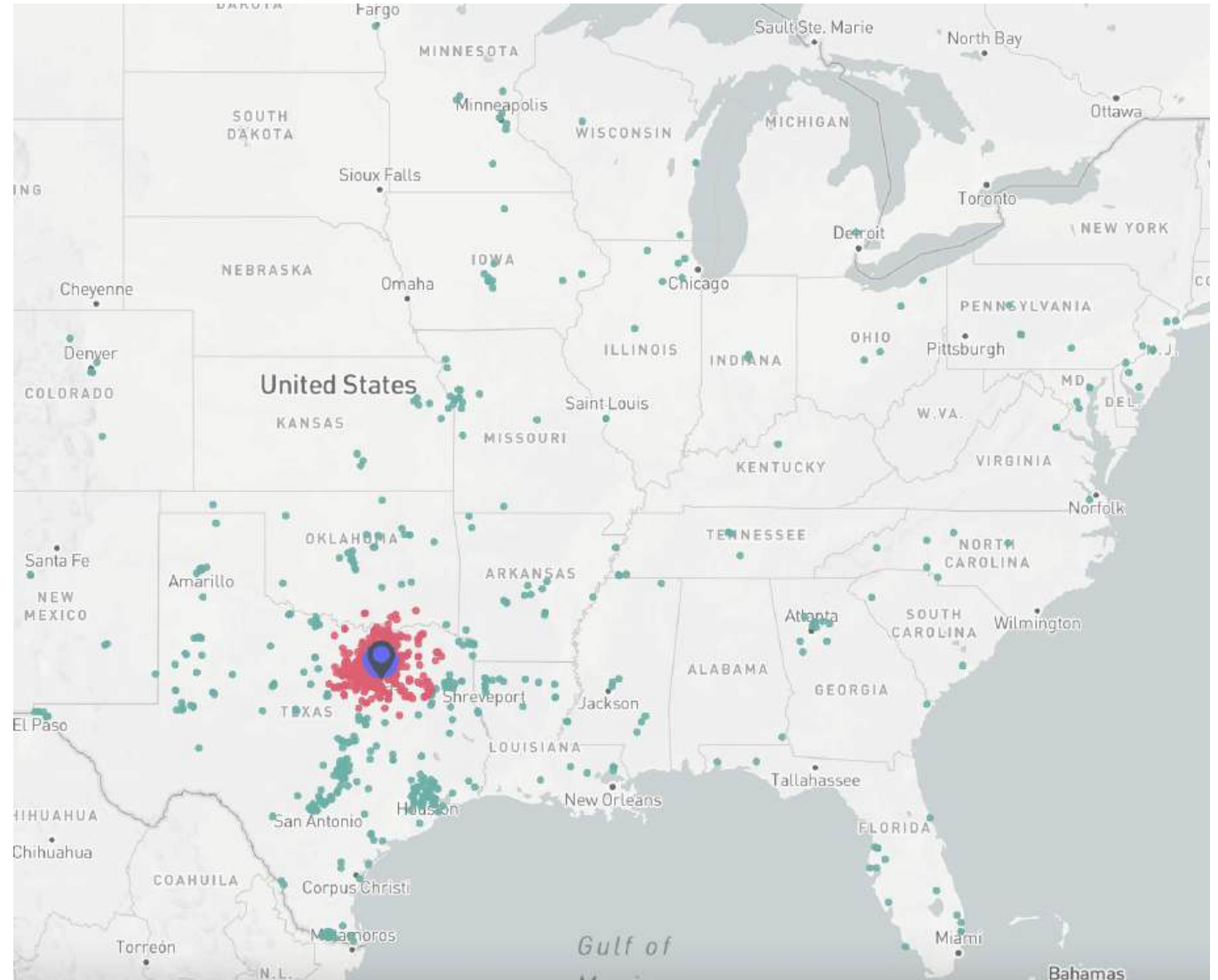
Geographic Visitation

A majority of the PEC's visitors come from within the greater Dallas-Fort Worth market. Most of the facility's long-distance visitors come from within driving distance, primarily from markets like Oklahoma City, Austin, and Houston.

Based on the table below, which assess top origins based on the renter's home city, the Project has an opportunity to expand the PEC's ability to attract groups based in a wider geographical radius.

Visitor Origin	Number Of Events	Number of Attendees
Plano, TX	86	32,024
Dallas, TX	29	16,561
Irving, TX	13	21,711
Richardson, TX	11	7,832
The Colony, TX	12	988
Wylie, TX	6	2,256
Frisco, TX	3	1,315
Sulphur Springs, TX	6	1,310
Allen, TX	7	2,994
Total	183	91,067

Source: Plano Event Center



Events & Attendance

The adjacent tables provide an overview of the 12-month event activity at PEC from July 2023 through June 2024.

During the analyzed time period, the PEC hosted a total of 248 events, with an average attendance of approximately 560 per event, amounting to nearly 140,000 total attendees. Corporate events were the most common, with 73 events held within this segment. However, trade shows contributed the most activity on a per-event basis, averaging 2.4 event days and 1,800 attendees per event.

Meetings and social events were the most common event types at the PEC, accounting for nearly two-thirds of total events. Although conventions provided some of the strongest per-event activity, the PEC hosted only one convention during the analyzed time period.

Plano Event Center Utilization by Day of Week
July 2023 - June 2024

Day of Week	Rental Frequency
Sunday	32
Monday	37
Tuesday	53
Wednesday	60
Thursday	62
Friday	47
Saturday	73
Total	364

Source: Plano Event Center

Plano Event Center Utilization by Class
July 2023 - June 2024

Class Type	Number Of Events	Average Event Days	Average Attendees	Total Attendees
Corporate	73	1.4	286	20,911
Government	44	1.1	434	19,081
Educational	31	1.6	817	25,339
Social	24	1.2	238	5,701
Association	22	1.6	477	10,500
Consumer Trade Show	16	2.4	1,824	29,180
N/A	11	1.0	82	897
Sporting	10	1.4	534	5,338
Religious	7	2.3	1,910	13,370
Cultural	7	1.7	1,143	8,000
Industry Trade Show	3	2.0	327	980
Total / Average	248	1.5	562	139,297

Source: Plano Event Center

Plano Event Center Utilization by Event Type
July 2023 - June 2024

Event Type	Number Of Events	Average Event Days	Average Attendees	Total Attendees
Meeting	94	1.3	420	39,523
Social	66	1.3	482	31,827
Conference	31	1.8	806	25,001
Tradeshow - Consumer	18	2.2	1,080	19,433
N/A	14	1.3	352	4,925
Sporting Event	9	1.8	672	6,050
Wedding	6	1.0	146	874
Tradeshow - Industry	5	1.2	321	1,604
Festival	3	2.3	2,667	8,000
Concert	1	1.0	60	60
Convention	1	2.0	2,000	2,000
Total / Average	248	1.5	562	139,297

Source: Plano Event Center

Utilization by Space

The adjacent table highlights the frequency with which PEC's various event spaces are utilized by groups.

It is significantly common for groups to use multiple types of function space at the PEC, with groups often renting out the entire facility. **Groups most frequently use the entire footprint of Collinwood Hall or the entire PEC as a whole, indicating that it is highly likely that additional exhibit space would be utilized if the PEC were to expand.**

Windhaven, which offers a more ballroom-esque atmosphere, is also one of the most utilized spaces at the PEC.

Among the smaller meeting rooms, Northbrook, which offers the largest breakout space, was the most utilized.

**Plano Event Center Utilization by Space
July 2023 - June 2024**

Exhibit / Large Spaces	Rental Frequency	Meeting Rooms	Rental Frequency
PEC ALL	67	Northbrook	46
Collinwood ALL	60	Shady Grove	22
Windhaven	40	Lavon	17
Collinwood 2 & 3	17	Dressing Room	17
Collinwood 1	11	Spring Glade	11
Collinwood 2	2	Sunny Slope	11
Collinwood 3	2	Fairview	6
Main Hallway	1	Hillhaven	6
West Hallway	1	Boardroom	3
Total	201	Total	139

Source: Plano Event Center

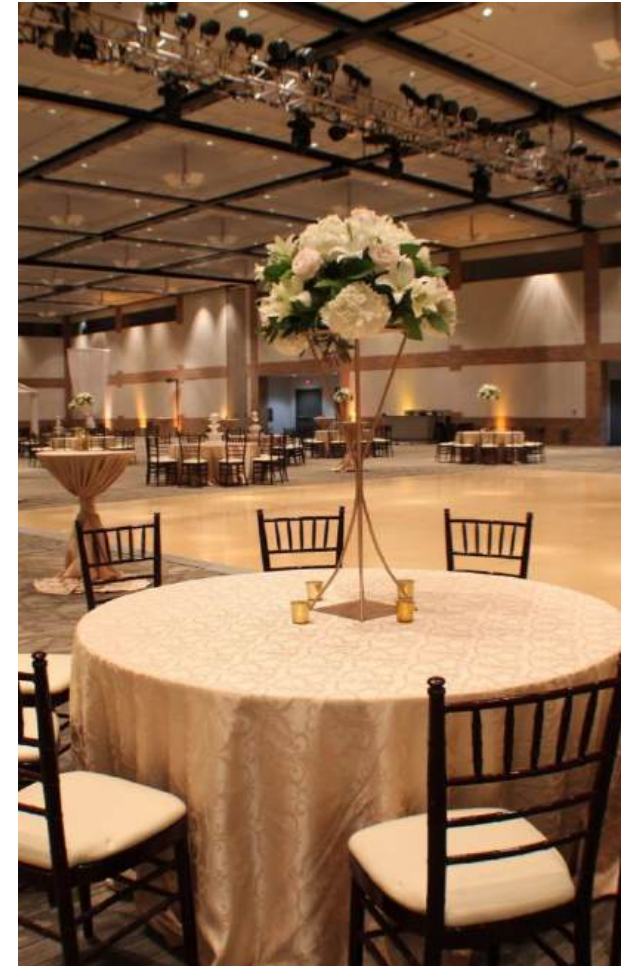
Implications

Plano Event Center Profile

Currently, the Plano Event Center offers nearly 33,000 square feet of designated function space, including 21,600 square feet of exhibit space. The facility's exhibit hall frequently serves as flexible ballroom space for banquets, receptions, and other events. However, the facility has limited designated ballroom space that aligns with typical industry standards.

The Plano Event Center primarily hosts local events, with two-thirds of its visitors residing within a 25-mile radius of the facility. Event activity is most prevalent on Saturdays, emphasizing the local nature of these events. The Project has the potential drive stronger event activity and hotel demand in the Plano market, particularly on weekdays.

Groups most frequently rent the entire exhibit hall or the entire facility as a whole, indicating strong demand and market potential for expanding the exhibit space. To maximize the event potential, it is critical that the expanded space remains flexible to accommodate a wide variety of events.



02

**Review of Hotel
Development
Program**

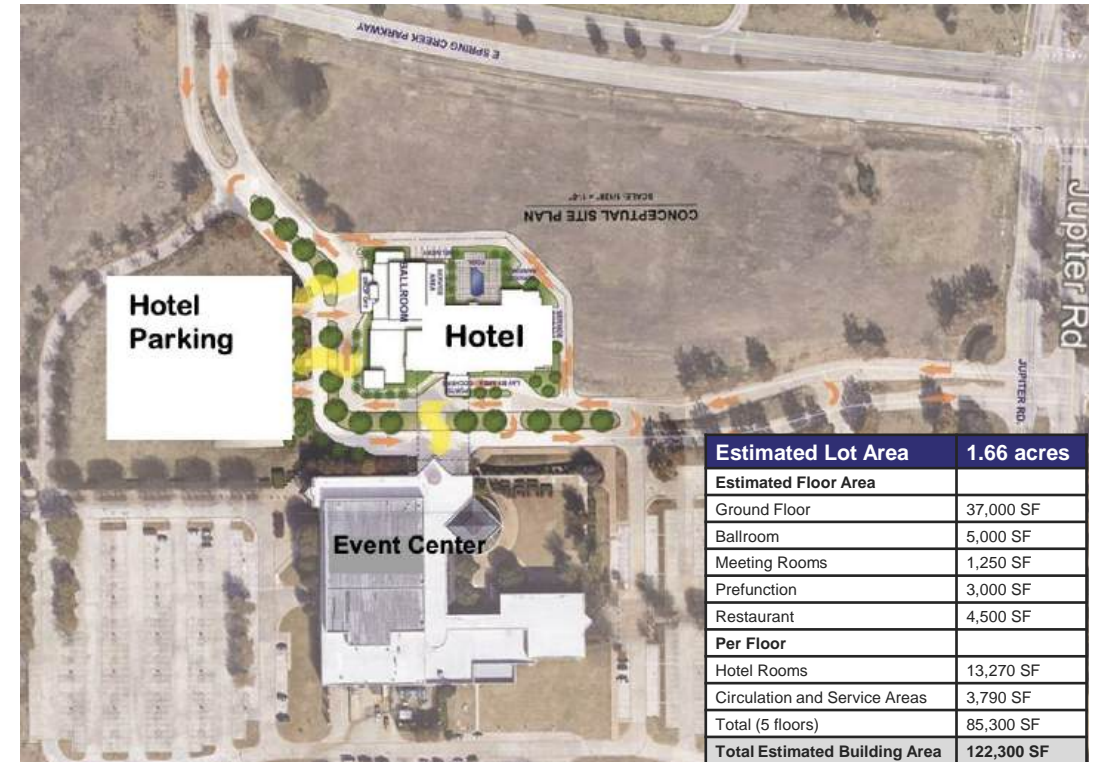


Proposed Developer Agreement – Hotel

A hotel has been sought after since the PEC opened in 1990, but interest from developers has historically been limited. In March 2018, the City listed the opportunity and received a single proposal from Tirgo, LLC. In June 2018, the City Manager entered into a lease agreement with Tirgo for the hotel development. However, the agreement included certain milestones and financing obligations that Tirgo was unable to meet, and in July 2024, the agreement was terminated.

Tirgo’s proposed development program included the following terms:

- 4-Star 175-room hotel
- Radisson property
- No cost to the City for the hotel
- No tax abatement from the City
- City keeps all Hotel Occupancy Tax (HOT) revenue and sales tax revenue
- Full-service restaurant with gathering area, bar and snack facility
- 3,000 to 5,000 SF of meeting space complementary to PEC
- Exercise facilities, business center, latest technology
- Lease term of 39 years
 - Two 20-year renewal options with performance requirements
- Lease site approximately 5 acres
- No lease payment to the City



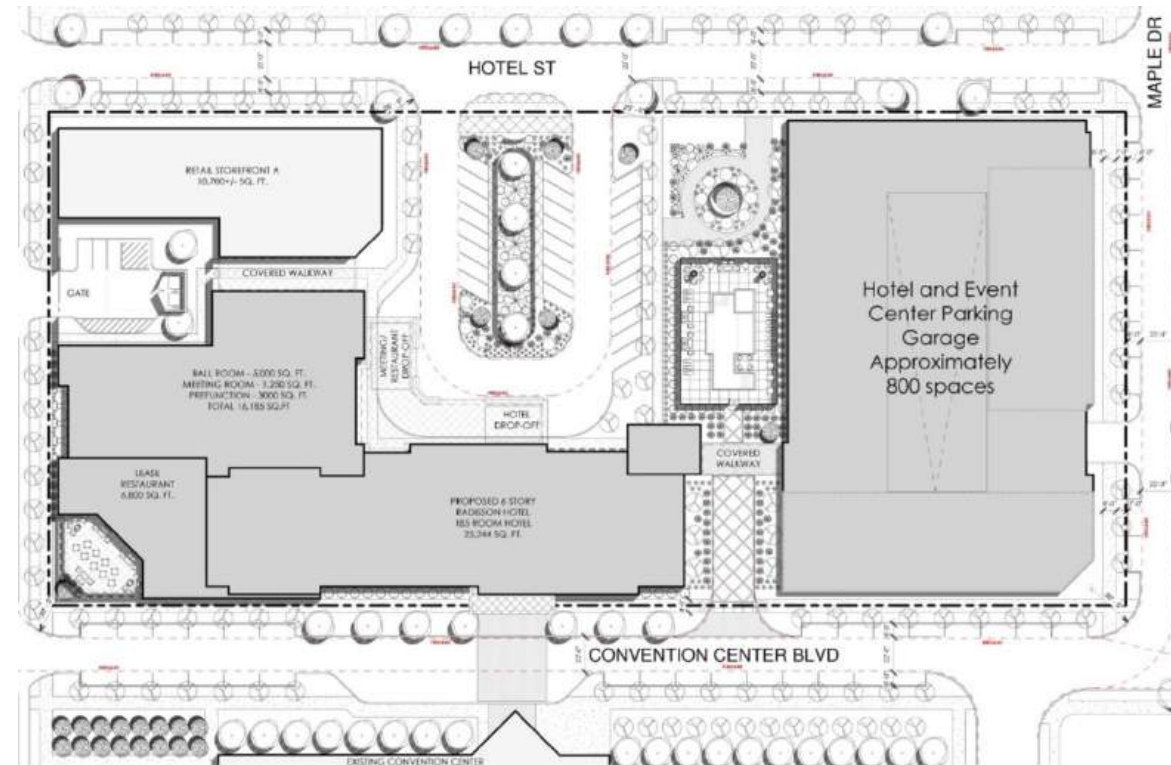
Proposed Developer Agreement – Parking

Developer

- Developer accepts additional 250-space hotel parking cost of \$4 million
- Developer designs, builds, operates, and maintains parking garage with 800+ spaces
 - ~250 hotel spaces
 - ~550 event center spaces
 - Replaces existing surface parking spaces on west of PEC
 - Free west side of PEC site for small lot single-family

City

- City has long-term lease of 550 parking spaces for the event center, which it owns after 20 years
- Parking lease continues for duration of hotel lease
- Lease fee will not exceed the budgeted amount of \$1.1 million per year
- City receives any revenue from parking fees associated with City-leased parking spaces



Hotel Development Program Feedback

The adjacent table summarizes the main terms of the previous developer’s proposed hotel development compared to Hunden’s recommendations for the Project. The key differences in the recommended scenario are explained below:

Key Count and Function Space: The key count and function space must be significantly higher for the hotel to have a significant impact in the PEC’s ability to compete for regional and overnight events

Brand: The long-term success for the hotel and the PEC will be significantly improved by securing a Hilton or Marriott branded property. Brands with a strong global presence are significantly more attractive, as many group and corporate travelers seek these brands specifically due to their loyalty programs.

Financing: A vast majority of HQ hotels and similar developments require some form of public financing.

Developer Solicitation and Selection: Hunden recommends a developer solicitation and selection process that encourages a wide level of interest and thereafter creates competition to establish important business terms within broadly defined parameters set by the PEC.

	Developer Proposal	Recommended Scenario
Key Count	175	375
Brand	Radisson	Hilton or Marriott
Quality	4-Star	4-Star
Function Space	3,000 – 5,000 SF	12,000 SF 10,000 SF Grand Ballroom 2,000 SF meeting rooms
Parking	800 Spaces 250 hotel spaces 550 event center spaces	825 Spaces ~500 hotel spaces 325 event center spaces
Amenities	4,500 SF ground-floor restaurant	5,000 SF ground-floor restaurant 5,000 SF rooftop event / F&B space
Contractual Agreements	Fixed	Broad parameters in RFP Terms proposed and negotiated

03

Economic, Demographic & Tourism Analysis



Summary of Market Attributes

The table below summarizes Plano's key economic, demographic, and tourism attributes in relation to the Project's potential to attract a new tier of clientele and visitors to the PEC.

Market Attribute	Key Takeaways
Population	<ul style="list-style-type: none">▪ Located in the nation's 4th most populated MSA, which has experienced record population growth since COVID-19 and is projected to add 700,000 more residents within the next five years▪ Robust drive-time population of 33 million residents within five hours, largely driven by the presence of several major markets across Texas
University and Corporate Presence	<ul style="list-style-type: none">▪ Strong presence of local headquarters, providing the PEC with a greater ability to attract Corporate events▪ Substantial recent corporate and economic expansion across Texas, which ranks among the top states for the number of Fortune 500 companies▪ Local Collin College campus situated within minutes of the Project site
Accessibility	<ul style="list-style-type: none">▪ Close proximity to two international airports, including DFW with 193 nonstop domestic destinations▪ Lack of immediate proximity to major interstates, but benefits from its location along I-75
Attractions and Commercial Assets	<ul style="list-style-type: none">▪ Significant presence of commercial assets in West Plano, but limited supply of commercial assets in the Project site's immediate local area▪ Project provides the potential to stimulate a wave of growth and revitalization in East Plano

Population

While the local population is not a particularly strong indicator of regional demand for meeting facilities, markets with larger populations often experience higher demand for meeting space. Furthermore, associations and other groups may strategically select facilities that have a strong concentration of local membership.

Dallas-Fort Worth, the largest MSA in Texas, has a 2024 population of 8,195,415. The MSA is expecting an increase in population by more than 700,000 people within the next five years. Local and regional indicators within Texas show that the MSA has outpaced national population growth since 2010, ultimately benefiting the market with increased overall activity.

Population and Growth Rates					
	2010	2020	2024	2029 Projected	% Change 2010 - 2024
Nationwide					
United States	308,745,538	331,449,281	338,440,954	344,873,411	9.6%
Statewide					
Texas	25,145,558	29,145,505	30,857,478	32,581,174	22.7%
Marketwide (MSAs)					
Dallas-Fort Worth	6,366,547	7,637,387	8,195,415	8,811,074	28.7%
Houston	5,946,800	7,149,642	7,624,200	8,072,993	28.2%
San Antonio	2,142,508	2,558,143	2,733,998	2,931,790	27.6%
Austin	1,716,273	2,283,371	2,550,817	2,826,827	48.6%
McAllen	774,769	870,781	910,138	941,076	17.5%
Citywide					
Plano	259,850	285,498	292,059	293,839	12.4%

Source: U.S. Census Bureau

Drive-Time Analysis

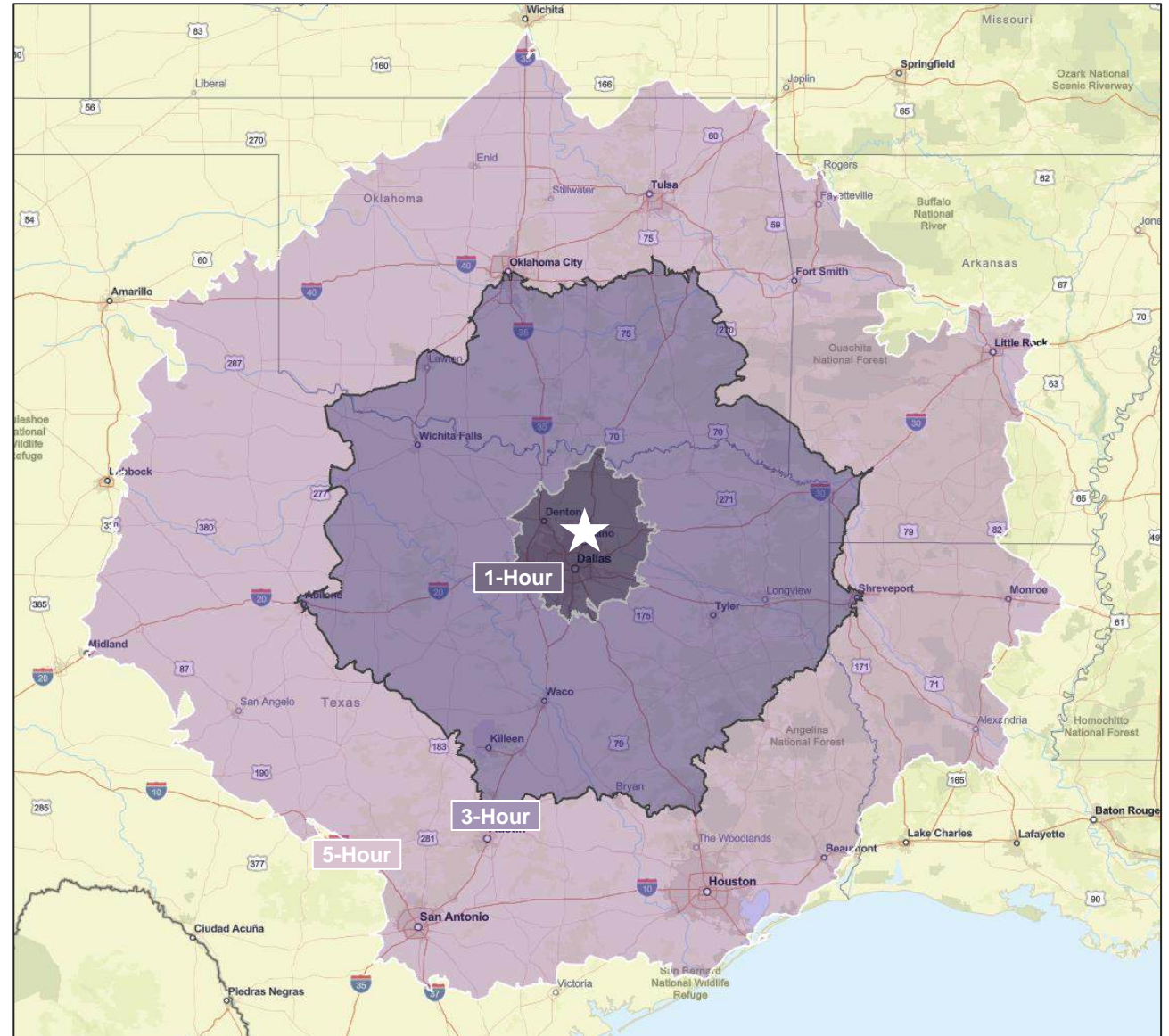
There are several metropolitan areas that contribute to the large size of the drivable market in central Texas. These areas include Dallas, Austin, Tulsa, San Antonio, Houston, and Fort Worth.

The population is 7,519,692 within a one-hour drive of Plano. When expanded to a three- and five-hour drive-time, the population significantly increases to 12,799,579 and 32,742,989, respectively.

Estimated Drive-Time Statistics from Plano, TX (2024)

	1-Hour	3-Hour	5-Hour
Population	7,519,692	12,799,579	32,742,989
Households	2,738,982	4,728,281	12,198,112
Median Household Income	\$88,280	\$78,281	\$75,869
Median Home Value	\$374,085	\$314,111	\$294,120
Median Age	35.9	36.9	36.8

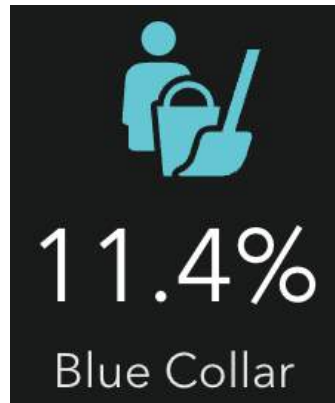
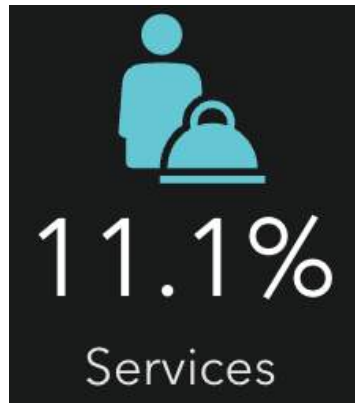
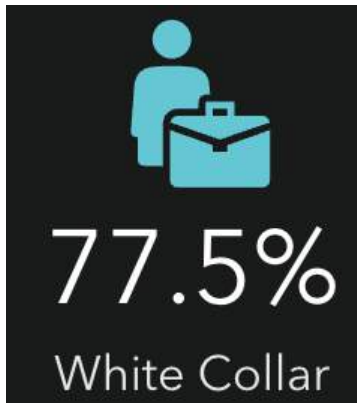
Source: ESRI



Employment

Within Collin County, the most popular industries in 2022 were Finance and Insurance; professional, scientific, and technical services; and health care and social assistance. These three industries accounted for nearly 25 percent of total employment in the county.

Since 2019, Collin County has experienced the most significant growth in the finance and insurance sector. More than 40,000 jobs were added between 2019 and 2022, representing a 22 percent increase.



Description	2019		2022		% Change 2019 - 2022
	Employees	% of Total	Employees	% of Total	
Total employment (number of jobs)	662,052	100%	808,428	100%	22.11%
By type					
Wage and salary employment	466,270	70.43%	554,223	68.56%	18.86%
Proprietors employment	195,782	29.57%	254,205	31.44%	29.84%
By industry					
Farm employment	2,291	0.35%	2,324	0.29%	1.44%
Nonfarm employment	659,761	99.65%	806,104	99.71%	22.18%
Private nonfarm employment	603,107	74.60%	747,332	92.44%	23.91%
Finance and insurance	71,417	8.83%	113,298	14.01%	58.64%
Professional, scientific, and technical services	76,383	9.45%	101,450	12.55%	32.82%
Retail trade	65,517	8.10%	71,393	8.83%	8.97%
Health care and social assistance	61,984	7.67%	67,561	8.36%	9.00%
Real estate and rental and leasing	37,402	4.63%	53,600	6.63%	43.31%
Accommodation and food services	48,889	6.05%	52,070	6.44%	6.51%
Administrative and support and waste management	36,735	4.54%	46,464	5.75%	26.48%
Other services (except government and government enterprises)	37,460	4.63%	41,030	5.08%	9.53%
Construction	30,033	3.71%	34,782	4.30%	15.81%
Manufacturing	30,290	3.75%	30,874	3.82%	1.93%
Transportation and warehousing	18,632	2.30%	26,605	3.29%	42.79%
Information	20,651	2.55%	25,649	3.17%	24.20%
Wholesale trade	18,231	2.26%	23,826	2.95%	30.69%
Management of companies and enterprises	14,833	1.83%	21,294	2.63%	43.56%
Arts, entertainment, and recreation	15,138	1.87%	15,920	1.97%	5.17%
Educational services	13,210	1.63%	14,509	1.79%	9.83%
Mining, quarrying, and oil and gas extraction	5,000	0.62%	5,736	0.71%	14.72%
Utilities	775	0.10%	695	0.09%	-10.32%
Forestry, fishing, and related activities	527	0.07%	576	0.07%	9.30%
Government and government enterprises	56,654	7.01%	58,772	7.27%	3.74%
Federal civilian	2,019	0.25%	2,258	0.28%	11.84%
Military	2,155	0.27%	2,241	0.28%	3.99%
State and local	52,480	6.49%	54,273	6.71%	3.42%
State government	(D)	-	(D)	-	-
Local government	(D)	-	(D)	-	-

Source: Bureau of Economic Analysis, Hunden Partners

Air Access

The PEC is conveniently located within approximately a 40-minute drive from the Dallas-Fort Worth International Airport (DFW).

Among all US airports, DFW was the second busiest airport in terms of enplaned passengers in 2023, in which it served 39.3 million passengers. The airport serves 27 different passenger airlines offering 193 domestic and 67 international nonstop destinations.

In 2023, Dallas Love Field ranked 36th in total enplaned with 8.4 million passengers.

Regional Airport Passenger Traffic

Year	Dallas/Fort Worth International Airport (DFW)			Dallas Love Field (DAL)		
	Enplanement	Deplanement	Total Passengers	Enplanement	Deplanement	Total Passengers
2019	35,770,570	35,837,438	71,608,008	8,068,752	8,085,072	16,153,824
2020	18,595,640	18,677,181	37,272,821	3,772,590	3,793,475	7,566,065
2021	30,000,592	30,100,734	60,101,326	6,459,483	6,481,574	12,941,057
2022	35,329,966	35,379,791	70,709,757	7,756,791	7,766,769	15,523,560
2023	39,226,359	39,350,114	78,576,473	8,454,181	8,483,456	16,937,637
Average	31,784,625	31,869,052	63,653,677	6,902,359	6,922,069	13,824,429

Source: Bureau of Transportation Statistics



Major Employers

Markets with a strong corporate presence often contribute to local demand for meeting facilities as well as increased hotel demand from corporate-related visitors such as business clients, trainees, and visiting executives. Plano has a number of companies with a local headquarters presence in and near the city limits, such as Toyota Motor North America, AT&T, and Texas Instruments.

The largest employer in Plano Texas is JP Morgan Chase employing more than 10,000 people. Four of the top ten leading employers are in the Financial and Insurance industry.

As of 2022, Dallas is home to 23 Fortune 500 company headquarters and 42 Fortune 1000 headquarters. The city continues to attract new corporations, which can be attributed to its robust workforce and favorable business environment.

Company Name	Industry	Number of Employees
JP Morgan Chase	Financial/Insurance	10,530
Capital One Finance	Financial/Insurance	5,578
Toyota Motor North America	Automotive	4,960
Bank of America	Call Center	4,500
Pepsi Co	Food & Beverage	3,759
Ericsson	Telecommunications	3,346
AT&T	Software/IT	2,500
Medical City Plano	Health/Medical	2,332
Liberty Mutual	Financial/Insurance	2,184
USAA	Financial/Insurance	2,092

Source: Plano Economic Development



Colleges & Universities

Within a 50-mile radius of downtown Plano, there are 40 colleges and universities with a combined enrollment of over 352,127 students. The majority of these students attend Dallas College, with 64,156 enrolled, and the University of North Texas, with 44,767 students. The nearest institution to the Plano Event Center is one of the Collin County Community College's campuses located right next door.

The graph shows that the college is over ten miles away because the distance is calculated from the headquarters location. Collin College, which has a total of 11 campuses across cities such as Allen, Celina, Frisco, and Wylie, has frequently utilized the Plano Event Center for various events. The introduction of a hotel in close proximity to the college could potentially enhance the College's interest in hosting even more events at the Plano Event Center, providing a convenient and attractive option.

The educational attainment rate in Plano surpasses both state and national averages, with 35.8 percent of Plano residents holding a bachelor's degree compared to the national and state average of 21.6 percent.

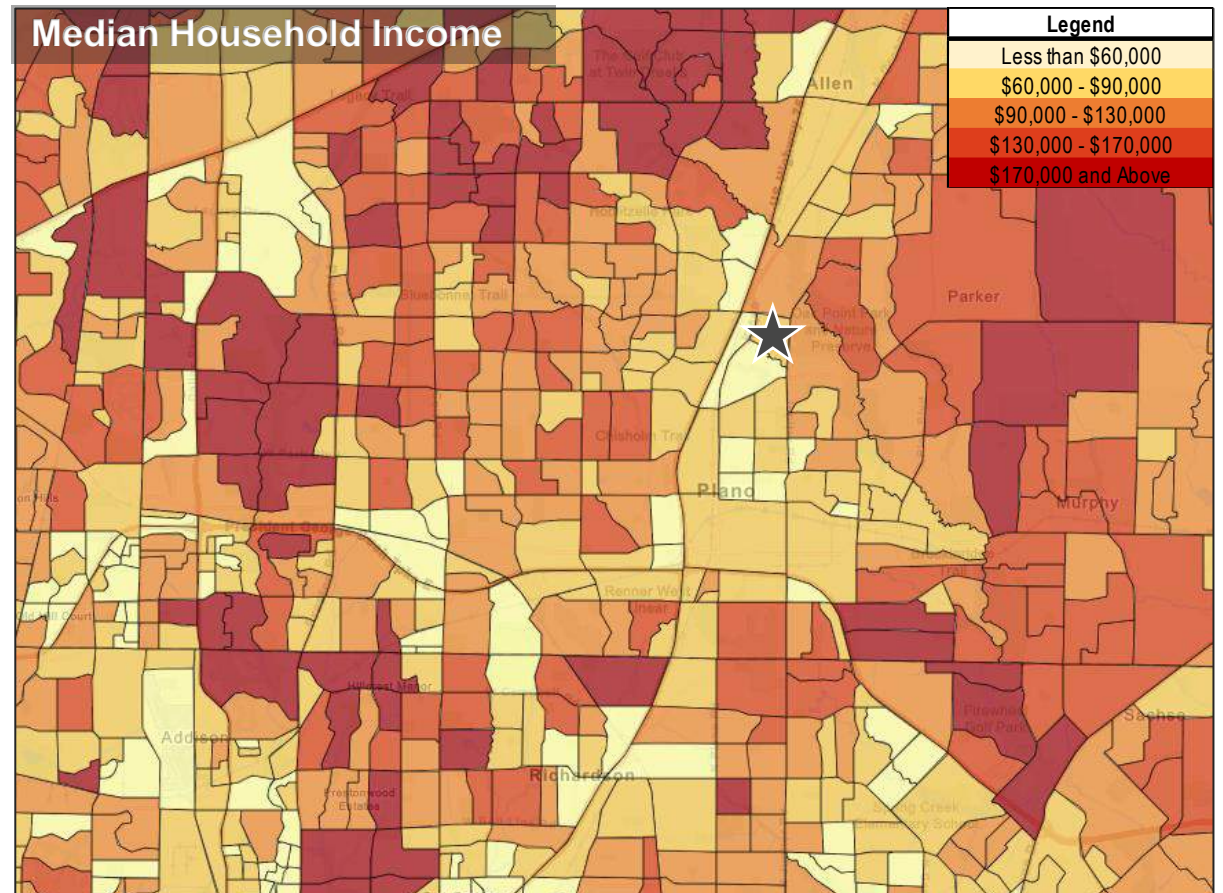
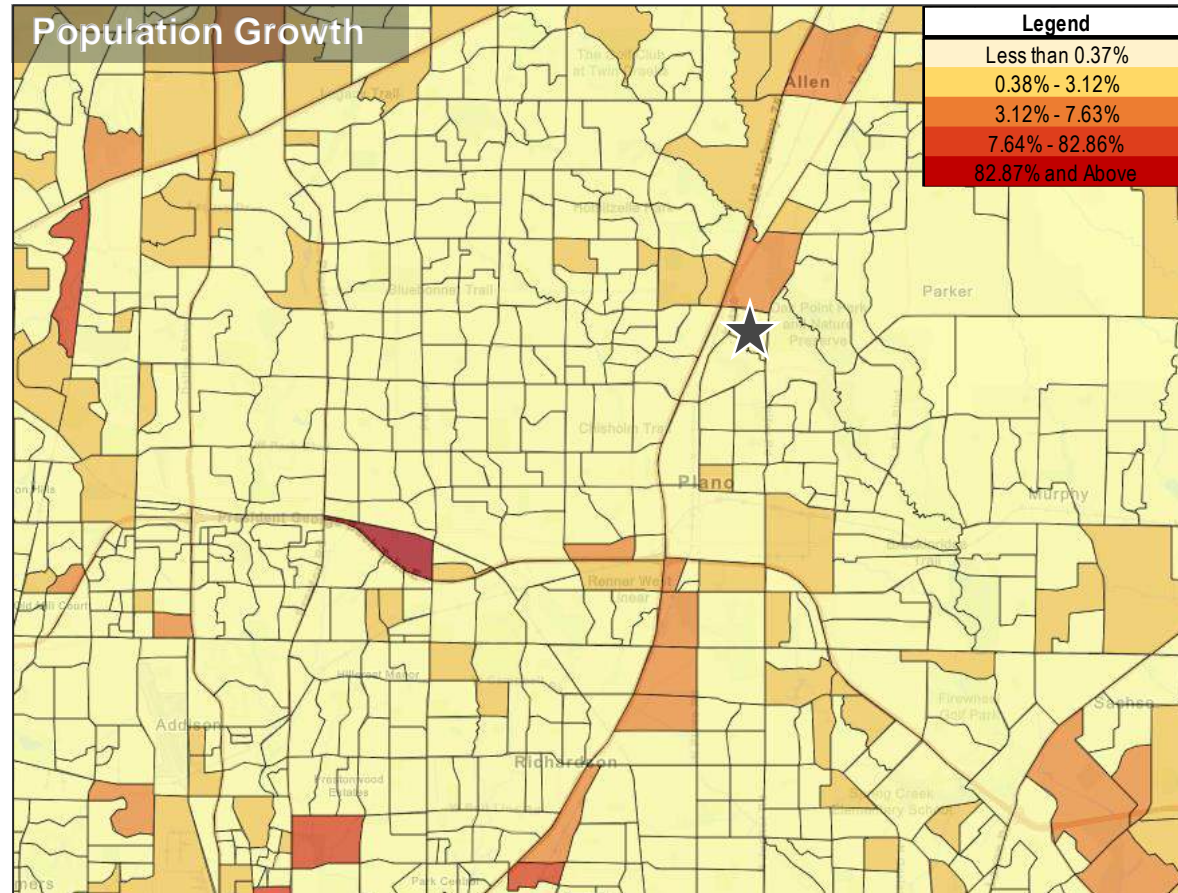
Institution	Location	Distance from 75074 (miles)	Highest Degree Offered	Enrollment
The Chicago School at Dallas	Richardson	6.2	Bachelors	145
The Chicago School-College of Nursing	Richardson	6.2	Bachelors	65
The University of Texas at Dallas	Richardson	6.2	Bachelors	31,570
Bakke Graduate University	Suite S206	8.8	Bachelors	149
Remington College-Dallas Campus	Dallas	8.8	Bachelors	302
Remington College-Online Dallas	Suite 200	8.8	Bachelors	217
Ablene Christian University-Undergraduate Online	Suite 800	10.2	Bachelors	766
Amberlon University	Garland	10.4	Bachelors	909
Collin County Community College District	McKinney	11.2	Doctors	35,077
University of Texas Southwestern Medical Center	Dallas	12.9	Bachelors	2,354
Parker University	Dallas	14.4	Doctors	2,063
Southern Methodist University	Dallas	14.4	Bachelors	12,053
Dallas Christian College	Dallas	14.9	Doctors	247
Total	-	-	-	85,917

Source: National Center for Education Statistics



Population Growth & Income

Due to the overall growth in the Dallas area, Plano has experienced above-average population growth. The majority of economic expansion has occurred in west Plano, away from the event center. The city's median household income is significantly higher than the U.S. average, reflecting its strong economic position.

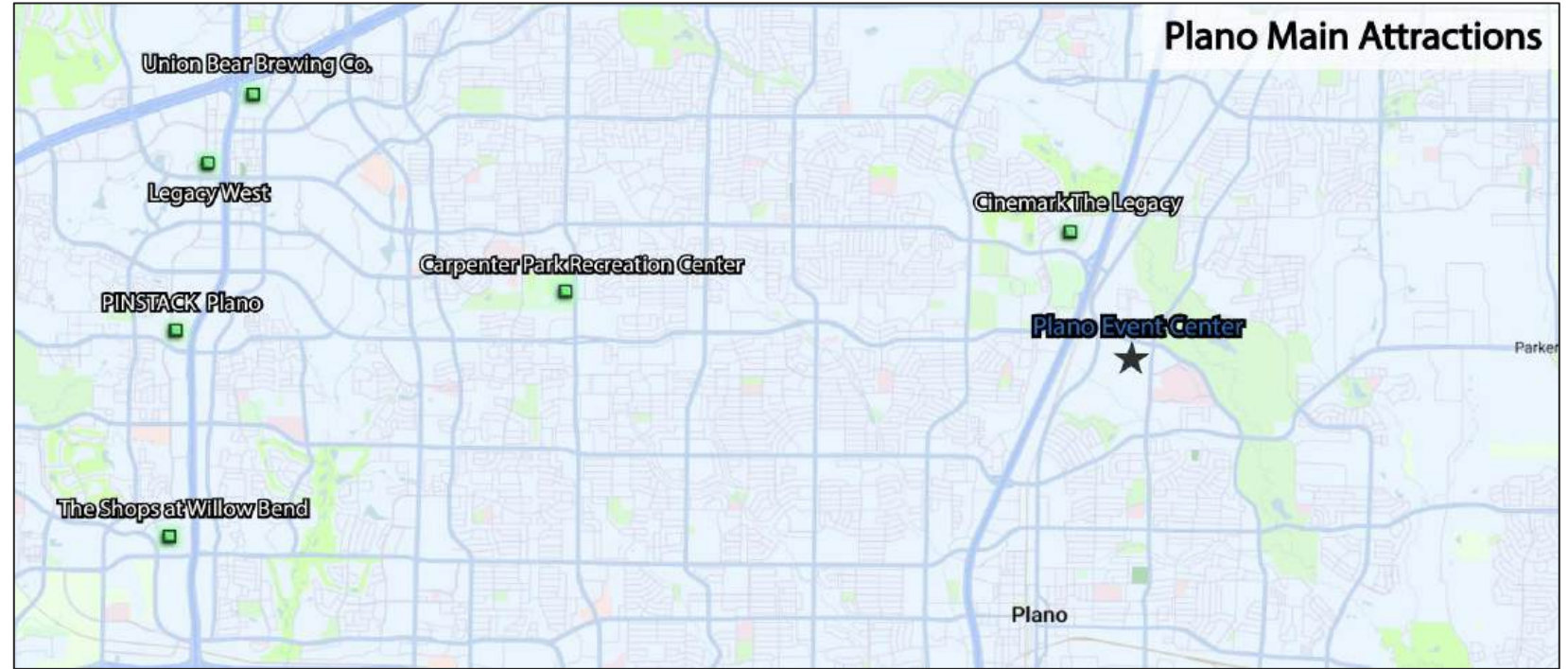


Attractions

The PEC has an opportunity to expand on the current tourism market in Plano. The top attractions are Legacy West and The Shops at Willow Bend.

The western part of Plano has historically seen the bulk of new development. However, with upcoming plans for new projects near the Plano Event Center, there is an opportunity for development to shift eastward.

This new focus on the eastern side could potentially stimulate a wave of growth and revitalization in the surrounding areas.



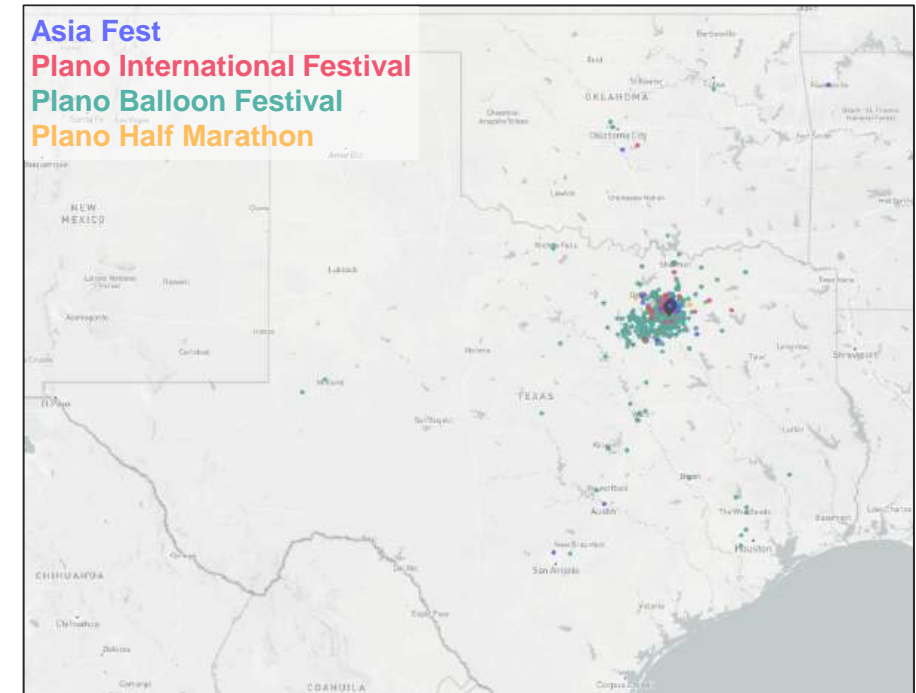
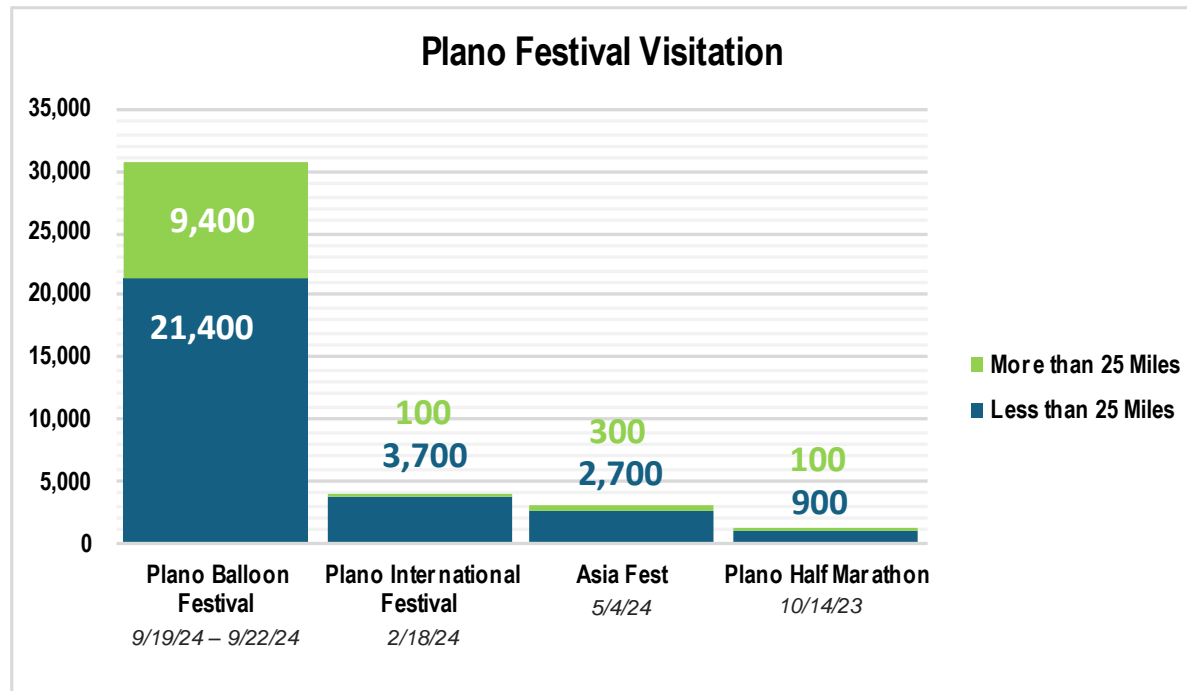
Rank	Name	Attraction Type	2023 Visits	2023 Visitors	2023 Visits More Than 50 mi	2023 Visits More Than 100 mi	% of 2023 Visits Over 50 Miles	% of 2023 Visits Over 100 Miles	Avg. Visits Per Customer
1	Legacy West	Shopping Mall	6,000,000	1,900,000	945,500	901,700	15.76%	15.03%	3.16
2	The Shops at Willow Bend	Shopping Mall	2,400,000	824,400	189,700	171,000	7.90%	7.13%	2.91
3	Cinemark The Legacy	Movie Theater	1,300,000	563,600	59,900	55,500	4.61%	4.27%	2.31
4	Carpenter Park Recreation	Rec Center	523,300	81,000	24,400	22,700	4.66%	4.34%	6.46
5	Pinstack	Bowling Alley	267,800	202,500	38,100	35,000	14.23%	13.07%	1.32
6	Union Bear Brewing Co.	Brewery/Restaurant	255,900	171,900	49,400	46,600	19.30%	18.21%	1.49
7	Plano Event Center	Event Center	193,700	143,500	30,600	22,700	15.80%	11.72%	1.35
Total/Average			10,940,700	3,886,900	1,337,600	1,255,200	12.23%	11.47%	2.81

Visitation numbers are estimates based off of geo-fencing data.
Source: Placer.ai

Major Events

In addition to events held at the Plano Event Center, some of the special off-site events held in Plano may also provide demand for the proposed on-site hotel. Some of the city's most notable events include the Plano Balloon Festival and Plano Half Marathon, both held at the Oak Point Nature Preserve, and the AsiaFest and Plano International Festival, both held at Haggard Park. The following figures provide visitation data for the respective events.

The Plano Balloon Festival generates the strongest visitation among all four events, with a total of over 30,000 visits, including 9,400 from households more than 25 miles away. The three additional events all generated significantly less visits from more than 25 miles away, indicating a limited amount of hotel demand attributed to these events.



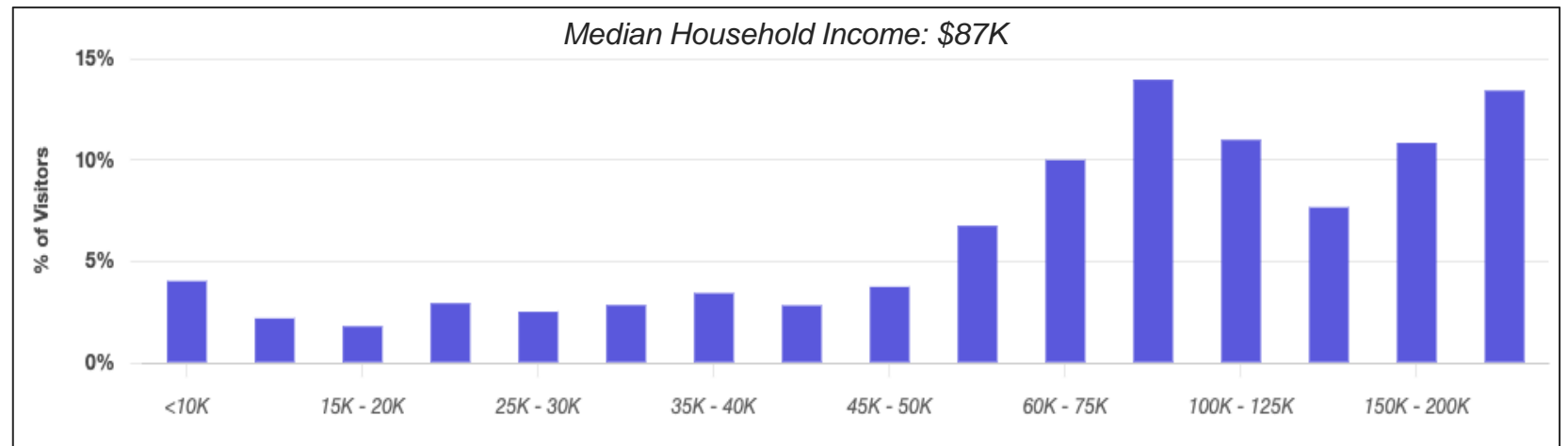
Plano Balloon Festival – Hotel Trends

The data below highlights the top hotels used by out-of-town visitors attending the Plano Balloon Festival as well as a distribution of their household incomes. While many attendees have higher incomes, properties such as Hampton Inn and Home2 Suites lead in visitor stays, indicating that Plano’s event-driven demand has a stronger impact on the midscale hotel market. The visitation data suggests these events alone will likely not generate significant demand for a hotel adjacent to the PEC. Nonetheless, they still serve as secondary demand drivers that support broader market health.

Top Hotels for Plano Balloon Festival

Rank	Name	Visitors
1	Hampton Inn / Nationwide	447 (1.6%)
2	Home2 Suites / Nationwide	400 (1.4%)
3	Fairfield Inn / Nationwide	226 (0.8%)
4	Courtyard by Marriott / Nationwide	214 (0.8%)
5	TRU by Hilton / Nationwide	159 (0.6%)
6	Comfort Inn & Suites / Nationwide	147 (0.5%)
7	Holiday Inn Express / Nationwide	136 (<0.5%)
8	Hilton Hotels & Resorts / Nationwide	122 (<0.5%)
9	Hyatt Place / Nationwide	120 (<0.5%)
10	Omni Hotels & Resorts / Nationwide	118 (<0.5%)

Household Income of Visitors (From More Than 25 Miles Away)



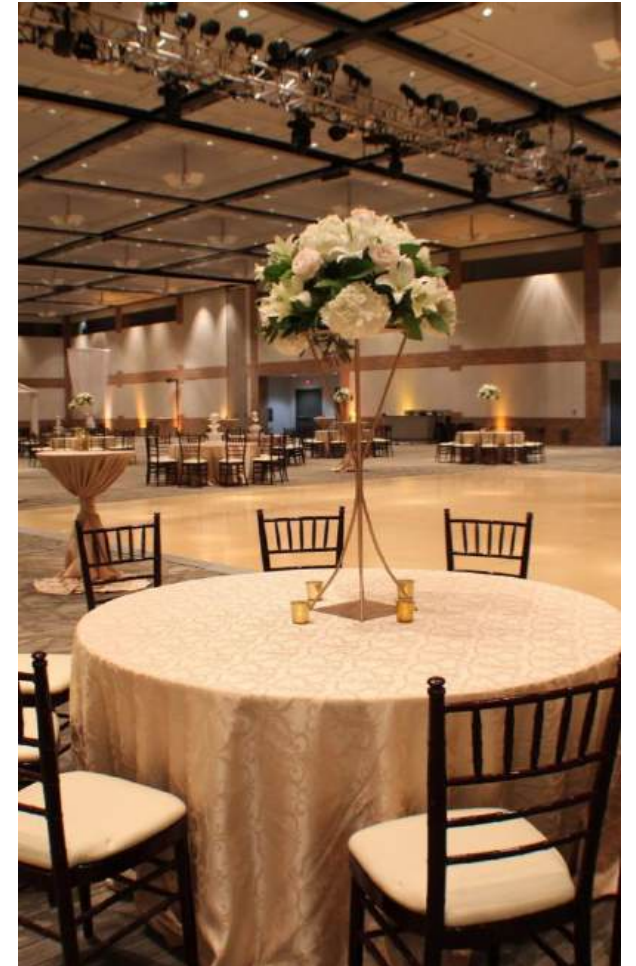
Implications

Economic, Demographic, and Tourism Analysis

The Plano Event Center benefits from its proximity to Dallas and several large headquarters including Toyota Motor North America, AT&T, and Texas Instruments. An additional asset is its proximity to Collin County Community College, which hosts numerous events, adding to the PEC's activity and economic drivers.

Although most new development has occurred in West Plano, the area around the event center is still benefiting from the significant population growth occurring in Dallas and across Texas with a strong drive-time population within five hours of the facility. Furthermore, the PEC's proximity to two major airports provides the Project with the potential to attract more national events and fly-in attendees.

The addition of a hotel could significantly enhance the local economy by attracting a larger number of overnight visitors, increasing hotel demand and commercial spending. This increase in overnight travelers would likely boost spending in the area, benefiting local businesses, restaurants, and shops.



04

**Competitive
Convention Hotel
Analysis**





Convention & Meetings Market Trends

Function Space Types

The following outlines the three main function space types for event facilities along with their design elements that are often required by event groups.

Exhibit Space

Exhibit space tends to accommodate the largest group sizes and typically hosts conventions, trade shows, and sporting events. These spaces often emphasize simplicity, consisting of concrete flat floors, high ceiling heights, and large open spaces that can allow for a variety of event types and setups. In recent years, however, facilities have moved away from traditional exhibit space to more flexible space able to act as a large, ancillary ballroom.



Ballroom Space

Ballrooms offer the highest quality space for facilities and are typically used for banquets, receptions, conferences, and smaller conventions and provide the highest quality space. Additionally, flexibility of these spaces is crucial. To align with industry standards, ballrooms must offer a swanky, upscale design and incorporate various elements such as column-free spaces, divisible walls, patterned carpeting, and chandeliers.



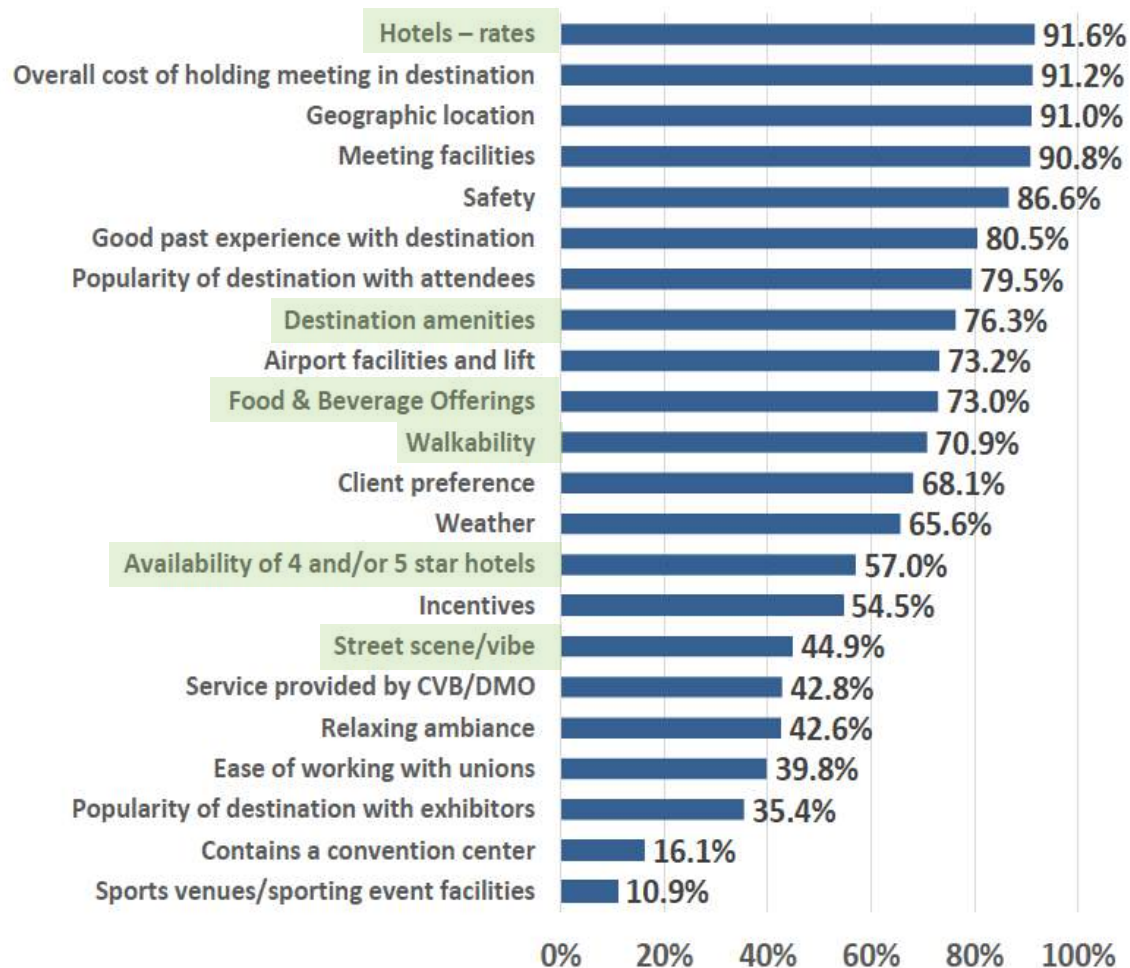
Meeting Space

Meeting and boardrooms are designed for smaller audiences and are commonly used for small meetings or breakout sessions during events. The quantity of breakout spaces has become an increasingly valuable factor for meeting planners. Although design standards for meeting spaces are not as high compared to ballrooms, quality is still a valuable component for many groups.



Importance of Facility Attributes

Highlighted below are key facility attributes relevant to the Project.



Project Related

	CORP.	3RD PARTY	ASSOC.	SMERF
TOP TWO BOX SCORE				
Hotels – quality	95.3%	96.5%	93.0%	93.0%
Hotels – rates	91.3%	95.1%	95.2%	91.1%
Overall cost of holding meeting in destination	89.7%	95.1%	95.6%	93.0%
Geographic location	92.1%	95.1%	91.1%	89.7%
Meeting facilities	91.7%	95.1%	91.9%	91.1%
Safety	86.6%	89.5%	89.6%	87.8%
Good past experience with destination	82.6%	88.1%	82.2%	81.7%
Popularity of destination with attendees	81.0%	88.1%	83.3%	78.9%
Destination amenities (restaurants, entertainment, etc.)	80.6%	83.9%	79.3%	75.1%
Airport facilities and lift	77.1%	79.0%	74.4%	70.4%
Food & Beverage Offerings	78.7%	76.2%	74.8%	73.2%
Walkability	68.0%	69.2%	75.2%	69.0%
Client preference	78.7%	95.1%	71.9%	75.6%
Weather	71.5%	67.1%	67.4%	63.8%
Availability of 4 and/or 5 star hotels	69.2%	69.9%	57.8%	54.5%
Incentives	59.7%	69.9%	56.7%	58.2%
Street scene/vibe	46.2%	45.5%	46.3%	43.2%
Service provided by CVB?DMO	40.3%	55.2%	49.3%	50.7%
Relaxing ambiance	46.6%	44.8%	43.7%	47.4%
Ease of working with unions	44.3%	53.1%	44.1%	36.6%
Popularity of destination with exhibitors	39.9%	49.0%	40.4%	39.4%
Contains a convention center	14.2%	13.3%	17.8%	12.2%
Sports venues/sporting event facilities	16.6%	12.6%	8.5%	11.7%

Source: Destination Analysts – The CVB and the Future of the Meetings Industry



Competitive Market

Competitive Supply

Hunden assessed the competitive regional market based on proximity and facility and market similarities. Based on industry standards, Hunden did not include outdoor or pre-function space in its assessments.

Based on Hunden's assessment, the key takeaways are as follows:

- The PEC is the only facility in the regional market that does not offer walkable hotel options
- Few facilities offer more than 50,000 square feet of total function space
- The four competitive facilities with designated exhibit space offer roughly double the footprint of the PEC's exhibit space
- The PEC has limited ballroom space that effectively aligns with industry standards

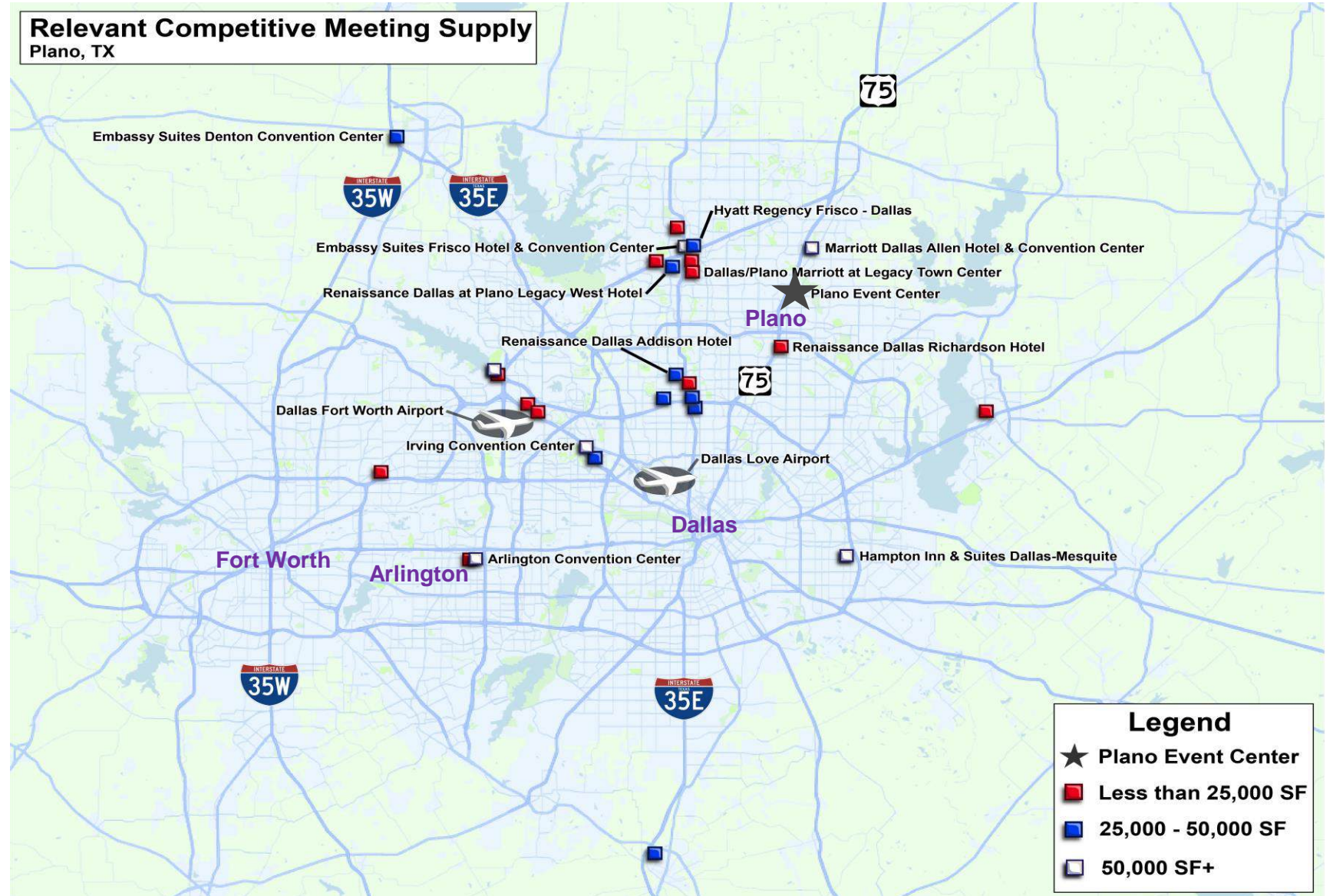
Relevant Competitive Meeting Supply										
Venue	Type	Location	Distance from PEC (mi)	On-Site Hotel Rooms	Total Function Space	Exhibit SF	Ballroom SF	Largest Ballroom	Meeting SF	# of Divisions
Arlington Convention Center	Conv. Center / Hotel	Arlington	29.2	888	190,865	43,269	98,887	51,224	48,709	44
Irving Convention Center at Las Colinas	Convention Center	Irving	25.2	–	85,459	48,576	26,104	19,264	10,779	26
Mariott Dallas Allen Hotel & Convention Center	Conv. Center / Hotel	Allen	3.3	300	66,600	40,000	12,000	12,000	14,600	15
Hampton Inn & Suites Dallas-Mesquite	Conv. Center / Hotel	Mesquite	22.1	160	57,738	35,250	18,000	18,000	4,488	9
Embassy Suites Frisco Hotel & Convention Center	Hotel	Frisco	10.6	330	55,148	–	42,154	42,154	12,994	21
Hilton DFW Lakes Executive Conference Center	Hotel	Grapevine	26.9	397	52,256	–	30,764	14,400	21,492	32
Renaissance Dallas Addison Hotel	Hotel	Addison	13.7	528	46,597	–	34,640	25,400	11,957	16
Embassy Suites Denton Convention Center	Hotel	Denton	41.8	318	38,493	–	36,225	26,400	2,268	5
Hilton Dallas Lincoln Centre	Hotel	Dallas	14.7	503	36,097	–	16,622	10,000	19,475	22
Plano Event Center	Convention Center	Plano	–	–	32,903	21,600	3,556	3,556	7,747	12
The Westin Galleria Dallas	Hotel	Dallas	14.7	448	32,749	–	22,978	11,760	9,771	16
Omni Las Colinas Hotel	Hotel	Irving	25.8	421	31,422	–	20,283	10,650	11,139	14
Hyatt Regency Frisco - Dallas	Hotel	Frisco	10.9	303	27,835	–	16,230	12,330	11,605	15
Waxahachie Civic Center	Civic Center	Waxahachie	49.4	228	26,710	–	23,486	20,499	3,224	7
DoubleTree Dallas Near the Galleria	Hotel	Dallas	15.8	290	25,706	–	14,082	7,350	11,624	13
Renaissance Dallas at Plano Legacy West Hotel	Hotel	Plano	9.4	304	25,162	–	20,098	14,983	5,064	15
The Westin Dallas Fort Worth Airport	Hotel	Irving	26.6	506	24,828	–	13,695	10,541	11,133	17
Dallas/Plano Marriott at Legacy Town Center	Hotel	Plano	9.2	417	24,049	–	13,858	13,858	10,191	15
Renaissance Dallas Richardson Hotel	Hotel	Richardson	6.5	335	23,850	–	17,976	12,324	5,874	8
Hilton Dallas/Rockwall Lakefront	Hotel	Rockwall	26.7	233	23,557	–	15,379	11,900	8,178	15
Omni Frisco Hotel at The Star	Hotel	Frisco	11.7	300	22,154	–	17,463	12,971	4,691	9
Dallas/Addison Marriott Quorum by the Galleria	Hotel	Dallas	16.2	547	21,929	–	12,100	9,500	9,829	18
Sheraton DFW Airport Hotel	Hotel	Irving	26.8	302	21,562	–	14,304	10,080	7,258	15
Embassy Suites Grapevine DFW Airport North	Hotel	Grapevine	27.4	329	21,198	–	16,072	12,640	5,126	12
The Westin Dallas Stonebriar Golf Resort & Spa	Resort	Frisco	10.8	302	20,765	–	11,377	6,240	9,388	11
Live! By Loews, Arlington	Hotel	Arlington	38.7	300	20,722	–	14,194	14,194	6,528	13
Hilton Dallas/Plano Granite Park	Hotel	Plano	9.9	300	20,383	–	18,471	14,469	1,912	6
Hurst Conference Center	Conference Center	Hurst	40.5	–	18,131	–	13,795	13,795	4,336	6
Average				372	39,102	37,739	21,957	15,803	10,406	15

Source: CVENT, Venue Websites

Geographical Overview

The adjacent map highlights the location of the PEC's competing convention and conference facilities in comparable markets across the Dallas-Fort Worth metro, categorized by total function space. Hunden did not include facilities in downtown Dallas due to significant differences in market characteristics and clientele.

While the northern Dallas suburbs comprise a robust supply of facilities, **only a few offer over 50,000 square feet of total function space.**



Event Sizes

The table below outlines event activity categorized by city and segment within the Dallas-Fort Worth market in 2023.

On average, national and state association events in the Dallas-Fort Worth market attracted 429 and 536 attendees, respectively, with Allen hosting a significantly larger attendee count compared to other cities. Corporate events drew a notably smaller audience, averaging 192 attendees, with Dallas showing a strong dominance in this segment.

Dallas-Fort Worth Market - Location Trends by Segment (2023)								
National Association			State Association			Corporate		
City	Total Events	Average Attendees	City	Total Events	Average Attendees	City	Total Events	Average Attendees
Dallas	435	493	Dallas	87	630	Dallas	1,150	216
Irving	103	174	Denton	33	519	Irving	301	98
Frisco	42	215	Irving	24	184	Frisco	132	153
Plano	18	369	Frisco	12	243	Plano	125	132
Richardson	18	222	Allen	11	1,224	Allen	62	537
Allen	13	1,481	Plano	7	477	Richardson	52	150
Denton	9	314	Richardson	6	187	Denton	29	221
Garland	4	181	McKinney	5	184	Westlake	21	105
McKinney	2	234	Garland	2	56	McKinney	20	73
Coppell	2	-	Coppell	2	625	Garland	10	45
Total / Average	646	429	Total / Average	189	536	Total / Average	1,902	192
Average Property Guest Rooms			Average Property Guest Rooms			Average Property Guest Rooms		
557			506			395		

Source: Knowland

Event Trends at Competitive Facilities

Hunden assessed event trends at some of the primary competitive facilities with available performance data on Knowland. Some of the key takeaways are as follows:

- Total number of events and event days at the PEC aligns closely with the overall average among comparable facilities.
- Average attendance at the PEC is strong when compared to the overall market, with a notable positive correlation between average attendance and total function space within the comparable set.
- Compared to overall averages among comparable facilities, the PEC hosts a smaller proportion of corporate events, while the Government and SMERF segments represent a significantly larger share of events at the PEC.

Event Trends at Competitive Facilities (July 2023 - June 2024)

Facility	Total Events	Average Attendance	Average Event Days
Mariott Dallas Allen Hotel & Convention Center	349	765	1.68
Embassy Suites Frisco Hotel & Convention Center	135	630	1.73
Renaissance Dallas Addison Hotel	183	476	1.28
Embassy Suites Denton Convention Center	375	407	2.01
Plano Event Center	248	562	1.47
Omni Las Colinas Hotel	74	128	2.00
Hyatt Regency Frisco - Dallas	410	219	1.59
Renaissance Dallas at Plano Legacy West	249	209	1.07
Dallas/Plano Marriott at Legacy Town Center	370	215	1.20
Renaissance Dallas Richardson Hotel	129	191	1.26
Average	252	380	1.53

Source: Knowland



Total Events by Segment at Competitive Facilities (July 2023 - June 2024)

Facility	% of Total		% of Total		% of Total		% of Total		Unclassified / Other
	Association	Events	Corporate	Events	Government	Events	SMERF	Events	
Mariott Dallas Allen Hotel & Convention Center	21	6%	192	55%	4	1%	24	7%	108
Embassy Suites Frisco Hotel & Convention Center	22	16%	78	58%	5	4%	10	7%	20
Renaissance Dallas Addison Hotel	18	10%	80	44%	1	1%	16	9%	68
Embassy Suites Denton Convention Center	67	18%	168	45%	17	5%	64	17%	59
Plano Event Center	22	9%	73	29%	44	18%	62	25%	47
Omni Las Colinas Hotel	13	18%	38	51%	0	0%	4	5%	19
Hyatt Regency Frisco - Dallas	17	4%	156	38%	3	1%	73	18%	161
Renaissance Dallas at Plano Legacy West	8	3%	154	62%	0	0%	18	7%	69
Dallas/Plano Marriott at Legacy Town Center	11	3%	258	70%	0	0%	26	7%	75
Renaissance Dallas Richardson Hotel	10	8%	82	64%	2	2%	12	9%	23
Average	21	9%	128	52%	8	3%	31	11%	65

Source: Knowland

Competitive Convention Center Landscape



Arlington Convention Center

Arlington Convention Center				Hotel Supply	
Function Space	Exhibit	Ballroom	Meeting	Total Walkable Rooms	Flagship Property
Square Feet	43,269	98,889	48,709	1,188 Rooms	Loews
Divisions	2	23	44	2 Hotels	888 Rooms



Irving Convention Center

Irving Convention Center				Hotel Supply	
Function Space	Exhibit	Ballroom	Meeting	Total Walkable Rooms	Flagship Property
Square Feet	48,576	26,104	10,779	629 Rooms	Westin
Divisions	2	12	12	3 Hotels	350 Rooms



Marriot Allen Hotel & Convention Center

Marriot Dallas Allen Hotel & Convention Center				Hotel Supply	
Function Space	Exhibit	Ballroom	Meeting	Total Walkable Rooms	Flagship Property
Square Feet	40,000	12,000	14,600	450 Rooms	Marriott
Divisions	1	3	15	2 Hotels	300 Rooms



Hampton Inn Mesquite

Hampton Inn-Mesquite				Hotel Supply	
Function Space	Exhibit	Ballroom	Meeting	Total Walkable Rooms	Flagship Property
Square Feet	35,250	18,000	4,448	329 Rooms	Hampton by Hilton
Divisions	2	5	6	3 Hotels	160 Rooms

Competitive Conference Hotel Landscape



Embassy Suites Frisco

Embassy Suites Frisco				Hotel Supply	
Function Space	Exhibit	Ballroom	Meeting	Total Walkable Rooms	Flagship Property
Square Feet	-	42,154	12,994	1,229 Rooms	Hilton
Divisions	-	9	21	8 Hotels	330 Rooms



Renaissance Dallas Addison

Renaissance Dallas Addison				Hotel Supply	
Function Space	Exhibit	Ballroom	Meeting	Total Walkable Rooms	Flagship Property
Square Feet	-	34,640	11,957	964 Rooms	Marriott
Divisions	-	16	16	4 Hotels	528 Rooms



Embassy Suites Denton

Embassy Suites Denton				Hotel Supply	
Function Space	Exhibit	Ballroom	Meeting	Total Walkable Rooms	Flagship Property
Square Feet	-	36,225	2,268	438 Rooms	Marriott
Divisions	-	18	5	2 Hotels	318 Rooms



Renaissance Dallas Richardson

Renaissance Dallas Richardson				Hotel Supply	
Function Space	Exhibit	Ballroom	Meeting	Total Walkable Rooms	Flagship Property
Square Feet	-	17,976	5,874	398 Rooms	Hilton
Divisions	-	14	8	2 Hotels	335 Rooms

Competitive Landscape

Although Plano competes with several facilities across the region, the selected competitive set, which is shown below, highlights the most relevant facilities and markets based on comparable attributes and feedback from local stakeholders.

Competitive Convention Centers: Arlington Convention Center, Irving Convention Center, Marriott Dallas Allen Convention Center, Mesquite Convention Center (Hampton Inn-Mesquite)

Competitive Conference Hotels: Embassy Suites Frisco, Renaissance Dallas Addison, Embassy Suites Denton, Renaissance Dallas Richardson

	Total Function Space	Exhibit	Ballroom	Meeting	Total Walkable Rooms	Flagship Brand
Plano Event Center						
Square Feet	32,903	21,600	3,556	7,747	-	-
Divisions	-	3	1	12	-	-
Competitive Convention Centers						
Square Feet	100,165	41,774	38,748	19,634	649 Rooms	Hilton, Marriott, Loews
Divisions	-	2	11	19	2 Hotels	424 Rooms
Competitive Conference Hotels						
Square Feet	41,022	-	37,248	8,273	757 Rooms	Hilton or Marriott
Divisions	-	-	14	12	4 Hotels	378 Rooms

The adjacent table summarizes the average footprint among the competitive facilities analyzed.

Key Takeaways:

- The PEC offers no walkable hotel supply, significantly limiting its ability to compete with other facilities in the Dallas-Fort Worth market that offer strong hotel supply.
- All competitive convention facilities offer around 35,000 – 50,000 square feet of exhibit space, roughly double the exhibit space footprint at the PEC.
- The proportion of PEC’s ballroom space compared to its total function space is significantly lower than its competitive facilities.
- The PEC is 66 percent smaller than its primary competitive convention facilities.

Visitation to Competitive Facilities

The adjacent tables provide an overview of the geographic visitation patterns to the PEC compared to its competitive facilities, with data specifically capturing the meeting space components of the properties. Some of the key takeaways are as follows:

- While total visitation to the PEC is comparable to that of its competitors, it attracts a less expansive regional and national audience.
- During the analyzed period, only 14 percent of the PEC’s visitors came from more than 100 miles away to attend events, compared to an average of 46 percent for the competitive facilities.
- Compared to the analyzed convention centers, conference facilities do not generate as high of total visitation yet still drive strong long-distance visitation, suggesting that on-site hotels are a key component of visitation.
- The minimal retail and commercial activity in the surrounding area likely contributes to the Mesquite Convention Center’s lower long-distance visitation compared to other convention facilities.

Visitor Origins by Distance from Site	Plano Event Center	Arlington CC	Irving CC	Marriott Allen CC	Mesquite CC
Long Distance - Over 100 Miles	27,200	70,700	120,300	156,900	27,200
Percent of Total Visits	14%	58%	39%	52%	16%
Total Visits	194,700	122,500	308,600	303,100	166,300

Source: Placer.ai

Visitor Origins by Distance from Site	Plano Event Center	Embassy Suites Frisco	Renaissance Addison	Embassy Suites Denton	Renaissance Richardson
Long Distance - Over 100 Miles	27,200	91,900	47,400	23,000	18,500
Percent of Total Visits	14%	49%	68%	42%	48%
Total Visits	194,700	188,000	69,300	55,000	38,300

Source: Placer.ai

Market Outreach Summary

Hunden spoke with several relevant stakeholders, including meeting planners, organizations, and associations, to understand industry trends as it relates to the Project. The key takeaways from these conversations are summarized below:

- **Recommended Key Counts:** A hotel with a key count of 300 – 400 rooms is needed to attract a sufficient number of regional groups and statewide associations. This range allows for more sufficient room blocks, making the property more appealing for events.
- **Key Decision Factors:** Event planners prioritize cost, hotel quantity, and walkability. Additional costs for things like parking and other amenities continue to increase, making facilities that offer concessions increasingly attractive.
- **Suburban vs. Downtown Markets:** Suburban markets benefit from their ability to offer more competitive rates and concessions. However, a notable drawback is their reduced walkability, accessibility, and hotel supply compared to downtown areas, where everything is conveniently within walking distance.
- **Importance of Onsite Hotels:** The addition of an onsite hotel is crucial for attracting regional and overnight groups. A few convention centers interviewed noted that the addition of an onsite hotel increased overnight stays from 20 percent to over 70 percent. Event planners prefer to avoid the inconvenience of arranging shuttle services or requiring attendees to drive to their hotels or post-event activities.
- **Corporate Business:** Corporate groups often benefit from larger budgets for events. As a result, it is critical for a facility to have a strong destination appeal and walkable district in order to effectively compete for regional and overnight events within this segment. Outside of downtown Dallas, facilities such as the Irving Convention Center and Omni PGA Frisco Resort are extremely attractive for Corporate groups as they provide attendees with a unique destination and event experience.
- **Associations:** Roughly half of Texas' associations and government groups aim to rotate their conferences and major events throughout the state. In addition to hotel supply, associations and government groups often choose venues based on the lowest cost available rather than the facility's location in the market. Planners seek venues that can accommodate both large general sessions and smaller breakout meetings.



Additional Nearby Asset and Event Drivers

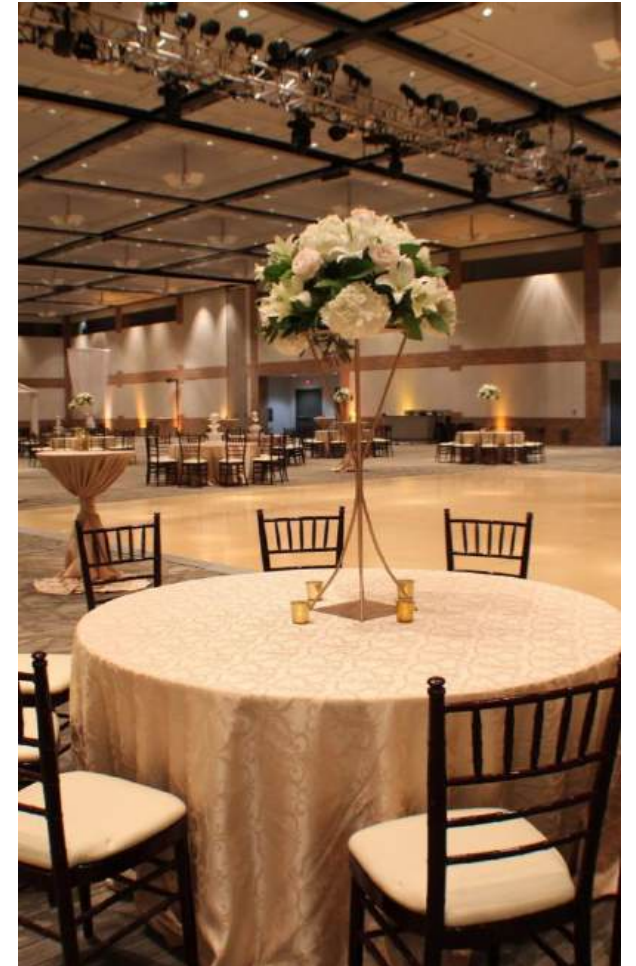
Implications

Competitive Convention Hotel Analysis

Among all of the competitive convention and conference facilities in the Dallas-Fort Worth market, the Plano Event Center is the only facility that does not offer walkable hotel supply. This absence likely contributes to the PEC's significantly lower long-distance visitation when compared to its competitors.

Only a few facilities in the competitive market offer more than 50,000 square feet of total function space. Among these, all convention facilities with exhibit space have approximately double the footprint of the PEC's exhibit space. Additionally, the PEC's designated ballroom space is limited in both quality and quantity compared to its competitors.

Key facility attributes that are most important to meeting planners include destination amenities, walkability, availability of 4- and 5-Star hotels, food & beverage offerings, and a vibrant street scene. These are all attributes that can effectively be addressed by the Project through the introduction of a high-quality HQ hotel and a compelling, walkable district.



05

Local Hotel Market Analysis





HQ Hotel Trends

HQ Hotel Trends

Historically, meeting planners were typically expected to contract with multiple hotels in order to service a convention, pay for their own transportation and seek additional event and meeting locations. In recent years, however, cities began to offer room packages within a few large hotels adjacent to convention centers. This improvement in packaging of the convention product led to expectations by the market and competitive pressure for all convention facilities to offer a convenient package of hotels attached, adjacent or within immediate walking distance of the convention facility. This eliminates the need for shuttling in most cases and often the hotels provide enough meeting and event spaces for the additional needs of the planners.

Those that do not offer such a package suffer considerably when competing for meetings, conferences, conventions and other events. Also, when a large convention is hosted in a city, there is a lift in occupancy and rate in other area hotels due to compression.

Cities that offer the best packages, such as Indianapolis, San Diego, Charlotte and San Antonio, have shown excellent convention center performance.



Why HQ Hotels Are Needed

Headquarter hotels are found next to many of the major convention centers across the country and development of these hotels has exploded over the past decade. This increase in development encourages the question, what makes these hotels special and why are they needed to have a strong convention and meetings destination? The following bullets outline the importance of headquarter hotels and why they are critical for any convention destination:

- Meeting planners and attendees want to have a **connected hotel where they can walk back and forth easily from their meeting to their hotel room**. Convention destinations that do not have this lose significant business to other destinations with this capability. Even if not directly connected, the ideal metric of walkable hotel rooms is 15 hotel rooms per 1,000 square feet of exhibit space.
- Groups will hold other events in the function space at the headquarter hotel or there can be simultaneous events occurring at one time.
- Room counts need to be high because it is important to have a large enough room block in the hotel to host a majority of the attendees. **A destination may lose out on a large event if another city has a larger headquarter hotel with a larger available room block.**
- These hotels are typically full-service because during non-convention days it is **important that the hotel can stand on its own two feet and generate its own meetings business**. This means that the hotel has ballroom and meeting room space, several dining options, and other amenities typically found in full-service properties such as a spa, fitness center, and pool.

Impact on Primary and Secondary Properties

Hunden recently conducted an exhaustive analysis on over 12 convention markets that did and did not introduce a convention headquarters hotel to determine how rates, occupancies, RevPAR, and total hotel revenue changed.

Hunden conducted this analysis for not only the Primary competitive set of walkable hotels around the convention center, but for a Secondary set of hotels that are lower quality, older, and/or farther away (up to three miles), to understand how compression from new business helps or hurts these properties.

The results are impressive and show positive impacts for both the Primary and Secondary sets of hotels, with even more pronounced benefits to the secondary set.

Performance of Primary & Secondary Hotel Sets				
10 Years Before & After Introduction of a Convention Headquarters Hotel*				
ADR - Average Annual Growth Rate				
	Performance Before HQ Hotel	Performance After HQ Hotel	Annual Difference	10-Year Cumulative Diff
A - Primary Set	1.3%	3.5%	2.2%	22.4%
B - Secondary Set	1.3%	4.6%	3.3%	32.9%
Occupancy - Average Annual Growth Rate				
	Performance Before HQ Hotel	Performance After HQ Hotel	Annual Difference	10-Year Cumulative Diff
A - Primary Set	0.6%	1.4%	0.8%	8.0%
B - Secondary Set	0.2%	1.6%	1.4%	14.1%
RevPAR - Average Annual Growth Rate				
	Performance Before HQ Hotel	Performance After HQ Hotel	Annual Difference	10-Year Cumulative Diff
A - Primary Set	1.9%	5.1%	3.2%	31.8%
B - Secondary Set	1.5%	6.5%	5.0%	49.9%
Total Revenue - Average Annual Growth Rate				
	Performance Before HQ Hotel	Performance After HQ Hotel	Annual Difference	10-Year Cumulative Diff
A - Primary Set	5.1%	9.0%	3.9%	39.0%
B - Secondary Set	7.0%	9.7%	2.7%	27.5%

Source: STR, Hunden Partners

P3 Hotel Trends

The following table details some of the major public-private partnership (P3) headquarter hotel developments that have occurred across the country in primarily tier one and tier two cities. The following key headlines were determined:

- Over the past decade, headquarter hotel development has increased across the country and become more costly
- On average, **over the past decade, the public sector has covered approximately 41 percent of the total development cost** of headquarter hotel development
- On a per room basis, total development cost over the past decade was approximately **\$416,000. With recent accelerated inflation, costs per key have surpassed \$500,000 and in many markets are \$600,000+/key.**
- Average development cost over the past decade was **\$305 million**
- Municipalities utilize creative financing tools to mitigate the high development cost

Legend	
Tier 1	
Tier 2	
Tier 3	
Tier 4	

Public-Private Hotel Developments										
City	State	Brand	Opening	Rooms	Total Hotel Costs (millions)	Cost/Room (000s)	Public Sector*		Private Sector	
							Investment (millions)	Percentage of Total Cost	Investment (millions)	Percentage of Total Cost
Minneapolis	MN	Hilton	1992	816	\$145	\$177	\$89.2	61.6%	\$55.6	38.4%
Norfolk	VA	Marriott	1992	405	\$60	\$148	\$23.0	38.3%	\$37.0	61.7%
Philadelphia	PA	Marriott	1995	1,408	\$237	\$168	\$36.5	15.4%	\$200.0	84.6%
Atlantic City	NJ	Sheraton	1997	502	\$85	\$169	\$38.2	44.9%	\$46.8	55.1%
Philadelphia	PA	Loews	1998	350	\$54	\$154	\$18.0	33.3%	\$36.0	66.7%
Denver	CO	Adam's Mark	1998	1,230	\$135	\$110	\$25.0	18.5%	\$110.0	81.5%
Tampa	FL	Marriott	1998	716	\$105	\$146	\$27.0	25.8%	\$77.5	74.2%
Wichita	KS	Hyatt	1998	303	\$42	\$140	\$20.1	47.3%	\$22.3	52.7%
Miami Beach	FL	Loews	1998	800	\$110	\$138	\$29.0	26.4%	\$81.0	73.6%
Franklin	TN	Marriott	1999	300	\$30	\$100	\$12.0	40.0%	\$18.0	60.0%
Madison	WI	Hilton	2000	222	\$29	\$131	\$10.0	34.5%	\$19.0	65.5%
Baltimore	MD	Marriott	2001	750	\$133	\$177	\$10.0	7.5%	\$123.0	92.5%
Chattanooga	TN	Chattanooga	2001	202	\$43	\$213	\$20.0	46.5%	\$23.0	53.5%
Indianapolis	IN	Marriott	2001	615	\$100	\$163	\$23.0	23.0%	\$77.0	77.0%
Charlotte	NC	Westin	2003	700	\$143	\$204	\$16.0	11.2%	\$127.0	88.8%
Louisville	KY	Marriott	2005	617	\$111	\$180	\$57.5	51.8%	\$53.5	48.2%
Boston	MA	Westin	2007	793	\$200	\$252	\$15.0	7.5%	\$185.0	92.5%
San Antonio	TX	Hyatt	2008	1,003	\$280	\$279	\$208.0	74.3%	\$72.0	25.7%
Lancaster	PA	Marriott	2009	294	\$45	\$153	\$20.0	44.4%	\$25.0	55.6%
Fort Worth	TX	Omni	2009	600	\$160	\$267	\$89.0	55.6%	\$71.0	44.4%
Fort Wayne	IN	Courtyard by Marriott	2010	250	\$47	\$188	\$12.0	25.5%	\$35.0	74.5%
Indianapolis	IN	JW Marriott, Courtyard, Springhill Suites	2011	1,568	\$354	\$226	\$48.5	13.7%	\$305.5	86.3%
Nashville	TN	Omni	2013	800	\$272	\$340	\$128.0	47.1%	\$144.0	52.9%
Washington	DC	Marriott	2013	1,167	\$639	\$548	\$308.0	48.2%	\$331.0	51.8%
Austin	TX	JW Marriott	2015	1,012	\$303	\$299	\$3.0	1.0%	\$300.0	99.0%
Evansville	IN	Doubletree	2015	253	\$44	\$174	\$20.0	45.5%	\$24.0	54.5%
Louisville	KY	Omni	2016	612	\$289	\$472	\$139.0	48.1%	\$150.0	51.9%
Houston	TX	Marriott	2016	1,000	\$335	\$335	N/A	N/A	N/A	N/A
Austin	TX	Fairmont	2018	1,048	\$370	\$353	N/A	N/A	N/A	TBD
Irving	TX	Marriott	2018	350	\$113	\$323	\$55.0	48.7%	\$58.0	51.3%
Portland	OR	Hyatt	2019	600	\$224	\$373	\$74.0	33.0%	\$150.0	67.0%
Austin	TX	Marriott	2020	613	\$275	\$449	TBD	TBD	TBD	TBD
Kansas City	MO	Loews	2020	800	\$325	\$406	\$265.0	81.5%	\$60.0	18.5%
Oklahoma City	OK	Omni	2021	605	\$241	\$398	\$85.4	35.4%	\$155.6	64.6%
Salt Lake City	UT	Hyatt Regency	2022	700	\$365	\$521	\$98.6	27.0%	\$266.4	73.0%
Fort Worth	TX	Omni (Expansion)	2026	400	\$217	\$543	\$53.0	24.4%	\$164.0	75.6%
Indianapolis	IN	Hilton Signia	2026	800	\$550	\$688	N/A	N/A	N/A	N/A
Average	-	-	2008	681	\$195	\$273	\$62.9	32.3%	\$109.2	67.7%
Average, Last 10 Years	-	-	2019	717	\$304	\$415	\$111.7	40.0%	\$163.9	60.0%
Total	-	-	-	25,204	\$7,209	-	\$2,076.0	-	\$3,603.2	-

* Public participation may be upfront capital only, or could include value of abatements and other incentives over time
Source: Hunden Strategic Partners

Publicly Funded Hotels

The adjacent table shows tax-exempt bond financing of HQ Hotels across the country, some of which were entirely financed and thereby owned by the public sector.

The following key headlines were determined:

- In many situations the public sector owns the headquarter hotel entirely and finances the project completely with tax-exempt bonds.
- This has been demonstrated in Houston with the Hilton Hotel, as well as Dallas with the Omni that was developed in 2012.

Tax-Exempt Financing with Bonds Supported by Project Revenues						
City	State	Brand	Opening	Rooms	Public Bond Issue (millions)	Cost/Room (000s)
Providence*	RI	Westin	1995	364	\$70.0	\$192
Chicago	IL	Hyatt	1998	800	\$108.0	\$135
Sacramento	CA	Sheraton	2000	503	\$104.9	\$209
Myrtle Beach	SC	Radisson	2001	404	\$76.5	\$189
Chesapeake	NY	Hyatt	2002	400	\$193.0	\$483
Overland Park	KS	Sheraton	2002	412	\$105.7	\$257
Trenton	NJ	Mariott	2002	197	\$58.0	\$294
St. Louis	MO	Renaissance Suites	2003	1,081	\$276.6	\$256
Austin	TX	Hilton	2004	800	\$280.1	\$350
Bay City	MI	Doubletree	2004	150	\$32.9	\$219
Houston	TX	Hilton	2004	1,200	\$326.2	\$272
Omaha	NE	Hilton	2004	450	\$112.0	\$249
Baltimore	MD	Hilton	2005	756	\$200.9	\$266
Denver	CO	Hyatt	2005	1,100	\$394.8	\$359
Providence*	RI	Hilton	2005	392	\$78.4	\$200
Vancouver	WA	Hilton	2005	226	\$47.5	\$210
Columbia	SC	Hilton	2006	300	\$67.0	\$223
Coralville	IA	Mariott	2006	286	\$33.0	\$115
Baltimore	MD	Hilton	2008	757	\$305.0	\$403
Erie	PA	Sheraton	2008	200	\$45.4	\$227
Phoenix	AZ	Sheraton	2008	1,000	\$346.1	\$346
Fort Lauderdale	FL	Hilton	2011	1,000	\$415.0	\$415
Omaha	NE	Hilton (Expansion)	2011	150	\$37.0	\$247
Columbus	OH	Hilton	2012	532	\$178.0	\$335
Dallas	TX	Omni	2012	1,001	\$479.2	\$479
Chicago	IL	Hyatt Expansion	2013	451	\$180.0	\$399
Chicago	IL	Mariott	2016	1,200	\$400.0	\$333
Cleveland	OH	Hilton	2016	600	\$272.0	\$453
Columbus	OH	Hilton (468-key Expansion)	2022	1,000	\$210.0	\$449
Average	-	-	2006	611	\$187	\$295

* Estimated Cost
Source: Hunden Strategic Partners



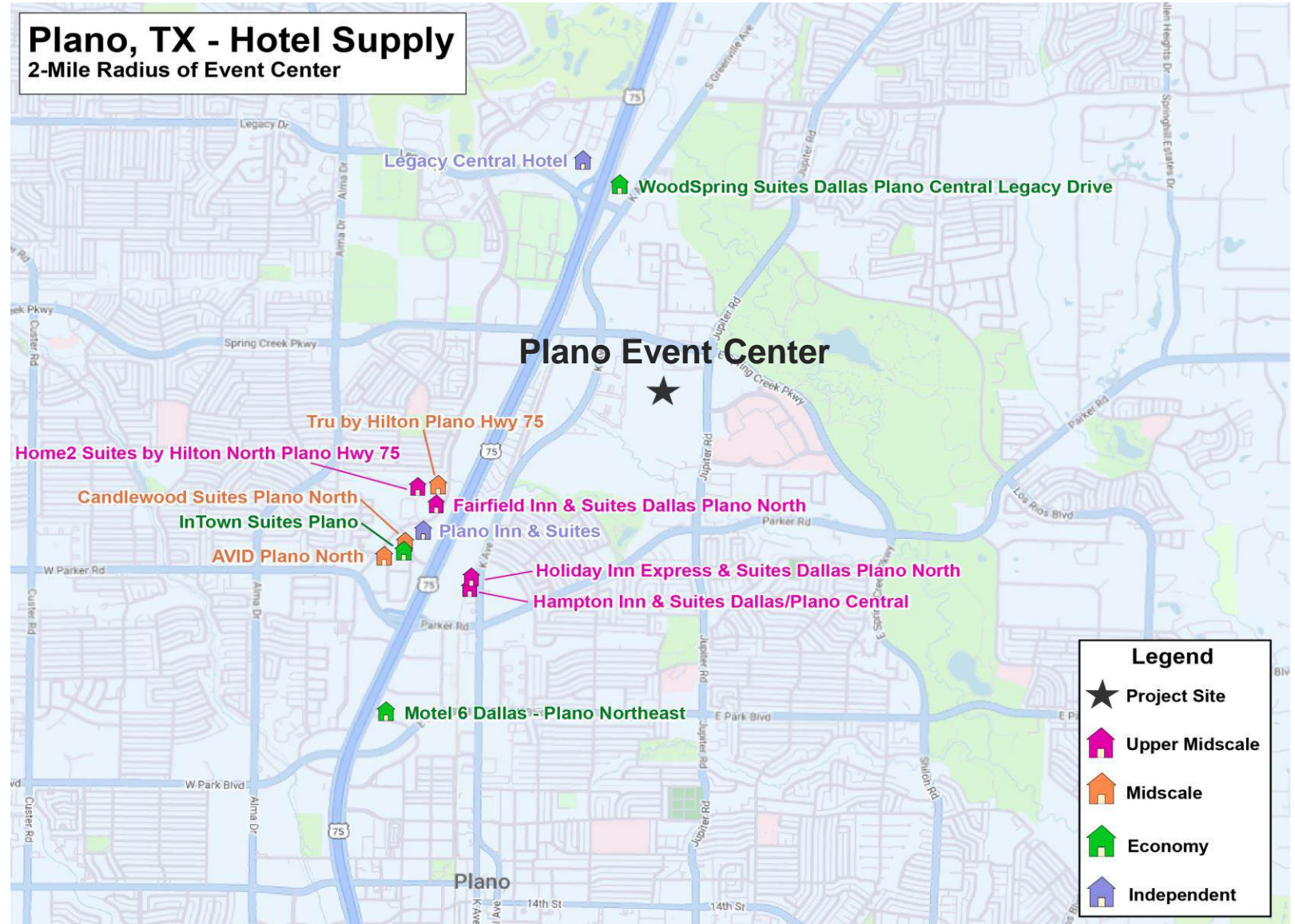
Local Hotel Market

Plano Event Center – Nearby Hotel Supply

The map to the right shows the location of local hotels within a two-mile radius relative to the Plano Event Center.

There are ten existing properties within a two-mile radius of the PEC that offer a **total of 1,064 rooms**. The hotel supply surrounding the PEC primarily consists of upper-midscale and midscale properties, with **no existing upscale or upper upscale hotels**.

Two additional hotels – the Legacy Central Hotel and the Avid Plano North Hotel – are current or upcoming developments in the local area. Once completed, The Legacy Central Hotel and the Avid Plano North Hotel will add an additional 244 rooms to the area.



Local Lodging Summary

Hunden, using data from Smith Travel Research, identified hotels within a five-mile radius of the Plano Event Center.

As of July 2024, there are a total of 4,753 hotel rooms across 44 hotels within five miles of the PEC. Besides upper upscale, there is a healthy distribution of properties based on scale when expanded to a five-mile radius.

Lodging Summary - Plano Event Center (5-mile radius)					
Chainscale	Rooms	% of Total Rooms	Hotels	Avg Rooms per Hotel	Avg Year Open / Renovated
Luxury	0	0%	0	–	Jan-00
Upper Upsc	89	2%	2	45	Mar-10
Upscale	1,468	31%	11	133	Mar-13
Upper Mid	1,239	26%	11	113	Nov-15
Midscale	944	20%	9	105	Jul-04
Economy	724	15%	8	91	Nov-98
Indep	289	6%	3	96	Sep-90
Total/Average	4,753	100%	44	97	Jun-90

Source: Smith Travel Research

Historical Market Performance

Hunden analyzed marketwide STR data provided by Visit Plano, which includes 62 hotels as of 2024, to assess the performance of the Plano hotel market. The average room supply has been steadily increasing since 2019, reflecting ongoing investment in hotel construction within the local market. The local supply experienced a significant drop in occupancy in 2020 due to Covid-19, but has since recovered, achieving occupancy rates higher than those seen pre-pandemic. RevPAR, a key metric combining occupancy and daily rate, has steadily increased since hitting a historical low of \$35 during the pandemic. In 2023 and so far in 2024, the market has consistently outperformed the previous annual average occupancy rates while also maintaining higher ADRs.

Historical Supply, Demand, Occupancy, ADR, RevPar

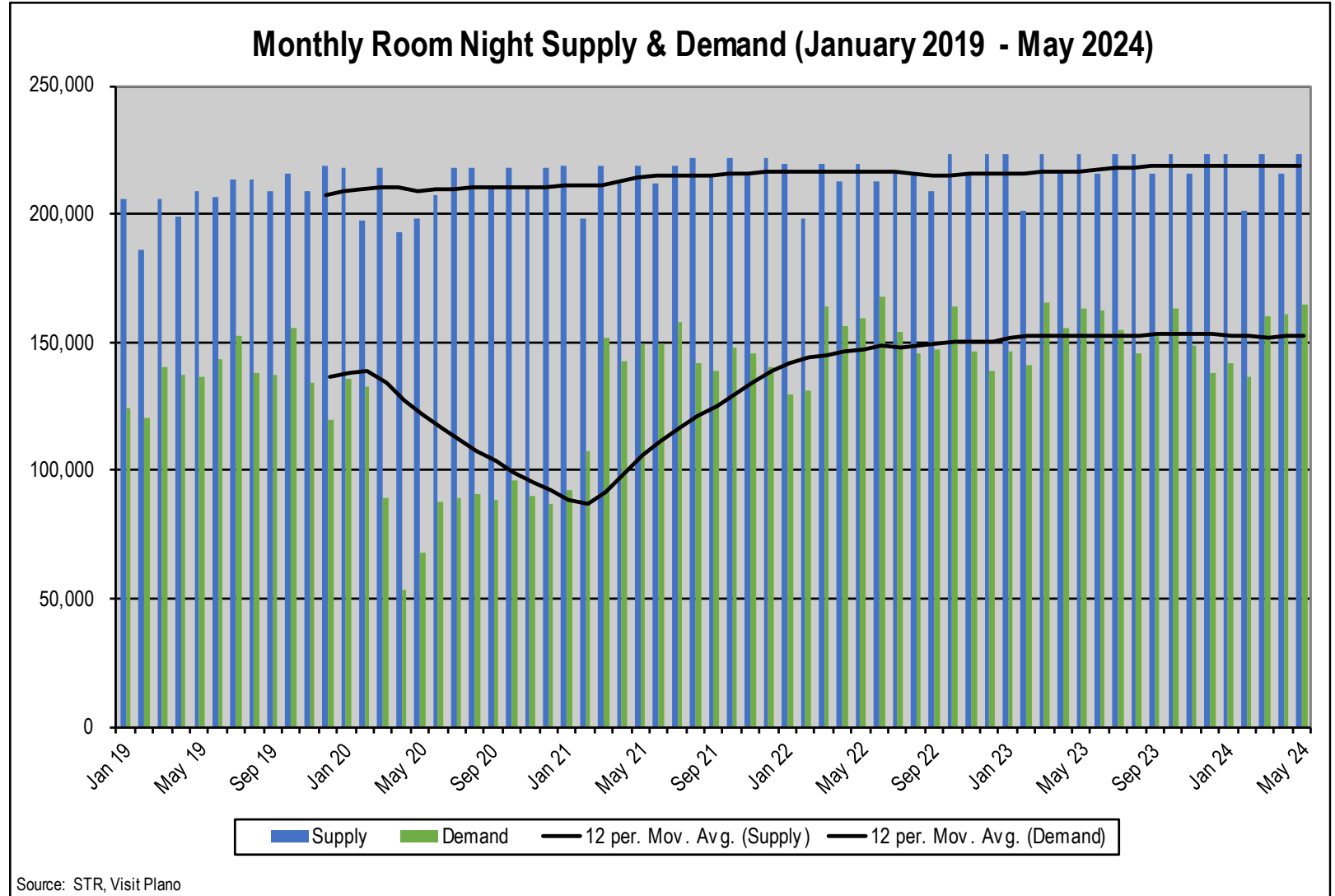
Plano, TX | Marketwide Performance

Year	Annual Avg. Available Rooms	Available Room Nights	% Change	Room Nights Sold	% Change	% Occupancy	% Change	ADR	% Change	RevPar	% Change
2018	5,836	2,130,322	-	1,444,676	-	67.8%	-	\$106.26	-	\$72.06	-
2019	6,407	2,338,513	9.8%	1,535,351	6.3%	65.7%	-3.2%	\$107.52	1.2%	\$70.60	-2.0%
2020	6,810	2,492,516	6.6%	1,448,116	-5.7%	58.1%	-11.5%	\$100.73	-5.2%	\$58.52	-17.1%
2021	6,985	2,549,580	2.3%	1,264,064	-12.7%	49.6%	-14.7%	\$73.43	-27.1%	\$36.41	-37.8%
2022	7,077	2,583,120	1.3%	1,754,380	38.8%	67.9%	37.0%	\$95.00	29.4%	\$64.52	77.2%
2023	7,129	2,602,221	0.7%	1,834,735	4.6%	70.5%	3.8%	\$108.91	14.6%	\$76.79	19.0%
2024 (May YTD)	7,199	1,087,049	-	763,465	-	70.2%	-	\$115.55	-	\$81.15	-
CAGR 19-23	2.2%	2.2%	-	3.6%	-	1.4%	-	0.3%	-	1.7%	-

Source: STR, Visit Plano

Supply and Demand

Demand and supply have been gradually but steadily increasing since 2021. Although supply remained relatively stable during the pandemic, the demand for hotel rooms significantly declined. However, demand rebounded by late 2021 and has now surpassed pre-COVID levels.

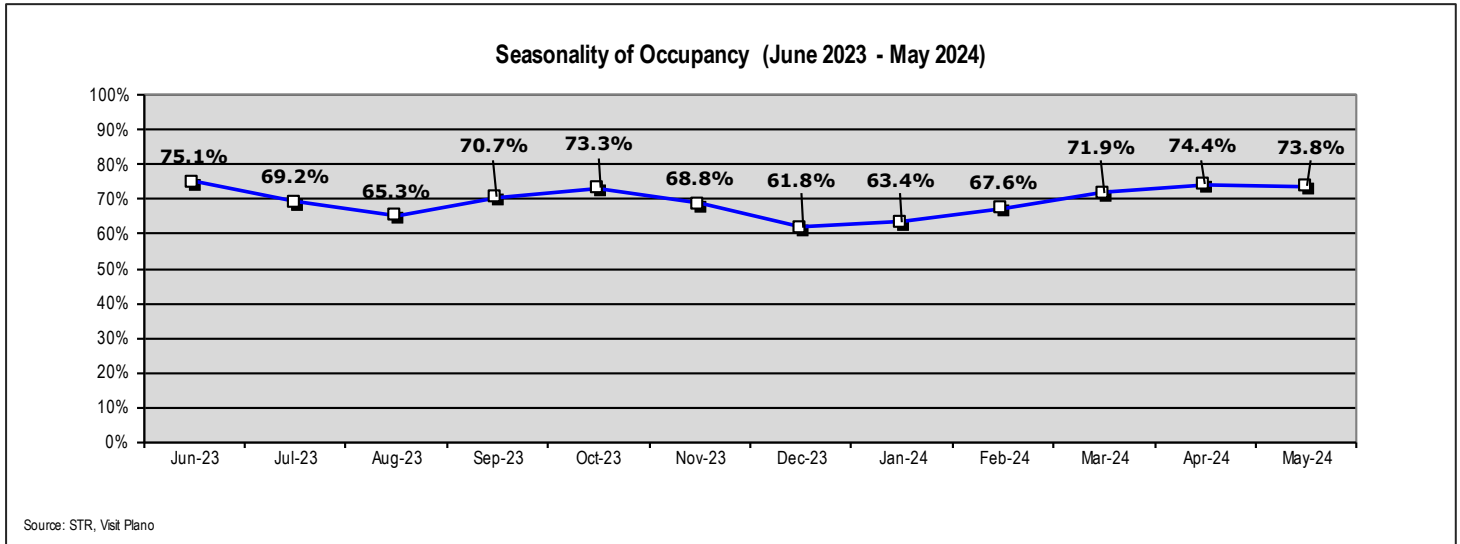
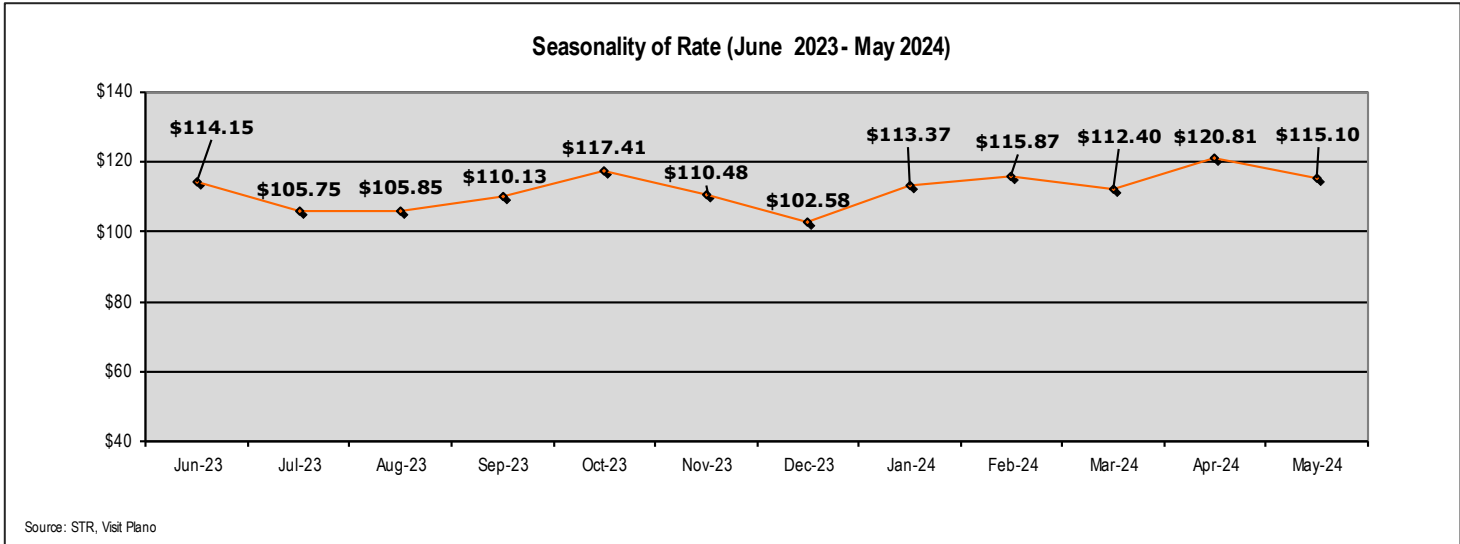


Seasonality

The adjacent graphs illustrate the seasonal performance of the Plano hotel market since June 2023.

The market achieved its highest rates during the spring months, with a notable peak in ADR in October, which exceeds \$117. December marked the lowest ADR at \$102.

Similarly, occupancy rates peaked in the spring, with increased demand also observed in September and October. In contrast, December and January saw the lowest demand.

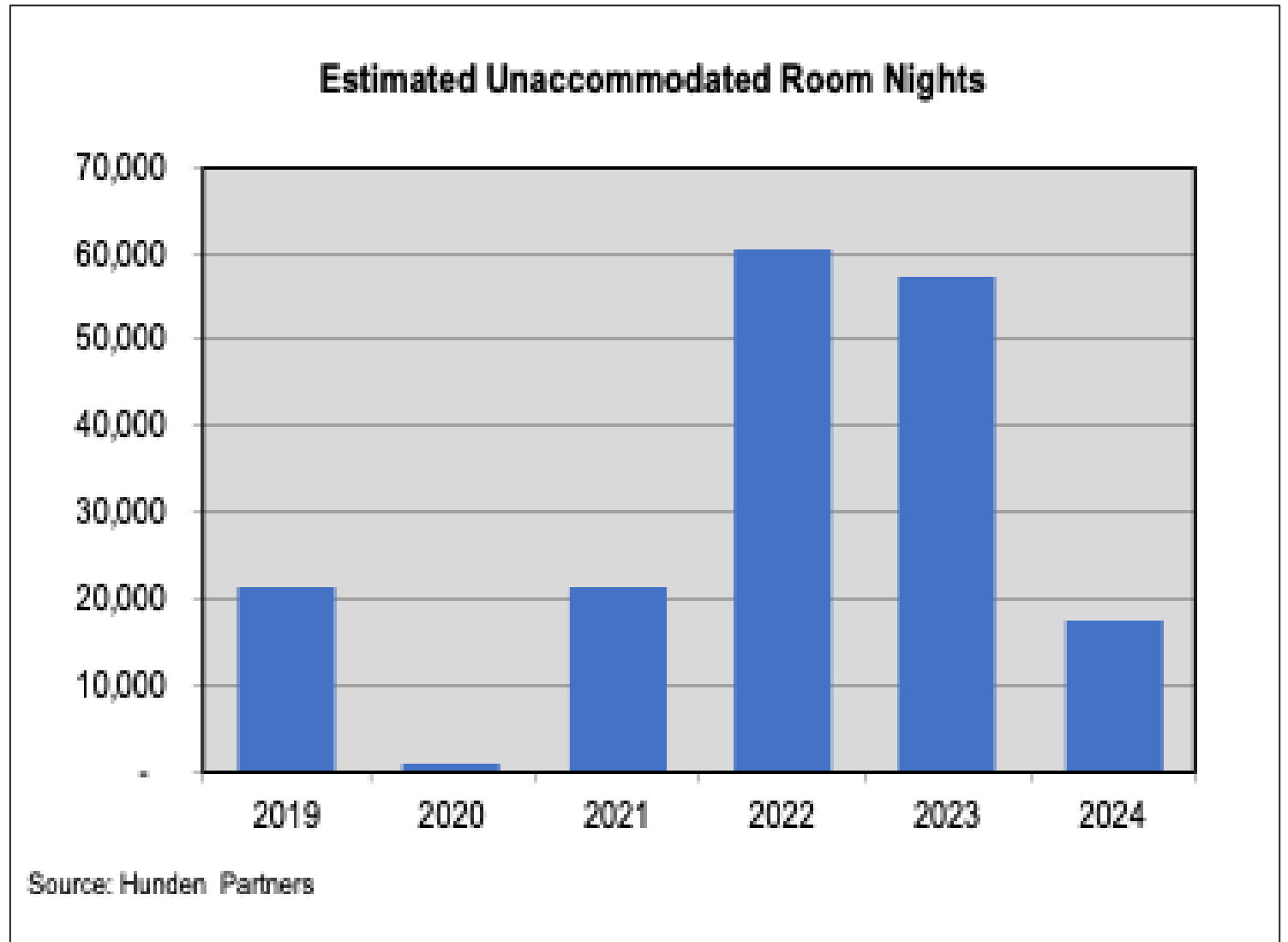


Unaccommodated Room Nights

Unaccommodated room nights are described as excess demand for hotel room nights produced by lodgers who are displaced because they are unable to book a room in the hotel of their choice due to it being sold out.

The adjacent graph details the annual estimated unaccommodated room nights within the Plano market.

2022 and 2023 had the greatest amount of excess demand that could not be accommodated at approximately 60,600 and 57,100 room nights, respectively. 2024 is on track to see similar results, suggesting the need for additional hotel supply.



Competitive Hotel Market Comparison

The table below highlights hotel performance in Plano compared to other nearby cities from January through May in 2023 and 2024. Despite a slightly lower vacancy in 2024 compared to 2023, the Plano market boasts one of the highest occupancy levels and Revenue Per Available Room (RevPAR) rates across the competitive market. Based on overall performance, Frisco has been the strongest hotel market across the competitive set, with strong growth in metrics from 2023 to 2024. These figures suggests that Plano benefits from a healthy hotel market, which is a positive indicator for a new hotel development in Plano.

Market	Occupancy			ADR			RevPar		
	2024	2023	% Change	2024	2023	% Change	2024	2023	% Change
Plano, TX	70.2%	71.0%	-1.0%	\$115.55	\$113.47	1.8%	\$81.15	\$80.52	0.8%
Allen, TX	62.6%	65.9%	-5.0%	\$118.92	\$119.80	-0.7%	\$74.42	\$78.92	-5.7%
Addison, TX	64.0%	64.4%	-0.6%	\$105.42	\$101.53	3.8%	\$67.50	\$65.41	3.2%
Arlington, TX	63.2%	68.8%	-8.2%	\$113.16	\$106.10	6.7%	\$71.46	\$72.95	-2.0%
Frisco, TX	69.4%	66.7%	4.1%	\$176.80	\$159.94	10.5%	\$122.76	\$106.69	15.1%
McKinney, TX	70.8%	71.6%	-1.1%	\$100.62	\$98.61	4.1%	\$71.27	\$69.18	3.0%
Richardson, TX	67.1%	68.0%	-1.6%	\$106.91	\$105.10	1.7%	\$71.69	\$69.38	3.3%

Source: STR, Visit Plano

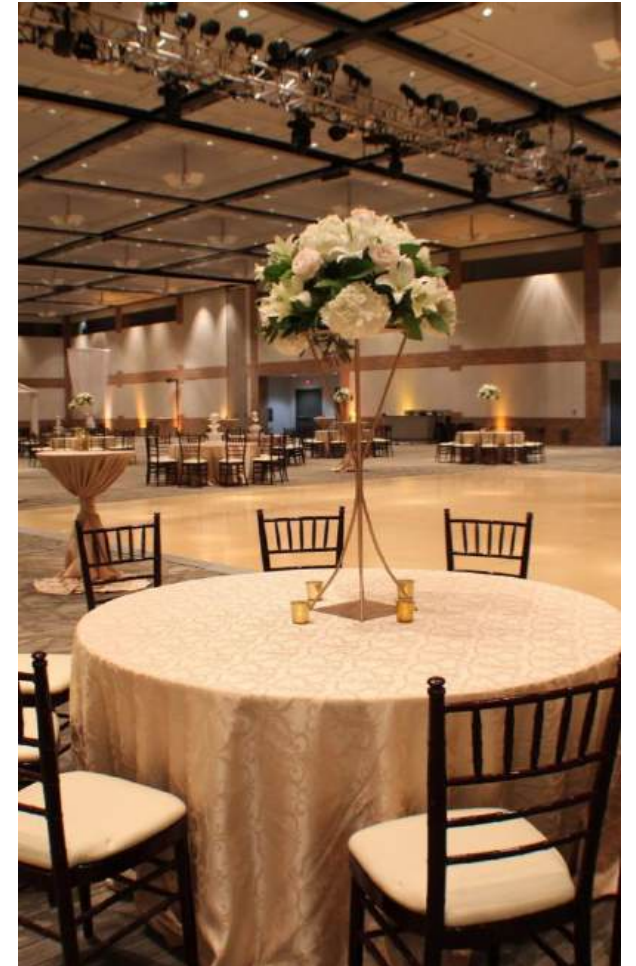
Implications

Local Hotel Market Analysis

HQ hotel developments have surged over the past decade, driven by the increasing expectation from meeting planners for facilities to offer room packages within one or two large hotels adjacent to the venue. Consequently, facilities that do not offer such packages have increasingly struggled to compete for meetings.

The Plano market boasts one of the highest occupancy and RevPAR rates compared to other nearby cities. Plano's hotel market has rebounded from Covid-19, achieving a 70 percent occupancy rate and significant ADR growth in 2023. Additionally, the market witnessed nearly 60,000 unaccommodated room nights in both 2022 and 2023, indicating a strong opportunity for additional hotel development.

In addition to the absence of walkable hotel options, the Plano Event Center also lacks nearby upscale and upper-upscale properties. This creates a significant opportunity for the Project to address this unmet need in the local area.



06

Retail, Restaurant, and Entertainment District Analysis



Complimentary District Offerings

Many of the top districts create a density of retail, restaurant, entertainment, multifamily, office, and hotel offerings adjacent to major demand inducing assets such as arenas, stadiums or convention centers in order to create a critical mass of people 24/7.

The top entertainment districts across the country infuse a variety of elements that synergize together to draw in both locals and visitors. This is executed in many ways. Many times, there is a “hero and halo” effect, where there is a central demand driver such as an arena, stadium or convention center and then surrounding supportive uses that facilitate 24/7 activity.

The best districts implement the following:

- Recreational biking and fitness trails running near the development and connect a loop path to it, linking the ample lushly-landscaped public green spaces, nooks, playground, and festival plazas
- Vehicular through-streets that allow cars to drive through the development for better visibility and access, just as a village “main street” is a commuting crossroads
- Street grid extends outward to other community uses, particularly residential neighborhoods and existing street network for a seamless walkable and urban transition
- All-year programmed events catering to all age groups create a true community civic space, often in central park greens and inside food hall buildings during colder seasons
- Wide shady sidewalks and various levels of pedestrian platforms and bridges create unique restaurant seating areas, allowing for vertical visual variety and scenic vistas



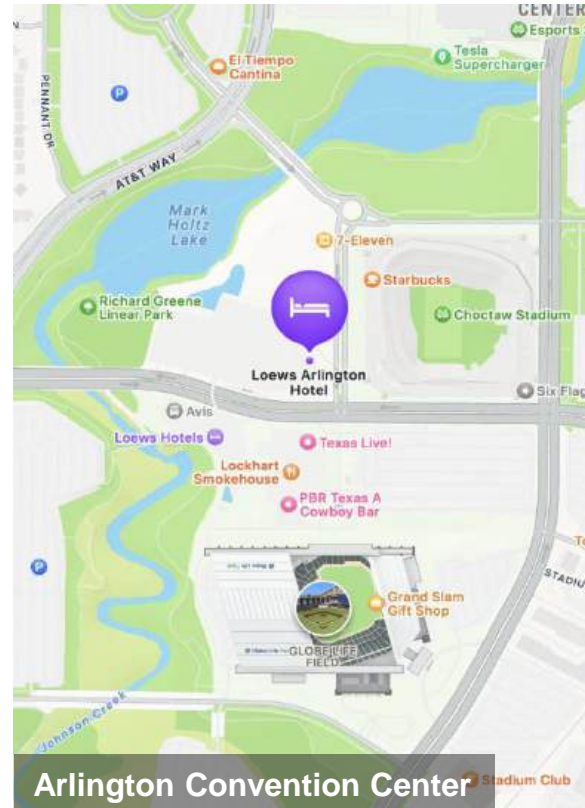
Walkable Convention Districts

Walkable District Analysis

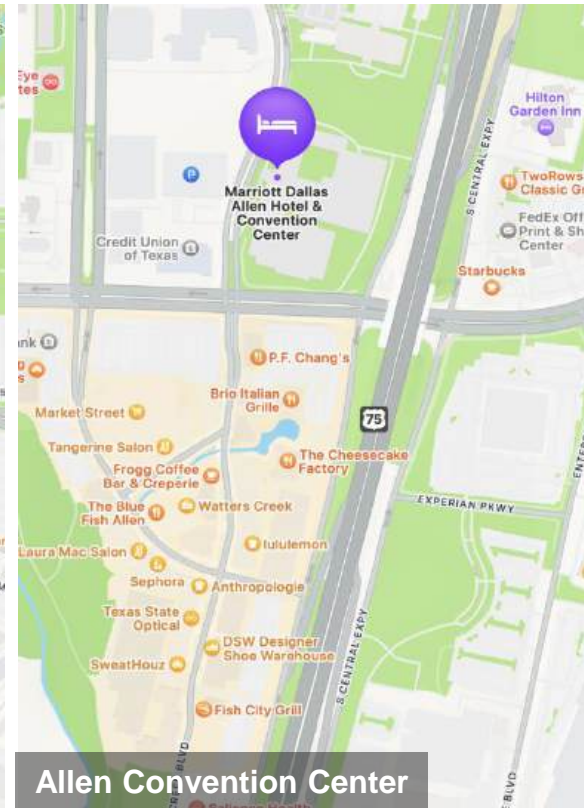
Three of the PEC's primary competitive convention facilities all provide strong walkable retail, restaurant, and entertainment offerings. As the destination appeal continues to become increasingly important to both event planners and their attendees, it is critical for any event facility to provide a vibrant walkable convention center district in order to maximize its competitiveness.

Hunden's key takeaways from the walkable district analysis of competitive convention facilities are as follows:

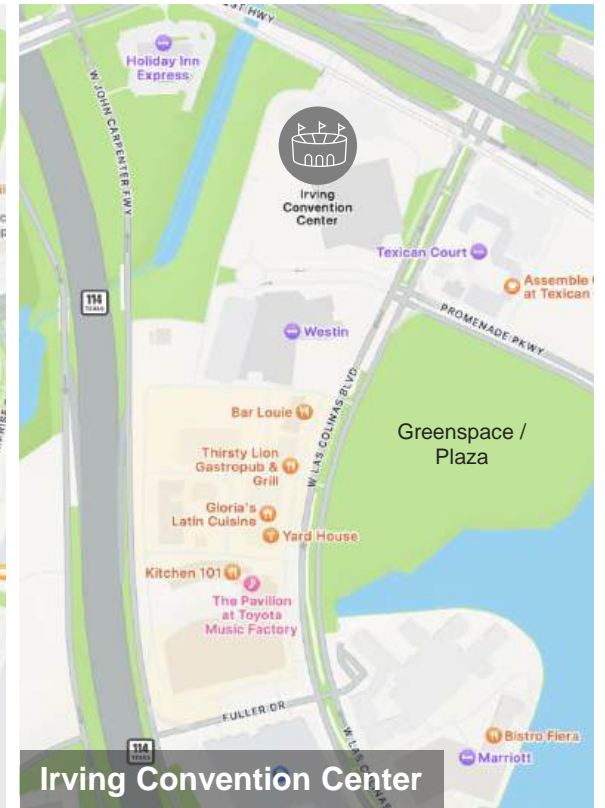
- All facilities offer multiple nearby hotel options, with two of the three facilities benefiting from an attached hotel.
- All three districts feature a critical mass of commercial assets, including a variety of retail and food & beverage offerings.
- Two of the facilities feature strong entertainment anchors, including Texas Live! and Globe Life Field at the Arlington Convention Center and the Toyota Music Factory at the Irving Convention Center.
- Both districts surrounding the Arlington Convention Center and Irving Convention Center feature strong designated outdoor plazas or greenspace



Arlington Convention Center



Allen Convention Center



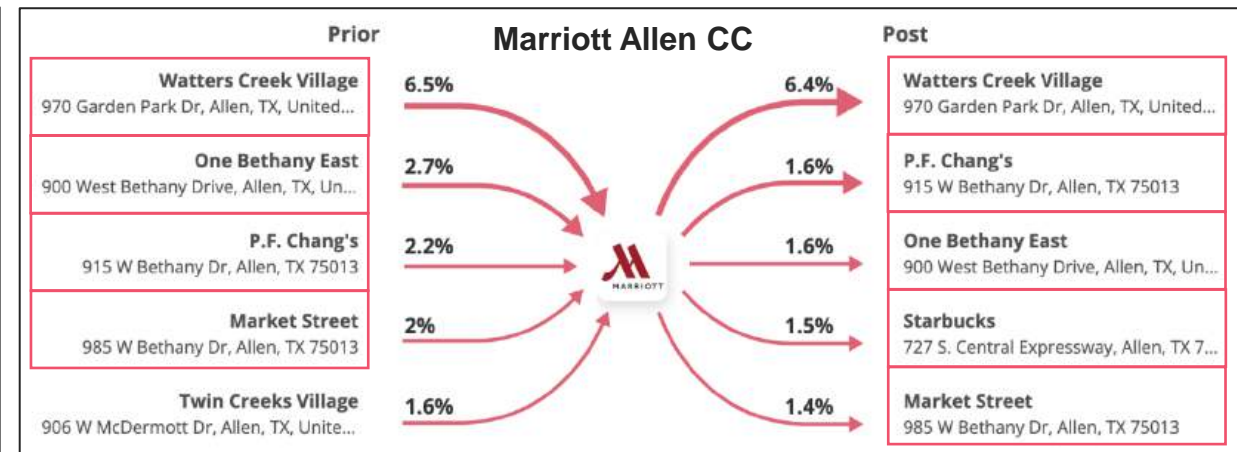
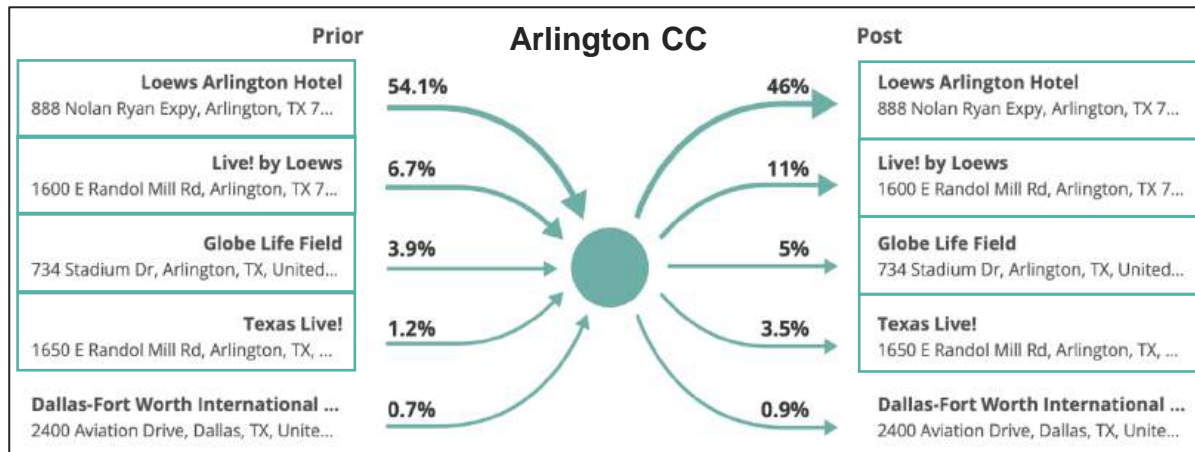
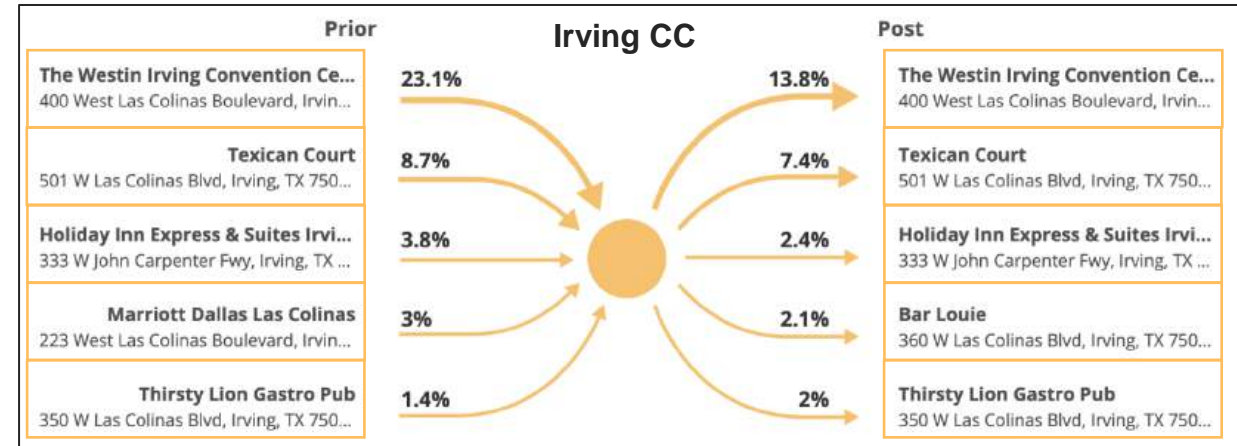
Irving Convention Center

Top Prior and Post Locations at Convention Facilities

The top prior and post locations for visitors at competitive convention facilities that offer strong walkable districts are summarized below. Locations that are outlined are those that are situated within the walkable district.

Hunden's key takeaways from the prior and post location analysis of competitive convention facilities are as follows:

- Hotels play a crucial role within these districts for convention center attendees, with the main property serving as the most frequented location before and after visiting the facility.
- Attendees prefer to seek activities within the immediate area, with most locations situated within a walkable distance.
- Besides hotels, restaurants and entertainment assets are the most popular locations for attendees to frequent before and after events.





Local Retail Market

Key Market Headlines

Since the onset of Covid-19, retail trends and demand have shifted significantly. Hunden's recommendations, which are largely based on the performance of existing supply, local market characteristics, and industry trends, aim to introduce enough retail to create critical mass and a cohesive district feel, without exceeding what the market can support. Some of Hunden's key market headlines that contributed to its recommendations are summarized below:

- **Local Resident Needs:** An Envision Oak Point report from 2018 highlights the local area's largely underserved needs in terms of restaurants, reflecting the importance of focusing on a restaurant-focused strategy for the Project's retail components. In addition to restaurants, small grocery and convenience stores could address local residents' unmet needs while also serving as appropriate assets for tourists and hotel visitors. Lastly, the incorporation of greenspace and outdoor community gathering spaces would align with the growing preference for open spaces and more walkable retail centers conveyed by local residents.
- **Challenges in Local Leasing Activity:** Conversations with Assembly Park representatives reveal that its recent development, which includes more than 16,000 square feet of retail space, has faced challenges in leasing its retail space efficiently, citing location and lack of strong frontage as possible contributing factors.
- **Decline in Big-Box Retail:** Big-box retail, in particular, is no longer seen as an attractive option. Instead, the pandemic accelerated the growing demand for walkable, village-like retail districts. Recent activity in the local retail market reflects this trend, with a demolition or reduction occurring of several large assets since 2020, including Collin Creek Mall, Plano Market Square Mall, and The Shops at Willow Bend.

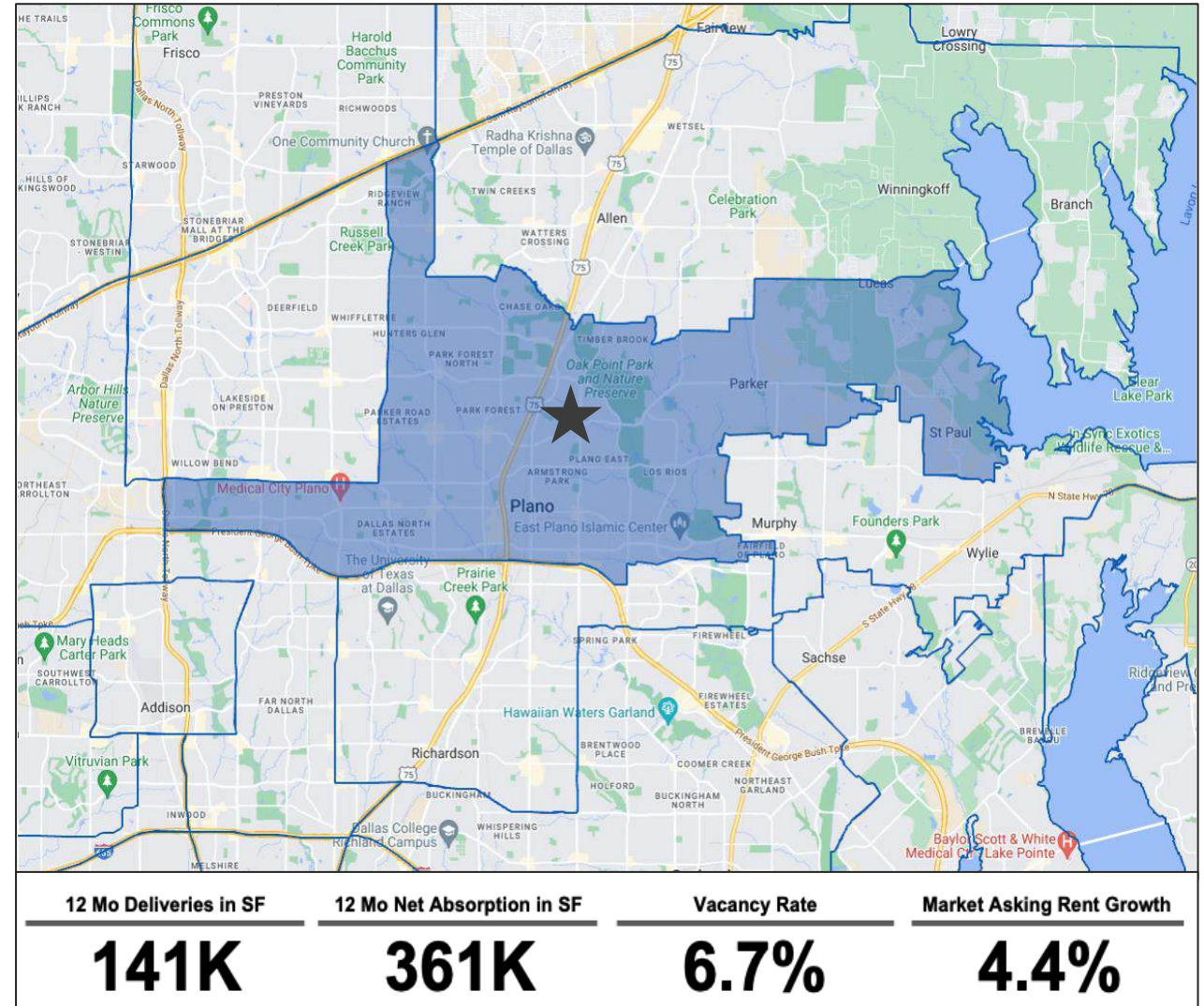
Submarket Overview

Hunden identified the submarket in which the Project site is located to assess the performance of the retail market in the local area. The Central Plano submarket captures the most relevant retail and restaurant properties in the general Plano market. This submarket includes Parker and Lucas as well as the neighborhoods of Park Forest, Plano East, and Dallas North Estates.

The Central Plano submarket has seen an increase in tenant demand with 360,000 square feet in net absorption as of the third quarter of 2024. The planned deliveries for the year are approximately 141,000 square feet, which is below the historical average of nearly 154,000.

Demolitions in the submarket have shifted the inventory more than recent greenfield builds. However, as population growth continues to push eastward, additional opportunities will continue to arise for future sites, especially as the core of the submarket has already been built out.

For example, Collin Creek Mall was torn down in 2021 to convert the area into a mixed-use space with pedestrian-friendly retail, housing, and hospitality buildings through a billion-dollar redevelopment effort.



Key Indicators

There is over 15 million square feet of retail space in the Central Plano market, which is mostly comprised of general retail and neighborhood centers. The average asking market rent for retail space in the submarket sits just above \$22 per square foot and net absorption in the most recent quarter was positive at over 97,600 square.

Based on annual trends, the submarket's vacancy had a record peak of nearly 16 percent in 2020, and a record trough of three percent in 2002. General Retail has been anchoring the market with an average vacancy of 4.5 percent and inventory totaling over eight million square feet.

KEY INDICATORS							
Current Quarter	RBA	Vacancy Rate	Market Asking Rent	Availability Rate	Net Absorption SF	Deliveries SF	Under Construction
Malls	126,838	10.7%	\$18.06	0%	0	0	0
Power Center	490,860	4.0%	\$15.58	4.0%	0	0	0
Neighborhood Center	5,719,937	9.8%	\$22.30	12.4%	9,162	0	0
Strip Center	713,952	7.7%	\$21.52	7.6%	(9,498)	0	0
General Retail	8,124,042	4.5%	\$22.73	4.9%	98,011	18,650	0
Other	0	-	-	-	0	0	0
Submarket	15,175,629	6.7%	\$22.24	7.8%	97,675	18,650	0
Annual Trends	12 Month	Historical Average	Forecast Average	Peak	When	Trough	When
Vacancy Change (YOY)	-1.5%	6.6%	6.6%	15.7%	2020 Q4	2.8%	2002 Q2
Net Absorption SF	361K	46,771	94,767	615,082	2001 Q1	(1,620,311)	2020 Q4
Deliveries SF	141K	153,739	94,556	708,891	2006 Q3	10,821	2012 Q1
Market Asking Rent Growth	4.4%	1.8%	2.9%	5.6%	2022 Q3	-3.0%	2010 Q1
Sales Volume	\$5.9M	\$39.3M	N/A	\$169M	2016 Q2	\$3M	2018 Q2

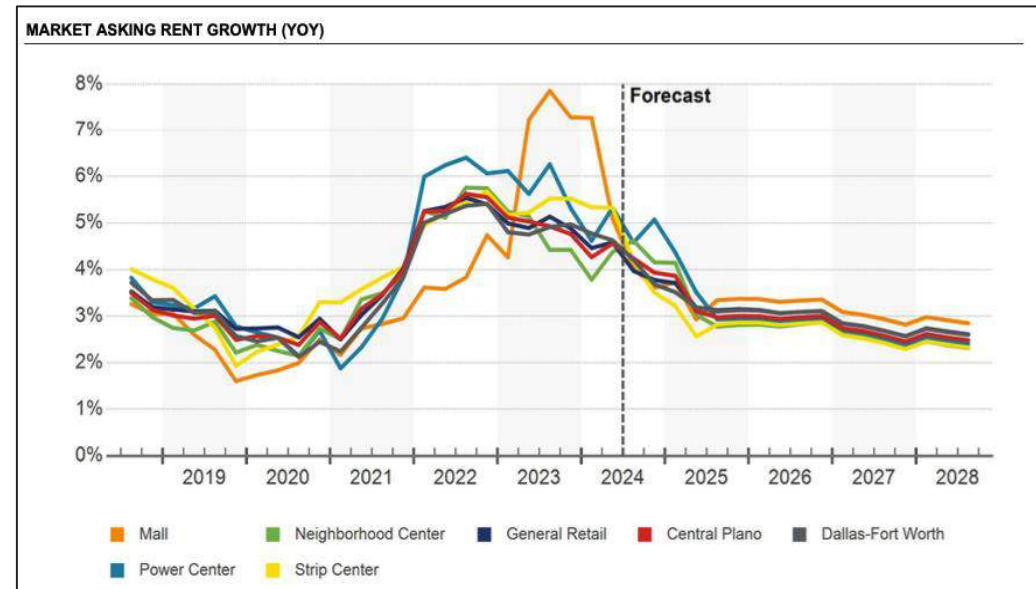
OVERALL SUPPLY & DEMAND						
Year	Inventory			Net Absorption		
	SF	SF Growth	% Growth	SF	% of Inv	Construction Ratio
2028	15,439,278	96,923	0.6%	83,120	0.5%	1.2
2027	15,342,355	83,078	0.5%	65,829	0.4%	1.3
2026	15,259,277	82,236	0.5%	83,259	0.5%	1.0
2025	15,177,041	8,608	0.1%	13,998	0.1%	0.6
2024	15,168,433	73,154	0.5%	258,458	1.7%	0.3
YTD	15,175,629	80,350	0.5%	256,813	1.7%	0.3
2023	15,095,279	123,949	0.8%	95,158	0.6%	1.3
2022	14,971,330	(101,737)	-0.7%	(64,812)	-0.4%	-
2021	15,073,067	(1,345,218)	-8.2%	40,907	0.3%	-
2020	16,418,285	34,024	0.2%	(1,620,311)	-9.9%	-
2019	16,384,261	48,019	0.3%	(228,054)	-1.4%	-
2018	16,336,242	20,695	0.1%	212,309	1.3%	0.1
2017	16,315,547	47,580	0.3%	72,697	0.4%	0.7
2016	16,267,967	(37,423)	-0.2%	110,463	0.7%	-
2015	16,305,390	43,165	0.3%	92,572	0.6%	0.5
2014	16,262,225	23,408	0.1%	147,408	0.9%	0.2
2013	16,238,817	72,979	0.5%	146,932	0.9%	0.5
2012	16,165,838	55,397	0.3%	275,644	1.7%	0.2

Historical Performance

Market rent growth for most retail categories sits between four and six percent but are forecasted to stabilize around three percent from 2025 to 2028. This future decrease in rent growth is likely attributed to gradual falloff from its peak in 2022 of 5.6 percent and the overall lack of demand for retail space.

Last year, 25 sales were recorded in the Central Plano retail submarket whereas the first half of 2024 has only seen five sales. There is also a significant gap in the market sale price per square foot between DFW, around \$275 per square foot, and Central Plano, \$240 per square foot. This shows the gap that reflects buyer sentiments in regard to retail properties in the Central Plano submarket in comparison to the DFW market.

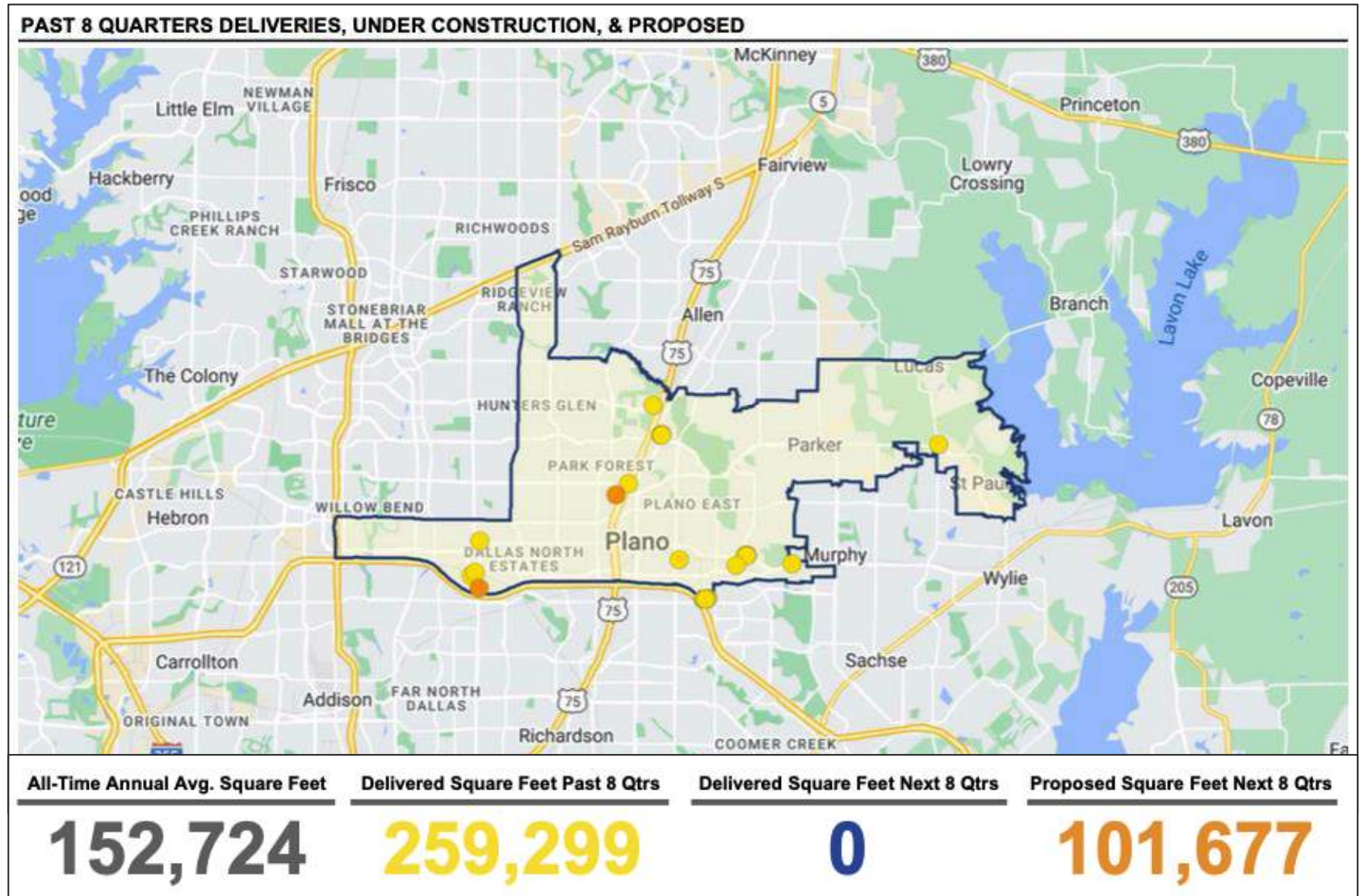
Historically, Central Plano and Dallas-Fort Worth (DFW) trended closely, however, after the pandemic a divide between the two emerged. Central Plano rent growth has remained stagnant while rent growth in DFW accelerated. A lack of new deliveries for the Central Plano market will help to prevent market saturation for a new development, but this trend also indicates weak tenant demand.



Development Pipeline

As denoted in the graphic on the right, Plano's all-time annual average square feet delivered sits just above 150,000 square feet. In the past eight quarters just shy of 260,000 square feet has been delivered whereas the projected deliveries for the next eight quarters is zero. This is likely due to the continuation of high retail space availabilities in the submarket.

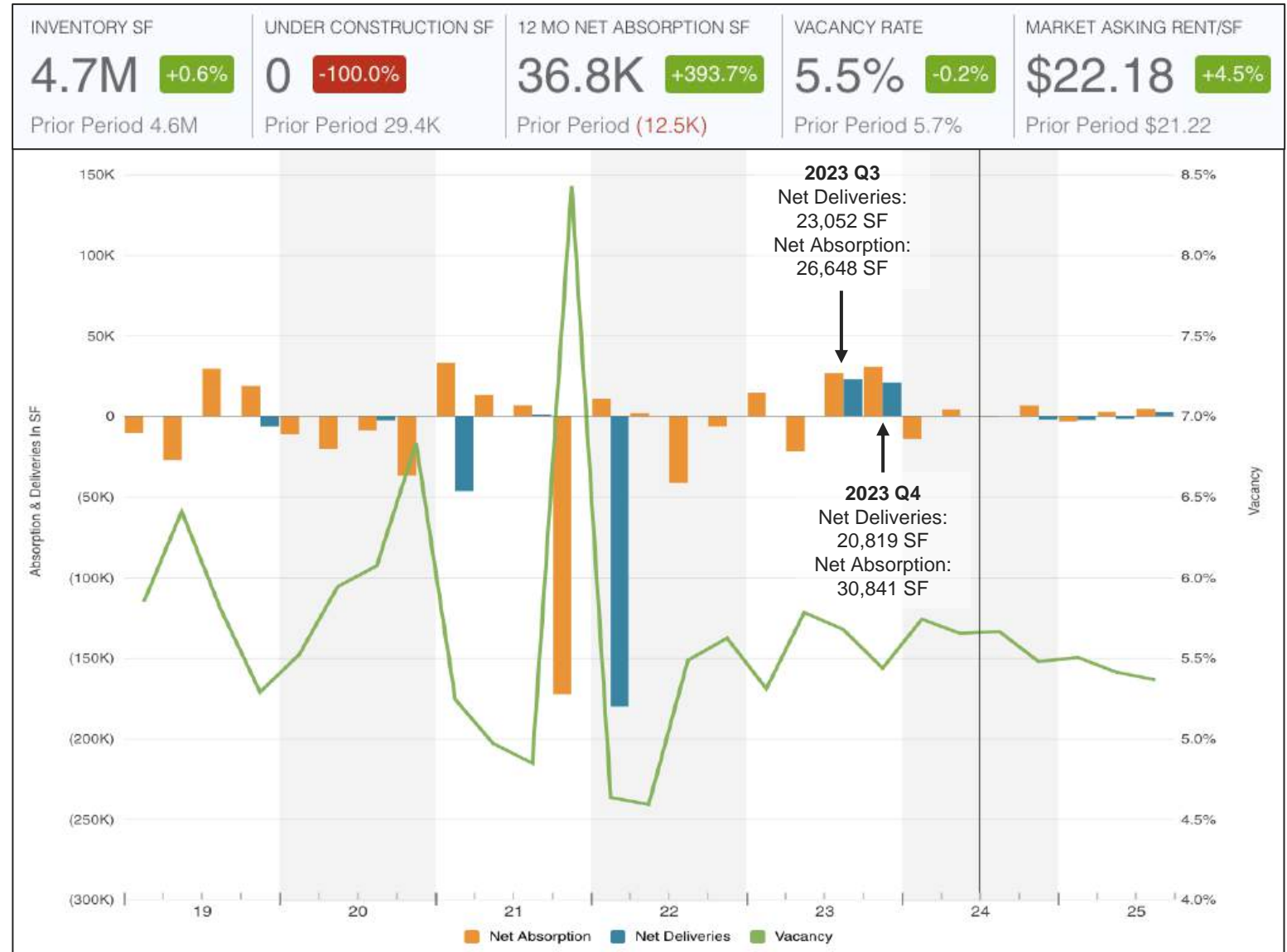
The proposed square feet for the next eight quarters shows an effort to reestablish growth within Central Plano which may be hindered by insufficient demand from tenants for retail space. Development and growth opportunities in outlying communities such as Parker, Lucas, and St. Paul may boost the overall performance of the general submarket in the next few years.



Local Market Landscape

The adjacent figures summarize the performance of the local retail market within two miles of the PEC.

Historically, the area has experienced the demolition of retail space, and no new developments are currently under construction, reflecting limited commercial investment in the local area. However, recent deliveries in 2023 indicate that the market has effectively supported new, modern developments that have introduced approximately 20,000 – 25,000 square feet of space without significantly impacting the market. Additionally, 12-month indicators suggest a healthy market, with nearly 37,000 square feet of positive absorption and a vacancy rate of under six percent.



Walkable Retail and Restaurant Assets

The adjacent figure provides an overview of the current retail and restaurant offerings within a walkable distance of the PEC. While none of the walkable retail assets are particularly relevant to overnight visitors, there are a few sit-down restaurants, such as Board Bites, Mynaa Kitchen, and Waffle House, along with quick-service options like MOOYAH Burgers and Raising Cane's. Additionally, several food & beverage assets, as well as the Assembly Park retail development, are located just outside the walkable radius.

Based on Hunden's conversations with local stakeholders, most PEC visitors seek restaurant and entertainment options in other parts of Plano, such as Legacy West, or even in other nearby cities. By creating a greater critical mass of compelling commercial assets directly adjacent to the PEC, the facility's overall destination appeal will inevitably grow, enabling the City to capture more visitor spending potential from PEC attendees rather than losing it to other cities across the Dallas-Fort Worth market.



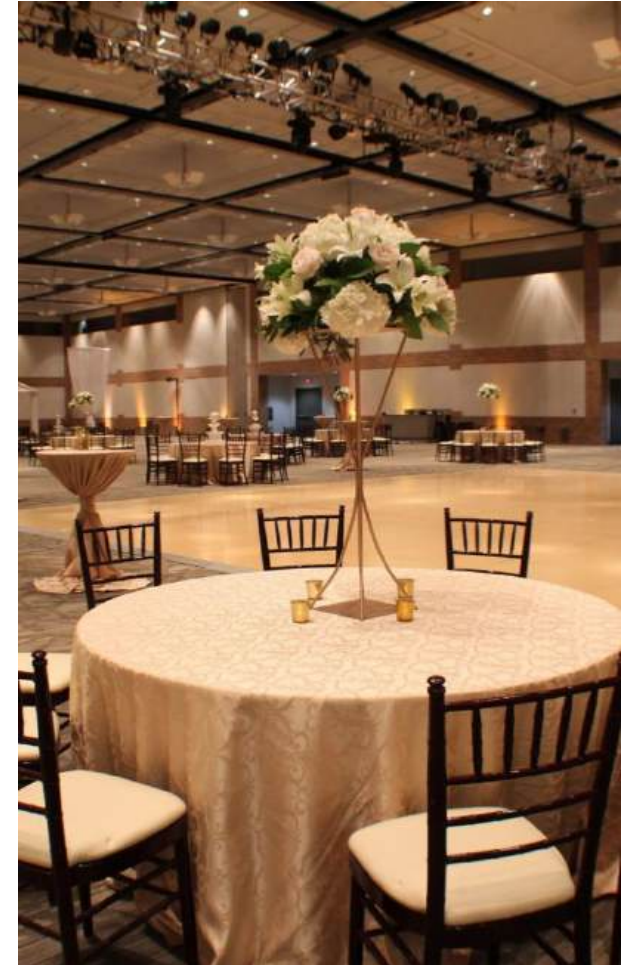
Implications

Retail, Restaurant, and Entertainment District Analysis

Performance indicators suggest that the local Plano market has received limited investment interest in additional retail developments. However, based on an uptick in recent deliveries in 2023 and favorable performance indicators, there is an opportunity in the local market for new, modern retail developments.

Three of the PEC's primary competitive convention facilities provide strong walkable restaurant and entertainment offerings, which all include a critical mass of retail and food & beverage offerings. Two of these facilities also feature strong entertainment anchors and designated greenspace.

Conversations with local stakeholders revealed that most PEC visitors seek restaurant and entertainment options in more active areas of Plano or even in other nearby cities due to the lack of walkable options. By creating a greater critical mass of compelling commercial assets directly adjacent to the PEC, the facility's overall destination appeal will inevitably grow.



07

Case Studies





HQ Hotel Impact

Case Studies Overview

Hunden analyzed and interviewed various convention and meeting facilities that previously had limited walkable hotel supply but recently introduced a HQ hotel. Some of the key takeaways that were consistently mentioned across several of the interviews are summarized below:

- Prior to the development, the **absence of an attached or walkable hotel was one of the most common reasons that the facilities lost business**, and facilities were heavily limited to hosting local events.
- After the development, facilities were not only able to compete with and attract events away from their competitors but also elevated themselves into a higher tier of the market.
- **The most significant change in event activity was in the increase in events attracting regional and national audiences** as opposed to local visitors, which led to **an increase in annual room nights generated by the facility**.
- Some facilities did not experience an increase in the total number of events, but rather an increase in event days or revenue per event due to the new caliber of clientele it was able to attract.
- In an ideal scenario, the **room count at the HQ hotels would be higher**. Meeting planners want to avoid splitting their attendees up across multiple hotels, and not all rooms at the HQ hotel can be blocked for conventions.
- Function space at the HQ hotels have allowed the facilities to attract groups they would not have been able to in the past, but it is important to ensure the hotel's function space does not directly compete with the facility.



Case Studies – Visitation Impact

Hunden assessed the impact on the facilities’ visitation before and after opening an HQ hotel. The following key takeaways based on the data and interviews conducted with the facilities are summarized below:

- The most significant change in event activity after the hotels’ opening has been an increase in events that draw regional and national visitors.
- As of 2023, visitation has not fully recovered to 2019 levels, yet it remains higher than the visitation seen before the HQ hotel’s opening.
- Since the HQ hotel developments have opened, additional walkable hotel developments have followed suit.

Hy-Vee Hall and Community Choice Center (Iowa Events Center)					Wilmington Convention Center						
Iowa Events Center Nearby Hotels					Wilmington Convention Center Nearby Hotels						
Property Name	Miles from CC	Rooms	Date Opened	Hotel Class	Property Name	Miles from CC	Rooms	Date Opened	Hotel Class		
Hilton	0.1	330	Mar-18	Upper Upsc	Embassy Suites	0	186	Dec-17	Upper Upsc		
Fairfield Inn	0.2	91	Sep-19	Upper Mid	Best Western	0.1	53	Feb-89	Upper Mid		
Comfort Inn	0.2	155	Jun-73	Upper Mid	aloft Hotel	0.1	126	Nov-21	Upscale		
Renaissance	0.3	209	Jun-87	Upper Upsc	The Hive	0.2	15	Jun-19	Indep		
Hyatt Place	0.3	93	Dec-10	Upscale	Hotel Ballast, Tapestry by Hilton	0.2	272	Jun-72	Upper Upsc		
Source: Smith Travel Research					Source: Smith Travel Research						
Hy-Vee Hall and Community Choice Convention Center - Annual Visitation					Wilmington Convention Center - Annual Visitation						
Opening of HQ Hotel: March 2018					Opening of HQ Hotel: December 2017						
Visitor Origins by Distance from Site	2017	2018	2019	2022	2023	Visitor Origins by Distance from Site	2017	2018	2019	2022	2023
Local - Within 25 miles	154,300	189,500	306,100	217,000	250,500	Local - Within 25 miles	96,700	86,000	107,000	67,000	71,600
Regional - Between 25 and 100 miles	99,000	105,600	153,400	125,500	141,000	Regional - Between 25 and 100 miles	34,900	24,500	32,100	21,800	30,400
Long Distance - Over 100 miles	136,200	174,800	291,400	274,600	282,500	Long Distance - Over 100 miles	59,500	79,100	109,900	98,200	115,200
Total Visits	389,500	469,900	750,900	617,100	674,000	Total Visits	191,100	189,600	249,000	187,000	217,200
Source: Placer.ai					Source: Placer.ai						

Case Studies – Performance Impact

Hunden assessed the impact on the facilities' performance before and after opening a HQ hotel. The following key takeaways based on the data and interviews conducted with the facilities are summarized below:

- The opening of the HQ hotel at the Wilmington Convention Center led to a significant increase in total annual conventions, with the facility also witnessing longer event durations and a greater presence of regional and national audiences.
- The presence of an HQ hotel allowed the Palm Beach County Convention Center to significantly increase profit potential by attracting a higher tier of clientele.

Wilmington Convention Center					Palm Beach County Convention Center				
Wilmington Convention Center Nearby Hotels					Palm Beach County Convention Center				
Property Name	Miles from CC	Rooms	Date Opened	Hotel Class	Property Name	Miles from CC	Rooms	Date Opened	Hotel Class
Embassy Suites	0	186	Dec-17	Upper Upsc	Hilton	0.1	400	Jan-16	Upper Upsc
Best Western	0.1	53	Feb-89	Upper Mid	Canopy by Hilton	0.3	150	May-20	Upper Upsc
aloft Hotel	0.1	126	Nov-21	Upscale	Residence Inn	0.4	152	Feb-15	Upscale
The Hive	0.2	15	Jun-19	Indep	Mariott	0.4	352	Jun-81	Upper Upsc
Hotel Ballast, Tapestry by Hilton	0.2	272	Jun-72	Upper Upsc	AKA	0.4	215	Dec-22	Luxury
Source: Smith Travel Research					Source: Smith Travel Research				
Wilmington Convention Center Annual Convention Activity					Palm Beach County Convention Center Fiscal Year Profit Estimates				
2015		7 Conventions			Prior to Oct. 2015		-\$600K - \$1.1million per year		
2016		12 Conventions			Opening of HQ Hotel: January 2016				
Opening of HQ Hotel: December 2017					Oct. 2016 – Oct. 2017		\$0		
2024		26 Conventions			Oct. 2021 – 2022		\$1.5 million		
2025		29 Conventions			Oct. 2022 – Oct. 2023		\$2.5 million		

Wilmington Convention Center

Location: Wilmington, NC

Year Built (WCC): 2010

Total Function Space: 107,000 SF (30,173 SF exhibit space, 11,800 SF Grand Ballroom)

In December 2017, the Wilmington Convention Center (WCC) introduced an attached hotel branded as Embassy Suites. Prior to this development, the WCC had limited walkable hotel supply. After the opening of the Embassy Suites, additional hotel developments followed, including the aloft Hotel in 2021.

The Embassy Suites includes a 2,992-square-foot ballroom and 870 square feet of meeting space across two rooms. The aloft Hotel also includes a 7,300 ballroom and 3,044 square feet of meeting space across two rooms.

Wilmington Convention Center - Nearby Hotels

Property Name	Miles from WCC	Rooms	Date Opened	Hotel Class
Embassy Suites	0	186	Dec-17	Upper Upsc
Best Western	0.1	53	Feb-89	Upper Mid
aloft Hotel	0.1	125	Nov-21	Upscale
The Hive	0.2	15	Jun-19	Indep
Hotel Ballast, Tapestry by Hilton	0.2	272	Jun-72	Upper Upsc

Source: Smith Travel Research



Wilmington Convention Center - Interview Summary

Hunden met with the General Manager of the WCC to assess how event activity changed at the facility after the introduction of several walkable hotels since 2017. Some of the key takeaways are summarized below:

- Prior to the hotel developments, the facility struggled to attract statewide and regional conventions, and was primarily hosting small, local conventions. Since hotel supply has increased, several regional and statewide events have relocated to the WCC and moved away from other regional facilities in Myrtle Beach, Greenville, Raleigh and Charlotte. Overall, the **WCC's ability to compete with other competitive convention centers for regional and national events has significantly increased.**
- **In an ideal scenario, the room count and function space at the Embassy Suites would be larger**, with an optimal room count of 250 – 300.
- The WCC views the function space at its walkable hotels not as competition, but as a partnership. In many cases, conventions are seeking more function space than what the WCC can offer, and the walkable hotels often help to supplement that need.
- Meeting planners want to avoid splitting their attendees up across multiple hotels. Although the Embassy Suites has 186 rooms, not all can be blocked for conventions, as most hotels must reserve a portion for other transient travelers.

Visitor Origins by Distance from Site	2017	2018	2019	2022	2023
Local - Within 25 miles	96,700	86,000	107,000	67,000	71,600
Regional - Between 25 and 100 miles	34,900	24,500	32,100	21,800	30,400
Long Distance - Over 100 miles	59,500	79,100	109,900	98,200	115,200
Total Visits	191,100	189,600	249,000	187,000	217,200

Source: Placer.ai

2015	7 Conventions
2016	12 Conventions
2024	26 Conventions
2025	29 Conventions

Iowa Event Center

Location: Des Moines, IA

Year Built (CC): 1955

Total Function Space: 253,935 SF (146,926 SF exhibit space, 28,800 SF Grand Ballroom)

The Iowa Events Center is a multifaceted facility which consists of Hy-Vee Hall, Community Choice Credit Union Convention Center, and the Wells Fargo Arena. In 2018, the Iowa Events Center introduced an attached hotel branded as Hilton.

The attached Hilton property includes a 9,940-square-foot ballroom and 5,158 square feet of meeting space across five rooms.

Iowa Events Center Nearby Hotels

Property Name	Miles from CC	Rooms	Date Opened	Hotel Class
Hilton	0.1	330	Mar-18	Upper Upsc
Fairfield Inn	0.2	91	Sep-19	Upper Mid
Comfort Inn	0.2	155	Jun-73	Upscale
Renaissance	0.3	209	Jun-87	Indep
Hyatt Place	0.3	93	Dec-10	Upper Upsc

Source: Smith Travel Research



Iowa Event Center – Interview Summary

Hunden met with the CEO and Vice President of Sales at Catch Des Moines to understand how event activity changed at the facility after the introduction of more walkable hotels. Some of the key takeaways are summarized below:

- The Des Moines CVB consistently advocated for a HQ hotel since the facility’s opening. **Lost business trends strongly indicated that the absence of an onsite hotel was limiting the facility’s ability to compete in the market.**
- The County’s attempt to secure a private investor for the Hilton project was unsuccessful. To fund the development, a TIF district was established in the area.
- While the original proposal was for a 400-room hotel, the project ultimately settled for 330 rooms. The CVB would love for the Hilton to have a higher room count and expanded meeting space given that it competes with many facilities that offer HQ hotels with 600+ rooms.
- Groups would always have positive experiences with the facility itself but would consistently mention that **the lack of a connecting hotel posed many challenges.** The **Hilton development elevated the facility into an entire new tier of a competitive market** where it began competing with significantly larger cities. The **most significant change in event activity has been with regards to the amount of events that draw a regional and national audience.**
- Private management has been a major contributor to the facility’s strong profitability. Privatizing the facility has made a significant difference in overall performance for the facility.
- As the destination appeal becomes increasingly important to meeting planners, **one of the CVB’s strategic plans is to develop a walkable entertainment district** due to its limited existing retail and entertainment options in the area.

Visitor Origins by Distance from Site	2017	2018	2019	2022	2023
Local - Within 25 miles	154,300	189,500	306,100	217,000	250,500
Regional - Between 25 and 100 miles	99,000	105,600	153,400	125,500	141,000
Long Distance - Over 100 miles	136,200	174,800	291,400	274,600	282,500
Total Visits	389,500	469,900	750,900	617,100	674,000

Source: Placer.ai

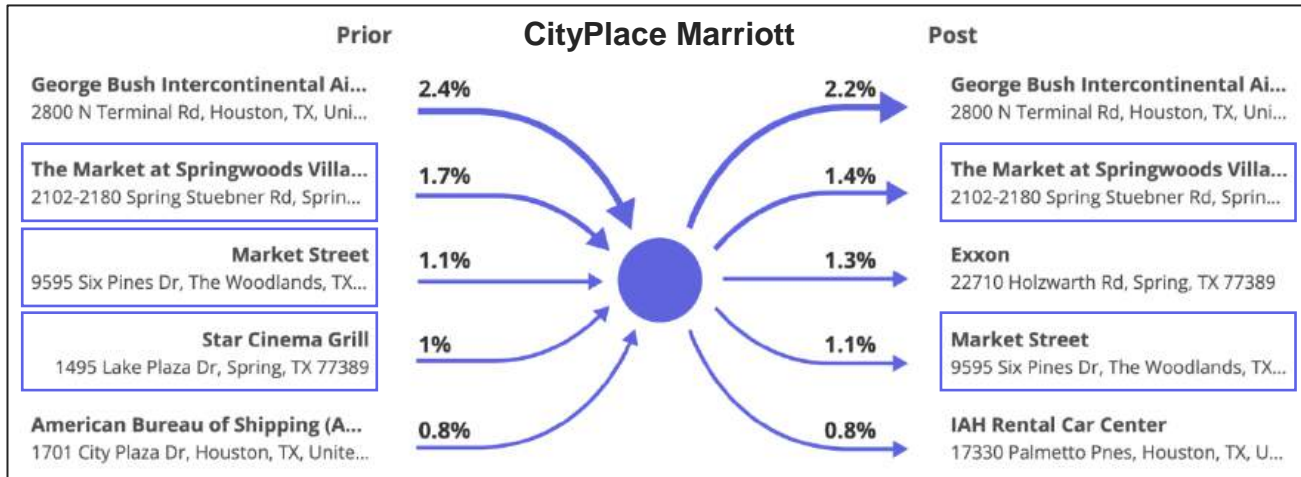


Convention Center Districts

Houston CityPlace Marriott – CityPlace District

The CityPlace Marriott Springwoods Village is located in Spring, Texas, approximately 30 minutes outside of downtown Houston. The 337-key hotel features nearly 20,000 square feet of total function space. Adjacent to the hotel is a part of the CityPlace district.

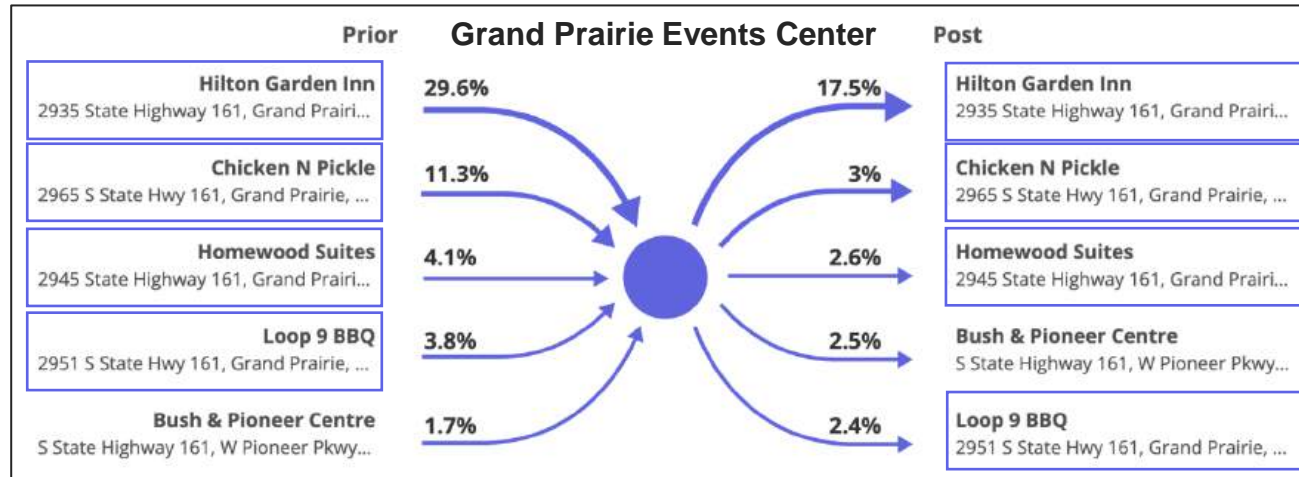
The walkable CityPlace district features several unique restaurants, such as Common Bond Bistro and Island Grill. It also includes an expansive outdoor plaza with greenspace and gathering areas. The outdoor plaza frequently hosts community programming, including food trucks and live music, creating a lively atmosphere that attracts both residents and visitors.



Grand Prairie Events Center – EpicCentral

The Grand Prairie Events Center is located in Grand Prairie, Texas, approximately 25 minutes between downtown Dallas and downtown Fort Worth. The facility includes approximately 15,000 square feet of meeting space.

Adjacent to the facility is a part of the EpicCentral district, an ongoing project consisting of unique dining and entertainment assets. The walkable district features several unique restaurants, Chicken N Pickle, and experiential attractions. Its outdoor lawn frequently hosts live music and movie nights, creating a lively atmosphere that attracts both residents and visitors.



161 PRESIDENT GEORGE BUSH TURNPIKE

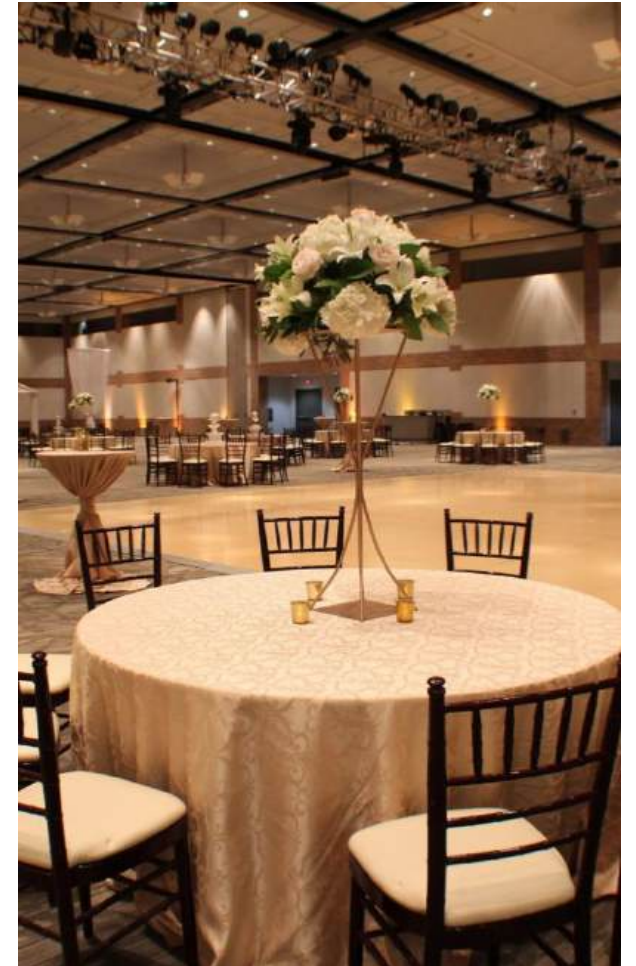
Implications

Case Studies

Several facilities that have developed an HQ hotel in the past decade have achieved significantly positive impacts on their performance. While many of these impacts can vary, a consistent outcome has been an increase in the ability to successfully compete in the market and attract a larger share of regional and national events, rather than being limited to local business.

The lack of sufficient walkable hotels was the most common issue that hindered the facilities' ability to compete for business prior to their HQ hotel developments. These developments ultimately helped facilities to maximize their competitive position in the market. However, in an optimal scenario, several of the facilities would still develop a larger key count.

Districts that cater to convention visitors offer a diverse cluster of local restaurants and entertainment to create a unique destination appeal. Additionally, designated plazas/greenspace are consistently incorporated into these districts, as they foster a more lively, welcoming environment and allow for programming opportunities such as local concerts and festivals. Given that attendees prioritize networking and social activities after events, traditional retail is not as relevant for these districts.



08

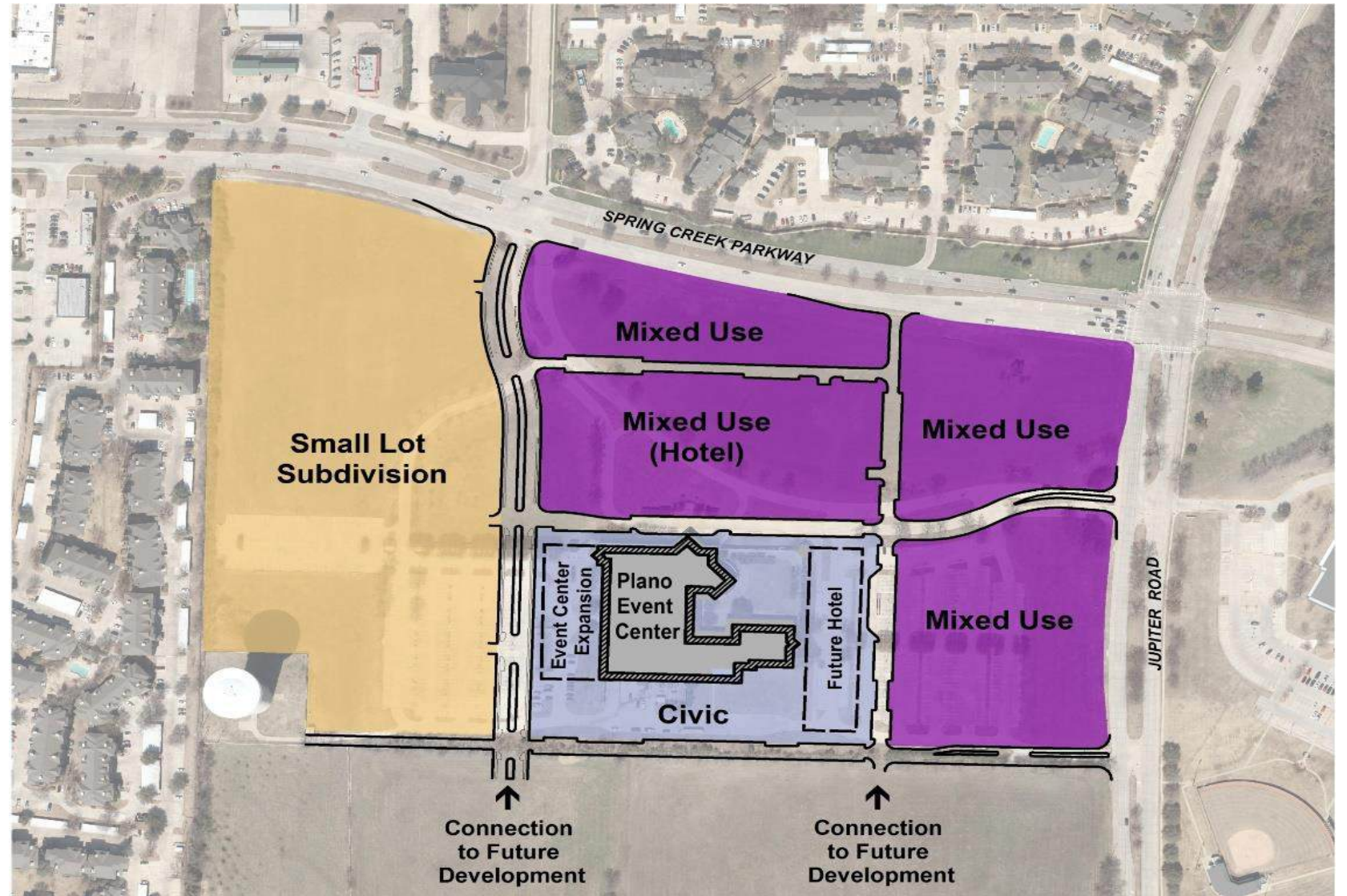
Implications & Recommendations



Project Site Recommendations

Based on Hunden's analysis of the local market and development opportunities, the recommendations for the Project site are as follows:

- 375-key Hotel, Parking, and 25,000 – 30,000 SF of commercial development included in Phase One
- Update master plan to account for hotel program and market recommendations to account for phased development
- Evaluate timing of structured parking based on project financing capacity and phasing of development
- Future phases allow for additional uses based on Project performance and an evolving market



HQ Hotel Recommendations

An onsite hotel has strong potential to serve as the primary lodging option for long-distance visitors attending events at the PEC, addressing a key challenge the facility currently faces in attracting regional and overnight groups. Hunden’s HQ hotel recommendations offer the size, quality, and ancillary meeting space capabilities necessary to generate a strong increase in group business for the City of Plano. Hunden’s key rationale for its HQ hotel recommendations are summarized below:

Industry Metrics

- The ideal metric of walkable hotel supply is 15 rooms per 1,000 square feet of exhibit space.
- Based on the PEC’s current footprint of 21,600 square feet, the hotel should include 324 rooms.

Competitive Market

- Across the entire competitive market, onsite hotels average 372 rooms.
- Within the selected set of competitive convention centers and conference hotels, onsite properties average 378 rooms for convention facilities and 424 rooms for conference hotels.
- Of the 25 facilities in the competitive market with an onsite hotel, 21 are Hilton or Marriott properties.

	Baseline Scenario	Optimal Scenario
Key Count	300	375
Brand	Hilton or Marriott	Hilton or Marriott
Function Space	10,000 SF 9,000 SF Grand Ballroom 1,000 SF Meeting Rooms	12,000 SF 10,000 SF Grand Ballroom 2,000 SF Meeting Rooms
Parking	750 Spaces ~425 hotel spaces 325 event center spaces	825 Spaces ~500 hotel spaces 325 event center spaces
Amenities	5,000 SF ground-floor restaurant	5,000 SF ground-floor restaurant 5,000 SF rooftop event / F&B space

**Hoteliers may seek increased internal function space to drive more business, in concert with the convention center and internally.*

District Recommendations

Throughout Hunden's assessment of industry trends and its market engagement process, it was determined that **the Project's proposed district will be very important for optimizing event opportunities.** As walkability and destination appeal of a meeting facility continue to grow in importance, particularly for regional and national events and corporate clients, the district will play a vital role.

What Can the Market Support?

25,000 – 30,000 Square Feet

Although the Project site's footprint is significantly larger than what is recommended, the current retail market cannot support a full build-out. Hunden recommends implementing 25,000 – 30,000 square feet along with an outdoor plaza in the first phase to assess its market performance, while reserving the remaining land for future mixed-use development opportunities.

What Should the District Include?

Restaurants – 2,500 – 5,000 SF

Minimum of 3–4 Assets

Local food & beverage concepts

Variety in scale and offerings

Entertainment Anchor – 8,000 – 12,000 SF

Anchors help to establish an identity for a district, serving as its main driver and focal point

Common anchors in these districts include beer gardens/ breweries, “eatertainment” assets, or experiential dining

Greenspace/Plaza

Outdoor seating and gathering places

Programming opportunities such as live music to provide experiences for both residents and visitors

Similar / Aspirational Concepts



Timeline of Next Steps

Market Findings – Today (Sept. 3)

Report to be shared with internal team today

Draft Report (Sept. 20)

Financial projections and economic impact analysis
Comments and edits on market findings report to be addressed

Final Report (TBD)

Any final comments to be addressed

Optional Development Advisory Work

Financing Strategies | Preliminary Planning | Developer Solicitation and Selection

09

**Demand & Financial
Projections**





Plano Event Center

Performance and Impact Comparisons

The table outlines the PEC's estimated performance across three scenarios: without the Project (baseline), with the Project (current footprint), and with the Project (expanded footprint). Projections for the expanded footprint include an additional 20,000 square feet of exhibit space to the existing PEC. In the baseline scenario, Year 1 numbers are inflated out to be able to accurately compare with the Project's projected opening in 2029.

Hunden projected the potential additional revenue that the PEC could generate by introducing paid parking. Based on a daily rate of \$10 (adjusted to today's dollars), Hunden estimates that the PEC could generate over \$1.2 million in annual parking revenue.

Plano Event Center - Comparison of Performance

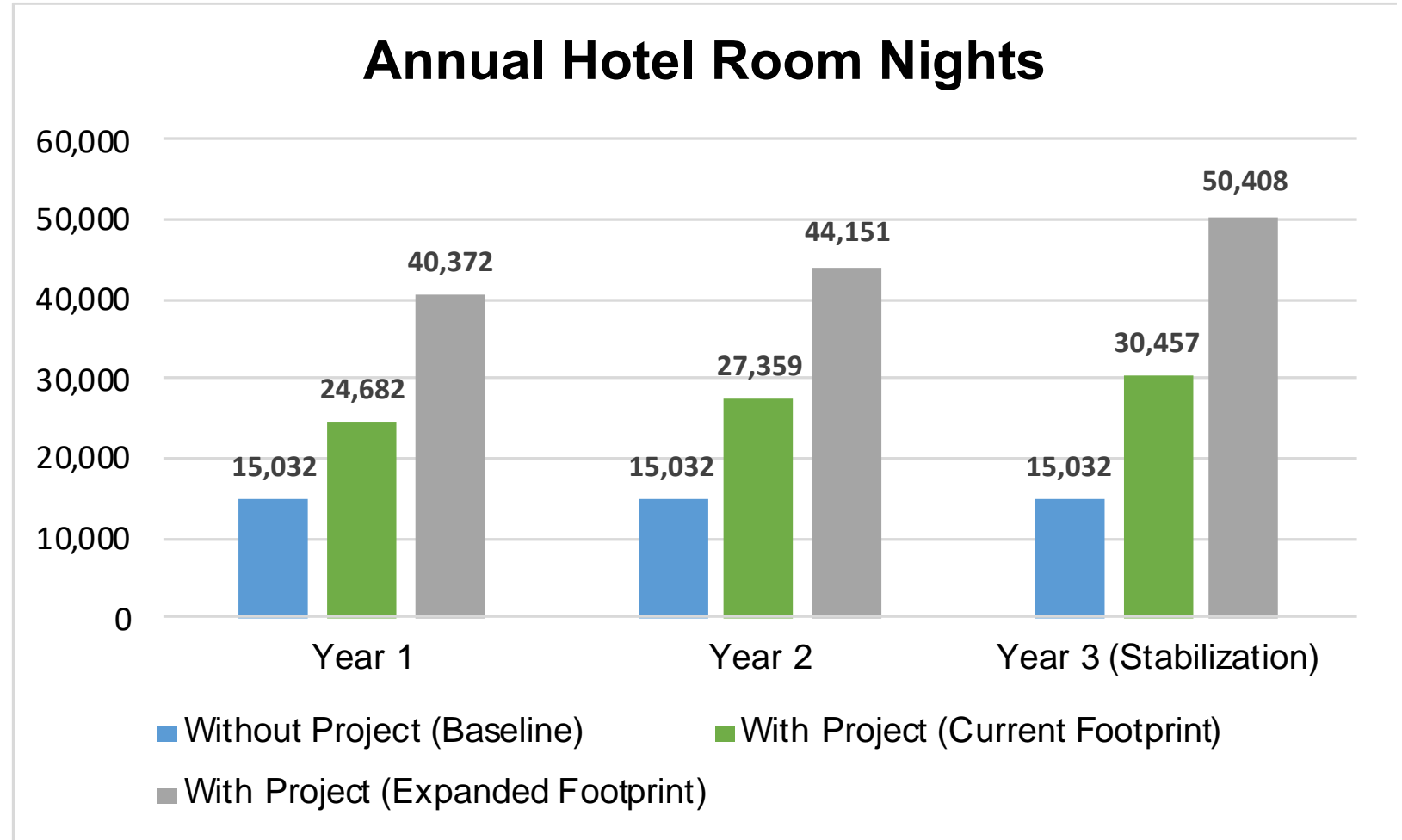
Events	Year 1	Year 2	Year 3	Year 4	Year 5	Year 10	Year 20	Year 30
Total Attendance								
Without Project (Baseline)	139,297	139,297	139,297	139,297	139,297	139,297	139,297	139,297
With Project (Current Footprint)	135,521	142,907	150,123	150,123	150,123	150,123	150,123	150,123
With Project (Expanded Footprint)	152,253	167,187	182,971	182,971	182,971	182,971	182,971	182,971
Total Revenue								
Without Project (Baseline)	\$ 4,605	\$ 4,743	\$ 4,885	\$ 5,032	\$ 5,183	\$ 6,008	\$ 8,075	\$ 10,852
With Project (Current Footprint)	\$ 5,322	\$ 5,813	\$ 6,353	\$ 6,544	\$ 6,740	\$ 7,813	\$ 10,501	\$ 14,112
Potential Additional Parking Revenues	\$ 1,238	\$ 1,345	\$ 1,455	\$ 1,499	\$ 1,544	\$ 1,790	\$ 2,405	\$ 3,233
With Project (Expanded Footprint)	\$ 6,397	\$ 7,195	\$ 8,068	\$ 8,310	\$ 8,560	\$ 9,923	\$ 13,336	\$ 17,922
Potential Additional Parking Revenues	\$ 1,282	\$ 1,449	\$ 1,634	\$ 1,683	\$ 1,733	\$ 2,010	\$ 2,701	\$ 3,629
Net Operating Income (\$000s)								
Without Project (Baseline)	\$ (950)	\$ (978)	\$ (1,008)	\$ (1,038)	\$ (1,069)	\$ (1,239)	\$ (1,666)	\$ (2,238)
With Project (Current Footprint)	\$ (566)	\$ (252)	\$ 106	\$ 109	\$ 113	\$ 131	\$ 176	\$ 236
With Project (Expanded Footprint)	\$ (1,051)	\$ (477)	\$ 166	\$ 171	\$ 176	\$ 204	\$ 275	\$ 369
Total Room Nights Generated								
Without Project (Baseline)	15,032	15,032	15,032	15,032	15,032	15,032	15,032	15,032
With Project (Current Footprint)	24,682	27,359	30,457	30,457	30,457	30,457	30,457	30,457
With Project (Expanded Footprint)	40,372	44,151	50,408	50,408	50,408	50,408	50,408	50,408

Source: Hunden Partners

Annual Hotel Room Nights

The graph highlights the PEC's estimated hotel room night generation across the three different scenarios. Hunden's projections are based on industry metrics as well as trends observed in comparable case studies.

The addition of an onsite hotel is expected to attract higher-caliber clientele and more overnight visitors, resulting in increased revenue opportunities and hotel room nights.



Events and Attendance

The adjacent table outlines the projected changes in event and attendance figures due to the proposed Project, with event activity expected to stabilize in Year 3.

Given that the PEC's existing footprint would remain the same, Hunden projected the same number of event days as the baseline – 364.

Conferences, conventions, meetings, and tradeshow are expected to increase due to their ability to attract more overnight visitors and generate higher catering revenues, replacing a significant portion of social events which primarily attract local audiences.

Although the number of events is projected to be less than the baseline, Hunden expects the average event attendance and the duration of several event types to increase because of the Project, leading to a total annual attendance of 150,000.

Plano Event Center - With Project (Current Footprint)									
Events	Year 1	Year 2	Year 3	Year 4	Year 5	Year 10	Year 20	Year 30	Change from Baseline
Events by Type									
Conference	33	35	38	38	38	38	38	38	7
Convention	3	4	5	5	5	5	5	5	4
Concert / Festival	3	3	3	3	3	3	3	3	(1)
Consumer Show	16	14	12	12	12	12	12	12	(6)
Meeting	100	104	108	108	108	108	108	108	14
Social	50	45	38	38	38	38	38	38	(28)
Sporting Event	7	6	5	5	5	5	5	5	(4)
Wedding	4	3	3	3	3	3	3	3	(3)
Tradeshow	6	8	10	10	10	10	10	10	5
Other	10	9	8	8	8	8	8	8	(6)
Total Events	232	231	230	230	230	230	230	230	(18)
Total Event Days by Type	364	364	364	364	364	364	364	364	0
Attendance									
Attendance	Year 1	Year 2	Year 3	Year 4	Year 5	Year 10	Year 20	Year 30	Change from Baseline
Average Attendance by Event Type									
Conference	881	927	974	974	974	974	974	974	167
Convention	1,425	1,500	1,575	1,575	1,575	1,575	1,575	1,575	425
Concert / Festival	1,436	1,511	1,587	1,587	1,587	1,587	1,587	1,587	428
Consumer Show	1,077	1,134	1,190	1,190	1,190	1,190	1,190	1,190	111
Meeting	459	484	508	508	508	508	508	508	87
Social	481	506	532	532	532	532	532	532	49
Sporting Event	671	706	741	741	741	741	741	741	69
Wedding	145	153	161	161	161	161	161	161	15
Tradeshow	350	369	387	387	387	387	387	387	67
Other	351	369	388	388	388	388	388	388	36
Total Attendance	135,521	142,907	150,123	150,123	150,123	150,123	150,123	150,123	10,826

Source: Hunden Partners

Proforma Comparison

The Project's estimated operating proformas for the PEC are shown in the adjacent table. The Project is expected to produce positive cash flows starting in Year 3, achieving a projected NOI of \$106,000. Catering revenues are anticipated to be the primary driver of revenue growth. Although the PEC's existing footprint remains unchanged in the main Project scenario, expenses are projected to increase slightly due to an increase in attendance and catering activity.

Plano Event Center - With Project (Current Footprint)									
Proforma	Year 1	Year 2	Year 3	Year 4	Year 5	Year 10	Year 20	Year 30	Change from Baseline
Net Revenue									
Rent	\$ 1,175	\$ 1,224	\$ 1,278	\$ 1,316	\$ 1,356	\$ 1,571	\$ 2,112	\$ 2,838	9%
Food & Beverage	\$ 3,074	\$ 3,448	\$ 3,859	\$ 3,975	\$ 4,094	\$ 4,747	\$ 6,379	\$ 8,573	41%
Other Income	\$ 1,073	\$ 1,141	\$ 1,216	\$ 1,252	\$ 1,290	\$ 1,495	\$ 2,010	\$ 2,701	24%
Total	\$ 5,322	\$ 5,813	\$ 6,353	\$ 6,544	\$ 6,740	\$ 7,813	\$ 10,501	\$ 14,112	30%
Expenses									
Labor	\$ 3,190	\$ 3,286	\$ 3,384	\$ 3,486	\$ 3,590	\$ 4,162	\$ 5,593	\$ 7,517	6%
Operating	\$ 2,698	\$ 2,779	\$ 2,863	\$ 2,949	\$ 3,037	\$ 3,521	\$ 4,732	\$ 6,359	6%
Total	\$ 5,888	\$ 6,065	\$ 6,247	\$ 6,434	\$ 6,627	\$ 7,683	\$ 10,325	\$ 13,876	6%
Net Operating Income	\$ (566)	\$ (252)	\$ 106	\$ 109	\$ 113	\$ 131	\$ 176	\$ 236	111%

Source: Hunden Partners



HQ Hotel

Hotel Performance Projections

In Year 1 (2029), Hunden projects the 375-key HQ hotel to open with an ADR of \$193 and increase to \$205 at stabilization in Year 4. Occupancy is projected to be 61 percent in Year 1 and is estimated to increase to 68 percent with a RevPAR of \$140 once fully absorbed by the market in Year 4.

		Performance Projections							
		Plano Market				Project Hotel			
Year		ADR	Occupancy	RevPAR	Growth	ADR	Occupancy	RevPAR	Growth
2029	Year 1	\$123	68%	\$83		\$193	61%	\$117	
2030	Year 2	\$125	69%	\$87	4.4%	\$197	65%	\$128	9.0%
2031	Year 3	\$128	70%	\$89	3.1%	\$201	68%	\$138	7.8%
2032	Year 4	\$131	70%	\$91	2.1%	\$205	68%	\$140	2.1%
2033	Year 5	\$133	70%	\$93	2.1%	\$210	68%	\$143	2.1%
2034	Year 6	\$136	70%	\$95	2.1%	\$214	68%	\$146	2.1%
2035	Year 7	\$139	70%	\$97	2.1%	\$219	68%	\$149	2.1%
2036	Year 8	\$142	70%	\$99	2.1%	\$223	68%	\$153	2.1%
2037	Year 9	\$145	70%	\$101	2.1%	\$228	68%	\$156	2.1%
2038	Year 10	\$148	70%	\$103	2.1%	\$233	68%	\$159	2.1%

Source: Hunden Partners

Hotel Proforma

The adjacent table shows the projected performance of the proposed 375-key HQ hotel, based on market penetration. Upon stabilization in Year 4, the hotel is projected to generate \$20.4 million in revenue with a net operating income of \$7.0 million.

Given that the Project site is located on city-owned land, Hunden did not account for property tax as an expense.

Projection of Revenue 375-Key HQ Hotel Plano, TX													
	2029	2030	2031	2032	2033	2034	2035	2036	2037	2038			
	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10			
Room Count	375	375	375	375	375								
Available Room Nights	136,875	136,875	136,875	136,875	136,875								
Occupancy Rates	61%	65%	68%	68%	68%								
Occupied Room Nights	82,908	88,548	93,568	93,568	93,568								
Average Daily Rate	\$ 193	\$ 197	\$ 201	\$ 205	\$ 210								
RevPAR	\$ 117	\$ 128	\$ 138	\$ 140	\$ 143								
RevPAR % Ch. From Prior Year	-	9.0%	7.8%	2.1%	2.1%								
Price Per Car (Valet)	\$ 25.00	\$ 25.75	\$ 26.52	\$ 27.32	\$ 28.14								
(In \$000s)	\$	\$	\$	\$	\$	%	PAR	POR	\$	\$	\$		
REVENUE													
Rooms	\$ 9,710	\$ 11,302	\$ 12,879	\$ 13,144	\$ 13,416	64.2%	\$ 98	\$ 143	\$ 13,695	\$ 13,981	\$ 14,275	\$ 14,576	\$ 14,885
Outdoor/Rooftop F&B	\$ 3,731	\$ 4,104	\$ 4,467	\$ 4,601	\$ 4,739	22.7%	\$ 35	\$ 51	\$ 4,881	\$ 5,028	\$ 5,178	\$ 5,334	\$ 5,494
Meeting (Rental, AV and F&B)	\$ 1,349	\$ 1,611	\$ 1,721	\$ 1,772	\$ 1,825	8.7%	\$ 13	\$ 20	\$ 1,880	\$ 1,937	\$ 1,995	\$ 2,055	\$ 2,116
Parking	\$ 601	\$ 660	\$ 717	\$ 737	\$ 757	3.6%	\$ 6	\$ 8	\$ 778	\$ 800	\$ 822	\$ 845	\$ 869
Other Operated Departments	\$ 124	\$ 137	\$ 149	\$ 153	\$ 158	0.8%	\$ 1	\$ 2	\$ 163	\$ 168	\$ 173	\$ 178	\$ 183
Total Revenue	\$ 15,516	\$ 17,814	\$ 19,932	\$ 20,407	\$ 20,896	100.0%	\$ 153	\$ 223	\$ 21,398	\$ 21,913	\$ 22,443	\$ 22,987	\$ 23,547
DEPARTMENTAL EXPENSES													
Rooms	\$ 2,408	\$ 2,690	\$ 2,936	\$ 2,865	\$ 2,791	20.8%	\$ 20	\$ 30	\$ 2,849	\$ 2,908	\$ 2,969	\$ 3,032	\$ 3,096
Outdoor/Rooftop F&B	\$ 2,621	\$ 2,892	\$ 3,069	\$ 3,097	\$ 3,125	47.6%	\$ 23	\$ 33	\$ 3,218	\$ 3,315	\$ 3,414	\$ 3,517	\$ 3,622
Parking	\$ 66	\$ 69	\$ 72	\$ 70	\$ 68	9.0%	\$ 0	\$ 1	\$ 70	\$ 72	\$ 74	\$ 76	\$ 78
Other Operated Departments	\$ 56	\$ 61	\$ 66	\$ 67	\$ 68	43.0%	\$ 0	\$ 1	\$ 70	\$ 72	\$ 74	\$ 76	\$ 79
Total Dept. Expenses	\$ 5,152	\$ 5,712	\$ 6,143	\$ 6,100	\$ 6,051	29.0%	\$ 44	\$ 65	\$ 6,207	\$ 6,367	\$ 6,532	\$ 6,701	\$ 6,875
Gross Operating Income	\$ 10,364	\$ 12,102	\$ 13,789	\$ 14,308	\$ 14,844	71.0%	\$ 108	\$ 159	\$ 15,191	\$ 15,546	\$ 15,911	\$ 16,286	\$ 16,672
UNDIST. OP. EXPENSES													
Administrative and General (excl. Operator)	\$ 1,536	\$ 1,728	\$ 1,894	\$ 1,898	\$ 1,902	9.1%	\$ 14	\$ 20	\$ 1,947	\$ 1,994	\$ 2,042	\$ 2,092	\$ 2,143
Information & Telecommunications	\$ 335	\$ 351	\$ 355	\$ 324	\$ 293	1.4%	\$ 2	\$ 3	\$ 300	\$ 307	\$ 314	\$ 322	\$ 330
Sales & Marketing (excl. Program Fee)	\$ 1,117	\$ 1,247	\$ 1,355	\$ 1,347	\$ 1,337	6.4%	\$ 10	\$ 14	\$ 1,369	\$ 1,402	\$ 1,436	\$ 1,471	\$ 1,507
Program Fee	\$ 729	\$ 846	\$ 957	\$ 990	\$ 1,024	4.9%	\$ 7	\$ 11	\$ 1,048	\$ 1,074	\$ 1,100	\$ 1,126	\$ 1,154
Property Operations and Maint.	\$ 512	\$ 623	\$ 737	\$ 796	\$ 857	4.1%	\$ 6	\$ 9	\$ 877	\$ 898	\$ 920	\$ 942	\$ 965
Utilities	\$ 838	\$ 926	\$ 997	\$ 980	\$ 961	4.6%	\$ 7	\$ 10	\$ 984	\$ 1,008	\$ 1,032	\$ 1,057	\$ 1,083
Total Undistributed Expenses	\$ 5,067	\$ 5,722	\$ 6,295	\$ 6,334	\$ 6,373	30.5%	\$ 47	\$ 68	\$ 6,526	\$ 6,684	\$ 6,845	\$ 7,011	\$ 7,182
Gross Operating Profit	\$ 5,297	\$ 6,380	\$ 7,495	\$ 7,973	\$ 8,471	40.5%	\$ 62	\$ 91	\$ 8,664	\$ 8,862	\$ 9,066	\$ 9,275	\$ 9,490
Management Fees	\$ 326	\$ 410	\$ 498	\$ 551	\$ 606	2.9%	\$ 4	\$ 6	\$ 621	\$ 635	\$ 651	\$ 667	\$ 683
Income Before Fixed Charges	\$ 4,971	\$ 5,970	\$ 6,997	\$ 7,422	\$ 7,865	37.6%	\$ 57	\$ 84	\$ 8,044	\$ 8,227	\$ 8,415	\$ 8,608	\$ 8,807
FIXED EXPENSES													
Insurance	\$ 113	\$ 126	\$ 140	\$ 143	\$ 146	0.7%	\$ 1	\$ 2	\$ 150	\$ 153	\$ 157	\$ 161	\$ 165
Reserve for Replacement	\$ 194	\$ 215	\$ 239	\$ 245	\$ 251	1.2%	\$ 2	\$ 3	\$ 257	\$ 263	\$ 269	\$ 276	\$ 283
Total Fixed Expenses	\$ 307	\$ 341	\$ 379	\$ 388	\$ 397	1.9%	\$ 3	\$ 4	\$ 407	\$ 416	\$ 426	\$ 437	\$ 447
Net Operating Income	\$ 4,664	\$ 5,630	\$ 6,618	\$ 7,035	\$ 7,468	35.7%	\$ 55	\$ 80	\$ 7,637	\$ 7,811	\$ 7,989	\$ 8,172	\$ 8,359

Source: Hunden Partners

Supportable Financing

Hunden assumed an initial loan interest rate of 7.5 percent, amortized over 25 years.

To achieve a debt service coverage ratio of 1.40 in Year 3, the hotel supports an estimated \$52.6 million in debt. To have appropriate market returns for a private developer, the hotel supports an estimated \$15.0 million in private equity. In total, the hotel supports an estimated \$67.7 million in financing, or \$180,600 per room.

At an estimated development cost of \$402,000 per key, this leaves an estimated financing gap of approximately \$82.9 million for the hotel, not including the cost of a potential parking structure.

Supportable Financing (\$000s) 375-Key HQ Hotel Plano, TX												
	Constr. Yr1	Constr. Yr2	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10
Net Operating Income	\$0	\$0	\$4,664	\$5,630	\$6,618	\$7,035	\$7,468	\$7,637	\$7,811	\$7,989	\$8,172	\$8,359
Debt Service Payment	(\$988)	(\$2,964)	(\$4,727)	(\$4,727)	(\$4,727)	(\$4,403)	(\$4,403)	(\$4,403)	(\$4,403)	(\$4,403)	(\$4,403)	(\$4,403)
Net Income to Repay Equity	\$0	\$0	(\$62)	\$903	\$1,891	\$2,631	\$3,065	\$3,234	\$3,407	\$3,585	\$3,768	\$3,956
Princ. Amount*	\$13,172	\$39,515	\$52,686	\$51,911	\$51,078	\$50,180	\$49,415	\$48,594	\$47,713	\$46,769	\$45,757	\$44,671
Interest	\$988	\$2,964	\$3,951	\$3,893	\$3,831	\$3,638	\$3,583	\$3,523	\$3,459	\$3,391	\$3,317	\$3,239
Less Payment	(\$988)	(\$2,964)	(\$4,727)	(\$4,727)	(\$4,727)	(\$4,403)	(\$4,403)	(\$4,403)	(\$4,403)	(\$4,403)	(\$4,403)	(\$4,403)
Loan Balance	\$13,172	\$39,515	\$51,911	\$51,078	\$50,182	\$49,415	\$48,594	\$47,713	\$46,769	\$45,757	\$44,671	\$43,506
Assumptions	Loan					Refi						
Loan Amount	\$52,686					\$50,180						
Amortization Period (Years)	25					25						
Loan Interest Rate	7.50%					7.25%						
Annual Debt Service Payment	(\$4,727)					(\$4,403)						
Sources												
Equity Contribution	\$15,069	22%										
Debt	\$52,686	78%										
Total Supportable Private Financing	\$67,755		Per Room (\$)									
Est. Construction Cost (Excl. Parking)	\$150,750		\$402,000									
Funding Gap	(\$82,995) 55%		(\$221,320)									
	10-Yr Avg	Contr.	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10
Debt Service Coverage Ratio	1.59		0.99	1.19	1.40	1.60	1.70	1.73	1.77	1.81	1.86	1.90
Return on Equity	17.5%		-0.4%	6.0%	12.6%	17.5%	20.3%	21.5%	22.6%	23.8%	25.0%	26.3%
Return on Cost	10.5%		6.9%	8.3%	9.8%	10.4%	11.0%	11.3%	11.5%	11.8%	12.1%	12.3%
IRR (Exit Cap Rate = 7%)	24.3%	(\$15,069)	(\$62)	\$903	\$1,891	\$2,631	\$3,065	\$3,234	\$3,407	\$3,585	\$3,768	\$75,915

* Assumes 25% draw in Construction Year 1; 75% average during Construction Year 2
Source: Hunden Partners



Retail / Restaurant

Retail / Restaurant Proforma

The proposed restaurant/retail development is modeled to total 30,000 square feet. Once stabilized in Year 3, the development is expected to maintain five percent vacancy thereafter.

Based on comparable properties, rent growth trends and conversations with brokers in the market, the retail and restaurant component is projected to lease for \$26.12 PSF in Year 1 (2029).

At Year 3 stabilization, the commercial development is projected to generate a net operating income of \$875,000 annually.

Proforma - Restaurant/Retail/Eatertainment (000s)								
	Yr 1	Yr 2	Yr 3	Yr 4	Yr 5	Yr 10	Yr 20	Yr 30
Leasable SF	30,000	30,000	30,000	30,000	30,000	30,000	30,000	30,000
Lease Rate	\$ 26.12	\$ 26.90	\$ 27.71	\$ 28.54	\$ 29.40	\$ 34.08	\$ 45.80	\$ 61.55
Reimbursements								
CAM	\$ 2.91	\$ 3.00	\$ 3.09	\$ 3.18	\$ 3.28	\$ 3.80	\$ 5.10	\$ 6.86
R/E Taxes	\$ 4.99	\$ 5.14	\$ 5.29	\$ 5.45	\$ 5.62	\$ 6.51	\$ 8.75	\$ 11.76
Insurance	\$ 0.88	\$ 0.91	\$ 0.93	\$ 0.96	\$ 0.99	\$ 1.15	\$ 1.54	\$ 2.07
Total	\$ 8.78	\$ 9.04	\$ 9.31	\$ 9.59	\$ 9.88	\$ 11.46	\$ 15.40	\$ 20.69
Revenue								
Gross Potential Rent (000s)	\$ 784	\$ 807	\$ 831	\$ 856	\$ 882	\$ 1,022	\$ 1,374	\$ 1,847
Vacancy	30%	15%	5%	5%	5%	5%	5%	5%
Vacancy Loss	\$ 235	\$ 121	\$ 42	\$ 43	\$ 44	\$ 51	\$ 69	\$ 92
Gross Effective Rent	\$ 549	\$ 686	\$ 790	\$ 813	\$ 838	\$ 971	\$ 1,305	\$ 1,754
Tenant Reimbursements	\$ 184	\$ 231	\$ 265	\$ 273	\$ 282	\$ 326	\$ 439	\$ 590
Gross Operating Income	\$ 733	\$ 917	\$ 1,055	\$ 1,087	\$ 1,119	\$ 1,298	\$ 1,744	\$ 2,344
Expenses								
CAM	\$ 87	\$ 90	\$ 93	\$ 95	\$ 98	\$ 114	\$ 153	\$ 206
R/E Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Insurance	\$ 26	\$ 27	\$ 28	\$ 29	\$ 30	\$ 34	\$ 46	\$ 62
Other - Non-Reimbursable	\$ 11	\$ 12	\$ 12	\$ 12	\$ 13	\$ 15	\$ 20	\$ 27
Management Fee	\$ 16	\$ 21	\$ 24	\$ 24	\$ 25	\$ 29	\$ 39	\$ 53
Reserves	\$ 16	\$ 21	\$ 24	\$ 24	\$ 25	\$ 29	\$ 39	\$ 53
Total Expenses	\$ 158	\$ 170	\$ 180	\$ 186	\$ 191	\$ 222	\$ 298	\$ 400
Net Operating Income	\$ 575	\$ 747	\$ 875	\$ 901	\$ 928	\$ 1,076	\$ 1,446	\$ 1,944

Source: Hunden Strategic Partners

Supportable Financing

The retail / restaurant development is estimated to cost \$10.5 million with an average cost of \$350 PSF. Given the Project's mixed-use setting within Plano, the commercial development is projected to be fully supported by private investment.

Phase One Supportable Financing (000s) - Restaurant / Retail												
	Constr. Yr1	Constr. Yr2	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10
Net Operating Income	\$ -	\$ -	\$ 575	\$ 747	\$ 875	\$ 901	\$ 928	\$ 956	\$ 985	\$ 1,015	\$ 1,045	\$ 1,076
Interest and Debt Reserve W/D	\$ 134	\$ 402	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Debt Service Payment	\$ (134)	\$ (402)	\$ (698)	\$ (698)	\$ (698)	\$ (642)	\$ (642)	\$ (642)	\$ (642)	\$ (642)	\$ (642)	\$ (642)
Net Income to Repay Equity	\$ -	\$ -	\$ (124)	\$ 48	\$ 177	\$ 259	\$ 286	\$ 314	\$ 343	\$ 372	\$ 403	\$ 434
Princ. Amount*	\$ 2,232	\$ 6,697	\$ 8,929	\$ 8,766	\$ 8,594	\$ 8,410	\$ 8,251	\$ 8,083	\$ 7,906	\$ 7,718	\$ 7,519	\$ 7,310
Interest	\$ 134	\$ 402	\$ 536	\$ 526	\$ 516	\$ 484	\$ 474	\$ 465	\$ 455	\$ 444	\$ 432	\$ 420
Less Payment	\$ (134)	\$ (402)	\$ (698)	\$ (698)	\$ (698)	\$ (642)	\$ (642)	\$ (642)	\$ (642)	\$ (642)	\$ (642)	\$ (642)
Loan Balance	\$ 2,232	\$ 6,697	\$ 8,766	\$ 8,594	\$ 8,411	\$ 8,251	\$ 8,083	\$ 7,906	\$ 7,718	\$ 7,519	\$ 7,310	\$ 7,087
Debt Assumptions						Ref						
Loan Amount	\$ 8,929					\$ 8,410						
Amortization Period (Years)	25					25						
Loan Interest Rate	6.0%					5.75%						
Annual Debt Service Payment	\$ (698)					\$ (642)						
Financing												
Developer's Equity	\$ 1,571											
Private Debt	\$ 8,929											
Total Supportable Private Financing	\$ 10,500		100%		Per SF (\$)							
Estimated Development Cost	\$ 10,500		100%		\$ 350							
GAP	\$ -		0.0%		\$ -							
	10-Yr Avg	Contr.	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10
Debt Service Coverage Ratio	1.39		0.82	1.07	1.25	1.40	1.45	1.49	1.53	1.58	1.63	1.68
Return on Equity	16.0%		-7.9%	3.1%	11.2%	16.5%	18.2%	20.0%	21.8%	23.7%	25.6%	27.6%
Return on Cost	8.7%		5.5%	7.1%	8.3%	8.6%	8.8%	9.1%	9.4%	9.7%	10.0%	10.3%
IRR (Exit Cap Rate = 7%)	6.8%	(\$1,571)	\$ (124)	\$ 48	\$ 177	\$ 259	\$ 286	\$ 314	\$ 343	\$ 372	\$ 403	\$ 434

**On developer's equity only.

Source: Hunden Partners

10

Economic, Fiscal, and Employment Impact Analysis





Impacts

Spending

The table below outlines the estimated combined spending generated by the Project, which includes a HQ hotel and adjacent commercial district development, compared to the baseline. The baseline is estimated to generate \$544.0 million in direct spending and \$895.0 million in total spending over the 30-year period. On the other hand, if the Project is introduced, it is expected to generate \$1.8 billion in direct spending and over \$3.0 billion in total spending.

Direct Spending to Plano (\$000s) - Without Project (Baseline)									
Direct Spending	Year 1	Year 2	Year 3	Year 4	Year 5	Year 10	Year 20	Year 30	Total
Food & Beverage	\$ 4,710	\$ 4,851	\$ 4,996	\$ 5,146	\$ 5,301	\$ 6,145	\$ 8,258	\$ 11,098	\$ 224,059
Lodging	\$ 3,497	\$ 3,602	\$ 3,710	\$ 3,821	\$ 3,936	\$ 4,563	\$ 6,132	\$ 8,241	\$ 166,377
Retail	\$ 1,158	\$ 1,192	\$ 1,228	\$ 1,265	\$ 1,303	\$ 1,510	\$ 2,030	\$ 2,728	\$ 55,073
Transportation	\$ 1,352	\$ 1,393	\$ 1,434	\$ 1,477	\$ 1,522	\$ 1,764	\$ 2,371	\$ 3,186	\$ 64,326
Other	\$ 720	\$ 742	\$ 764	\$ 787	\$ 810	\$ 939	\$ 1,262	\$ 1,697	\$ 34,254
Total	\$ 11,436	\$ 11,779	\$ 12,133	\$ 12,497	\$ 12,872	\$ 14,922	\$ 20,054	\$ 26,950	\$ 544,087

Direct, Indirect & Induced Spending to Plano (\$000s) - Without Project (Baseline)									
Total Spending	Year 1	Year 2	Year 3	Year 4	Year 5	Year 10	Year 20	Year 30	Total
Direct	\$ 11,436	\$ 11,779	\$ 12,133	\$ 12,497	\$ 12,872	\$ 14,922	\$ 20,054	\$ 26,950	\$ 544,087
Indirect	\$ 4,173	\$ 4,298	\$ 4,427	\$ 4,559	\$ 4,696	\$ 5,444	\$ 7,317	\$ 9,833	\$ 198,509
Induced	\$ 3,204	\$ 3,300	\$ 3,399	\$ 3,501	\$ 3,606	\$ 4,181	\$ 5,619	\$ 7,551	\$ 152,443
Total	\$ 18,813	\$ 19,377	\$ 19,959	\$ 20,558	\$ 21,174	\$ 24,547	\$ 32,989	\$ 44,334	\$ 895,040

Source: Hunden Partners

Direct Spending to Plano (\$000s) - With Project (Current Footprint)									
Direct Spending	Year 1	Year 2	Year 3	Year 4	Year 5	Year 10	Year 20	Year 30	Total
Food & Beverage	\$ 15,999	\$ 18,864	\$ 21,257	\$ 21,895	\$ 22,552	\$ 26,144	\$ 35,135	\$ 47,218	\$ 947,454
Lodging	\$ 11,008	\$ 12,849	\$ 14,732	\$ 15,053	\$ 15,383	\$ 17,165	\$ 23,068	\$ 31,002	\$ 626,257
Retail	\$ 1,098	\$ 1,195	\$ 1,298	\$ 1,337	\$ 1,377	\$ 1,597	\$ 2,146	\$ 2,884	\$ 58,023
Transportation	\$ 2,596	\$ 2,834	\$ 3,084	\$ 3,175	\$ 3,268	\$ 3,780	\$ 5,055	\$ 6,761	\$ 136,837
Other	\$ 1,941	\$ 2,255	\$ 2,421	\$ 2,494	\$ 2,569	\$ 2,978	\$ 4,002	\$ 5,378	\$ 108,140
Total	\$ 32,642	\$ 37,998	\$ 42,793	\$ 43,954	\$ 45,149	\$ 51,663	\$ 69,406	\$ 93,243	\$ 1,876,712

Direct, Indirect & Induced Spending to Plano (\$000s) - With Project (Current Footprint)									
Total Spending	Year 1	Year 2	Year 3	Year 4	Year 5	Year 10	Year 20	Year 30	Total
Direct	\$ 32,642	\$ 37,998	\$ 42,793	\$ 43,954	\$ 45,149	\$ 51,663	\$ 69,406	\$ 93,243	\$ 1,876,712
Indirect	\$ 11,551	\$ 13,453	\$ 15,144	\$ 15,560	\$ 15,987	\$ 18,319	\$ 24,611	\$ 33,064	\$ 665,309
Induced	\$ 9,217	\$ 10,723	\$ 12,058	\$ 12,386	\$ 12,723	\$ 14,564	\$ 19,566	\$ 26,286	\$ 529,058
Total	\$ 53,409	\$ 62,174	\$ 69,995	\$ 71,900	\$ 73,860	\$ 84,546	\$ 113,583	\$ 152,593	\$ 3,071,079

Source: Hunden Partners

Earnings & Jobs

The table below outlines the projected earnings and full-time equivalent jobs based on the spending generated from the Project compared to the baseline. Over a 30-year period, the baseline is projected to generate \$253.4 million in earnings supporting an average of 126 on-going full-time equivalent jobs. On the other hand, if the Project is introduced, it is expected to generate \$884.0 million in earnings supporting an average of 353 on-going full-time equivalent jobs.

Earnings & FTE Jobs from Direct, Indirect & Induced Spending (\$000s) - Without Project (Baseline)									
	Year 1	Year 2	Year 3	Year 4	Year 5	Year 10	Year 20	Year 30	Total
Earnings									
From Direct	\$ 3,422	\$ 3,524	\$ 3,630	\$ 3,739	\$ 3,851	\$ 4,465	\$ 6,000	\$ 8,063	\$ 162,789
From Indirect	\$ 1,001	\$ 1,031	\$ 1,062	\$ 1,094	\$ 1,127	\$ 1,306	\$ 1,755	\$ 2,359	\$ 47,624
From Induced	\$ 905	\$ 932	\$ 960	\$ 989	\$ 1,019	\$ 1,181	\$ 1,587	\$ 2,133	\$ 43,056
Total	\$ 5,328	\$ 5,488	\$ 5,652	\$ 5,822	\$ 5,996	\$ 6,951	\$ 9,342	\$ 12,555	\$ 253,468
Jobs									
From Direct	113	113	113	113	113	113	113	113	113
From Indirect	7	7	7	7	7	7	7	7	7
From Induced	6	6	6	6	6	6	6	6	6
Total	126	126	126	126	126	126	126	126	126

Source: Hunden Partners

Earnings & FTE Jobs from Direct, Indirect & Induced Spending (\$000s) - With Project (Current Footprint)									
	Year 1	Year 2	Year 3	Year 4	Year 5	Year 10	Year 20	Year 30	Total
Earnings									
From Direct	\$ 9,961	\$ 11,591	\$ 13,036	\$ 13,390	\$ 13,754	\$ 15,739	\$ 21,146	\$ 28,409	\$ 571,798
From Indirect	\$ 2,825	\$ 3,288	\$ 3,699	\$ 3,800	\$ 3,904	\$ 4,470	\$ 6,006	\$ 8,069	\$ 162,381
From Induced	\$ 2,611	\$ 3,038	\$ 3,417	\$ 3,510	\$ 3,605	\$ 4,127	\$ 5,544	\$ 7,448	\$ 149,907
Total	\$ 15,397	\$ 17,917	\$ 20,151	\$ 20,699	\$ 21,263	\$ 24,336	\$ 32,696	\$ 43,926	\$ 884,086
Jobs									
From Direct	258	301	321	321	320	319	319	318	316
From Indirect	17	20	21	21	21	21	21	21	20
From Induced	13	15	16	16	16	16	16	16	16
Total	288	336	358	358	357	355	355	355	353

Source: Hunden Partners

Tax Impacts

The adjacent table outlines the estimated taxes that would be generated by the Project compared to the baseline. Over the 30-year period, the baseline is expected to generate \$15.4 million in local taxes. On the other hand, if the Project is introduced, it is expected to generate \$56.3 million in local taxes.

Fiscal Impact - Tax Impacts (000s) - Without Project (Baseline)									
	Year 1	Year 2	Year 3	Year 4	Year 5	Year 10	Year 20	Year 30	Total
City of Plano									
City Sales Tax (1.00%)	\$ 79	\$ 82	\$ 84	\$ 87	\$ 89	\$ 104	\$ 139	\$ 187	\$ 3,777
City HOT (7.00%)	\$ 245	\$ 252	\$ 260	\$ 267	\$ 276	\$ 319	\$ 429	\$ 577	\$ 11,646
Total	\$ 324	\$ 334	\$ 344	\$ 354	\$ 365	\$ 423	\$ 568	\$ 764	\$ 15,423
Collin County									
County Sales Tax (1.00%)	\$ 79	\$ 82	\$ 84	\$ 87	\$ 89	\$ 104	\$ 139	\$ 187	\$ 3,777
Total	\$ 79	\$ 82	\$ 84	\$ 87	\$ 89	\$ 104	\$ 139	\$ 187	\$ 3,777
State of Texas									
State Sales Tax (6.25%)	\$ 496	\$ 511	\$ 526	\$ 542	\$ 558	\$ 647	\$ 870	\$ 1,169	\$ 23,607
State HOT (6.00%)	\$ 210	\$ 216	\$ 223	\$ 229	\$ 236	\$ 274	\$ 368	\$ 494	\$ 9,983
Mixed-Beverage Sales Tax (8.25%)	\$ 97	\$ 100	\$ 103	\$ 106	\$ 109	\$ 127	\$ 170	\$ 229	\$ 4,621
Total	\$ 803	\$ 827	\$ 852	\$ 878	\$ 904	\$ 1,048	\$ 1,408	\$ 1,893	\$ 38,211
Total Combined Impact	\$ 1,207	\$ 1,243	\$ 1,280	\$ 1,319	\$ 1,358	\$ 1,575	\$ 2,116	\$ 2,844	\$ 57,411

Source: Hunden Partners

Fiscal Impact - Tax Impacts (000s) - With Project (Current Footprint)									
	Year 1	Year 2	Year 3	Year 4	Year 5	Year 10	Year 20	Year 30	Total
City of Plano									
City Sales Tax (1.00%)	\$ 216	\$ 251	\$ 281	\$ 289	\$ 298	\$ 345	\$ 463	\$ 622	\$ 12,505
City HOT (7.00%)	\$ 771	\$ 899	\$ 1,031	\$ 1,054	\$ 1,077	\$ 1,202	\$ 1,615	\$ 2,170	\$ 43,838
Total	\$ 987	\$ 1,151	\$ 1,312	\$ 1,343	\$ 1,374	\$ 1,547	\$ 2,078	\$ 2,793	\$ 56,343
Collin County									
County Sales Tax (1.00%)	\$ 216	\$ 251	\$ 281	\$ 289	\$ 298	\$ 345	\$ 463	\$ 622	\$ 12,505
Total	\$ 216	\$ 251	\$ 281	\$ 289	\$ 298	\$ 345	\$ 463	\$ 622	\$ 12,505
State of Texas									
State Sales Tax (6.25%)	\$ 1,352	\$ 1,572	\$ 1,754	\$ 1,806	\$ 1,860	\$ 2,156	\$ 2,896	\$ 3,890	\$ 78,153
State HOT (6.00%)	\$ 660	\$ 771	\$ 884	\$ 903	\$ 923	\$ 1,030	\$ 1,384	\$ 1,860	\$ 37,575
Mixed-Beverage Sales Tax (8.25%)	\$ 330	\$ 389	\$ 438	\$ 452	\$ 465	\$ 539	\$ 725	\$ 974	\$ 19,541
Total	\$ 2,343	\$ 2,732	\$ 3,076	\$ 3,161	\$ 3,248	\$ 3,725	\$ 5,005	\$ 6,724	\$ 135,270
Total Combined Impact	\$ 3,546	\$ 4,134	\$ 4,669	\$ 4,793	\$ 4,921	\$ 5,617	\$ 7,546	\$ 10,139	\$ 204,117

Source: Hunden Partners

Summary of Impacts

The table to the right outlines the summary of impacts from the baseline and Project scenarios. Spending for the baseline is estimated to total \$895.0 million over the 30-year period, while the Project is estimated to total \$3.0 billion.

Total local taxes are projected at approximately \$15.0 million for the baseline compared to an estimated \$56.0 million from the Project.

30-Yr. Summary of Impacts		
	Without Project (Baseline) (millions)	With Project (Current Footprint) (millions)
Spending		
Direct	\$544	\$1,877
Indirect	\$199	\$665
Induced	\$152	\$529
Total	\$895	\$3,071
Earnings	(millions)	(millions)
From Direct	\$163	\$572
From Indirect	\$48	\$162
From Induced	\$43	\$150
Total	\$253	\$884
Jobs	Actual	Actual
From Direct	113	316
From Indirect	7	20
From Induced	6	16
Total	126	353
Taxes	(millions)	(millions)
Local	\$15	\$56
County	\$4	\$13
State	\$38	\$135
Total	\$57	\$204

Source: Hunden Partners

10-Year State Taxes

The adjacent table outlines the estimated capturable onsite state taxes (within 1,000 feet of the PEC) that the Project is projected to generate over its first 10 years, which totals approximately \$27.1 million.

Fiscal Impact - Combined State Tax Impacts from Onsite Spending (000s)											
	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10	Total
Texas State Taxes Total											
State Sales Tax	\$ 1,064	\$ 1,259	\$ 1,415	\$ 1,457	\$ 1,501	\$ 1,546	\$ 1,592	\$ 1,640	\$ 1,689	\$ 1,739	\$ 14,901
State HOT	\$ 583	\$ 678	\$ 773	\$ 789	\$ 805	\$ 822	\$ 839	\$ 857	\$ 875	\$ 893	\$ 7,912
Mixed-Beverage Sales Tax	\$ 308	\$ 366	\$ 414	\$ 426	\$ 439	\$ 452	\$ 465	\$ 479	\$ 494	\$ 509	\$ 4,352
Total	\$ 1,955	\$ 2,303	\$ 2,601	\$ 2,672	\$ 2,745	\$ 2,819	\$ 2,896	\$ 2,976	\$ 3,057	\$ 3,141	\$ 27,165

Source: Hunden Partners



Financing Tools

Texas Financing Tools

HB 4347: This bill allows recapture of state taxes within a 1,000-foot radius of a qualifying convention center and/or hotel project including 100 percent of state sales taxes (6.25 percent) for ten years, 100 percent of state hotel taxes (6.0 percent) for ten years, and 100 percent of state mixed-beverage taxes (8.25 percent) for ten years. Can also be used for ancillary/support developments that cater to visitors, such as retail, restaurants and bars.

Project Finance Zones (PFZ): Project Finance Zones, currently enabled in Fort Worth, Dallas, Houston, Austin, San Antonio and Corpus Christi, allow for the capture of incremental state hotel and sales taxes generated by hotels within a three-mile radius of a qualifying major convention or sports/entertainment event center. The incremental state taxes can then be used to fund the designated project(s).

Tax Increment Financing (TIF): TIFs are special zones created by city councils to attract new investment in an area. These zones help finance costs of redevelopment and promote growth in areas that would otherwise not attract sufficient market development in a timely manner. Taxes attributable to new improvements (tax increments) are set aside in a fund to finance public improvements within the boundaries of the zone. Recapture of property taxes can be used to fund any feasibility gaps for private sector projects via parking and other public items.

380 Agreements: This tool authorizes municipalities to offer incentives designed to promote economic development such as commercial and retail projects. Specifically, it provides for offering loans and grants of city funds or services at little or no cost to promote state and local economic development and to stimulate business and commercial activity. Examples include rebating certain incremental local or other taxes back to the project to incentivize it.

Municipal Management Districts (MMDs): MMDs are political subdivisions of the state created to promote, develop, encourage, and maintain employment, commerce, transportation, housing, tourism, recreation, arts, entertainment, economic development, safety, and the public welfare within a defined area. MMD's can assess fees on developments within the districts in order to generate funding for infrastructure, clean/safe programs or incentives for certain development.

HB 4347 – Qualified Hotel Projects

The following table provides an overview of the HB 4347 qualified hotel projects and their estimated project details as of October 2019.

Qualified Project	Year Opened	Key Count	Function Space	Project Cost	State Hotel Taxes Rebated	State Sales Taxes Rebated	Total State Taxes Rebated	Years Remaining to Rebate
Houston Hilton Americas	2003	1,200	1.2 million SF	\$284 million	\$23.2 million	\$16.9 million	\$40.2 million	0
San Antonio Grand Hyatt	2008	1,003	115K SF	\$280 million	\$23.3 million	\$11.2 million	\$34.6 million	0
Fort Worth Omni	2009	593	68K SF	\$170 million	\$16.4 million	\$10.3 million	\$26.7 million	0
Dallas Omni	2011	1,001	110K SF	\$500 million	\$24.7 million	\$18.0 million	\$42.7 million	1 yr., 1 mo.
Houston Marriott Marquis	2016	1,000	153K SF	\$335 million	\$10.0 million	\$8.4 million	\$18.4 million	6 yrs., 2 mo.
Amarillo Embassy Suites	2017	226	14K SF	\$40 million	\$1.1 million	\$231K	\$1.3 million	6 yrs., 11 mo.
Irving Texican Court	2018	152	3K SF	\$42 million	\$272K	\$89K	\$362K	9 yrs. 6 mo.
Live! by Loews Hotel Arlington	2021	300	20K SF	\$550 million	\$505K	\$875K	\$1.3 million	9 yrs., 7 mo.
Irving Westin	2019	350	16K SF	\$113 million	\$816K	\$1.4 million	\$2.2 million	9 yrs., 8 mo.
Odessa Marriott	2019	217	40K SF	\$79 million	\$148K	\$0	\$148K	9 yrs., 9 mo.

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Hunden Partners is a full-service real estate development advisory practice specializing in destination assets.

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- Public Incentive Analysis
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- Research & Statistical Analysis
- Developer Solicitation & Selection
- Project Execution Advisory

The firm and its principal have performed more than 1,000 studies over the past 28 years, with more than \$20 billion in built, successful projects.



Appendix

07

Case Studies





Recent Facility Expansions & Renovations

Room Night Analysis

The adjacent table provides a room night analysis of facilities that have recently undergone expansions, including Kentucky International Convention Center, Boise Centre, and Indiana Convention Center. These projects generated an increase in room nights slightly below increases in available function space. **These convention centers had a peak increase in room nights within five years of project completion.**

The Indiana Convention Center saw the largest increase in Room Nights after the expansion of the convention center was completed. The function space of the Indiana Convention Center increased by 83 percent while the room nights of the Indiana Convention Center grew by 79 percent.

Room Night Analysis				
	KICC	BC	ICC	Average
Increase in Supply/Demand				
Function Space	41%	72%	83%	65%
Room Nights (Highest Year Post Expansion)	28%	34%	79%	47%
Prior to Expansion				
Exhibit Space	130,000	25,000	308,700	154,567
Room Nights (Year Prior to Expansion)	109,494	21,440	341,876	157,603
Ratio	84%	86%	111%	94%
Prior to Expansion				
Total Function Space	210,198	50,000	440,164	233,454
Room Nights (Year Prior to Expansion)	109,494	21,440	341,876	157,603
Ratio	52%	43%	78%	58%
Post Expansion				
Exhibit Space	204,169	39,000	618,000	287,056
Room Nights (Highest Year Post Expansion)	139,501	25,009	610,836	258,449
Ratio	68%	64%	99%	77%
Post Expansion				
Total Function Space	296,057	86,000	805,804	395,954
Room Nights (Highest Year Post Expansion)	139,501	25,009	610,836	258,449
Ratio	47%	29%	76%	51%
Source: Various				

Boise Centre

The Boise Centre opened in 1990. Originally the facility had 50,000 square feet of flexible space. In 2016, the facility underwent a \$47.5-million expansion adding 36,000 square feet of meeting and event space. Today the facility has 86,000 square feet of event space and 31 meeting rooms.

For two years before the expansion, the facility averaged 249 events per year with 138,000 visitors. Post expansion, the facility averaged 321 events per year with 163,000 annual visitors before being impacted by the pandemic. This represents an average increase of 29 percent more events per year on average. The **number of room nights increased by nearly 3,000 per year**, representing a 14 percent increase. There was an increase of 7,000 room nights between 2015 and 2019.



BC Function Space

Function	Prior	Post	Increase
Ballroom	25,000	39,000	56%
Meeting	17,000	30,000	76%
Pre-Function	8,000	17,000	113%
Total	50,000	86,000	72%

Source: Boise Centre

BC Historical Performance

Year	Events	Attendees	Room Nights	Room Night Inc. from Base Year
FY 2015	229	135,232	18,667	-
FY 2016	269	141,898	21,440	-
FY 2017	278	162,763	19,285	3%
FY 2018	347	172,985	24,330	30%
FY 2019	337	153,303	25,009	34%

Source: Boise Centre

Pueblo Convention Center

Location: Pueblo, CO

Original Open Date: 1997

Expansion Completion Date: 2019

Total Function Space: 47,000 SF

In 2019, a \$38 million renovation and expansion was completed on the Pueblo Convention Center, which serves as a gateway to downtown Pueblo. The expansion added a total of 40,000 SF of gross space, including a new 17,500 SF exhibit hall and additional meeting rooms. The project also added outdoor event space as an extension of the facility's pre-function space.

The bulk of the \$38-million renovation was reported to be covered by state sales tax under the Regional Tourism Act. In the future, management sees the need for additional breakout rooms and walkable hotel rooms in order to attract additional groups and events.

The convention center is also located 0.3 miles from the Pueblo Ice Arena Events Center, which has a concert capacity of 3,000 and seating for 850. The facility is the home of the Pueblo Bulls of the Premier Conference, a T III Junior League.

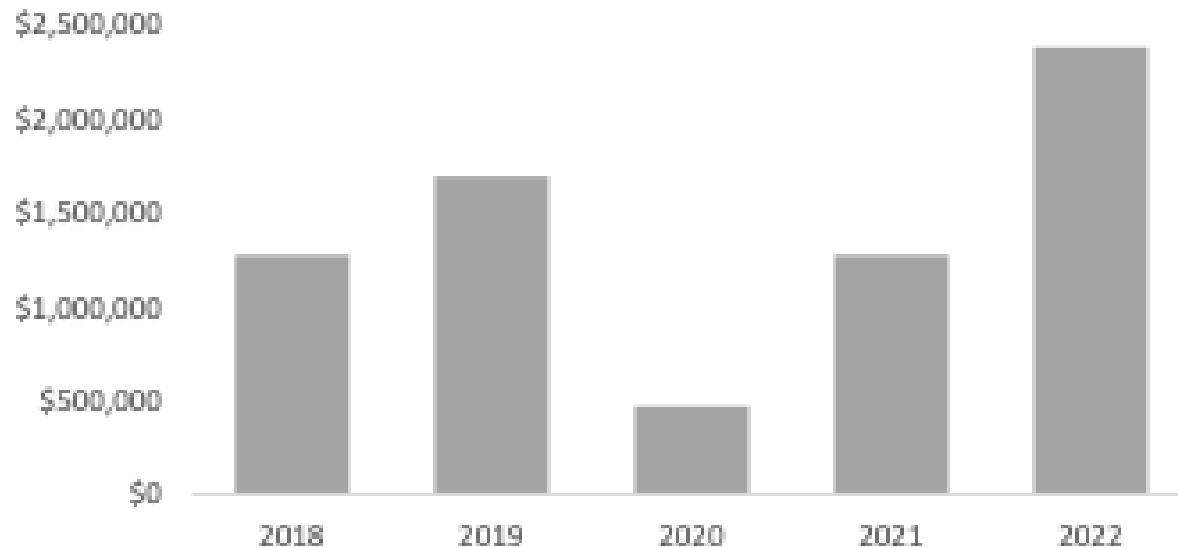


Pueblo Convention Center Performance

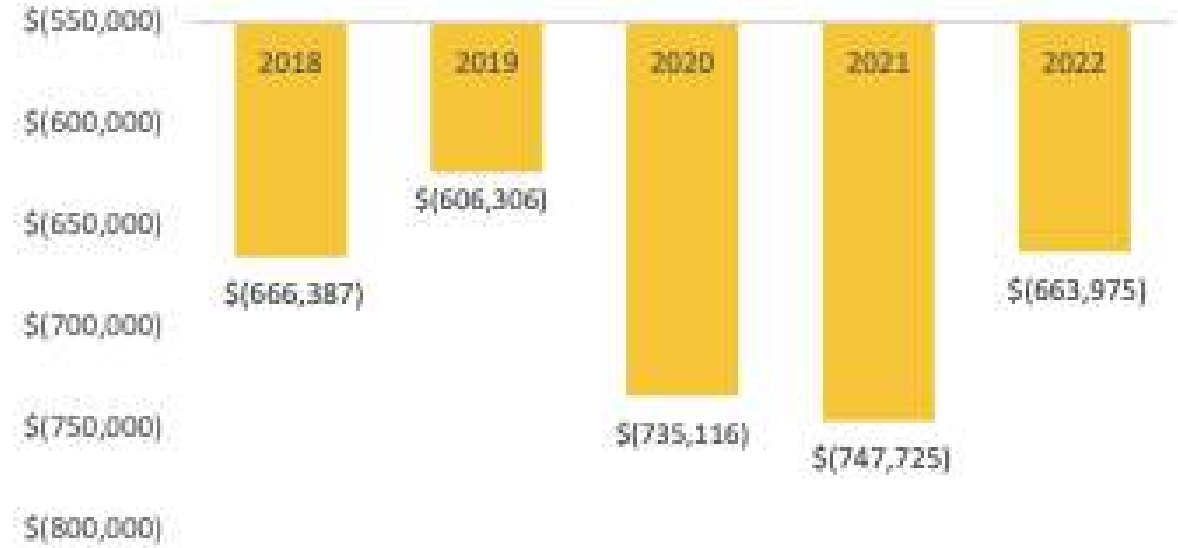
Post pandemic recovery, gross revenues were approximately \$700,000 higher than in 2019, with comparable net profits. In 2023, gross revenues increased by another \$450,000. Post the expansion, events hosted led to more than a 20,000 increase in attendance at the convention center prior to the pandemic, with additional increases in visitation in 2022-23.

Operations losses in 2022-23 were comparable to pre-pandemic levels at approximately \$600,000 annually.

Gross Revenues

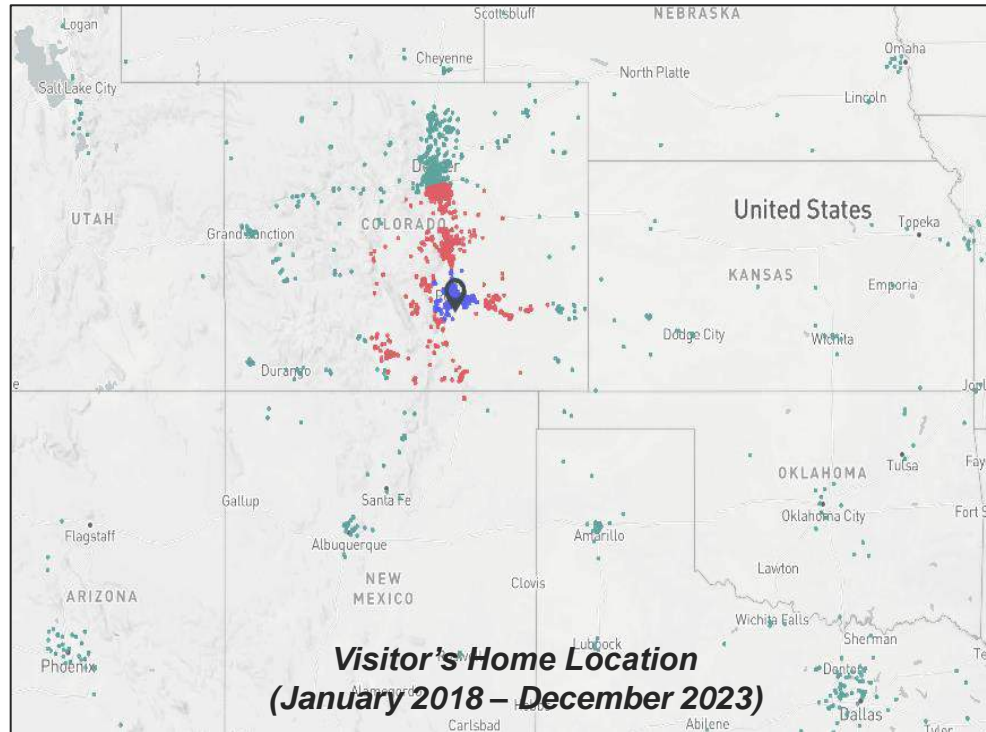


Net Income



Pueblo Convention Center Visitation

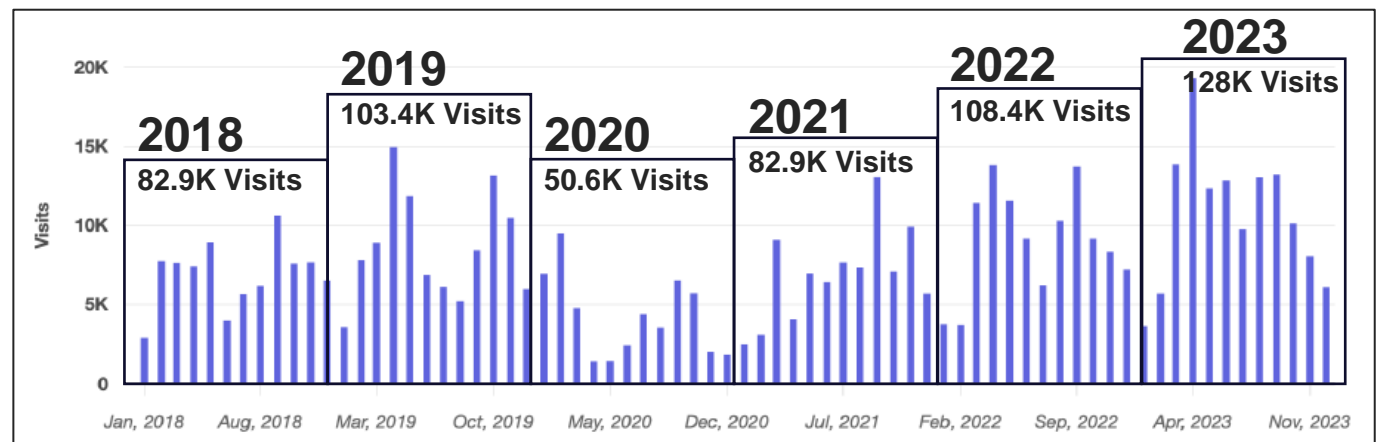
The Pueblo Convention Center generated 128,000 total visits in 2023 from approximately 72,300 unique visitors. The majority of visitation comes from the local area with Saturdays being the most visited days, on average. The renovation did induce larger event groups and more total visits in 2022-2023 when compared to 2019.



Pueblo Convention Center - Pueblo, CO Total Visitation
January 2023 - December 2023

Visitor Origins by Distance from Site	Total Visits		Total Unique Customers		Avg. Visits per Customer
	Est. Number of Visits	Percent of Total Visits	Est. Number of Customers	Percent of Total Customers	
Locals - Within 25 miles	73,400	57%	40,200	56%	1.83
Regional Distance - Between 25 and 100 miles	27,200	21%	17,400	24%	1.56
Long Distance only - Over 100 miles	27,400	21%	14,700	20%	1.86
Total Visits	128,000	100%	72,300	100%	1.77

Source: Placer.ai



Spokane Convention Center

The Spokane Convention Center first opened in 1974. Since opening, the facility has undergone two major renovation/expansions, in 2007 and in 2015. The 2015 expansion is analyzed in this report.

During the 2015 expansion, function space was added, along with 716 connected hotel rooms. The Spokane sales team regards the addition of the hotel rooms to be the biggest impact generator of the expansion.

The 2015 expansion of the Spokane Convention Center was funded through existing tax streams including:

- **A 1/10 of 1 percent of county sales tax and**
- **2 percent of the room tax county-wide**

The 716-key Davenport Autograph hotel was funded privately.

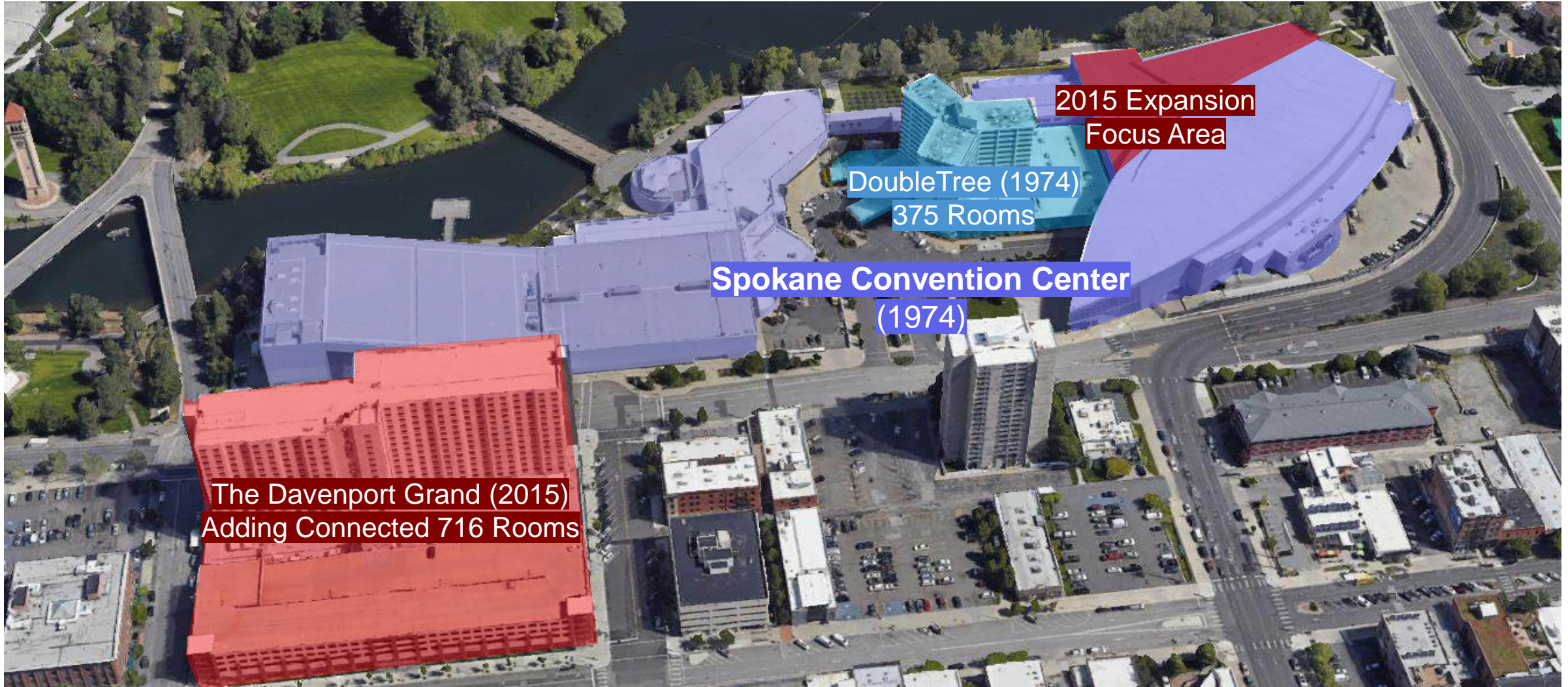


Spokane Convention Center Expansion | 2015

Type	Pre-Expan. SF	Post-Expan. SF	SF / Room Added	Increase %
Exhibit Hall	82,749	102,749	20,000	24%
Meeting Rooms	17,242	27,242	10,000	58%
Ballroom	38,750	50,750	12,000	31%
Total Sellable SF	138,741	180,741	42,000	30%
Attached Hotel Rooms	375	1,091	716	191%

Source: Spokane Convention Center

Spokane Convention Center Expansion



Spokane Convention Center – Increased Hotel Rooms

Prior to the 2015 expansion there were 1,585 hotels walkable hotel rooms, including 375 connected rooms at the DoubleTree. The 2015 expansion included the Davenport Grand hotel, which added 716 hotel rooms connected to the facility. As of 2022, there are 2,301 hotel rooms that are walkable to the Spokane Convention Center.

Spokane Convention Center representatives indicated the Davenport Grand was instrumental in the success of the facility after the expansion. The hotel made the facility more attractive to event planners, allowing larger and higher quality room blocks to be reserved alongside events.

Spokane Convention Center - Walkable Hotel Rooms

Hotel	Rooms	Year Built	Quality
*DoubleTree by Hilton Spokane City Center	375	1974	Upscale
Ruby River Hotel	241	1976	Independent
The Centennial	411	1978	Independent
Courtyard Spokane Downtown at the CC	149	1989	Upscale
Holiday Inn Express Spokane Downtown	119	1994	Upper Mid
Fairfield Inn & Suites Spokane Downtown	84	1995	Upper Mid
Best Western Plus City Center Spokane	81	1996	Upper Mid
Oxford Suites Spokane	125	2002	Upper Mid
*The Davenport Grand, Autograph Collection	716	2015	Upper Upscale
Total Rooms	2,301		

*Connected to the convention center

Source: Smith Travel Research

Spokane Convention Center – Bookings

The adjacent table shows the number of room nights put on the books, shown by the year they were booked (shown in blue) and the year that they were booked for (shown by various shades of grey). Room nights increased significantly post the expansion. While the pandemic changed the number of actual room nights generated, these forward indicating booked room nights provide valuable insight into the intentions of event planners for booking events, as well as provide insight into how the facility would have performed given a normal schedule without the pandemic.

The PACE report was a snapshot as of June 21, 2020. After June 2020, the convention center changed reporting platforms making future data difficult to locate for the facility.

Room Nights Booked for Spokane Convention Center - PACE Report as of 5/21/2020

		Year of Event, Number of Room Nights on the Books														Total # of Room Nights Booked in Year
Year	2013	2014	2015	2016	2017	2018	2019	2020* Pandemic	2021	2022	2023	2024	2025	2026	2027	
Year Event Planned, No. RN Booked	2013	38,747	33,589	33,401	19,796	3,290										128,823
	2014		43,376	48,574	31,768	19,800	2,430	3,604								149,552
	2015			60,244	49,510	30,378	9,573	21,191	10,724							181,620
	2016				63,073	55,531	19,456	40,373	32,759	1,957	1,957	4,510				219,616
	2017					73,818	45,783	60,590	47,218	17,101	10,870	5,670	1,850			262,900
	2018						66,853	124,391	61,380	30,897	29,454	5,670	1,850			320,495
	2019							124,365	70,888	36,993	49,573	15,506	1,948			299,273
	5/31/20								41,218	51,888	19,371	3,148	1,038			116,663
	Future Pace Data															
	2020								6,124	22,291	61,814	26,891	7,535	4,189	4,650	3,032
2021									8,118	65,700	35,679	22,520	10,251	4,650	3,032	149,950
Tot. # of RN in Year	38,747	76,965	142,219	164,147	182,817	144,095	374,514	270,311	169,245	238,739	97,074	36,741	14,440	9,300	6,064	

Source: Spokane Convention Center

Spokane Convention Center – Bookings

The following table shows historical data relating to convention center attendance before and after the expansion.

The number of attendees to the Spokane Convention Center increased by 46 percent in years following the expansion. Overall, the facility averaged 126,000 more attendees per year after the expansion. Sporting and community events experienced the greatest increase in the number of attendees, averaging 70,000 and 42,000 more attendees per year after the expansion.

Event Type	Pre-Expansion					Post-Expansion			Avg. Pre-Exp. (2010-2014)	Avg. Post Exp. (2015-2017)	Increase %
	2010	2011	2012	2013	2014	2015	2016	2017			
Convention/Trade Shows	95,094	71,734	96,653	43,655	58,531	116,499	77,536	64,780	73,133	86,272	18%
Consumer Shows	98,928	86,148	82,570	73,050	95,036	81,068	82,192	80,503	87,146	81,254	-7%
Community Events	41,244	39,466	55,399	76,175	92,579	111,732	106,476	91,637	60,973	103,282	69%
Meetings	22,232	21,910	20,872	-	-	-	-	-	21,671	-	-100%
Sporting Events	16,924	23,362	29,062	49,432	95,036	90,520	121,167	129,036	42,763	113,574	166%
Entertainment	-	896	-	1,536	-	18,170	24,368	16,158	1,216	19,565	1509%
Total Attendance	274,422	243,516	284,556	243,848	341,182	417,989	411,739	382,114	277,505	403,947	46%
# of Room Nights Booked	-	-	-	38,747	76,965	142,219	164,147	182,817	57,856	163,061	182%
City Lodging Tax*	\$1,415,863	\$909,901	\$1,257,670	\$3,517,710	\$4,426,206	\$5,363,087	\$5,875,069	\$6,659,970	\$2,305,470	5,966,042	159%

(-) Data not reported
 * City lodging tax is for the entire city of Spokane, Washington; it is not exclusive to dollars generated by the convention center
 Source: Spokane Public Facilities District

Spokane Convention Center Takeaways

Advanced Booking: Following the expansion in 2016 and 2017, room nights and events were being booked eight years in advance, showing long-term intentions to host events at the expanded facility. This was an increase from five and six years in advance in years leading up to the expansion.

Increased Room Nights: From 2016 to 2019, the average number of annual room nights on the books increased 150 percent compared to the average between 2013 and 2015. Prior to the pandemic which impacted travel and events, 2019 and 2020 had the greatest number of room nights on the books for events hosted at the convention center. This shows a strong boost in economic impact generated from the expansion.

The Spokane Convention Center expansion was instrumental in increasing the impact the convention center had on the local Spokane community. It allowed the facility to host two groups at once, where, before the expansion, representatives indicated the facility was limited to one group per day.

