

UPDATE OF PAST ANALYSIS FOR POTENTIAL FUTURE LEXINGTON CONVENTION CENTER DEVELOPMENT

Presented to Visit Lexington

December 30, 2015

CONVENTIONS SPORTS & LEISURE



December 30, 2015

Ms. Mary Quin Ramer
President, Visit Lexington
250 West Main Street, Suite 2100
Lexington, Kentucky 40507

Dear Ms. Ramer,

Conventions, Sports and Leisure, International (CSL) has completed an update of market demand and economic impact analysis of potential future Lexington Center development. The attached report is intended to accompany the slide presentation which is included as an appendix. This report presents our research, analysis and findings and is intended to assist Visit Lexington (VL) in evaluating the potential event and economic impact associated with an expansion of the Lexington Convention Center (LCC).

The analysis presented in this report is based on estimates, assumptions and other information developed from industry research, data provided by VL, LCC management and other study stakeholders. Surveys of past facility users, discussions with industry participants and analysis of competitive/comparable facilities and communities have also been conducted. The sources of information, the methods employed, and the basis of significant estimates and assumptions are stated in this report. Some assumptions inevitably will not materialize and unanticipated events and circumstances may occur. Therefore, actual results achieved will vary from those described and the variations may be material. Furthermore, all information provided to us by others was not audited or verified and was assumed to be correct.

This report has been prepared for the internal use of VL and other study stakeholders, and should not be relied on by any other party. The report has been structured to provide VL and other study stakeholders with a foundation of research to provide decision makers with the information necessary to strategically plan for the Lexington Convention Center's future in the event facility industry and should not be used for any other purpose.

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

Very truly yours,

CSL International

CSL International

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Introduction

Conventions, Sports and Leisure International has completed an update of a market demand and economic impact analysis of potential future Lexington Center development originally conducted for Visit Lexington in 2011. Our analysis is largely based on two planning scenarios; (1) the recommended expansion plan from the 2011 study, which includes a 39,000 to 54,000 square foot expansion of exhibit space that is contiguous with Heritage Hall, as well as the development of 11,900 to 18,900 additional square feet of LCC meeting space; and (2) a "do nothing" scenario, under which no improvement to the LCC is made.

This report is intended to accompany the attached slide presentation that includes additional study detail. As part of our analysis, we have reviewed current and potential future conditions within the Lexington market that may impact the project, analyzed historical LCC operations, conducted an analysis of competitive/comparable facilities in markets similar to Lexington, and have surveyed selected past and current users of LCC.

Lexington Market and LCC Site Overview

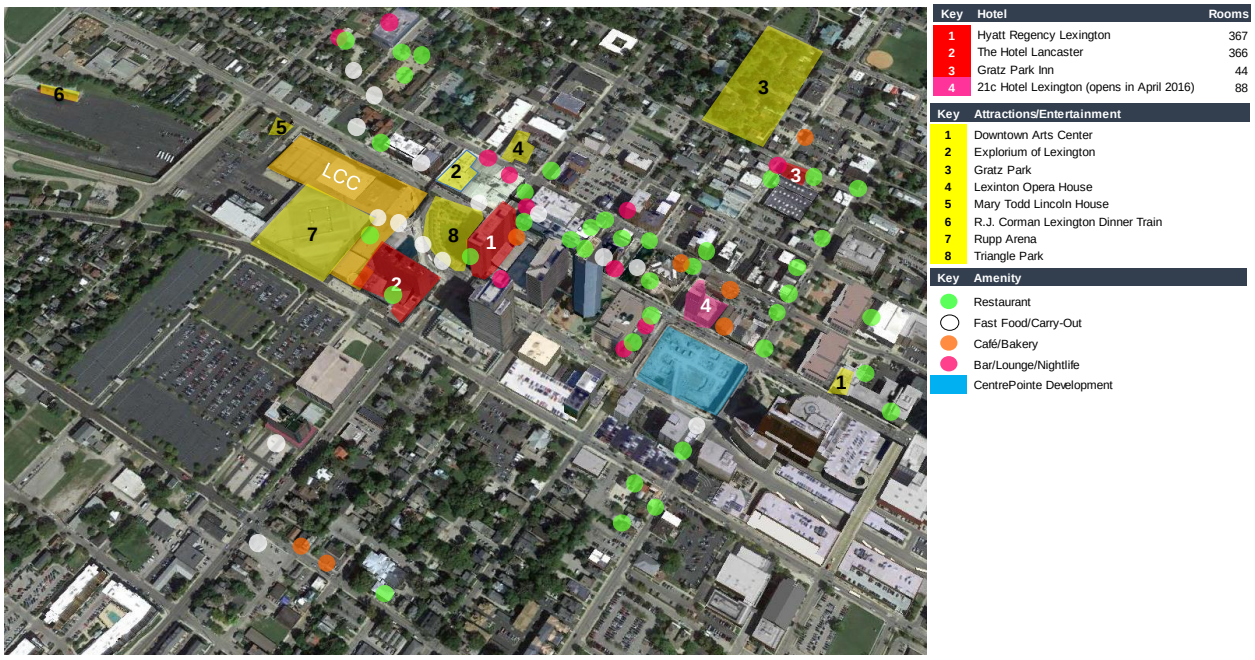
The Lexington Convention Center is owned by the city of Lexington and operated by the Lexington Center Corporation, a non-profit 501(c)3 corporate agency of the Lexington-Fayette Urban County Government (LFUCG). The facility was developed to attract event activity from around the region and country, and to generate significant economic impact for the city of Lexington. The LCC hosts a variety of important national, regional and local trade shows and conventions, along with a substantial number of consumer shows, public assemblies and corporate meetings. To optimize the Center's performance as an event facility, the destination sales and marketing efforts provided by Visit Lexington help to highlight the benefits of both the LCC and its nearby amenities for leisure visitors, business travelers and event planners.

There have been several economic developments in the Lexington area that have taken place since the issuance of the original CSL study completed in 2011. Local officials report that the number of restaurants along the downtown's Short Street has increased from three to 15 since 2010, and that there has been a significant increase in higher end retail stores in the areas nearby and surrounding the LCC. Also, the nearby Toyota Motor Manufacturing, Kentucky Inc. plant has generated over 1,100 new jobs due to expansions and changes in production. In total, various new developments and expansions in Lexington's economic infrastructure have generated nearly 4,800 new jobs since 2011.

Going forward, a new 88-room 21c Hotel and Museum is planned to open along Main Street in downtown Lexington by April of 2016. Additionally, local economic officials indicate that the CentrePoint development site in central Downtown can to be a potential future asset to the visitor industry, as potential development could include a convention-quality hotel property, in addition to significant retail and office space.

The walkable restaurant and entertainment environment surrounding the LCC has become more robust since 2011, continuing to serve as a competitive advantage. The neighboring Rupp Arena and Lexington Opera House are high quality venues that serve to greatly enhance the appeal of the LCC campus by providing event attendees with viable entertainment options, occasionally accommodating portions of LCC event activity. The adjacent Triangle Park offers outdoor green space, and the expansive parking lot to the southwest of the facility is a major asset for the attraction of drive-in event attendees. These types of assets, and their proximity to the LCC, are included in the following exhibit.

Exhibit 1
LCC Site Overview



Source: VisitLex.com, Google Earth, CSL, 2015

As shown, the condensed urban environment immediately surrounding the Center, in addition to the inventory of supporting visitor infrastructure (such as parking, roadway access, nearby entertainment options, restaurants) can be considered a competitive advantage.

The hotel base immediately surrounding the LCC includes the 326-room Hyatt Regency, the 327-room Hilton Lexington Downtown, the 44-room Gratz Park Inn, and an 88-room 21 C Museum Hotel that will open in April of 2016. The combined 865 rooms is comparatively modest when considering competitive destinations in Indianapolis, Louisville, Columbus, Cincinnati, Memphis and other such markets. Local officials report that an additional hotel property may be included in the CenterPointe property development, which would greatly enhance room availability for future years. This is an important factor to consider in conjunction with any future LCC expansion scenario.

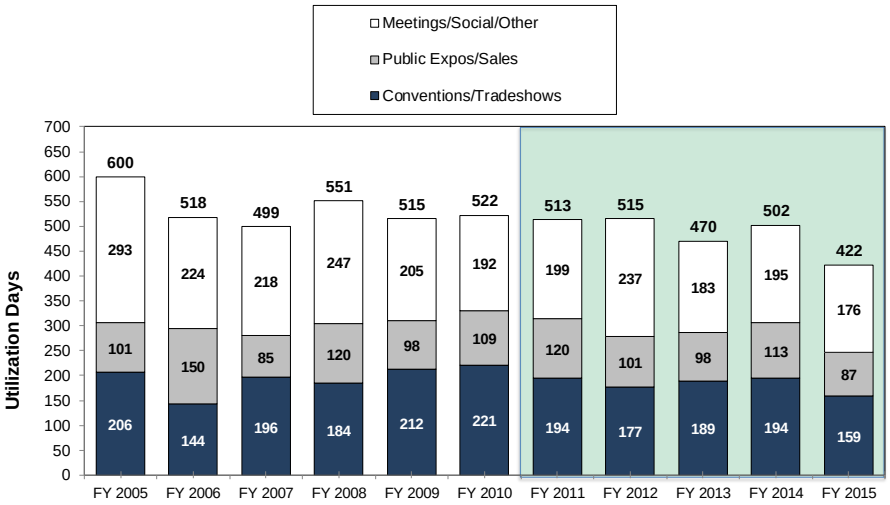
Historical Lexington Convention Center Operations

The Lexington Convention Center originally opened in 1976 and is home to popular regional events such as the Kentucky Sport, Boat and Recreation Show; the Lexington Comic and Toy Convention; and, the Scare Fest Horror and Paranormal Convention. The facility currently offers 66,000 square feet of contiguous prime exhibit space in Heritage Hall, a total of 16,100 square feet of meeting space divided among 12 breakout meeting rooms, the 17,100-square foot Bluegrass Ballroom and the 6,500-square foot Heritage Ballroom. In all, the LCC features 105,700 square feet of total sellable space, in addition to the 25,200 square feet of contiguous flat floor space in Rupp Arena (which also has fixed seating for 23,000), more than 2,700 on-site parking spaces, and two levels of space for retail and food/beverage.

Historically, the LCC has hosted a wide variety of both local and non-local event activity, including conventions, corporate meetings, consumer shows, food and beverage functions, tradeshows, community, government and other types of events. A substantial portion of the LCC's event mix is comprised of events such as meetings, assemblies, banquets and local sporting events. Conventions and tradeshows, events that typically have associated economic impact, make up just under 30 percent of overall event activity at the LCC since FY 2011, decreasing slightly each year starting in FY 2010. This decline may reflect enhanced competition and only modest overall industry growth.

To better present the overall LCC event mix, the following exhibit illustrates the total number of utilization days (including move-in, event and move-out days) by event type for the fiscal year 2005 through fiscal year 2015 time period.

Exhibit 2
LCC Historical Operations –
Total Number of Utilization Days by Event Type



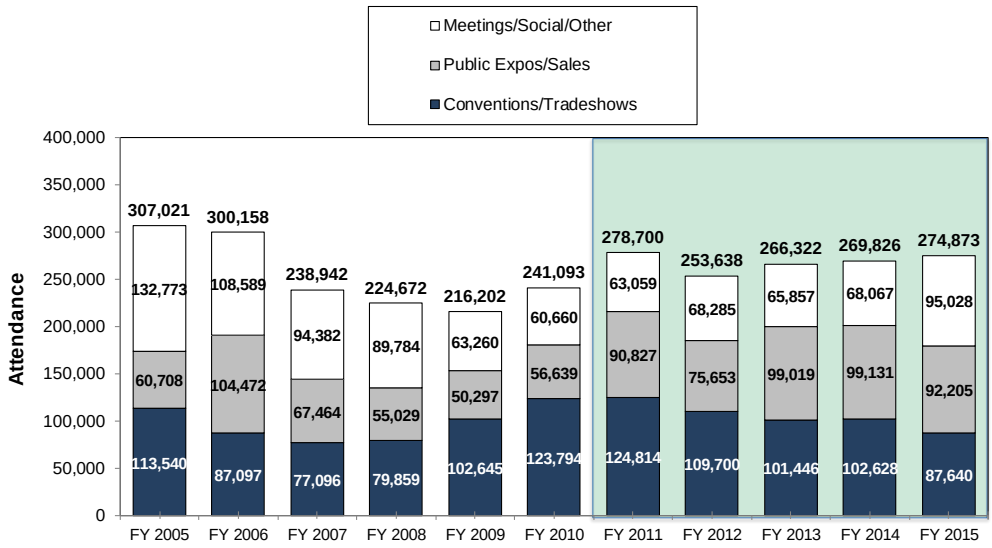
Notes: Event types are based on LCC classifications. Data do not include internal events.
Data do not include KSHAA basketball tournaments.
Source: CSL International, facility management, 2015.

The overall number of utilization days at the LCC has remained fairly consistent since FY 2008, experiencing very slight decreases during this period. Over the past five years, utilization levels have ranged from 422 days in FY 2015 to 515 days in FY 2012.

Conventions and tradeshows have averaged approximately 183 utilization days per year since FY 2011, making up just over 38 percent of the LCC's total utilization. Public sales and expositions have experienced some fluctuation within that same time period, ranging from 87 utilization days in FY 2015 to 120 in FY 2011.

Exhibit 3 outlines total attendance by event type for the same 11-year period among all events utilizing the LCC.

Exhibit 3
LCC Historical Operations –
Total Attendance by Event Type



Notes: Event types are based on LCC classifications. Data do not include internal events.
Data do not include KSHAA basketball tournaments.
Source: CSL International, facility management, 2015.

The annual attendance at the LCC has slightly increased in recent years, growing from 253,600 in FY 2012 to 274,900 in FY 2015. The number of attendees at meetings, social gatherings and other types of events have increased significantly, from 63,100 attendees in FY 2011 to over 95,000 in FY 2015.

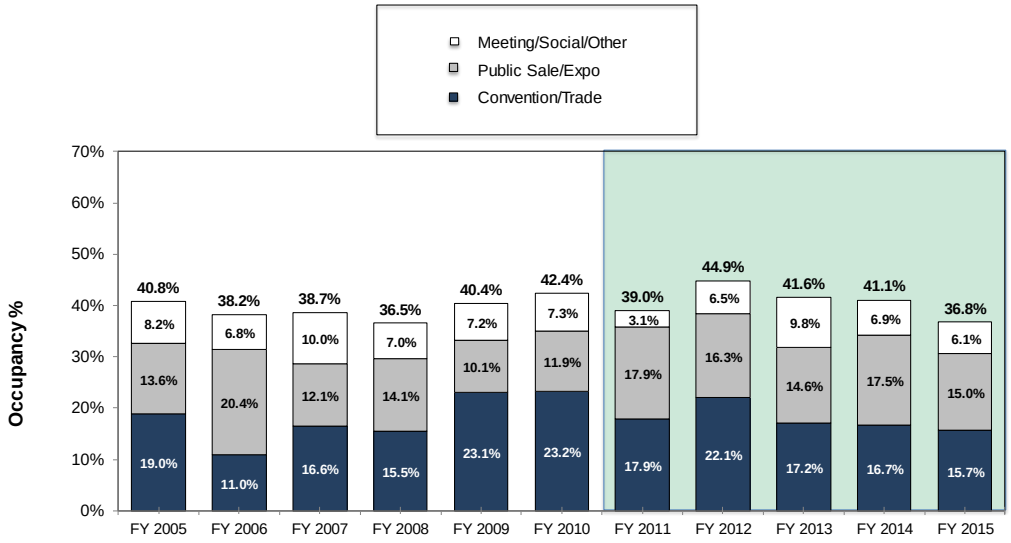
Public sales and expositions have been experiencing a notable upward trend in attendance since FY 2011, growing from an average of 57,400 annual attendees in the four year period before FY 2011 (FY 2007 to FY 2010) to 85,300 per year in the following five year period (FY 2011 to FY 2015).

The attendance generated by convention and tradeshow activity has been declining each year since FY 2011. Again, these types of events typically generate significant economic impact due a substantial portion of their attendance originating from outside the Lexington region. To reverse this trend and attract more of these events and their associated economic benefits to Lexington, convention and hospitality product enhancement is likely needed.

We have also measured the occupancy levels of the exhibit space in the LCC's 66,000-square foot Heritage Hall. These data can be useful in identifying pressure points in space demand. The occupancy of a facility is determined to be within a practical maximum capacity range when the actual occupied space in a facility reaches a level of 50 percent of total sellable capacity. Above 70 percent occupancy, a facility has exceeded "practical maximum capacity" and may be turning away significant business. These assumptions account for the reality that a portion of the facility's total capacity is un-sellable due to holidays, maintenance days and inherent booking inefficiencies that result when events cannot be scheduled immediately back-to-back.

The following exhibit highlights Heritage Hall's occupancy percentages for the years FY 2005 through FY 2015.

Exhibit 4
LCC Historical Operations –
Exhibit Space Occupancy by Event Type



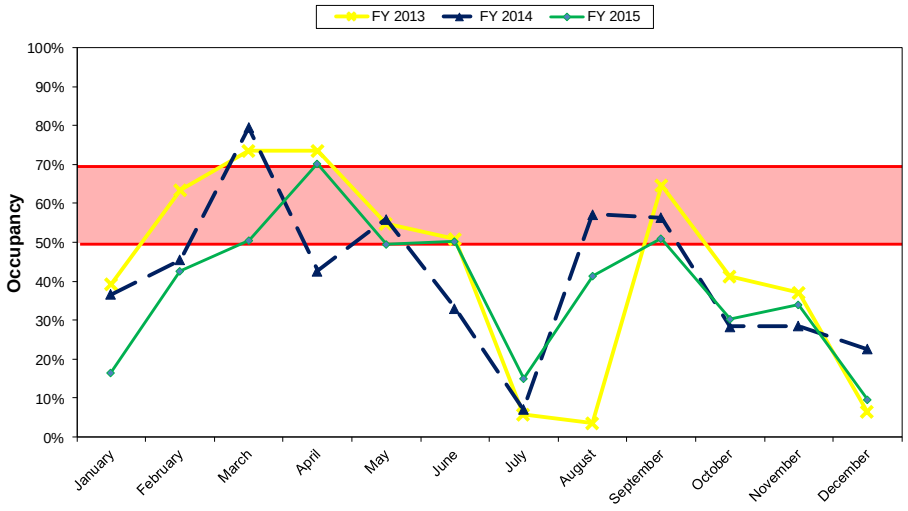
Notes: Event types are based on LCC classifications. Data do not include internal events.
Data for 2005 and beyond do not include KSHAA basketball tournaments.
Source: CSL International, facility management, 2015.

Over the last five years, Heritage Hall occupancy has ranged between 36.8 percent and 44.9 percent, figures that are generally comparable with the data from the previous six years. These data are consistent with older, more functionally challenged facilities in other communities. Further, these percentages have decreased each fiscal year since FY 2012.

These data may suggest the Lexington convention and hospitality product would likely need to be upgraded in order to facilitate increased demand. Importantly, these data continue to support a premise of the 2011 study that calls for only modest added event space, with enhanced hotel inventory. Centers in Louisville, Richmond, Knoxville and Chattanooga offer at least 100,000 and up to 256,900 square feet of exhibit space. Future planning for LCC improvement should avoid the larger exhibit space totals, and focus on a target of approximately 100,000 square feet.

It is also often useful to consider seasonality patterns in exhibit space occupancy levels in order to assess peak/valley periods that may be impacting annualized performance data. Monthly Heritage Hall occupancy levels for the period FY 2013 through FY 2015 are presented in Exhibit 5 on the following page.

Exhibit 5
LCC Historical Operations –
Occupancy Seasonality

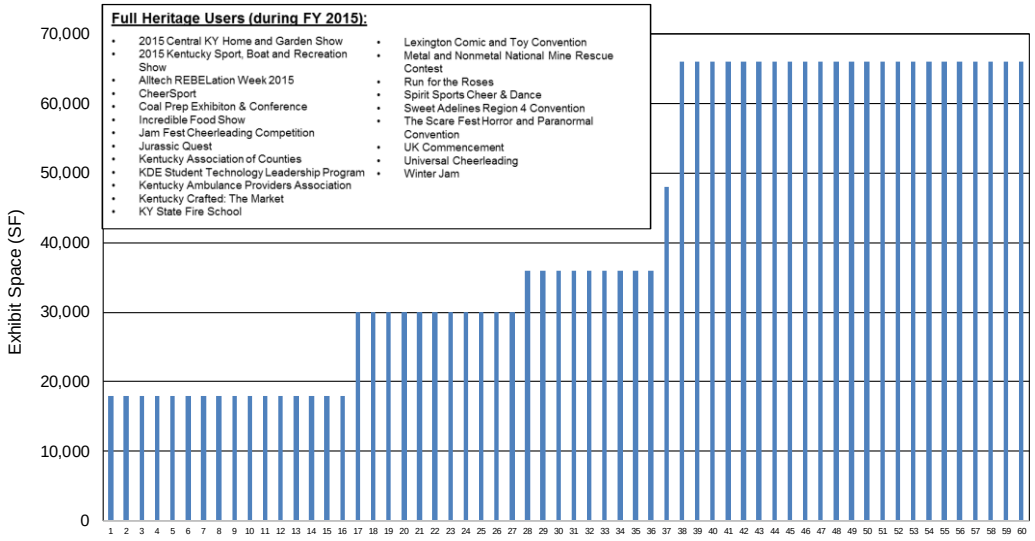


Note: Data presented in fiscal year format
Source: CSL International, facility management, 2015.

As presented, LCC's Heritage Hall occupancy peaks during traditional high demand periods for national conventions and tradeshows in the fall and spring. Annual occupancy is lower during the summer and winter holiday months. Heritage Hall operates in or above the target occupancy range for five to six months during the year.

In order to assess the overall distribution of space needs among past LCC events, we have summarized the daily exhibit space usage among the 60 events that utilized Heritage Hall over the course of FY 2015. This information, in addition to a listing of events that utilized the entirety of the space available in Heritage Hall, is presented in Exhibit 6 below.

Exhibit 6
LCC Historical Operations –
Summary of LCC Exhibit Space Use by Event (FY 2015)



Note: Only events that used exhibit space are included in this analysis
Source: CSL International, facility management, 2015

As shown, 23 events (approximately 38 percent of Heritage Hall users) occupied all of the 66,000 square feet of exhibit space in Heritage Hall in FY 2015. Retaining these events may require a modest increase in exhibit space.

Industry Trends Analysis

The market success of a convention center can be partially attributed to the characteristics of the industry as a whole. In order to assess the current and future strength of the market with regard to Lexington, it is important to evaluate the industry nationwide. Broad industry changes, characterized by retraction and expansion in convention and tradeshow demand have taken place during the past decade. After significant decreases in industry demand levels during the recent recession, demand for convention, tradeshow and related public assembly space has grown industry-wide over the past few years. In this section, various industry demand trends are evaluated, particularly those that may impact future development decisions regarding the LCC.

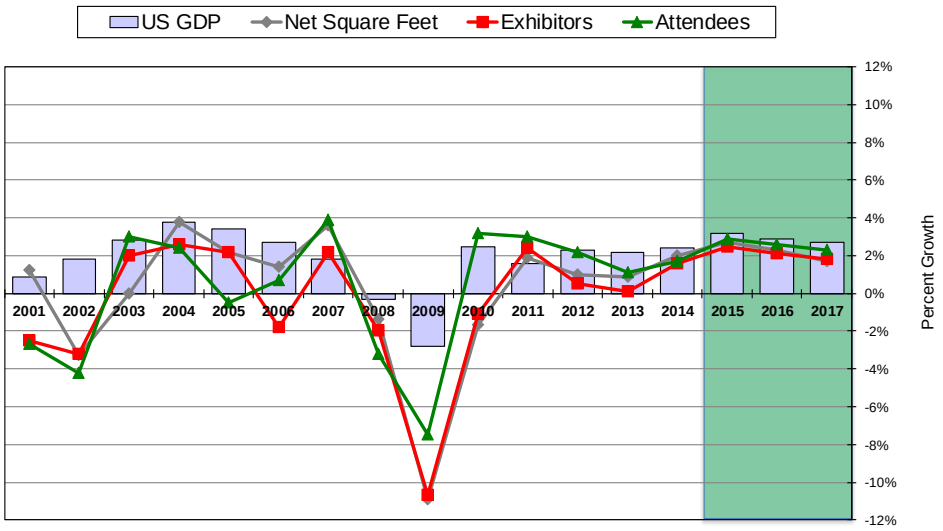
Nearly all indicators suggest that the national economy is continuing to recover from a significant recession. A large collection of data suggests that the health of the convention, tradeshow and meetings industry, like nearly all industries, has historically been and is currently linked to the strength and fluctuations of the overall U.S. economy. This "linkage" is a fundamental premise of any analysis of future convention and tradeshow industry performance. To address the question of future industry trends, we need to consider how the future performance of the convention industry will respond in these post recessionary times.

The Center for Exhibition Industry Research (CEIR) is a nonprofit organization whose mission is to advance the growth, awareness and value of exhibitions in the United States. The annual CEIR Index Report is developed to provide an objective measure of the annual performance of the exhibition industry.

According to the CEIR, a significant industry rebound took place starting in 2010 that is projected to continue through at least 2016. Expectations for 2015 call for an overall exhibition industry growth rate of approximately 2.9 percent. This compares to projected growth of 2.7 percent in 2016.

As outlined in the following exhibit, the U.S. economy has continued a trend of moderate growth since 2010, with GDP growing at a rate of 2.8 percent in 2012, 1.9 percent in 2013 and 2.9 percent in 2014. Analysis that was conducted after completion of the 2011 study projects the GDP growing at a rate of 3.5 percent in 2015, while 3.1 and 2.3 percent growth is estimated for 2016 and 2017, respectively.

Exhibit 7
Summary of Industry and Overall Economic Growth

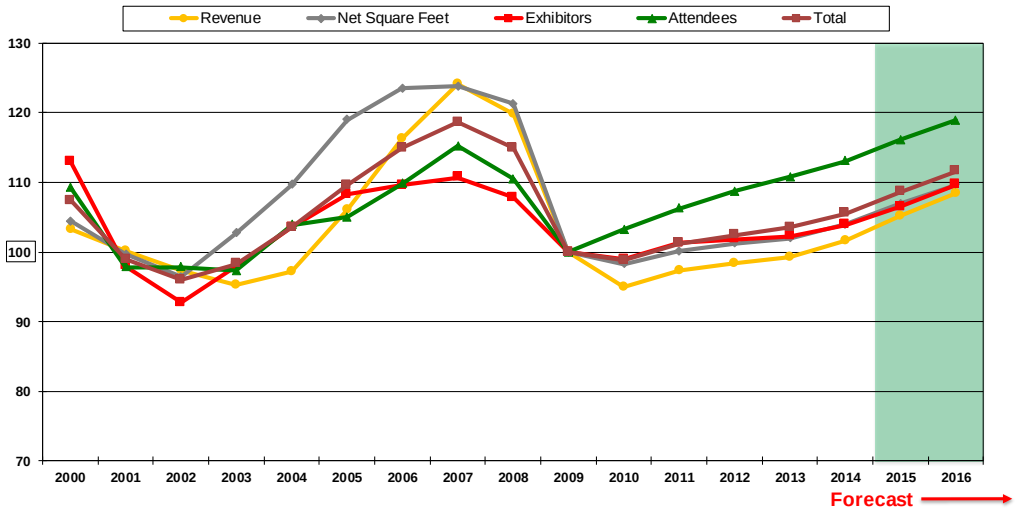


Note: Data for 2015 through 2017 is based on forecasts.
Source: Center for Exhibition Industry Research (CEIR), 2015

These data help support the notion of a linkage between the convention and tradeshow industry and the overall national economy.

The following exhibit summarizes annual changes in the number of overall attendees, exhibitors, net square feet utilized, and convention and exhibition revenue between 2000 and 2016 (projected).

Exhibit 8
Summary of Industry Growth by Metric



Note: 2009 is the base year and is assigned a value of 100. Years 2014 – 2016 are forecasted data
Source: Center for Exhibition Industry Research (CEIR),2014

As noted in Exhibit 8, the effects of various recessionary periods (2001/02 and 2009/10) are clearly apparent, as is the modest but steady growth demonstrated since 2010 and projected through 2016.

CEIR data also indicate that specific industry segments that have experienced overall increases in performance since 2001 include Consumer Goods and Retail Trade; Financial, Legal and Real Estate; and Communications and Information Technology.

As part of our independent research, CSL continually evaluates other center and destination features that are important as part of the destination selection process through direct contact with national event planners. As part of this effort, survey respondents were asked to rate a variety of convention center and destination features that they expect to increase in importance in future years, rated on a one to five scale with five reflecting the highest level of importance.

- Three of the top four characteristics relate to walkability between an event facility and the nearby hotel, restaurant and nightlife inventory. The LCC can compete in this regard with the current array of restaurant, retail and entertainment options nearby, but its current hotel inventory represents a competitive disadvantage.

- The desire for informal meeting/gathering spaces within an event facility has emerged as an important factor for event planners, potentially due to the changing demographics and preferences of event attendees. Potential indoor pre-function and outdoor space included in LCC expansion planning would help to accommodate this demand.

- Other issues include portable, high end food stations (which could potentially be tied to the development of informal gathering spaces), environmentally friendly policies, and a facility's ability to accommodate the unique and varying needs of international attendees.

Competitive and Comparable Facilities and Markets Analysis

As part of this study update, we have conducted an analysis of various physical characteristics and resources of both competitive and comparable facilities and markets. These data are used to understand the level of space and hotel room inventory offered by competitive and comparable facilities and destinations, how other similar markets are performing within current industry conditions, the implications of these facilities that are planning to redevelop or expand their space offerings, and how these factors may contribute to defining future event potential for the LCC. This is an important component of our analysis as event planners consider a number of characteristics while determining the ability of a destination to host their convention, conference and tradeshow business.

We have identified 17 competitive and comparable convention centers throughout the U.S. that may offer some level of competition to the LCC. Notably, seven out of the 17 selected venues are either constructing, planning or considering the addition of event space at their respective facilities, while four out of the 17 are developing or considering the addition of a headquarters hotel. Since completion of our study for the LCC in 2011, several *new* projects that are planned or have been developed include the following:

- Louisville: The Kentucky International Convention Center is currently undergoing a $180 million redevelopment and re-design that includes 39,000 additional square feet of exhibit space and a 40,000 square-foot ballroom within the building's existing footprint. The project is expected to be completed by September of 2018. There are also plans for the development of a new 600-room Omni hotel property near the KICC, which is also expected to be completed by 2018.
- Columbus: Construction recently began on a $125 million expansion of the Greater Columbus Convention Center. The project will add 36,000 square feet of exhibit space and 10,000 square feet of meeting space to the existing Center by July of 2017. The project also includes the development of an eight-level, 800-space parking garage that will be attached to the GCCC.
- Cincinnati: Recently completed a feasibility study regarding a potential expansion of the Duke Energy Convention Center and is currently proposing a project that may add up to 100,000 square feet of exhibit space to the facility.
- Memphis: Officials currently developing a long-term planning initiative for the Memphis Cook Convention Center that would include $900 million in renovations and expansions of the existing facility, as well as multiple new hotel properties in proximity to the Center. Unrelated to this project, a new 255-room hotel property near the Center is also being planned.
- Charleston: Currently planning a significant expansion and renovation to the Charleston Civic Center that will add 146,000 total square feet of space to the existing center, including expanded conference spaces, additional meeting rooms and a new 20,000-square foot ballroom. The entire project is expected to be completed by January of 2018, and will cost just over $75 million.

Additionally several projects are still ongoing from our previous 2011 study. These projects include:

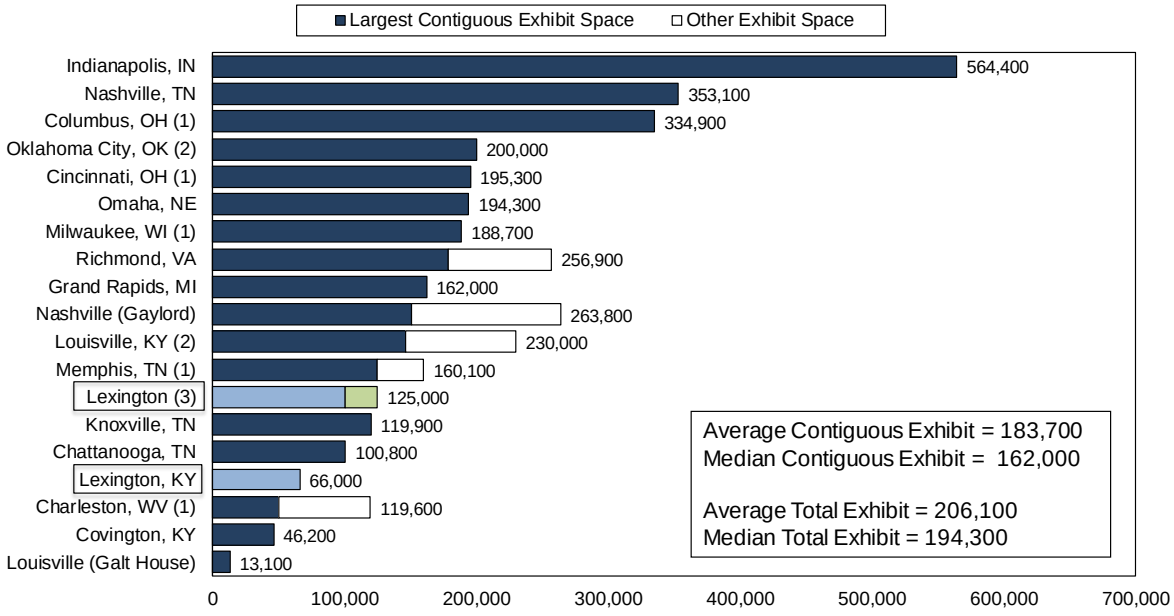
- Oklahoma City: Currently planning a new $287 million downtown convention center that would also include a 700-room headquarters hotel property.
- Milwaukee: Considering expansion options for the Wisconsin Center and an increase in countywide food and beverage sales tax that would help fund a proposed $150 to $200 million expansion

project. The project would add approximately 60,000 square feet of exhibit space, 12,500 square feet of ballroom space and nearly 40,000 square feet of meeting space.

These and other competitive/comparable facility developments are important to consider as they could contribute to the erosion of LCC's market share in coming years if no enhancements to the Lexington convention product are made.

We have evaluated the square footage of total and largest contiguous prime exhibit space among these competitive and comparable facilities, as summarized in the following exhibit.

Exhibit 9
Summary of Comparable and Competitive Facilities –
Prime Exhibit Space



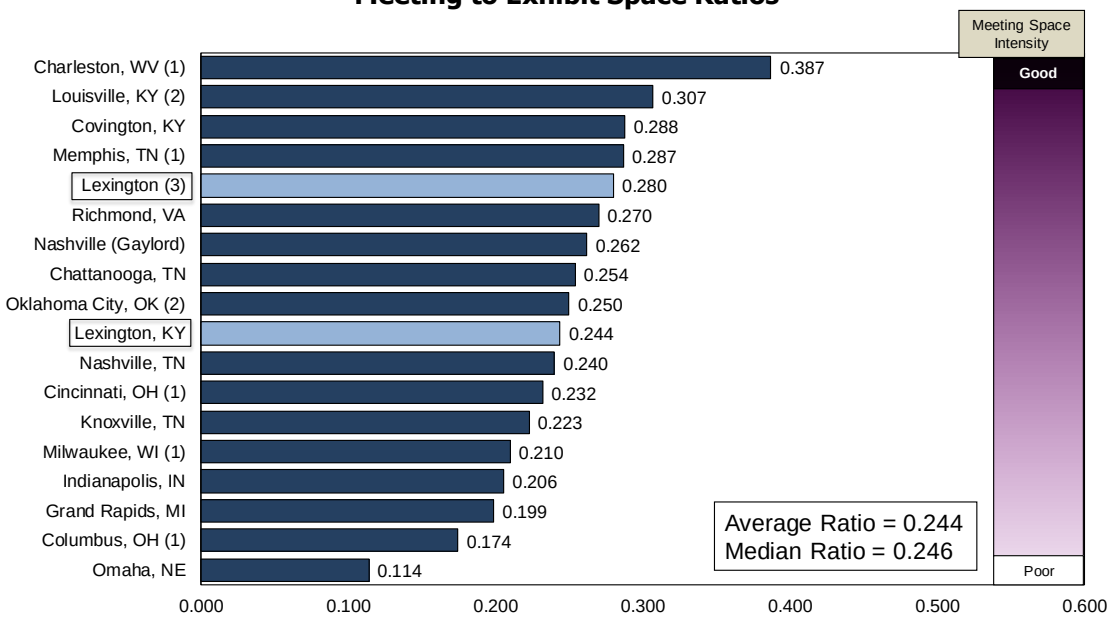
(1): Planning or considering the addition of event space at the Center
(2): Includes space that is either planned or currently under construction
(3): Expansion figures include a proposed 34,000 to 59,000 square feet of additional exhibit space and 11,900 to 18,900 square feet of additional meeting space.
Source: CVB's and industry publications, 2015.

As noted in the exhibit above, the LCC currently ranks 15th out of the 18 facilities considered in terms of overall exhibit space. The exhibit space square footage increase associated with the LCC expansion and improvement project is still subject to on-going planning, but an increase to 100,000 to 125,000 square feet of contiguous exhibit space is being considered. This would marginally increase the competitive ranking of the Center.

In terms of largest contiguous space, the Indiana Convention Center and Music City Center in Nashville still offer the largest amount of exhibit space square footage of the facilities reviewed, remaining unchanged since the 2011 study. However, Oklahoma City's Cox Business Services Center's ranking has improved to fourth overall with its planned 100,000 square foot expansion.

In addition to increasing and enhancing exhibit space at the LCC, a proposed expansion would substantially enhance LCC's meeting space ranking. With its current meeting space offerings, the LCC already ranks ninth among competitive/comparable facilities reviewed in terms of its meeting to exhibit space ratio and is at the comparable set's average ratio of 0.244. These data are summarized in the exhibit on the following page.

Exhibit 10
Summary of Comparable and Competitive Facilities –
Meeting to Exhibit Space Ratios



(1): Planning or considering the addition of event space at the Center
(2): Includes space that is either planned or currently under construction
(3): Expansion figures include a proposed 34,000 to 59,000 square feet of additional exhibit space and 11,900 to 18,900 square feet of additional meeting space.
Source: CVB's and industry publications, 2015.

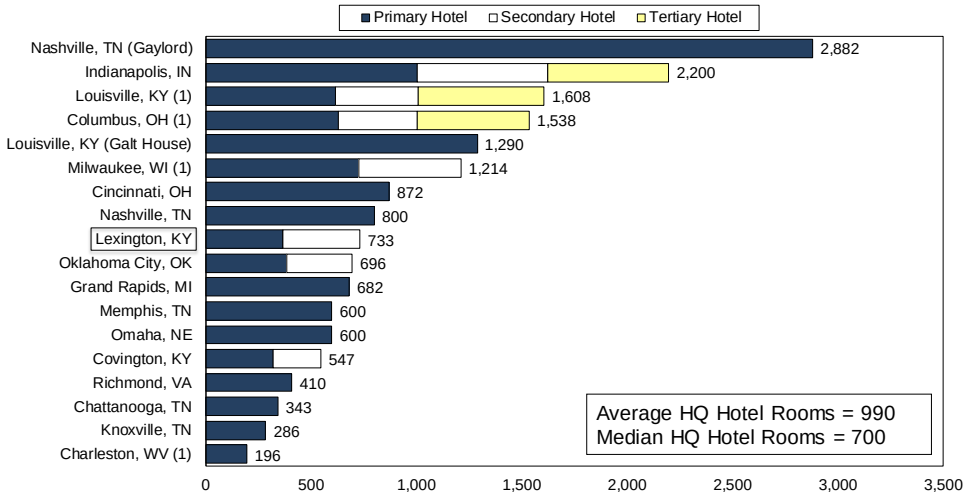
With a proposed expansion, the LCC meeting to exhibit space ratio could improve its ranking within the comparable set from ninth to fifth. A higher ratio can benefit a facility when competing for high impact medical, technology, pharmaceutical and other meeting intensive events. This could be particularly beneficial in accommodating University of Kentucky sponsored events.

We have also analyzed each market's hotel room inventory. The inventory of guest rooms in a community is measured in several different ways, including the number of rooms in one or multiple headquarters hotels that are either attached or adjacent to a facility, or the total rooms within walking distance (estimated at one-half mile) of the convention center.

From a non-local event planner's perspective, the availability of quality, headquarters hotel support is normally critical when considering a destination. In most cases, the headquarters hotel is considered most desirable if the hotel is physically attached to the convention facility, providing a "seamless" experience for overnight convention attendees (i.e., drive into town, park at the hotel, check in, walk through the lobby into the conference center and attend event functions, etc.). The host event facility and destination becomes somewhat less appealing (within the context of competitive destinations) if convention attendees are required to either drive or walk long distances to their hotels from the convention center.

For this reason, most convention centers (particularly those in mid-sized and large markets) have one or more full-service headquarters hotel property physically attached. As presented in the following exhibit, Lexington ranks favorably relative to the comparable markets reviewed in terms of headquarters hotel rooms, with 733 rooms between the nearby Hilton and Hyatt Regency hotel properties.

Exhibit 11
Comparable Markets Analysis – Headquarter Hotel Rooms

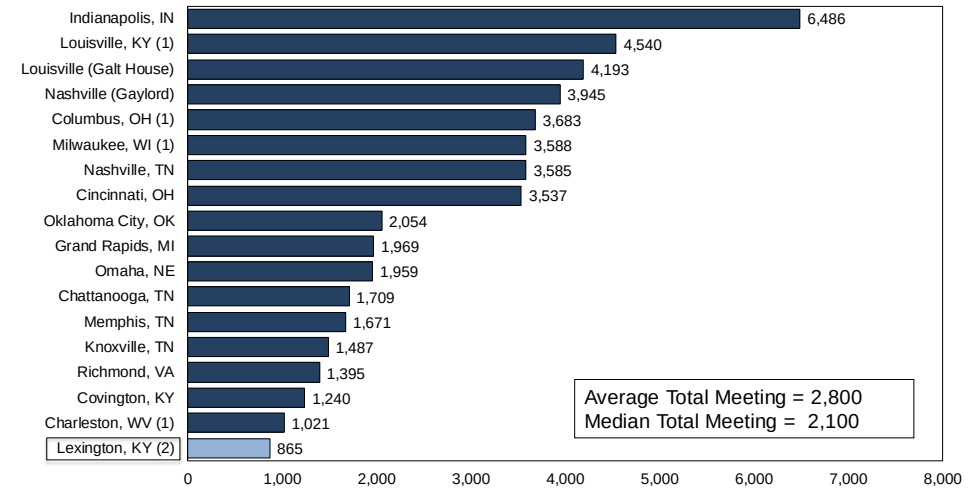


(1): Includes newly developed hotel property or one that is under construction
Note: Lexington figure includes nearby Hilton and Hyatt Regency properties.
Source: CVB's and industry publications, 2015.

As shown, the headquarter hotel offerings in the Lexington market rank ahead of key competition in Oklahoma City, Memphis and Covington, enabling LCC sales staff to effectively compete for event business.

However, even with the inclusion of the nearby Gratz Park Inn property, LCC currently ranks at the bottom of the 18 reviewed facilities for its number of hotel rooms within one-half mile of the Center. Room inventory within one-half mile of competitive and comparable convention centers is summarized in the following exhibit.

Exhibit 12
Comparable Markets Analysis – Hotels within ½ mile of Convention Center



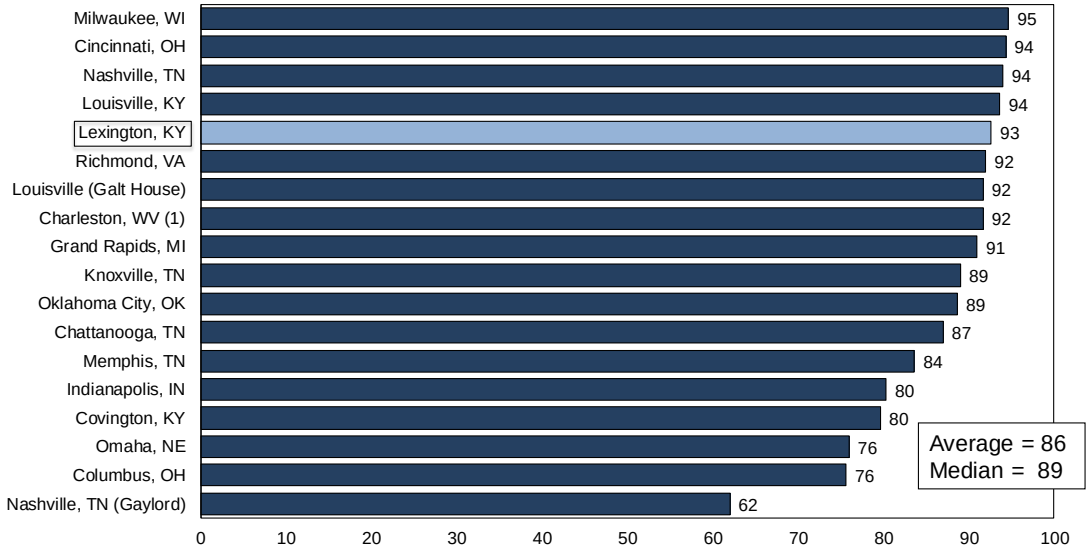
(1): Includes newly developed hotel property or one that is under construction
(2): Includes 88-room 21c Hotel scheduled to open by April of 2016.
Source: CVB's and industry publications, 2015.

In order to fully maximize the future event capture of the LCC, an increase in hotel room inventory in proximity to the LCC will likely be needed, even beyond the potential property that may be included in the CentrePointe Development. Moreover, plans exist to increase half mile hotel inventory in competitive markets such as Charleston, Columbus, Louisville and Milwaukee, further highlighting the importance to grow nearby hotel inventory.

In addition to hotels surrounding the center, it is also important to consider other visitor and hospitality industry amenities that attendees are seeking within a convention center destination such as restaurants, retail, entertainment as well as other amenities. As noted earlier, given that the inventory of entertainment and retail options located near the LCC could be viewed as a potential aid to booking city-wide events, the actual competitive position of the Center should be considered in the context of competitive markets. As such, we have evaluated national data that seeks to measure the walkability of a destination.

Walkscore.com has created several measures of the walkability of a market, focusing on various assets that exist within one-half mile of a specific address. The exhibit below summarizes the walkscore value associated with the number of dining, shopping and entertainment amenities immediately surrounding each market's convention center.

Exhibit 13
Comparable Markets Analysis –
Walkscore



Source: Walkscore.com, 2015

Based on this comparison, the data indicate that the current inventory of restaurants, retail, nightlife, and other such offerings within walking distance of the LCC is favorable relative to competitive markets. Lexington's walkscore of 93 is well above the average of 86, and competitive markets such as Columbus, Indianapolis, Memphis, Chattanooga and Knoxville all provide walkability that ranks considerably lower than Lexington. In combination with a potential LCC expansion, this amenity inventory could serve as a competitive advantage while trying to attract additional nationally or regionally rotating events in the future.

Market Demand Analysis

To help form a basis for the updated market demand analysis, data compiled from both surveys and national industry research helped develop findings regarding various key segments that represent the existing and potential event market for Lexington.

- A market capture assessment was formed using the 2015 DMAI Mint Database to estimate LCC's market capture potential based on its existing offerings and potential expansion scenarios.
- Internet-based surveys were completed with event planners with a history of utilizing event space at the Lexington Convention Center, representing 11 different event planning organizations.

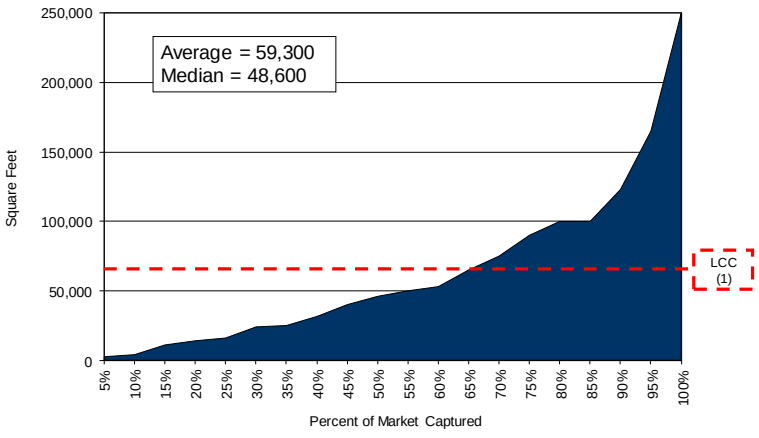
Summaries of these analyses are outlined below and on the following pages.

National Market Capture Assessment

In the 2011 study, CSL surveyed a sample of national conventions and tradeshows from the empowerMINT database maintained by Destination Marketing Association International (DMAI). The database provided a list of national convention and tradeshow events that used convention centers, occupied 2,000 or less peak hotel rooms and required between 10,000 to 200,000 gross square feet of exhibit space, and resulted in telephone surveys being completed with 125 nationally rotating organizations.

In order to approximate the exhibit space requirements of the surveyed national event planners, 2011 survey respondents were asked to estimate the average amount of exhibit space that was required for each of their events. Responses for these exhibit space square footage needs are outlined in the exhibit below.

Exhibit 14
Market Demand Analysis -
Summary of Exhibit Space Demand (from 2011 Study)
National Conventions and Tradeshows



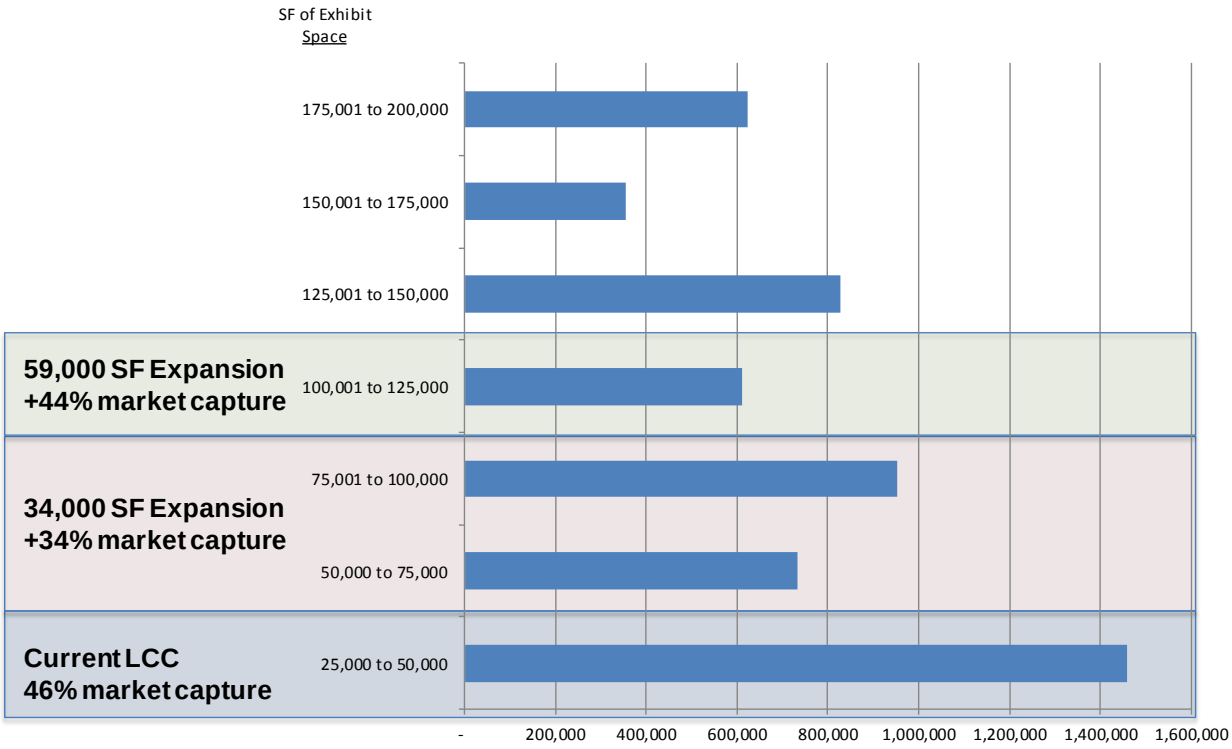
Note: Data represented includes all organizations with a potential interest in an expanded/improved LCC.
(1) Represents the amount of contiguous space available at the LCC.
Source: CSL Interviews, 2011

As shown, the average amount of exhibit space needed among national organizations surveyed in 2011 that were interested in hosting an event at the LCC approximated 59,300 square feet. The LCC's Heritage Hall accommodated between 60 and 65 percent of this potential national convention and tradeshow market.

An expanded LCC with between 100,000 and 125,000 square feet of exhibit space would increase the LCC's market capture to between 80 and 90 percent, respectively.

Using the 2015 DMAI Mint Database, we prepared an updated market capture analysis focusing on the share of the convention and tradeshow attendee base accommodated at varying levels of exhibit space, as summarized in the exhibit below.

Exhibit 15
National Market Capture Analysis –
Attendance



Note: Current LCC Market Share figured based on 66,000 square foot Heritage Hall.
Note: Expansion figures include a proposed 59,000 square feet of additional exhibit space and 18,900 square feet of additional meeting space.
Source: DMAI Mint Database, 2015

Based on our analysis of the DMAI Mint Database, the existing LCC exhibit space can accommodate events comprising approximately 46 percent of the potential national event market attendance. Increasing the LCC's contiguous exhibit space from 100,000 to 125,000 square feet could add 34 to 44 percent to the market capture, respectively, resulting in market capture rates approximating 80 to 90 percent. This highlights the potential impact that an expansion of the LCC could have on generating increased non-local attendance.

Demand From Current & Past LCC Users

In an effort to obtain useful feedback from event planners most familiar with the Lexington market and its convention and visitor industry package, a sample of current and past users of the LCC were contacted via e-mail and asked to comment on various aspects of their events, the Center and Lexington's convention package as a whole. Responses were collected from planners of 11 different events.

As part of this analysis, event planners were asked to evaluate the probability of returning to the LCC for a future event, assuming their facility and hotel needs are fully addressed. Respondents were unanimous in indicating that they are interested in returning to the LCC in the future, with 90 percent reporting that they will "definitely" return. However, some surveyed planners suggested that the pre-function space is inconveniently distant from the facility's entrances, and that the restroom facilities are not close enough to Heritage Hall.

Current and past LCC users were also asked if they would increase usage of the LCC if their suggested or required improvements were made. Twenty-seven percent stated that they would "definitely" increase their usage of the Center, while an additional 27 percent would "possibly" do the same. In regards to future usage of the LCC if no improvements were made, only one surveyed event planner noted that they would be less likely to book the facility.

When asked to identify strengths of the existing LCC, respondents often cited the facility's location in the center of downtown Lexington as a significant point of appeal, adding that that the accessibility to and the navigability around the Center were critical advantages associated with booking an event at the LCC. Respondents also indicated that the attached Hyatt Regency and the onsite shops make the destination considerably walkable.

Event and Economic Impact Analysis

In order to demonstrate the economic impacts should expansion of the LCC take place, we have analyzed the LCC's current event activity to assist in preparing estimates of future event and attendance levels. The results of this analysis were then used to develop estimates of the level of direct spending, total economic output, personal income and employment associated with existing and future LCC operations. These estimates of future activity and their associated economic impacts contained in the remainder of this section are based on the following two scenarios:

- Scenario 1 – Represents a scenario in which 34,000 to 59,000 square feet of exhibit space and 11,900 to 18,900 square feet of corresponding breakout meeting space were added to the LCC.
- Scenario 2 – Represents a scenario in which no additions are made to LCC event space.

LCC Event Overview

The LCC hosts a wide variety of both national and regional conventions and tradeshows. We have evaluated the potential for increased event activity associated with LCC improvements, taking into consideration factors such as:

- The highly competitive industry: markets such as Louisville, Indianapolis, Oklahoma City, Columbus and others are investing heavily to better compete in the convention and tradeshow industry. The facility and destination improvements in Lexington defined herein are likely needed simply to maintain existing market capture levels, and may allow for increases in capture over time. With no improvement to the LCC or surrounding hospitality environment, it is likely that existing event and economic impact levels will continue to erode.
- The high event planner interest in remaining at the LCC, or increasing future usage of the LCC (current/past user survey), if improvements are made.
- Assumed completion of the improvements to the LCC that address current and emerging customer needs and growing space requirements. Recommended expansion and programming scenarios should create an effective and cutting edge environment for conventions that should be highly marketable.
- Ongoing development of entertainment assets downtown – the potential of the CentrePointe Development in Downtown Lexington could, over time, enhance the walkability of the area surrounding the Center. Due to the Development's proximity to the LCC, a possible increase in hotel room inventory associated with the project would be beneficial in maximizing event capture.
- Hotel development – Added hotel inventory within the vicinity of the LCC will likely be needed to accommodate LCC event potential.

With the development aspects defined above, potential future increases in LCC event levels could result from a variety of factors including modest industry growth, recaptured national/international events that have been lost to the market, and acquired demand, or the attracting of events that may otherwise have chosen another destination.

LCC Event Projections

We have developed models to assess the potential impact on LCC event levels, room nights and economic impacts associated with the program and hotel improvements described above. While it is difficult to assess

with a high level of precision, it is reasonable to assume that with added hotel inventory and added/enhanced space development, the Center could maintain and enhance market capture levels.

Without any future expansion or improvement, the LCC would be negatively impacted by significant investment being made in competitive destinations, and would likely experience a drop off of event activity, room nights and city-wide economic impact.

The following exhibit presents a summary of average historical LCC event levels between fiscal years 2009 and 2015 and estimated future LCC event levels (in a stabilized year of operations) that could be expected under each of the two previously described development scenarios.

Exhibit 16
Event and Economic Impact Analysis -
Event and Delegate Day History and Projections at the LCC

	Existing Center (1)	Expanded Center	Do Nothing
Number of Events:			
Convention/Trade	55	72	38
Public Sale/Expo	32	32	40
Meeting/Banquet/Other	135	150	125
Total	**221**	**254**	**203**
Total Delegate Days			
Convention/Trade	107,524	142,246	75,074
Public Sale/Expo	80,539	82,543	103,179
Meeting/Banquet/Other	69,174	77,954	64,962
Total	**257,236**	**302,743**	**243,215**
Out-of-Town Delegate Days			
Convention/Trade	73,346	97,032	45,044
Public Sale/Expo	31,128	31,903	39,879
Meeting/Banquet/Other	29,115	32,810	19,489
Total	**133,589**	**161,745**	**104,412**

(1) Data represent a 7-year average of LCC operations (spanning fiscal years 2009 - 2015).
Notes: Estimates are based on CSL assumptions and projections.
Expanded LCC figures assume 34- to 59,000 square feet of additional exhibit space and 11- to 18,900 square feet of additional meeting space.
Future estimates reflect a stabilized year of operations.
Source: CSL International; LCC, 2015

As shown, event activity at the LCC has averaged approximately 221 events between FY 2009 and FY 2015. With an expansion and improvement to the LCC, it is projected that the LCC could attract an incremental 17 conventions/tradeshows and 15 meetings/banquets/other events in a mature year of operations. This represents a 15 percent increase in event activity. Without expansion, it is estimated that the LCC would lose an average of 18 annual events from the seven-year average.

It should also be noted that in high-demand years, the expansion project will allow for the LCC to better accommodate increased event activity that can exceed these base year estimates. The existing LCC and other centers around the country routinely experience this type of peak and valley pattern.

Further, a proposed LCC expansion is estimated to generate 302,700 delegate days, of which approximately 161,500 would be non-local delegate days. The decision to forego expansion is estimated to result in a drop of 29,200 non-local delegate days as event planners would increasingly choose alternative destinations with superior convention center and hotel products.

Economic Impacts

Within the remainder of this section, we provide an analysis of the potential economic impacts that could be generated by attracting events to the LCC assuming the Center and hotel improvements described herein.

The annual operations of the LCC currently provide significant benefits in terms of net new spending and associated employment, earnings and tax benefits. The impact of the LCC is maximized when non-local event attendees make purchases in a community while attending an event at the facility. In addition, new spending is generated by the exhibitor base and by the entity producing or hosting the event. It is common in economic impact analysis to aggregate three basic components of spending, as defined below.

- **Direct effects** consist principally of initial purchases made by delegates or attendees at an event who have arrived from out-of-town. This spending typically takes place in local hotels, restaurants, retail establishments and other such businesses.
- **Indirect effects** consist of the re-spending of the initial or direct expenditures. For example, indirect spending is generated when a hotel uses the direct spending dollars received from out-of-town event attendees to pay the hotel's housekeeping staff. The hotel's housekeeping staff then spends their personal income in local grocery stores, retail establishments and other local businesses for various products and services.
- **Induced effects** consist of the positive changes in employment, earnings and tax collections generated by changes in population associated with the direct and indirect expenditures.

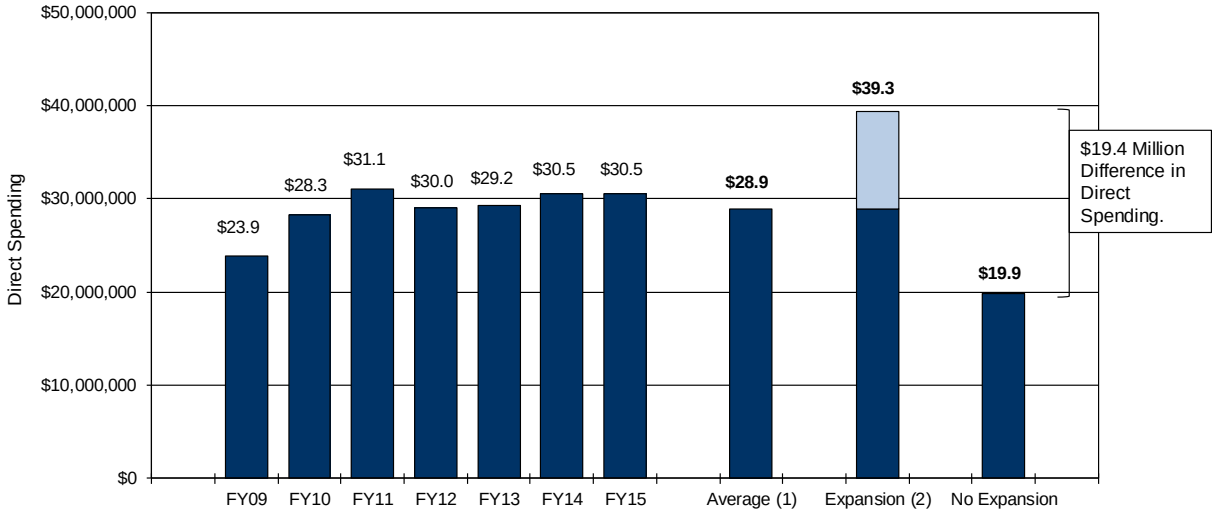
Calculation of direct effects or direct spending is based on estimates of event levels, attendees, spending metrics and related variables. This direct spending is applied to economic impact multipliers in order to measure the indirect and induced spending. Combined, the direct, indirect and induced spending is referred to as total output. Stated another way, the initial direct spending of new dollars into an economy begins a series of transactions in which the dollars are cycled through the economy. The re-spending of the dollars is estimated by utilizing the economic multipliers and applying them to the amount of direct, or initial, spending. The multiplier illustrates that spending in a defined economy will lead to additional spending until that dollar has completed its cycle through leakage. Leakage represents the portion of a dollar spent in areas outside the designated economy, such as the taxes paid on purchases of goods and services.

Multipliers are also used to calculate the amount of earnings associated with direct spending, as well as the resulting full and part-time employment impacts. The multiplier effect is estimated in this analysis using a regional economic forecasting model provided by the IMPLAN Group, Inc., a private economic modeling company. The IMPLAN system utilizes an input-output matrix with specific data for multipliers based on regional business patterns from across the country. Financial information for the matrix of multipliers is collected from various sources that include, but are not limited to, the U.S. Department of Labor, as well as state sales and tax reports. The system utilizes this data to determine the economic independence of specific geographic regions, as well as the interdependence which exists between industries in those regions. The systems provide total industry output, personal earnings and employment data for approximately 540 industry segments.

One of the primary sources of direct spending involves attracting event attendees from outside the city to make purchases in area hotels, restaurants and retail establishments. Events attracting attendance largely from within the greater Lexington area, including most public/consumer shows, corporate functions and other local events, generally represent a displacement of spending. Specifically, most of these local attendees would likely have made expenditures within the region in some other manner had the event not been held.

The following exhibit summarizes the estimated direct spending associated with existing LCC operations between fiscal years 2009 and 2015, and for each development scenario. These estimates are based on the estimated event and attendance levels associated with each development scenario, as previously presented in Exhibit 16.

Exhibit 17
Event and Economic Impact Analysis –
Direct Spending Impact



(1) Data represent a 7-year average of LCC operations (spanning fiscal years 2009 - 2015).
(2) Expanded LCC figures assume 34- to 59,000 square feet of additional exhibit space and 11- to 18,900 square feet of additional meeting space.
Notes: Estimates are based on CSL assumptions and projections.
Future estimates reflect a stabilized year of operations.
Source: CSL International; LCC, 2015

As noted, direct spending is estimated to increase by nearly 36 percent with the expansion, or decrease by approximately 31 percent assuming no expansion or improvement to the LCC. The resulting difference is significant, representing a "do nothing" cost of approximately $19.4 million in total direct spending.

These direct spending changes also result in a disparity between the development scenarios in terms of their total economic output. The following flow chart summarizes the previously presented economic effects in addition to the estimated personal income and employment figures associated with the existing, expanded, and non-expanded LCC's operations.

Exhibit 18
Event and Economic Impact Analysis -
Summary of Historical and Estimated Future LCC Economic Impacts

Total Direct Spending	
Existing LCC (1)	$28,927,600
Expanded LCC (2)	$39,311,300
Non-Expanded LCC	$19,856,400



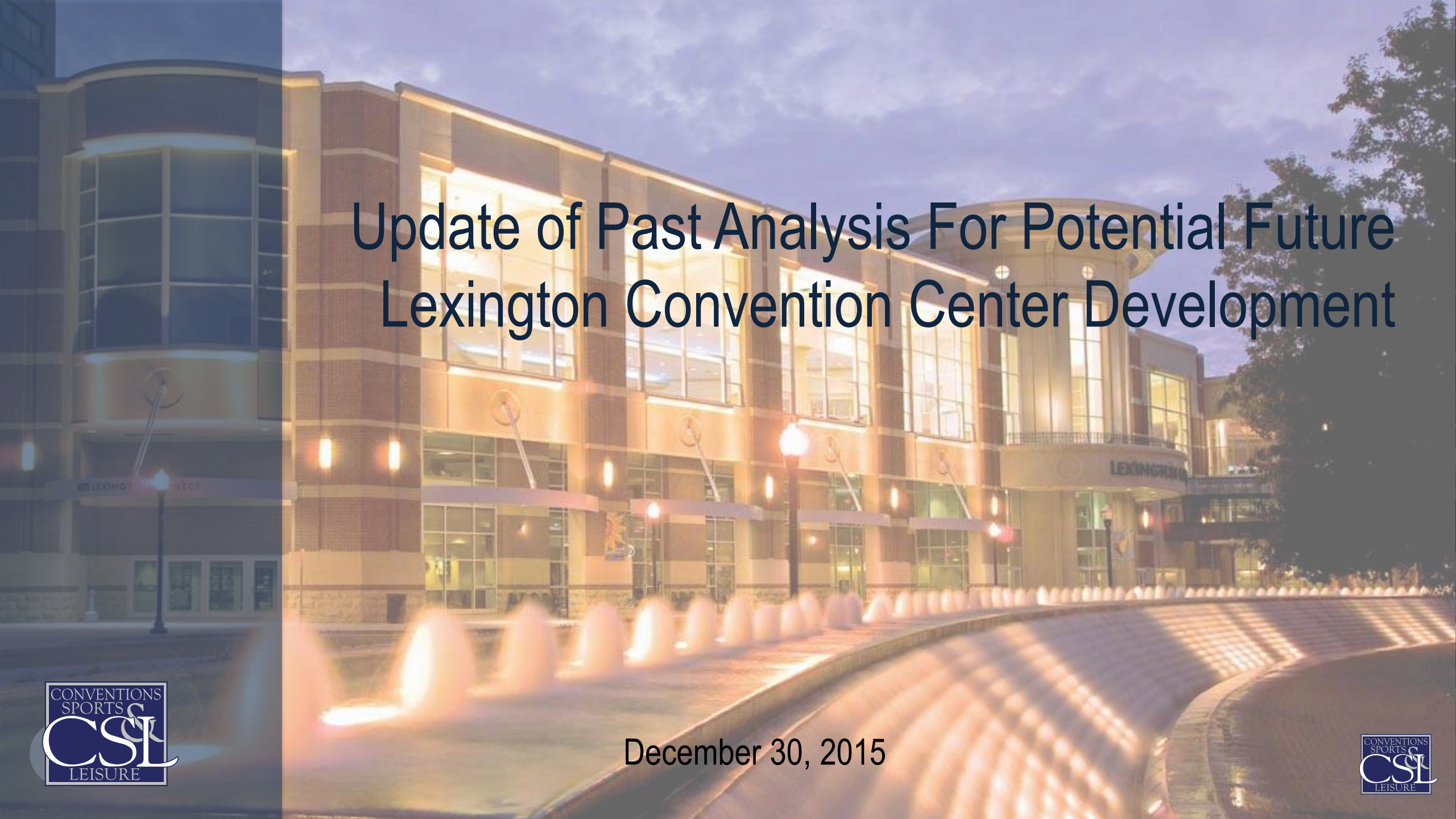
Total Output		Earnings		Employment	
Existing LCC (1)	$42,177,300	Existing LCC (1)	$14,980,800	Existing LCC (1)	550
Expanded LCC (2)	$57,331,800	Expanded LCC (2)	$20,336,100	Expanded LCC (2)	750
Non-Expanded LCC	$28,924,700	Non-Expanded LCC	$10,322,600	Non-Expanded LCC	380

(1) Data represent a 7-year average of LCC operations (spanning fiscal years 2009 - 2015).
(2) Expanded LCC figures assume 34- to 59,000 square feet of additional exhibit space and 11- to 18,900 square feet of additional meeting space.
Notes: Estimates are based on CSL assumptions and projections.
Future estimates reflect a stabilized year of operations.
Source: CSL International: LCC. 2015

As shown above, the existing LCC has generated an average total output of approximately $42.2 million over the past seven years. This would increase to $57.3 million with LCC investment, or decrease to $28.9 million under the no investment scenario. The resulting differential in total output is estimated at $28.4 million.

Further, historical average earnings generated by LCC operations approximates nearly $15.0 million, increasing to $20.3 million with an expansion, and decreasing to $10.3 million with no investment. Average employment generated by the LCC stands at 550, increasing to 750 with an expansion and dropping to 380 with no investment.

It should be noted that these output, earnings and employment estimates for an expanded LCC do not include potential jobs created during the construction phase of an LCC expansion.



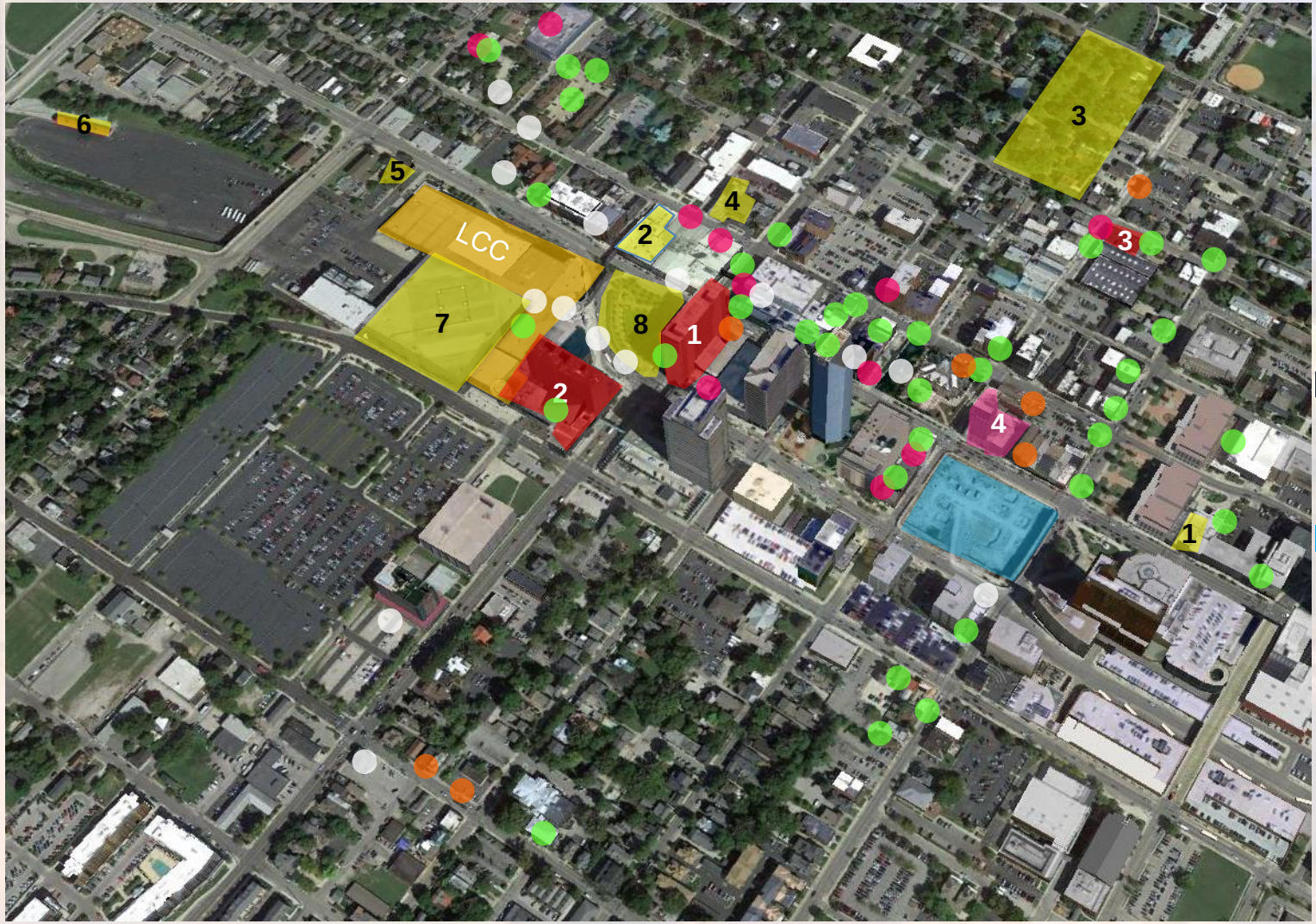
Update of Past Analysis For Potential Future Lexington Convention Center Development

December 30, 2015

Site Characteristics

Site Overview

Downtown Lexington



Key	Hotel	Rooms
1	Hyatt Regency Lexington	367
2	The Hotel Lancaster	366
3	Gratz Park Inn	44
4	21c Hotel Lexington (opens in April 2016)	88

Key	Attractions/Entertainment
1	Downtown Arts Center
2	Explorium of Lexington
3	Gratz Park
4	Lexinton Opera House
5	Mary Todd Lincoln House
6	R.J. Corman Lexington Dinner Train
7	Rupp Arena
8	Triangle Park

Key	Amenity
	Restaurant
	Fast Food/Carry-Out
	Café/Bakery
	Bar/Lounge/Nightlife
	CentrePointe Development

Source: VisitLex.com, Google Earth, CSL, 2015

Local Market Conditions

Local Market Conditions

Lexington Hotel and Event Space Inventory

Facility	Exhibit Space	Meeting Space	Ballroom Space	Total Sellable Space	Largest Contiguous Space	Number of Hotel Rooms
Griffin Gate Marriott Resort	0	6,400	9,600	16,000	9,600	409
Crowne Plaza Lexington - The Campbell House	0	8,500	8,400	16,900	8,400	287
Embassy Suites	0	4,800	8,100	12,900	8,100	230
Hyatt Regency Lexington	0	7,000	11,100	18,100	7,100	366
Hilton Lexington/Downtown	0	6,300	9,900	16,200	6,900	367
Holiday Inn North	0	4,100	5,100	9,200	5,100	302
Four Points Sheraton	0	2,400	4,700	7,100	4,700	174
Best Western Lexington Conference Center Hotel	0	4,700	0	4,700	3,400	151
Doubletree Guest Suites Lexington	0	4,600	0	4,600	2,400	155

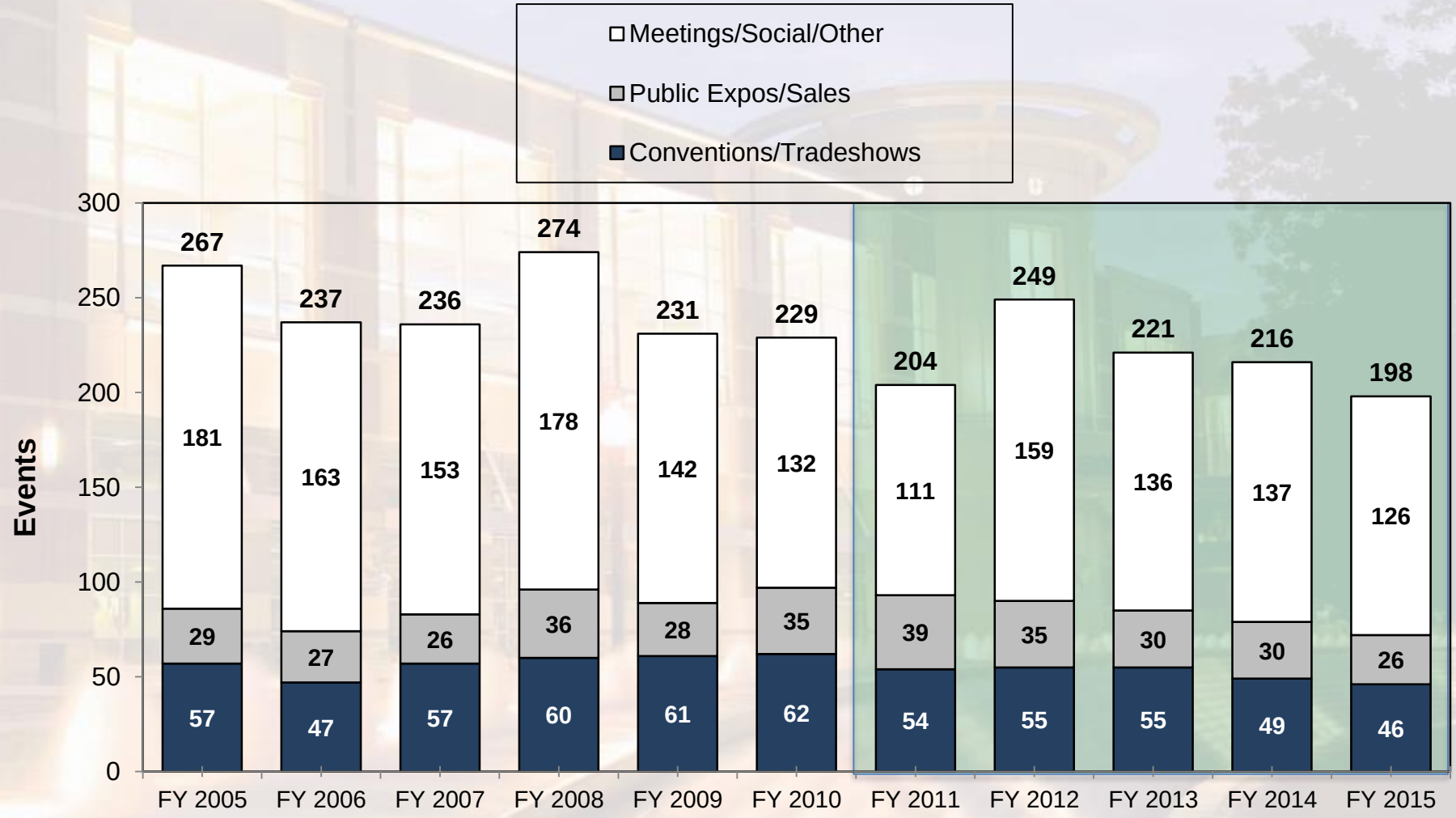
Note: Data sorted by largest contiguous space.

Source: CSL International, 2015

LCC Historical Operations

Total Number of Events by Event Type

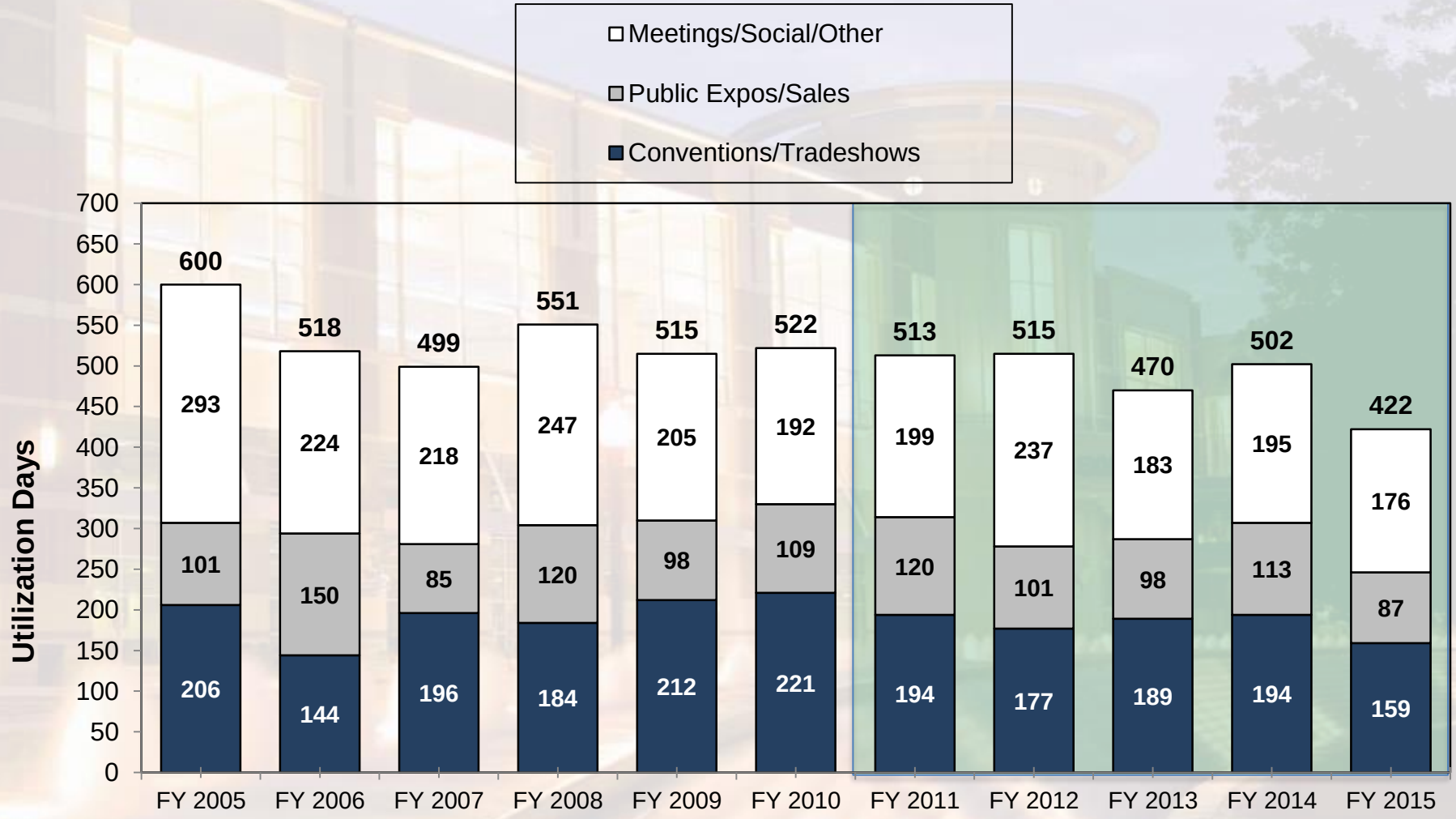
(FY 2005 – FY 2015)



Notes: Event types are based on LCC classifications. Data do not include internal events.
Data do not include KSHAA basketball tournaments.
Source: CSL International, facility management, 2015.

Total Number of Utilization Days by Event Type

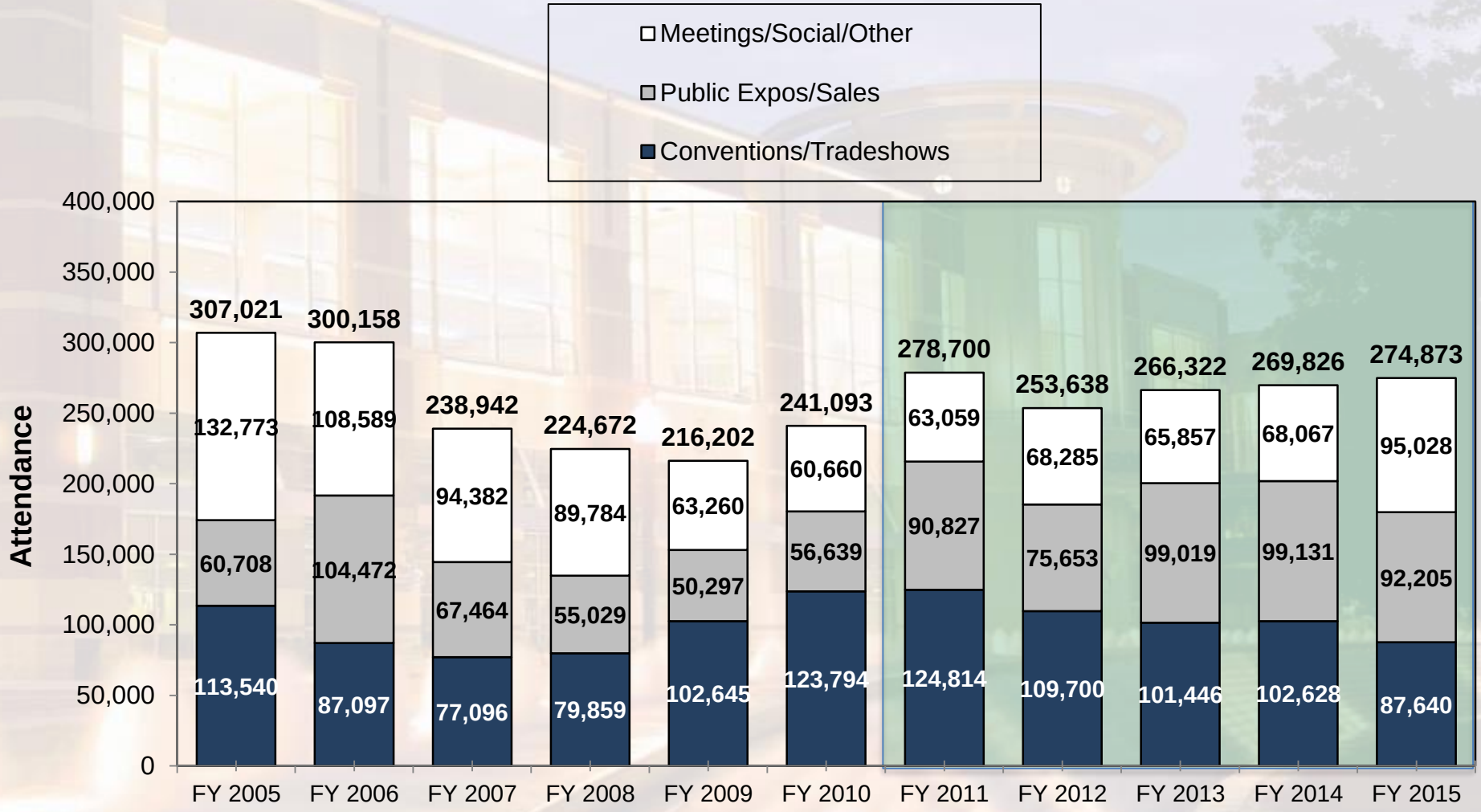
(FY 2005 – FY 2015)



Notes: Event types are based on LCC classifications. Data do not include internal events.
Data do not include KSHAA basketball tournaments.
Source: CSL International, facility management, 2015.

Total Attendance by Event Type

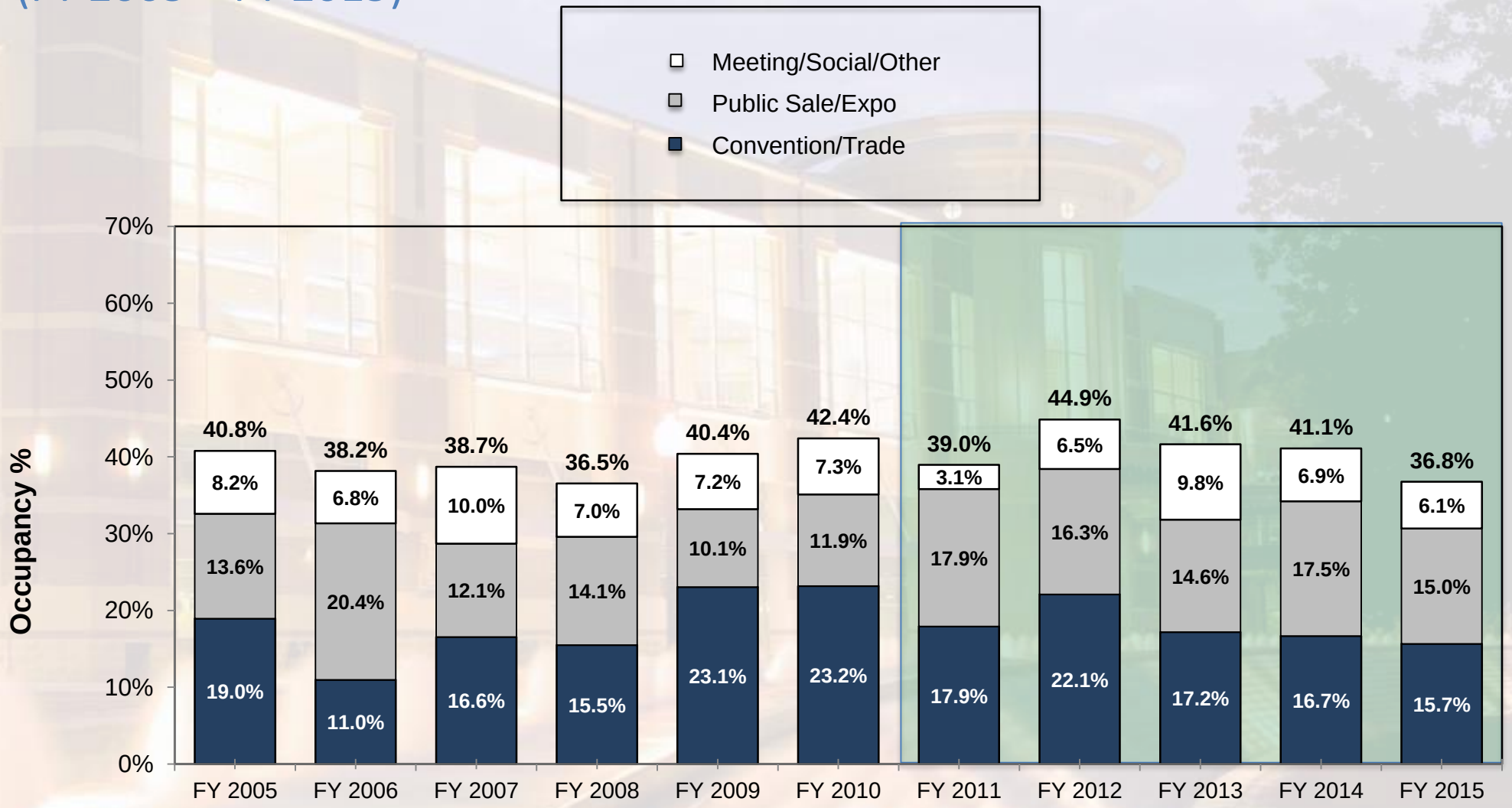
(FY 2005 – FY 2015)



Notes: Event types are based on LCC classifications. Data do not include internal events.
Data do not include KSHAA basketball tournaments.
Source: CSL International, facility management, 2015.

Exhibit Space Occupancy by Event Type

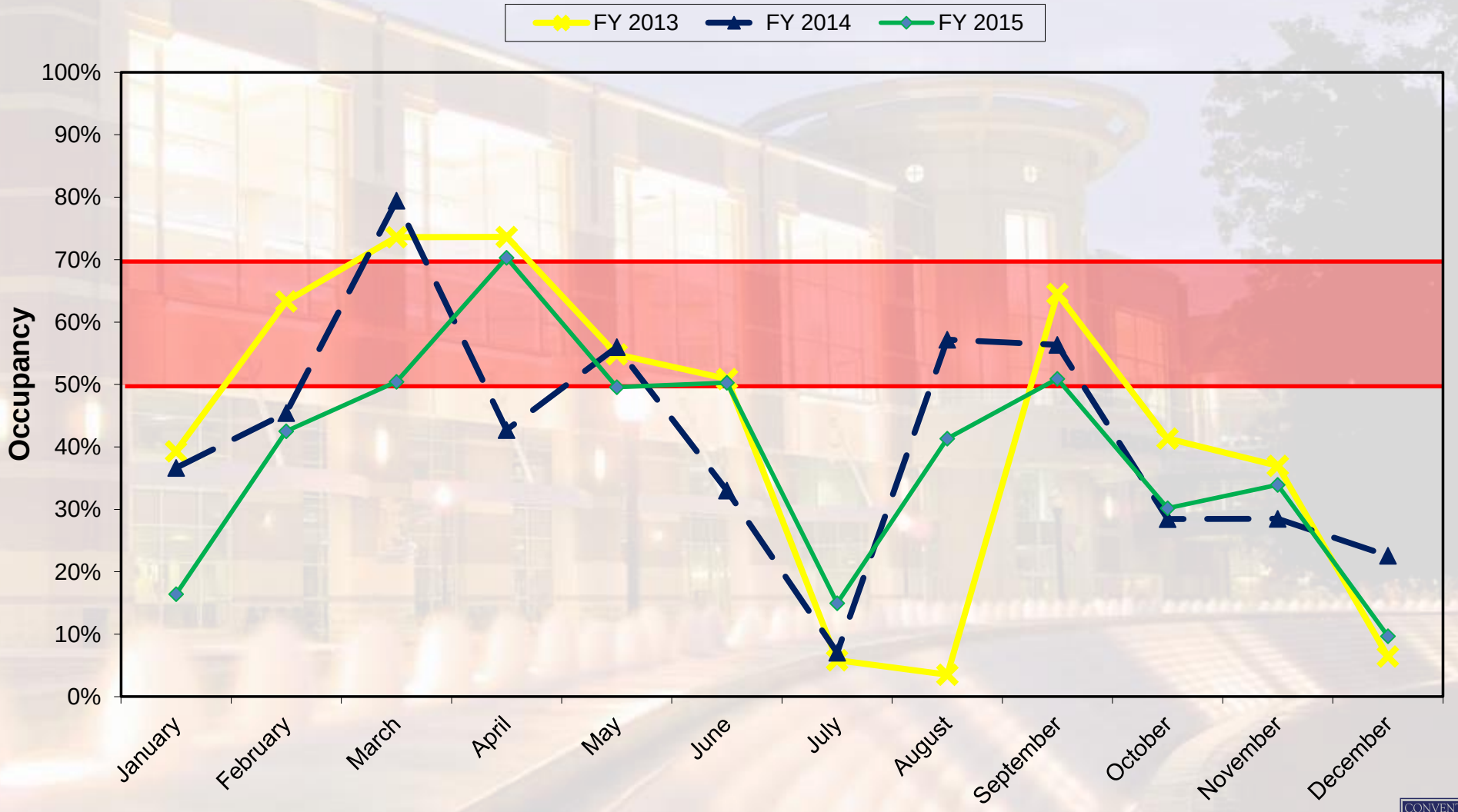
(FY 2005 – FY 2015)



Notes: Event types are based on LCC classifications. Data do not include internal events.
Data for 2005 and beyond do not include KSHAA basketball tournaments.
Source: CSL International, facility management, 2015.

Exhibit Space Occupancy by Month

(FY 2013 – FY 2015)



Note: Data presented in fiscal year format
Source: CSL International, facility management, 2015.

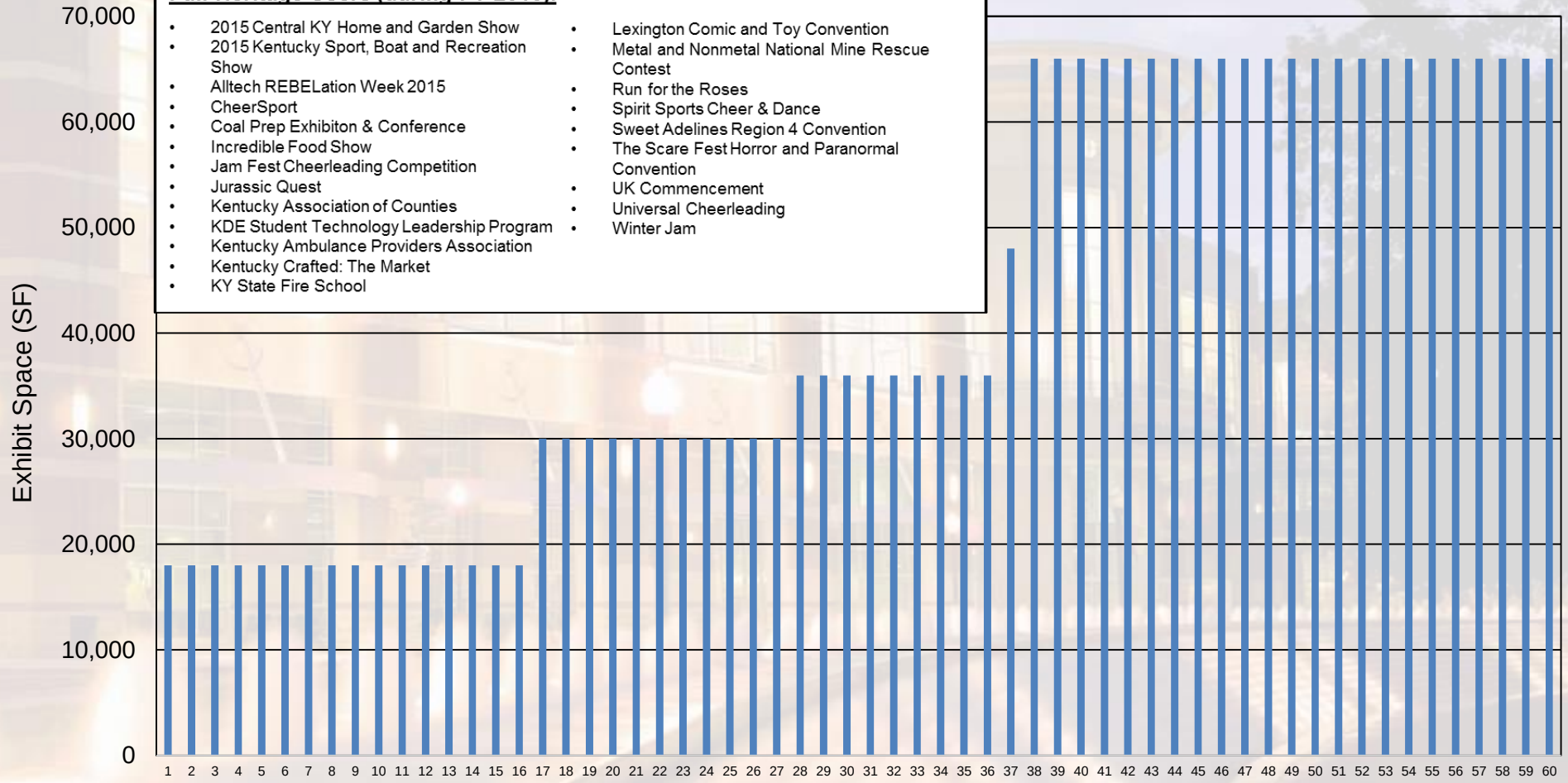
Exhibit Distribution by Exhibit Space Utilization

(FY 2015)

LCC Historical Operations

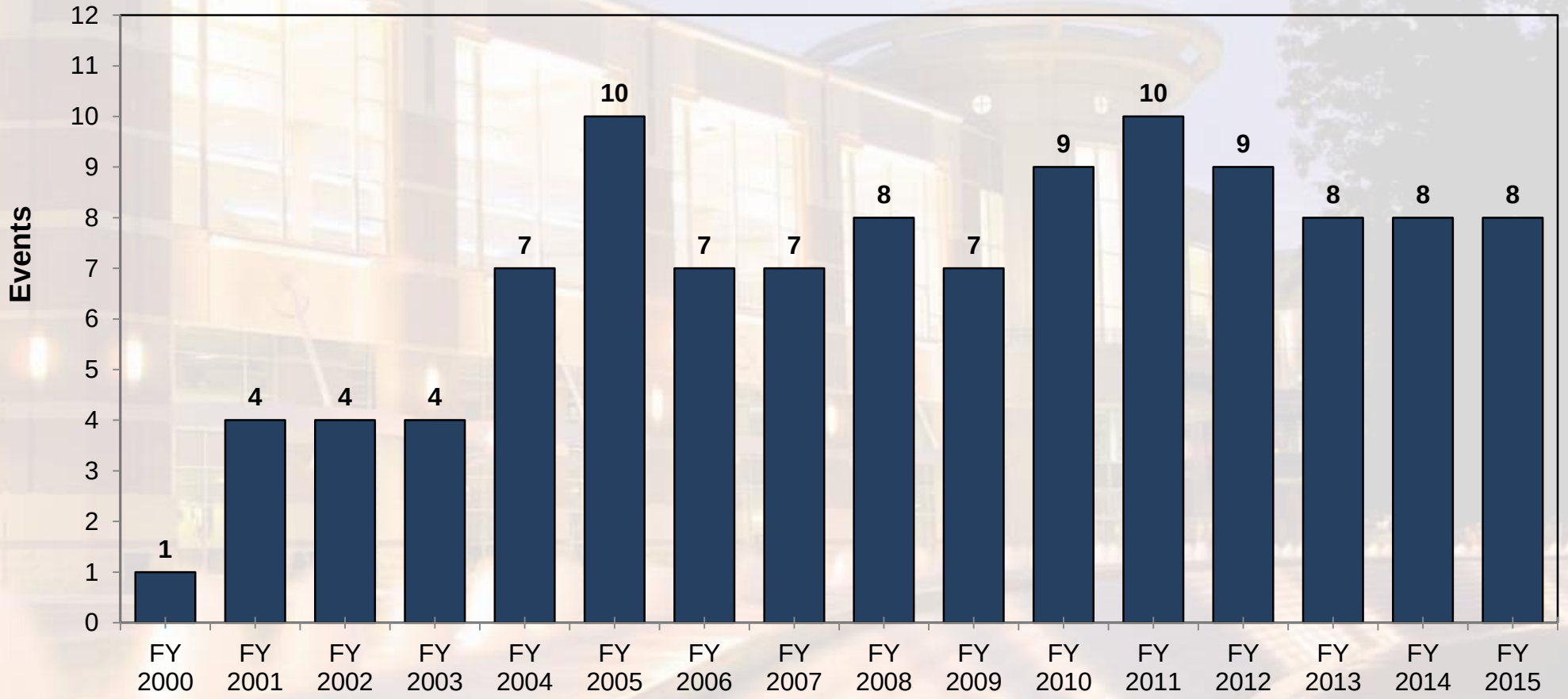
Full Heritage Users (during FY 2015):

- 2015 Central KY Home and Garden Show
- 2015 Kentucky Sport, Boat and Recreation Show
- Alltech REBELation Week 2015
- CheerSport
- Coal Prep Exhibiton & Conference
- Incredible Food Show
- Jam Fest Cheerleading Competition
- Jurassic Quest
- Kentucky Association of Counties
- KDE Student Technology Leadership Program
- Kentucky Ambulance Providers Association
- Kentucky Crafted: The Market
- KY State Fire School
- Lexington Comic and Toy Convention
- Metal and Nonmetal National Mine Rescue Contest
- Run for the Roses
- Spirit Sports Cheer & Dance
- Sweet Adelines Region 4 Convention
- The Scare Fest Horror and Paranormal Convention
- UK Commencement
- Universal Cheerleading
- Winter Jam



Note: Only events that used exhibit space are included in this analysis
Source: CSL International, facility management, 2015

Total Number of Events Utilizing Both LCC and Rupp Arena Floor Space - (FY 2000 – FY 2015)



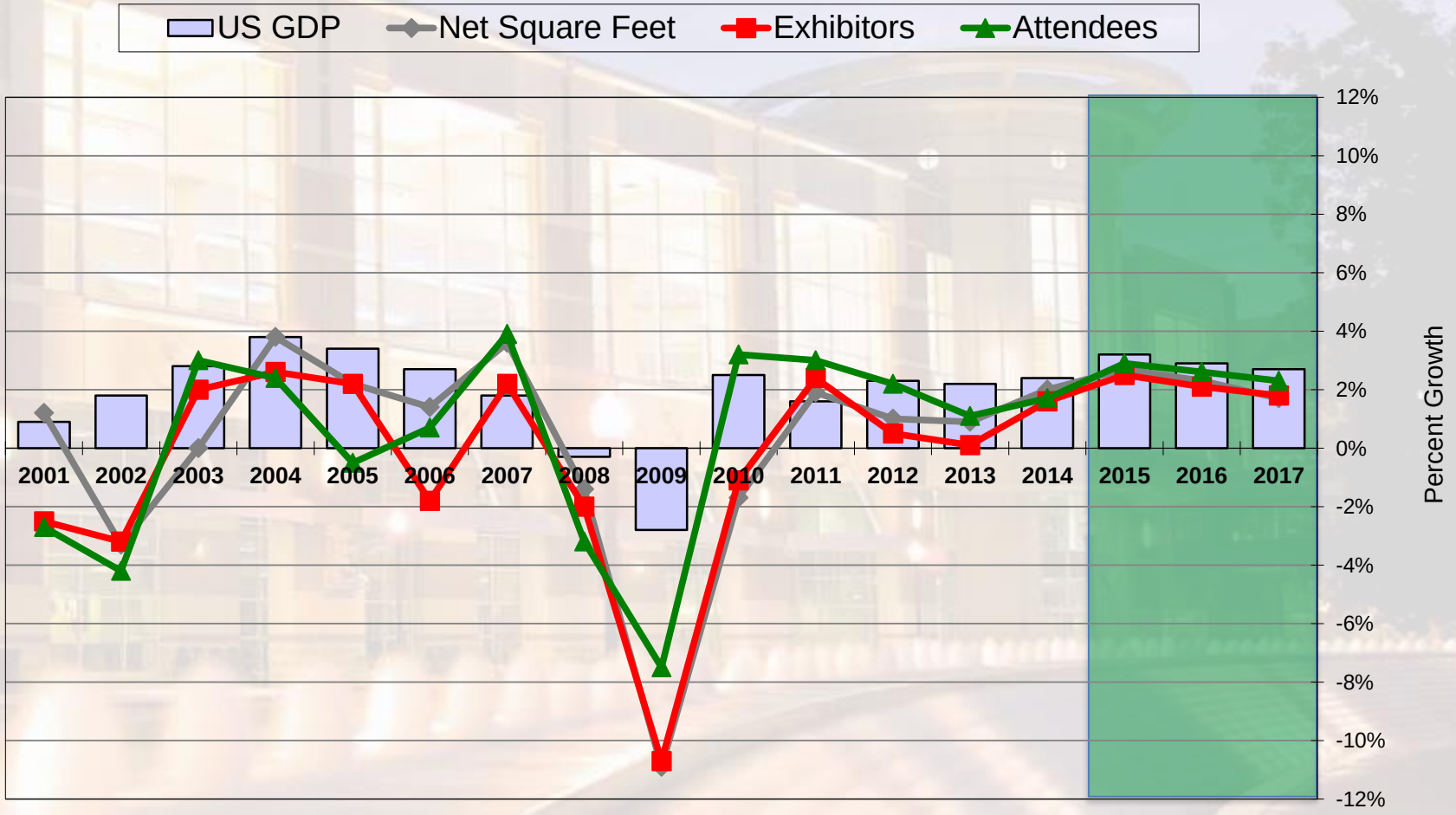
Source: CSL International, facility management, 2015.



Industry Trends

Convention & Tradeshow Demand

Annual Demand Change vs. United States GDP

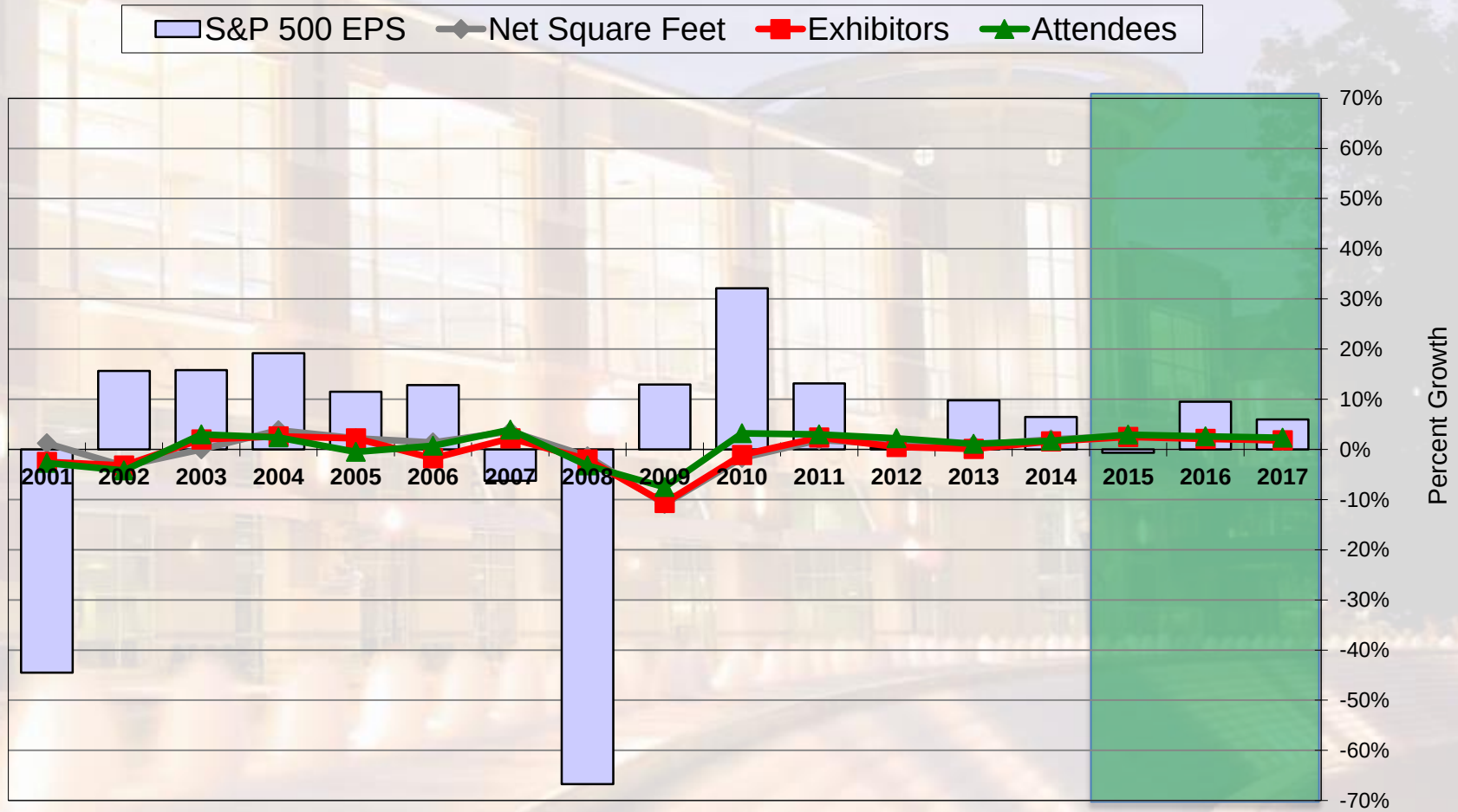


Note: Convention and tradeshow data for 2015 through 2017 is based on forecasts.
Source: Center for Exhibition Industry Research (CEIR), 2015

Industry Trends

Convention & Tradeshow Demand

Annual Demand Change vs. S&P 500 Earnings per Share

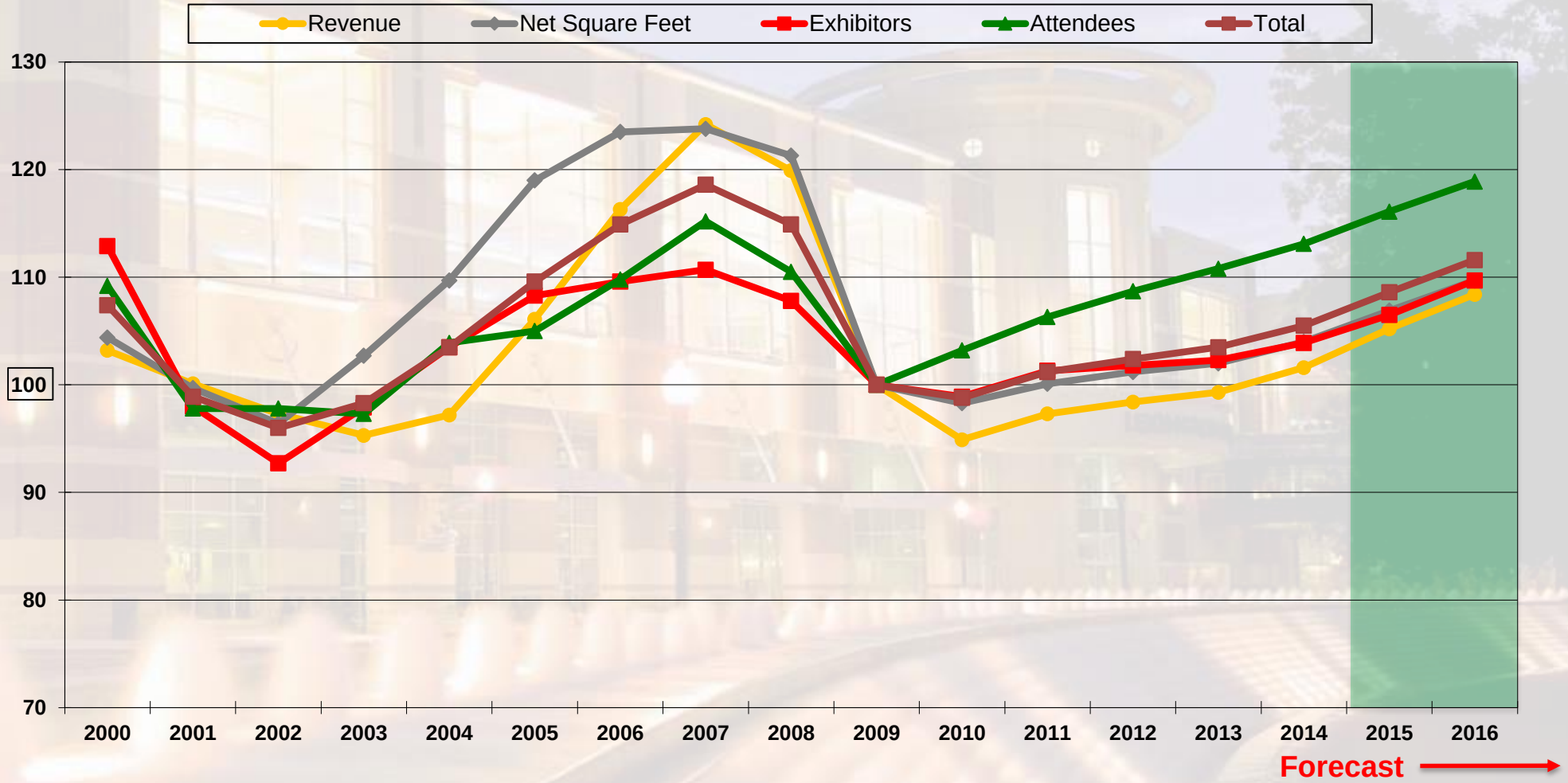


Note: Convention and tradeshow data for 2015 through 2017 is based on forecasts.
Sources: Center for Exhibition Industry Research (CEIR); Standard & Poors; Goldman Sachs, 2015

Industry Trends

Exhibition Industry Overview

Comparison of Overall Exhibition Industry Performance (2000-2016)



Note: 2009 is the base year and is assigned a value of 100. Years 2014 – 2016 are forecasted data
Source: Center for Exhibition Industry Research (CEIR), 2014

Exhibition Industry Overview

Event Planner Ratings of Center and Community Features



Note: Figures represent average score given by national event planners.
Source: CSL National Organization Survey, 2014.

Competitive and Comparable Facilities

Comparable Convention Centers

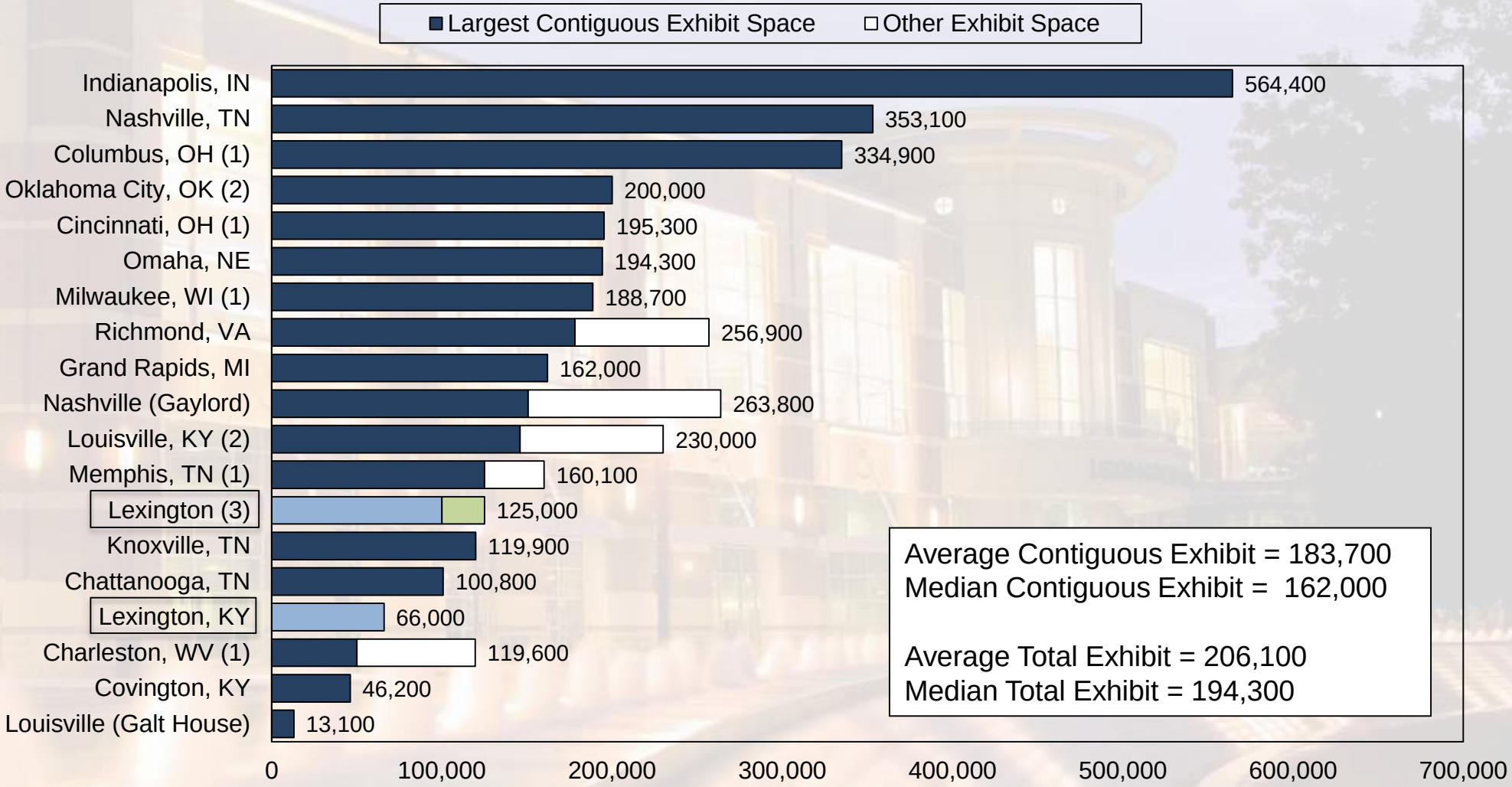
Facility	City, State
Charleston Civic Center (1)	Charleston, WV
Chattanooga Convention Center	Chattanooga, TN
Cox Business Services Convention Center (2)	Oklahoma City, OK
DeVos Place	Grand Rapids, MI
Duke Energy Center (1)	Cincinnati, OH
Galt House Hotel	Louisville, KY
Gaylord Opryland Resort and Convention Center	Nashville, TN
Greater Columbus Convention Center (1)	Columbus, OH
Greater Richmond Convention Center	Richmond, VA
Indiana Convention Center	Indianapolis, IN
Kentucky International Convention Center (2)	Louisville, KY
Knoxville Convention Center	Knoxville, TN
Memphis Cook Convention Center (1)	Memphis, TN
Midwest Airlines Center (1)	Milwaukee, WI
Music City Center	Nashville, TN
Northern Kentucky Convention Center	Covington, KY
Qwest Center Omaha	Omaha, NE

(1) Planning or considering the addition of event space at the Center

(2) Includes space that is either planned or currently under construction.

Comparable Convention Centers

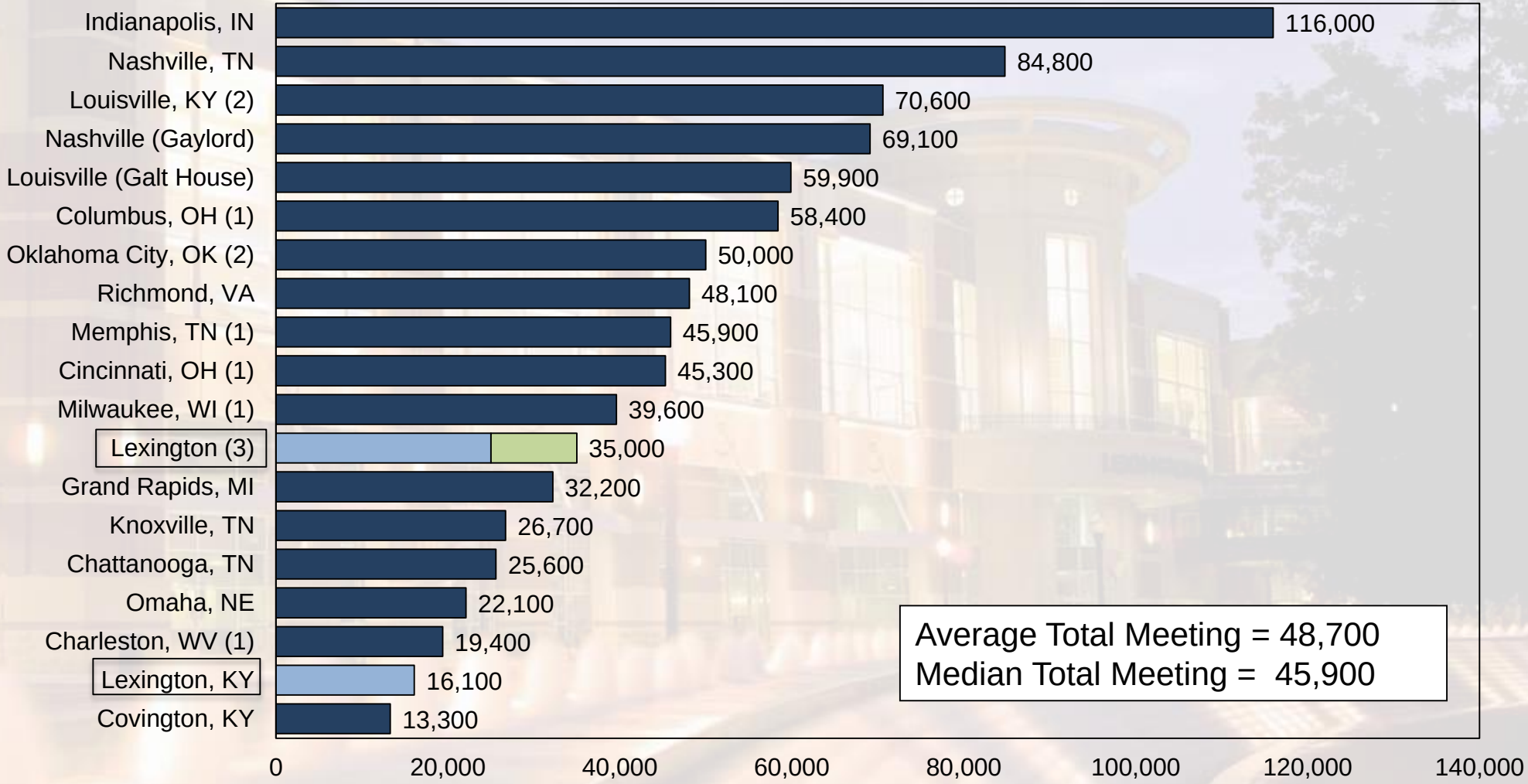
Prime Exhibit Space



(1): Planning or considering the addition of event space at the Center
(2): Includes space that is either planned or currently under construction
(3): Expansion figures include a proposed 34,000 to 59,000 square feet of additional exhibit space and 11,900 to 18,900 square feet of additional meeting space.
Source: CVB's and industry publications, 2015.

Comparable Convention Centers

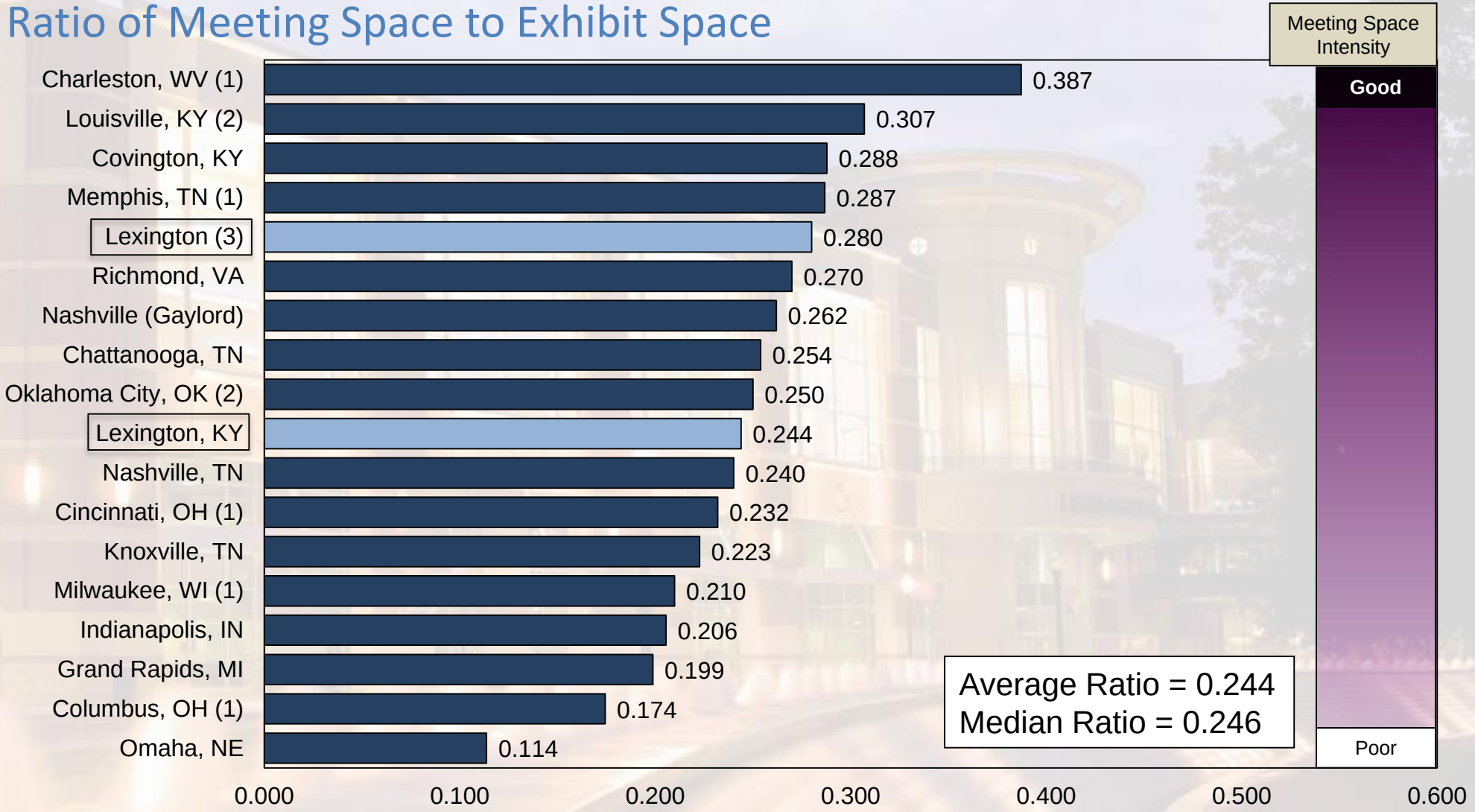
Meeting Space



(1): Planning or considering the addition of event space at the Center
(2): Includes space that is either planned or currently under construction
(3): Expansion figures include a proposed 34,000 to 59,000 square feet of additional exhibit space and 11,900 to 18,900 square feet of additional meeting space.
Source: CVB's and industry publications, 2015.

Comparable Convention Centers

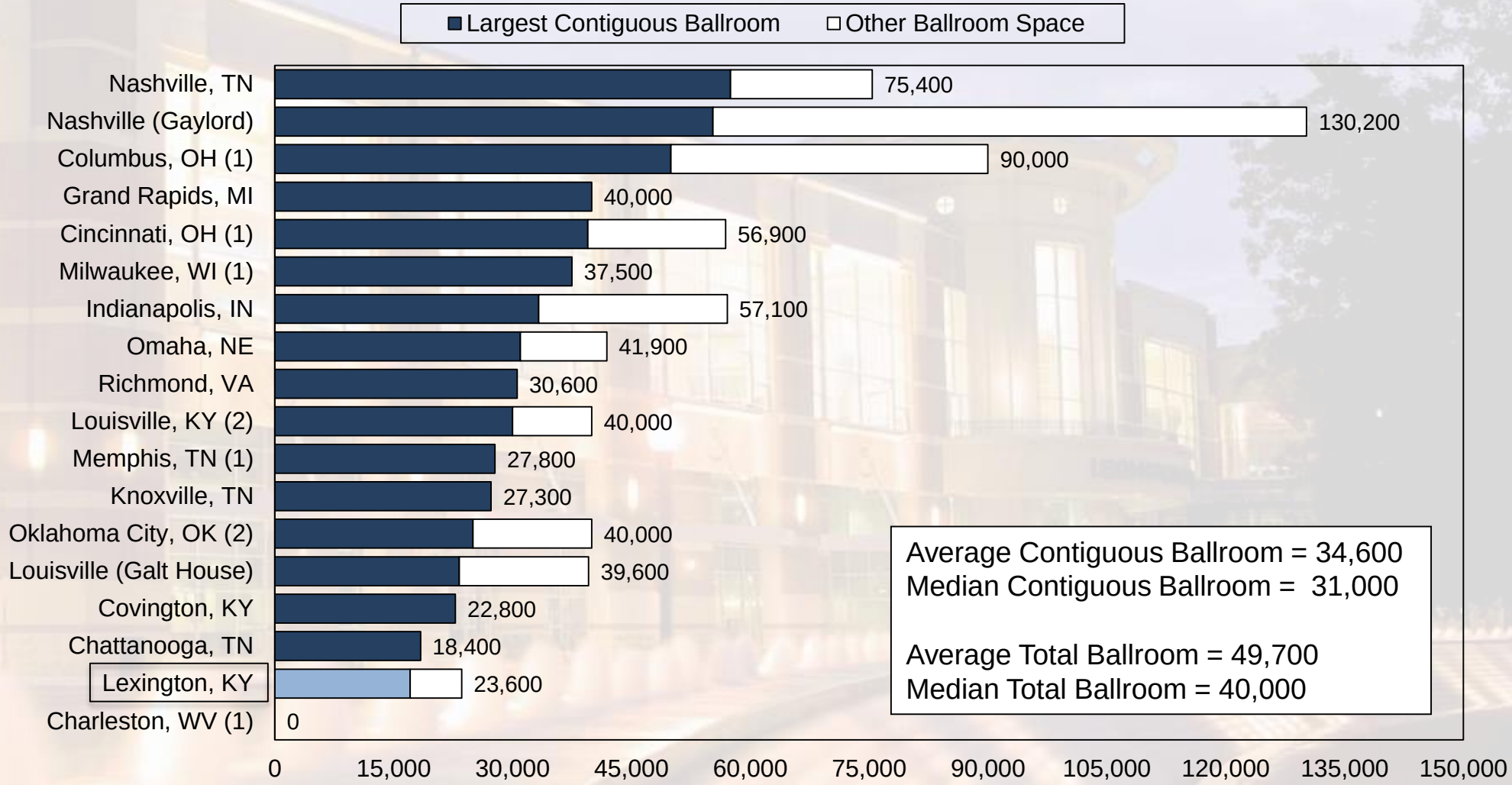
Ratio of Meeting Space to Exhibit Space



(1): Planning or considering the addition of event space at the Center
(2): Includes space that is either planned or currently under construction
(3): Expansion figures include a proposed 34,000 to 59,000 square feet of additional exhibit space and 11,900 to 18,900 square feet of additional meeting space.
Source: CVB's and industry publications, 2015.

Comparable Convention Centers

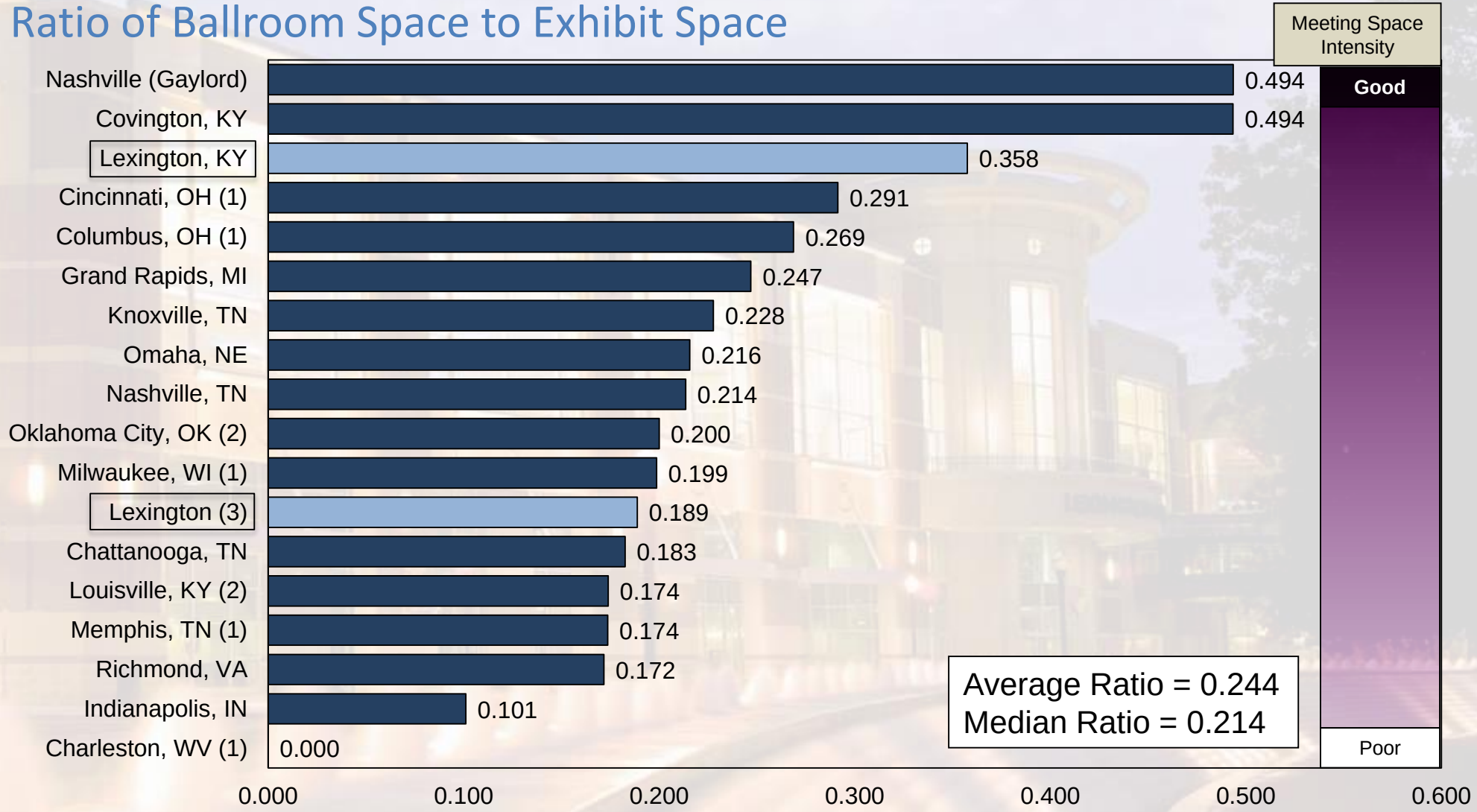
Ballroom Space



(1): Planning or considering the addition of event space at the Center
(2): Includes space that is either planned or currently under construction
Note: Average and Median figures only include facilities with ballroom space.
Source: CVB's and industry publications, 2015.

Comparable Convention Centers

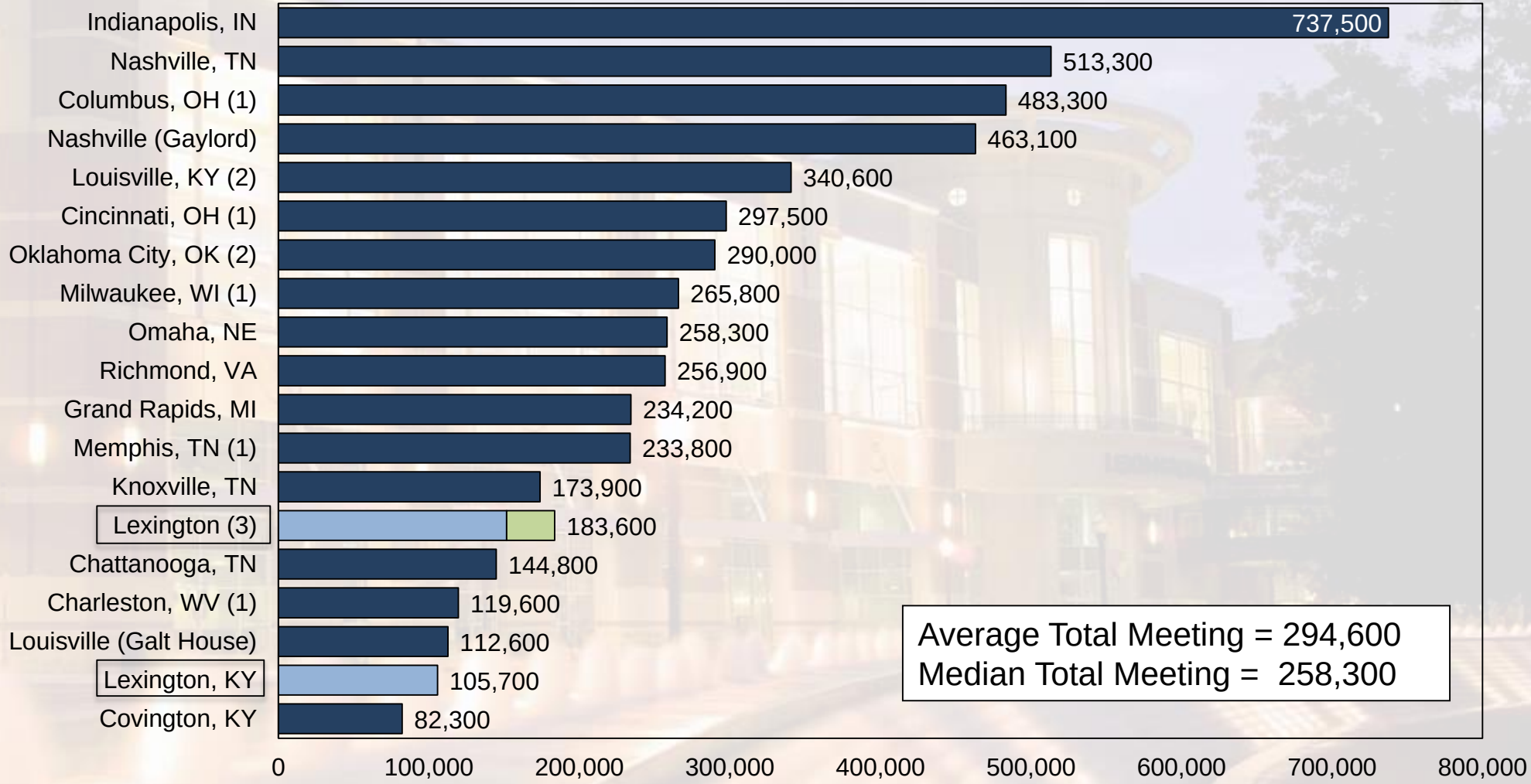
Ratio of Ballroom Space to Exhibit Space



(1): Planning or considering the addition of event space at the Center
(2): Includes space that is either planned or currently under construction
(3): Expansion figures include a proposed 59,000 square feet of additional exhibit space and 18,900 square feet of additional meeting space.
Note: Average and Median figures only include facilities with ballroom space.
Source: CVB's and industry publications, 2015.

Comparable Convention Centers

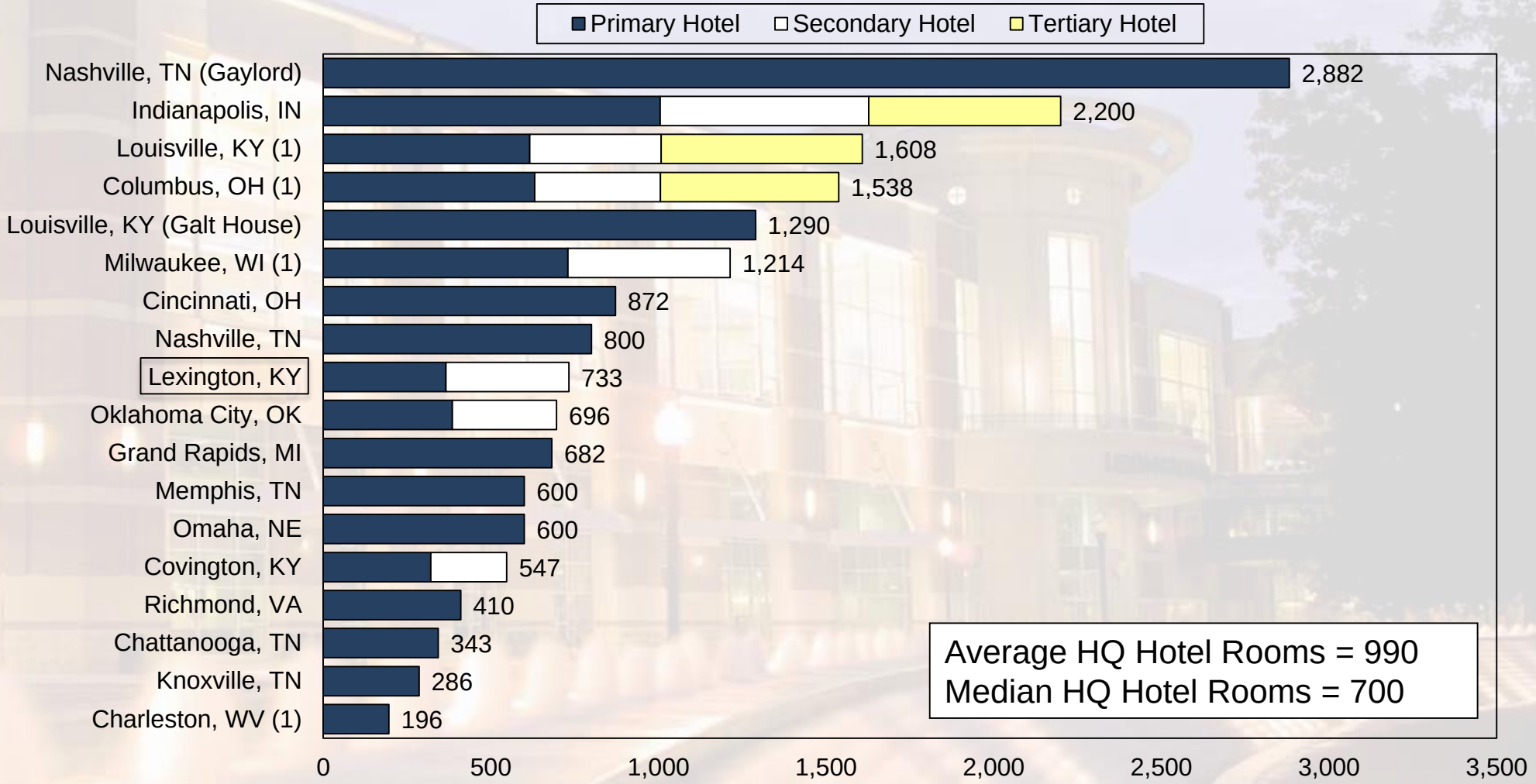
Total Sellable Space



(1): Planning or considering the addition of event space at the Center
(2): Includes space that is either planned or currently under construction
(3): Expansion figures include a proposed 34,000 to 59,000 square feet of additional exhibit space and 11,900 to 18,900 square feet of additional meeting space.
Source: CVB's and industry publications, 2015.

Comparable Convention Centers

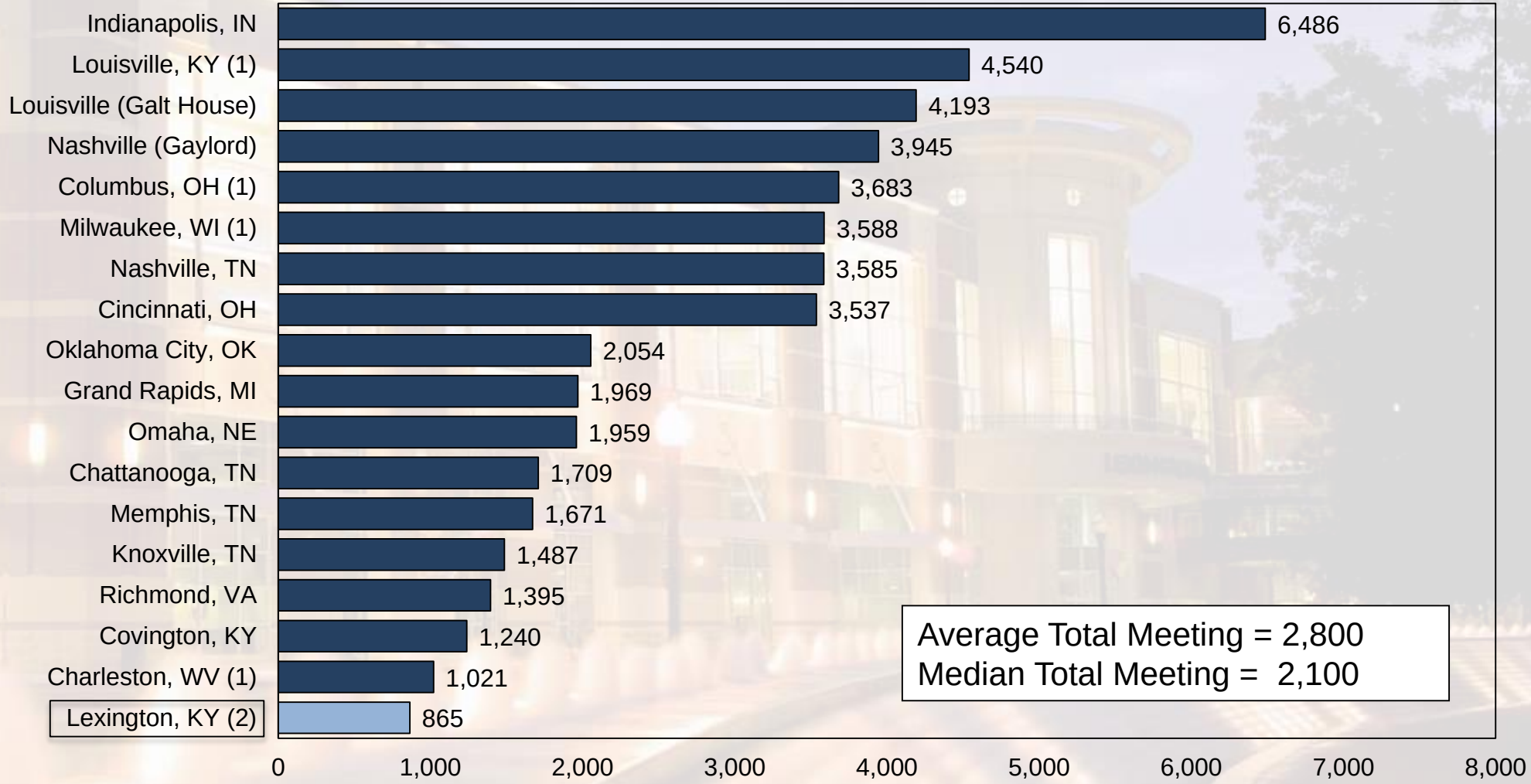
Headquarter Hotel Rooms



(1): Includes newly developed hotel property or one that is under construction
Note: Lexington figure includes nearby Hilton and Hyatt Regency properties.
Source: CVB's and industry publications, 2015.

Comparable Convention Centers

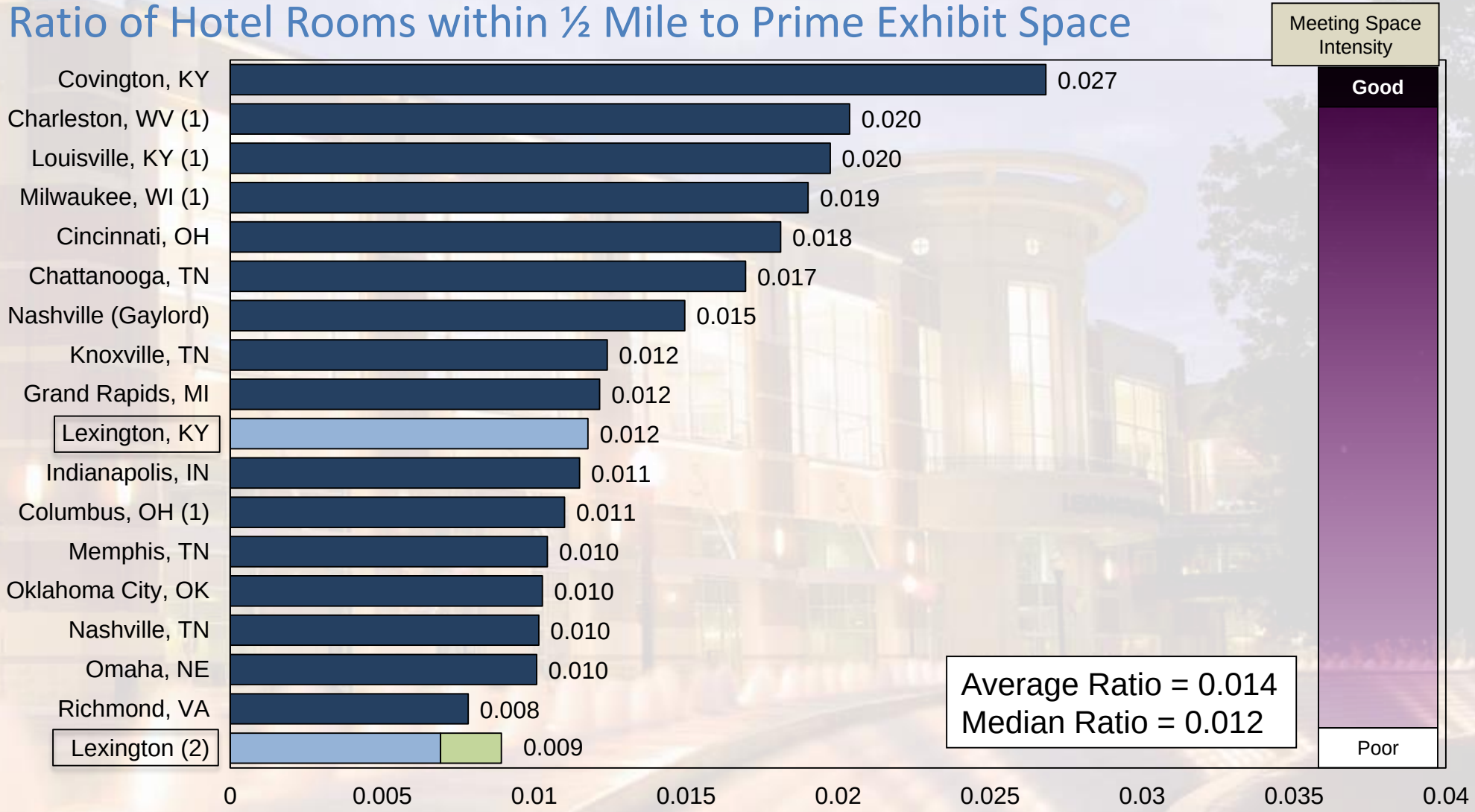
Hotel Rooms within ½ Mile of the Convention Center



(1): Includes newly developed hotel property or one that is under construction
(2): Includes 88-room 21c Hotel scheduled to open by April of 2016.
Source: CVB's and industry publications, 2015.

Comparable Convention Centers

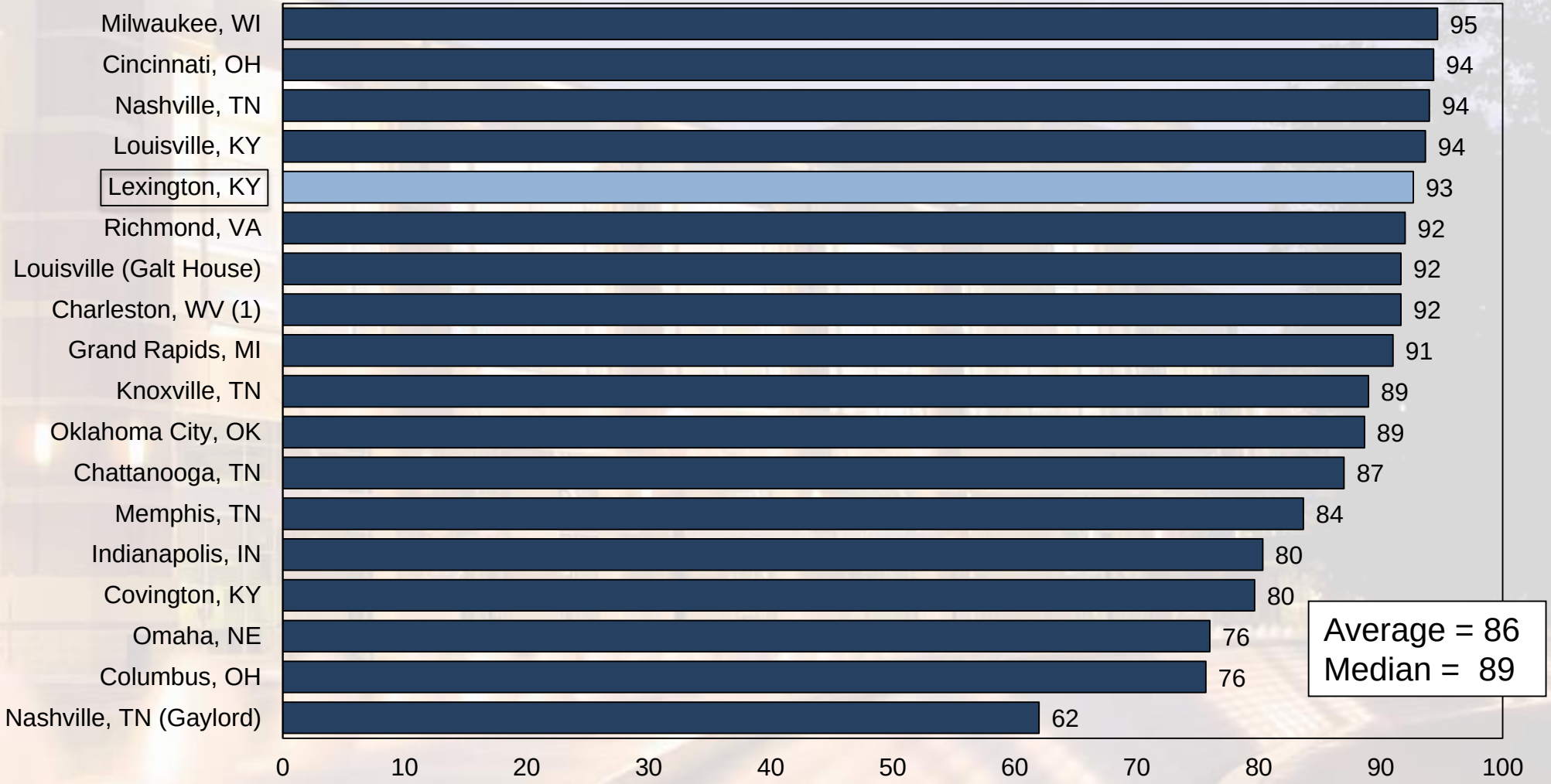
Ratio of Hotel Rooms within ½ Mile to Prime Exhibit Space



(1): Includes newly developed hotel property or one that is under construction
(2): Expansion figures include a proposed 34,000 to 59,000 square feet of additional exhibit space and 11,900 to 18,900 square feet of additional meeting space.
Source: CVB's and industry publications, 2015.

Comparable Convention Centers

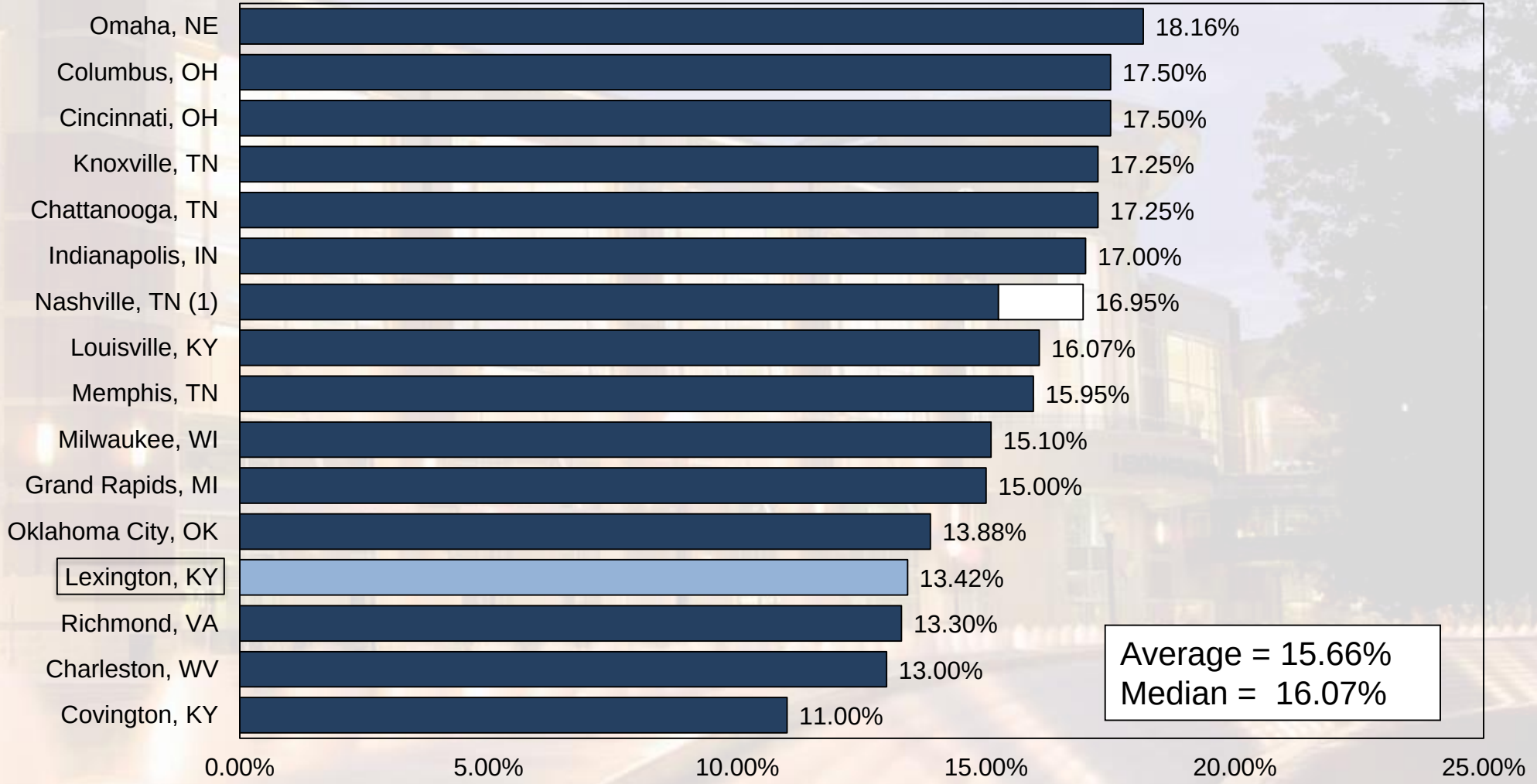
Walkability



Source: Walkscore.com, 2015

Comparable Convention Markets

Hotel Tax Rates

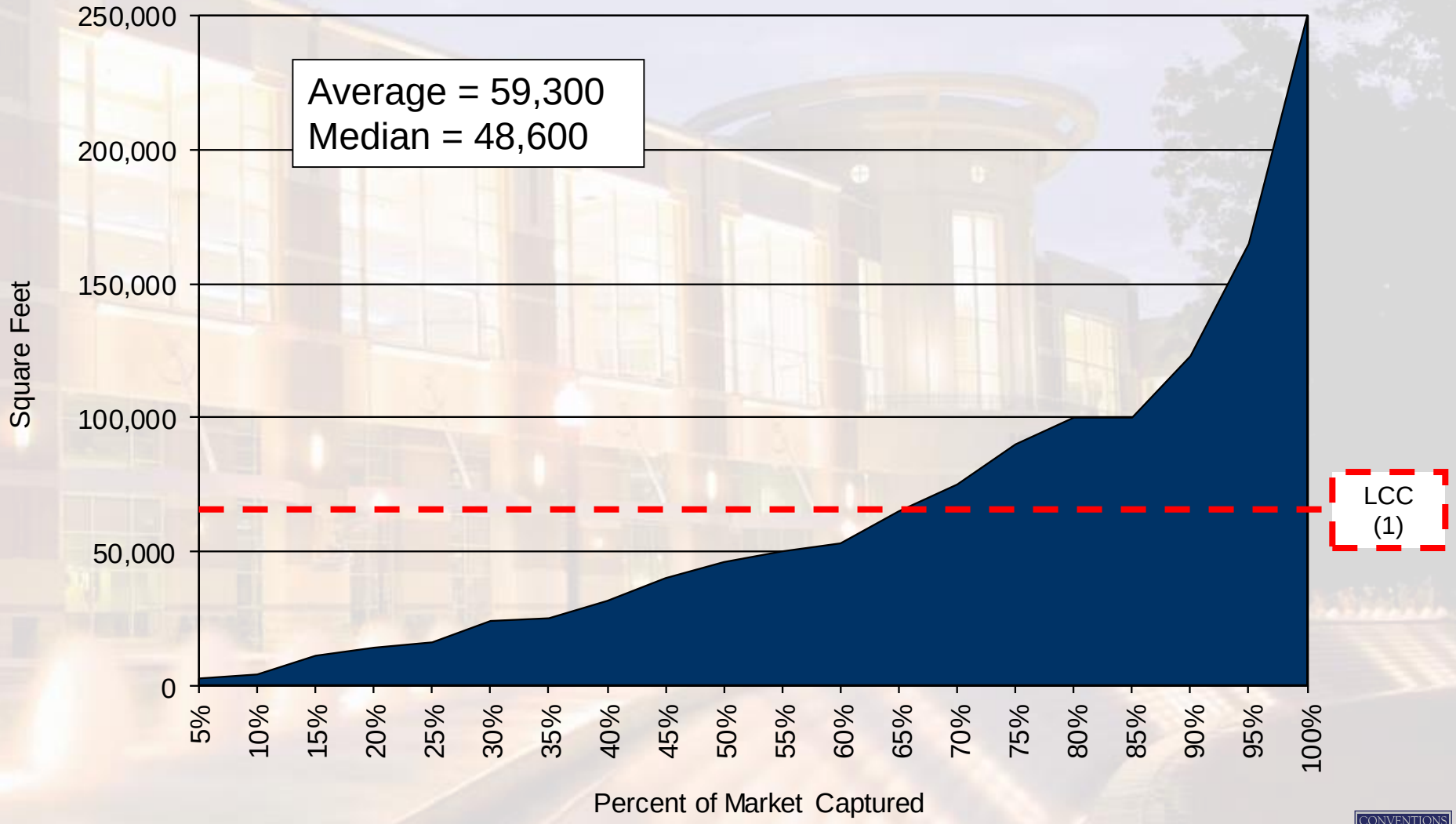


(1): Calculates the sum of the market's 15.25% hotel tax and a $2.50 surcharge, assuming a $150 group room rate.
Source: CVB's, CSL International, 2015

Market Demand

2011 National Organization Survey

Exhibit Space Required (from 2011 Study)

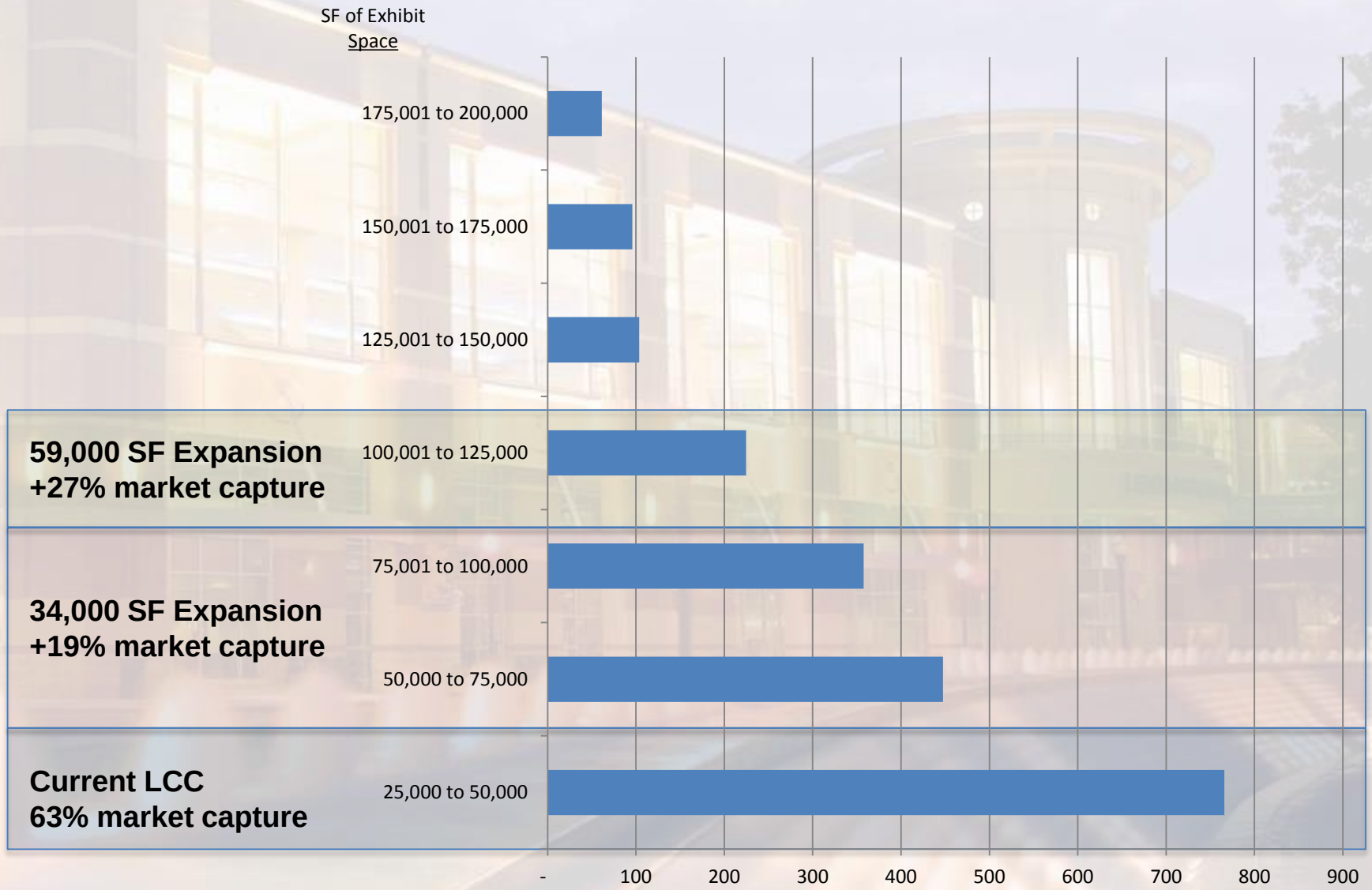


Note: Data represented includes all organizations with a potential interest in an expanded/improved LCC.
(1) Represents the amount of contiguous space available at the LCC.
Source: CSL Interviews, 2011

Market Demand Analysis

Distribution of National Market

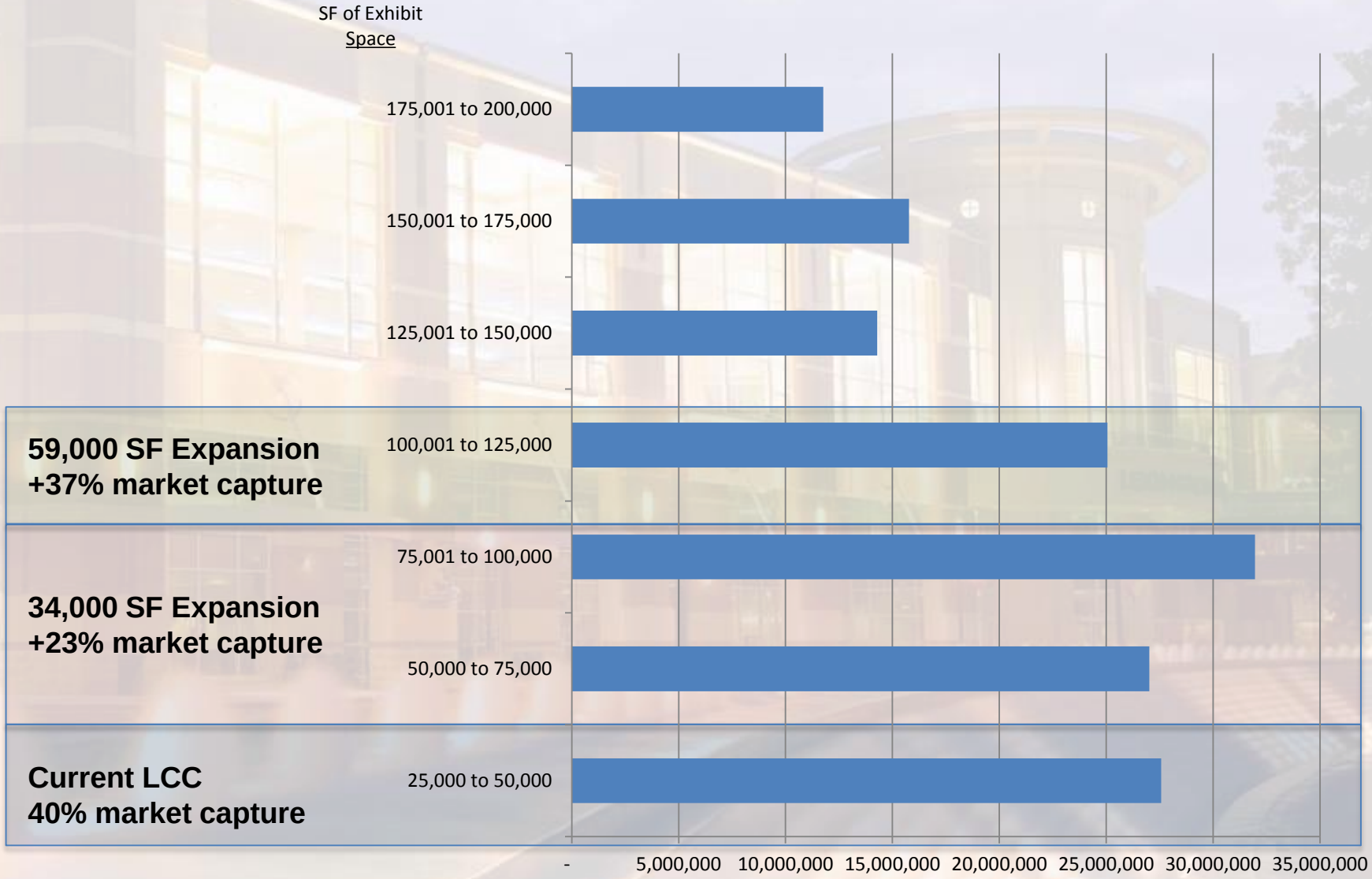
Number of Events



Note: Current LCC Market Share figured based on 66,000 square foot Heritage Hall.
Note: Expanded LCC figures assume 34- to 59,000 square feet of additional exhibit space and 11- to 18,900 square feet of additional meeting space.
Source: DMAI Mint Database, 2015

Distribution of National Market

Square Feet



Note: Current LCC Market Share figured based on 66,000 square foot Heritage Hall.
Note: Expanded LCC figures assume 34- to 59,000 square feet of additional exhibit space and 11- to 18,900 square feet of additional meeting space.
Source: DMAI Mint Database, 2015

Distribution of National Market

Attendance



Note: Current LCC Market Share figured based on 66,000 square foot Heritage Hall.
Note: Expanded LCC figures assume 34- to 59,000 square feet of additional exhibit space and 11- to 18,900 square feet of additional meeting space.
Source: DMAI Mint Database, 2015

Current & Past LCC User Surveys

Current and Past LCC User Surveys

Organizations Interviewed

Alltech, Inc

Harmony Heartland Region 4 Sweet Adelines

Kentucky Coalition of Nurse Practitioners/Nurse Midwives

Kentucky Department of Education Student Technology

Kentucky Future Farmers of America

Kentucky Hospital Association

National Electronics Service Dealers Association

The ScareFest Horror and Paranormal Convention

University of Kentucky

Lexington Comic and Toy Convention

Current and Past LCC User Surveys

Summary of Future Interest and Demand

- All of the current and past LCC users surveyed indicated a future interest in returning to the Center.
  - Nearly 90 percent indicated that they will “definitely” use the LCC.
- Comments for improving space within the LCC included:
  - We have a challenge with the restrooms and the very long hallway to get to the full Exhibit Hall.
  - The official registration desk is in an awkward location.
  - The Bluegrass pre-function registration area is about as far from the entrance as you can get.
- 27 percent of respondents would definitely increase their use of the LCC if improvements were made. An additional 27 percent would possibly increase usage.
- Only one event indicated that they would be less likely to book the LCC if no improvements were made.

Source: CSL Current and Past User Surveys, 2015

Current and Past LCC User Surveys

Strengths of the LCC

- Easy to navigate and centrally located for most of our participants.
- The location and state of the art building is a plus.
- Downtown location is ideal. Centralized to population in state makes it a good choice for your event.
- The location in central downtown Lexington is very valuable to us.
- The fact that it is attached to a hotel and a mini mall is a plus.
- The city of Lexington is safe, clean, and pretty. The addition of downtown food options has been a plus as well.
- It's an attractive facility.
- The Lexington Center has great parking both for vehicles and buses.
- The Hyatt and Hilton are great partners with the Lexington Center and everyone gets along and communicates with one another.
- The staff is outstanding and we love working with them.
- Great staff. Competitive rental pricing.
- The technology and the level of customer service we receive is wonderful.

Source: CSL Current and Past User Surveys, 2015

Current and Past LCC User Surveys

Recommendations for Improvement

- Restaurants in the food court do not appear ready to accommodate a large groups.
- The food court is an untapped resource. The businesses don't coordinate schedules or staffing with events. Often they close too early or have too little staff on hand for events.
- We'd like more options for local venues to host off-site events (to accommodate 500+ attendees).
- Hotels have not been consistently supportive of our event guests. It can be difficult to secure group booking or room blocks options.
- Our group could use some additional hotel space downtown. I think a Holiday Inn Express (or that kind of property) with 100-200 rooms could really add some flexibility to the facility and would give our room some growing space we need.
- The addition of green space at the expense of plentiful, convenient parking would NOT be an improvement in my opinion.
- Change out that uneven flooring!

Source: CSL Current and Past User Surveys, 2015

Current and Past LCC User Surveys

Recommendations for Improvement (Continued)

- A larger Convention Center on a single floor, built in ticketing windows (more than two), more break out rooms. We need space of all sorts.
- The ticket windows outside of the entrance doors are very small.
- The Center should honor and serve more local established brands (i.e., local breweries).
- We'd like to see way finding signage throughout the Center that is programmable.
- In-the-round theatre type space would be useful.
- Additional catering options are needed within the Convention Center.
- Rental rates for the Center should be established and at some point either reach a "limit" to how many times the prices will raise, or at some point start to receive discounts. We can have more space for much less financial cost, and more flexibility in food, services, entertainment etc. in other markets.

Source: CSL Current and Past User Surveys, 2015

Economic and Fiscal Impacts

Economic Impact Analysis

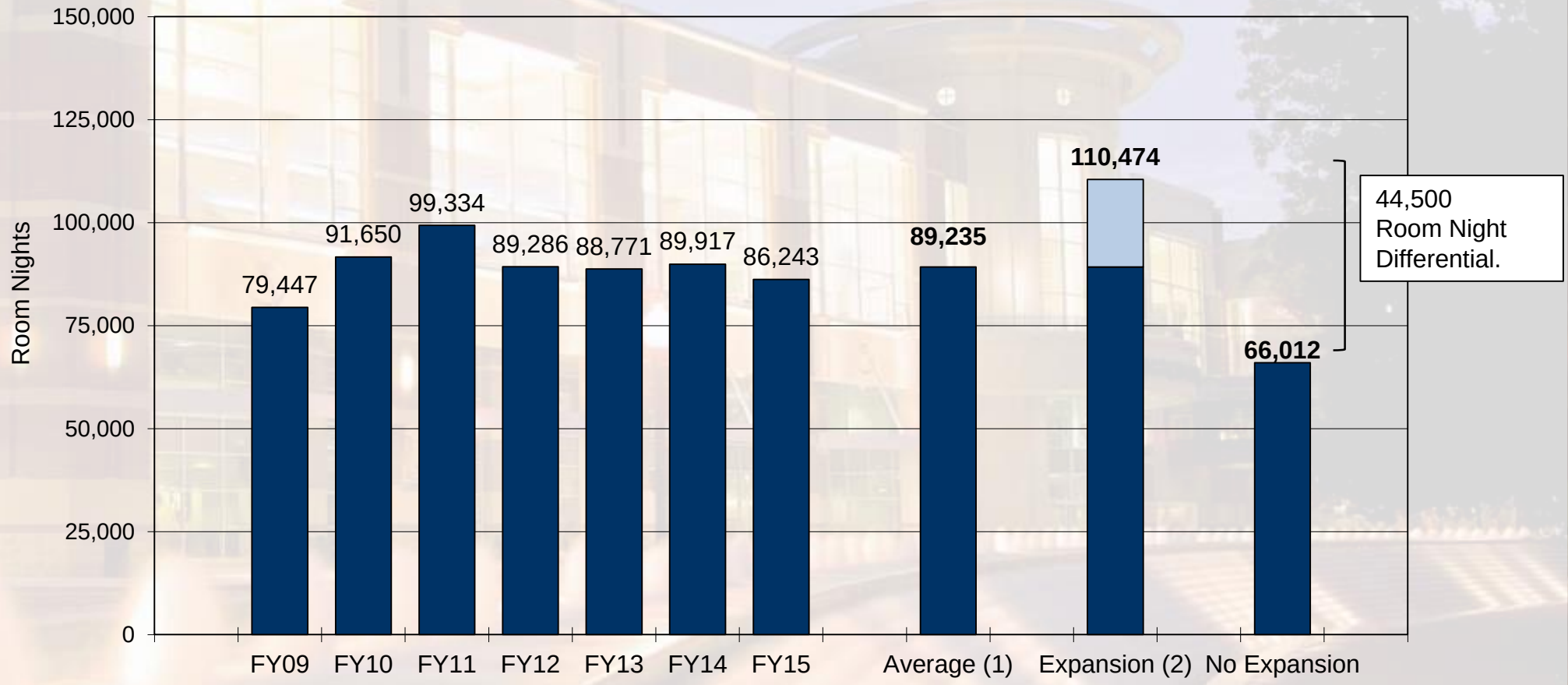
Event and Delegate Days

	Existing Center (1)	Expanded Center	Do Nothing
Number of Events:			
Convention/Trade	55	72	38
Public Sale/Expo	32	32	40
Meeting/Banquet/Other	135	150	125
Total	**221**	**254**	**203**
Total Delegate Days			
Convention/Trade	107,524	142,246	75,074
Public Sale/Expo	80,539	82,543	103,179
Meeting/Banquet/Other	69,174	77,954	64,962
Total	**257,236**	**302,743**	**243,215**
Out-of-Town Delegate Days			
Convention/Trade	73,346	97,032	45,044
Public Sale/Expo	31,128	31,903	39,879
Meeting/Banquet/Other	29,115	32,810	19,489
Total	**133,589**	**161,745**	**104,412**

(1) Data represent a 7-year average of LCC operations (spanning fiscal years 2009 - 2015).
Notes: Estimates are based on CSL assumptions and projections.
Expanded LCC figures assume 34- to 59,000 square feet of additional exhibit space and 11- to 18,900 square feet of additional meeting space.
Future estimates reflect a stabilized year of operations.
Source: CSL International; LCC, 2015

Economic Impact Analysis

Room Nights Estimates



(1) Data represent a 7-year average of LCC operations (spanning fiscal years 2009 - 2015).
(2) Expanded LCC figures assume 34- to 59,000 square feet of additional exhibit space and 11- to 18,900 square feet of additional meeting space.
Notes: Estimates are based on CSL assumptions and projections.
Future estimates reflect a stabilized year of operations.
Source: CSL International; LCC, 2015

Economic Impact Analysis

Impact Multipliers Utilized

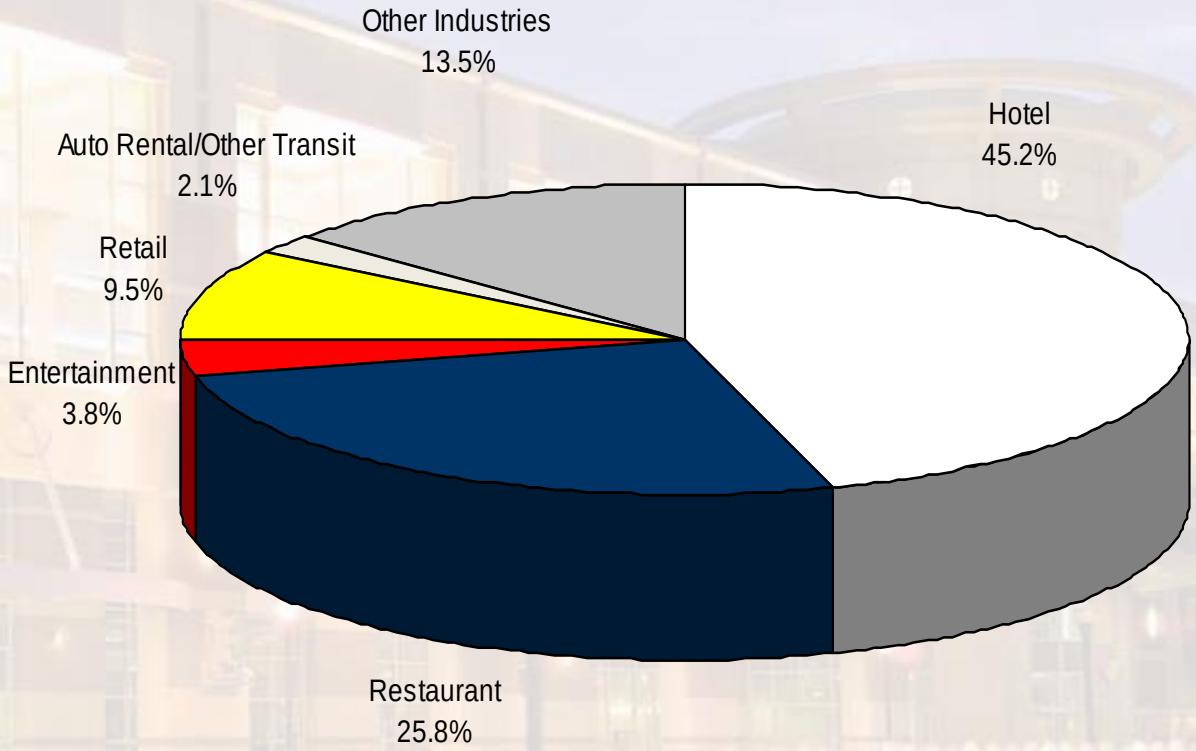
Industry	Output	Employment	Earnings
Hotel	1.476	14.484	0.472
Restaurant	1.453	21.988	0.510
Entertainment	1.446	18.525	0.588
Retail	1.380	23.790	0.648
Auto Rental	1.484	25.618	0.672
Other Local Transit	1.484	25.618	0.672
Other Industries	1.452	23.260	0.489

Note: Employment multiplier is applied to direct spending divided by 1,000,000.

Source: Minnesota IMPLAN Group, 2015

Economic Impact Analysis

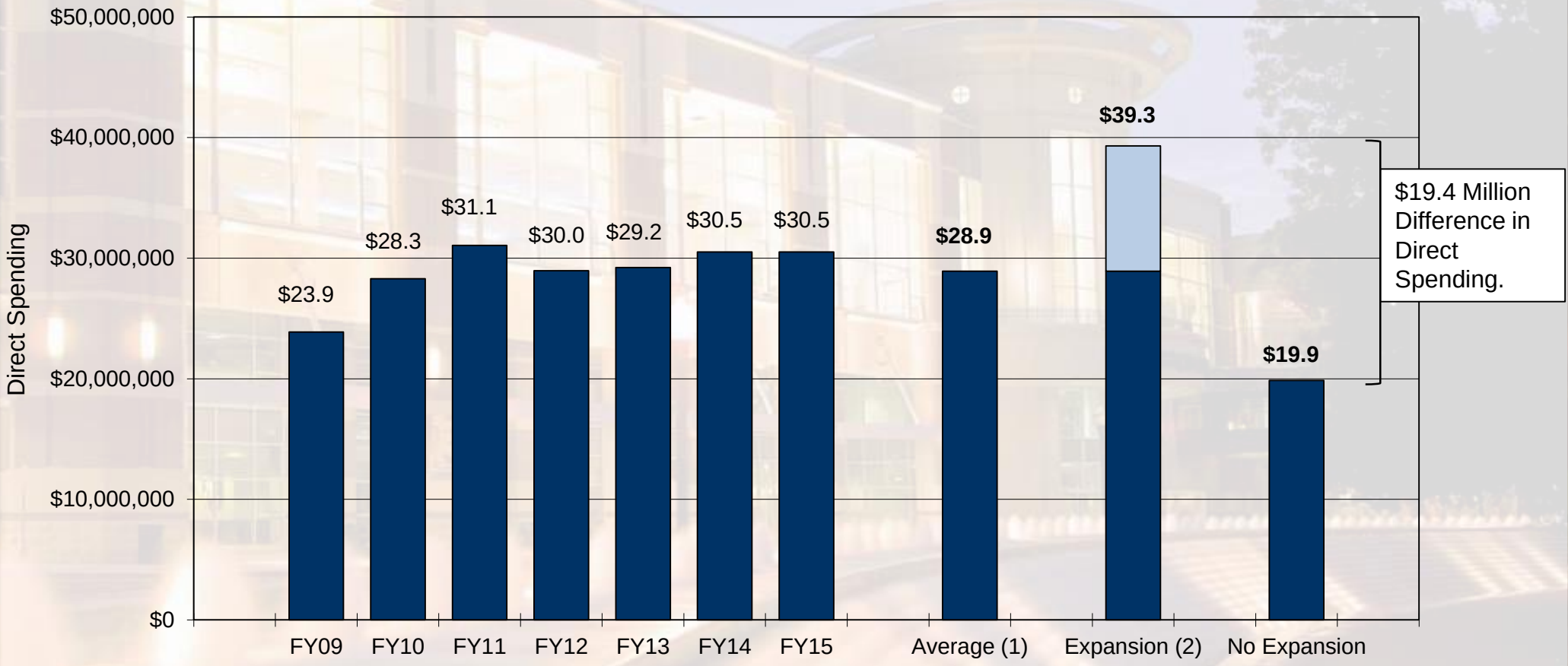
Estimated Annual Direct Spending



Estimated Direct Spending:	
Existing LCC	$28,927,600
Expanded LCC	$39,311,300

Economic Impact Analysis

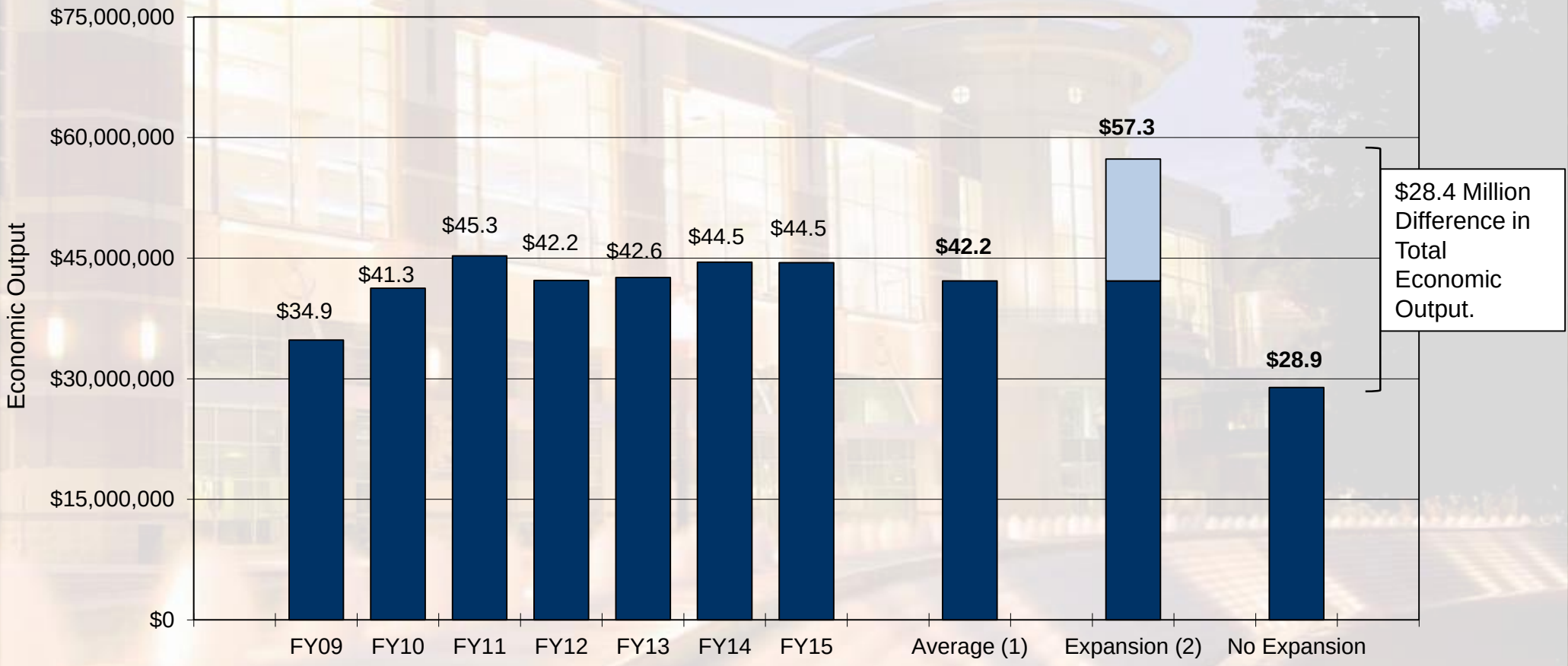
Direct Spending Estimates (in millions)



(1) Data represent a 7-year average of LCC operations (spanning fiscal years 2009 - 2015).
(2) Expanded LCC figures assume 34- to 59,000 square feet of additional exhibit space and 11- to 18,900 square feet of additional meeting space.
Notes: Estimates are based on CSL assumptions and projections.
Future estimates reflect a stabilized year of operations.
Source: CSL International; LCC, 2015

Economic Impact Analysis

Economic Output Estimates (in millions)



(1) Data represent a 7-year average of LCC operations (spanning fiscal years 2009 - 2015).
(2) Expanded LCC figures assume 34-to-59,000 square feet of additional exhibit space and 11-to-18,900 square feet of additional meeting space.
Notes: Estimates are based on CSL assumptions and projections.
Future estimates reflect a stabilized year of operations.
Source: CSL International; LCC, 2015

Economic Impact Analysis

Economic Output Estimates

Total Direct Spending	
Existing LCC (1)	$28,927,600
Expanded LCC (2)	$39,311,300
Non-Expanded LCC	$19,856,400



Total Output	
Existing LCC (1)	$42,177,300
Expanded LCC (2)	$57,331,800
Non-Expanded LCC	$28,924,700

Earnings	
Existing LCC (1)	$14,980,800
Expanded LCC (2)	$20,336,100
Non-Expanded LCC	$10,322,600

Employment	
Existing LCC (1)	550
Expanded LCC (2)	750
Non-Expanded LCC	380

(1) Data represent a 7-year average of LCC operations (spanning fiscal years 2009 - 2015).
(2) Expanded LCC figures assume 34- to 59,000 square feet of additional exhibit space and 11- to 18,900 square feet of additional meeting space.
Notes: Estimates are based on CSL assumptions and projections.
Future estimates reflect a stabilized year of operations.
Source: CSL International; LCC, 2015