Clemson, South Carolina

Clemson Convention/Civic Center Conversion

SUBMITTED TO:

The City of Clemson - Rick Cotton

SUBMITTED BY:

C.H. Johnson Consulting, Inc.

February 2011

JOHNSON CONSULTING

February 18, 2011

Mr. Rick Cotton
City Administer
1250 Tiger Boulevard
Clemson, South Carolina, 29631

Dear Mr. Cotton:

C.H. Johnson Consulting, Inc. (Johnson Consulting) is pleased to provide this draft feasibility analysis relating to the proposed Convention/Civic Center in Clemson, SC. Pursuant to our agreement, this draft report provides an analysis of the economic and demographic characteristics of the City of Clemson and the broader region, reviews meeting industry trends, identifies key characteristics of competitive and comparable venues, and provides an assessment of the feasibility of the proposed Convention/Civic Center, including demand projections.

If approved, Phase 2 of this study, will be included in a subsequent issuance of this draft report, will include facility program recommendations, operating pro forma, economic and fiscal impacts analysis and funding approach.

We have undertaken procedures that we believe are appropriate for drawing conclusions regarding the future development of the proposed Convention/Civic Center. Johnson Consulting has no responsibility to update this report for events and circumstances that occur after the date of this report. The findings presented herein, reflect analysis of primary and secondary sources of information. Johnson Consulting utilized sources deemed to be reliable but cannot guarantee their accuracy. Moreover, estimates and analysis presented in this study are based on trends and assumptions, which usually result in differences between the projected and actual results. Because events and circumstances frequently do not occur as expected, those differences may be material.

We have enjoyed serving you on this engagement and look forward to providing you with continuing service.

Sincerely yours,

C.H. JOHNSON CONSULTING, INC.

DRAFT

INTRODUCTION

C.H. Johnson Consulting, Inc. (Johnson Consulting) was engaged to analyze the potential conversion of an abandoned Food Lion store into a Convention/Civic Center. Due to the economic climate, the City of Clemson may have the ability to acquire the building at a more favorable price than it would cost to construct a new facility.

Johnson Consulting is a real estate consulting firm with specialized experience in convention centers, conference centers, hotels, and community economic development. The firm has worked on projects in Cheyenne, Spokane, Wenatchee, Tri-Cities and numerous other regional and national markets. This report presents the results of the analysis and informs the interested parties about the market feasibility and critical strategies that need to be addressed in order for a Convention/Civic Center to succeed under the present terms.

This feasibility analysis provides an in-depth analysis of comparable conference centers and estimates the demand performance of the facility. The findings in this report are intended to enable the community and others to make the best decisions concerning the development of a new Convention/Civic Center.

To provide a framework for this "Phase 1" report and its conclusions, the report includes the following:

Section 1 – Transmittal Letter

Section 2 – Introduction, Methodology, and Executive Summary

Section 3 – Economic and Demographic Analysis

Section 4 – Industry Trends

Section 5 – Interview Summary and Comparable Analysis

Section 6 – Demand Analysis

METHODOLOGY

In order to complete this analysis and provide recommendations concerning the proposed Convention/Civic Center in Clemson, Johnson Consulting performed the following tasks:

- Met and interviewed local hotel managers and operators, the Madren Conference Center Management Team, and City management and council members, as well as tourism and economic development officials from surrounding communities,

- Analyzed comparable facilities to understand best practices within the region and nationally,

- Proposed a facility program that would service the current local and regional meetings market, and

- Projected future demand for the proposed Convention/Civic Center, in terms of annual events and attendance.

EXECUTIVE SUMMARY

The City of Clemson and the broader metropolitan area have many of the key characteristics necessary to support a new Convention/Civic Center. These include steady population growth, an established service industry, a strong university presence, high levels of employment and a limited supply of events centers and public assembly facilities throughout the local area. In addition, the proposed venue could help recapture some of the lost demand that is currently being captured by the nearby Anderson Civic Center.

Nationally, convention/civic centers in conjunction with stable hotel supplies contribute to a city's economic well being, helping to support local businesses including hotels, restaurants, retailers, and entertainment providers. The notion of a convention/civic center is being considered by the City of Clemson. Based on interviews conducted by Johnson Consulting, people in the City favor a civic center, if it makes economic sense, and understand that it could attract a holistic balance of local and out of town visitors to the City.

Johnson Consulting concludes that a competitive level of demand is attainable and that such a development would advance the economy and make Clemson more attractive for tourism and corporate recruitment. The draw for conferences, consumer shows, banquets and entertainment events would greatly benefit and diversify the local economy as a whole.

Based on the data collected for the selected comparable convention/civic facilities, that Johnson Consulting deemed appropriate, and using over 25 years of industry knowledge, Johnson Consulting estimates the conference center can achieve 185 events in Year 1 and grow to 275 events in Year 5 (stabilization). Projected attendance is estimated to be 41,800 in Year 1 and 69,300 in Year 5, which equates to a large influx of incremental visitors to the area. Many of those visitors will require hospitality accommodations that will help add an estimated demand for 10,000-12,000 room nights. It is important to note, that the city will not only benefit from the additional room nights to the community but also the allocation of additional spending that will occur at local businesses and restaurants from attendee at events held at the proposed Convention/Civic center. An in-depth analysis of the economic impacts of generated room nights will be provided in Phase 2 of this study, if approved.

It is common knowledge in the meetings industry that most convention/civic centers are loss leaders and incur a yearly operating deficit, which is often subsidized by an ongoing tax resource or privately funded by adjacent anchor hotel owners. A business that incurs a yearly loss is often scrutinized by the public as a costly business for the city to be a part of. It is often because of this fear of long-term responsibility by city councils that many such projects have not advanced. However, it is the economic and fiscal impact of a busy convention/civic center within the local economy that usually far outweighs the operating financial challenges.

MARKET OVERVIEW

In order to analyze the market opportunity for the proposed convention/civic center, Johnson Consulting undertook a comprehensive review of market conditions in Clemson, relative to the broader metropolitan region, as well as the state and national averages. The key objective of this analysis was to identify structural factors, and opportunities and weaknesses that may affect the market's ongoing competitive situation.

While characteristics such as population, employment and income are not strict predictors of performance for conference, entertainment or cultural facilities, they provide insight into the capacity of a market to provide ongoing support for facilities and activities. In addition, the size and role of a marketplace, its civic leadership, proximity to other metropolitan areas, transportation concentrations, and the location of competing or complementary attractions directly influence the scale and quality of facilities that can be supported within a particular market.

Demographic and Economic Analysis

Situated in northwestern South Carolina, on the shores of Lake Hartwell, the City of Clemson is a small college town that is home to Clemson University. Originally founded in 1893, the University is one of the most prominent public universities in the country, serving as a major cultural focal point for the community. To the north of the University campus, Clemson's small downtown area is characterized by retail development.

The following figure provides a map showing the location of the City of Clemson.

Figure 1

Source: Clemson University, Johnson Consulting

Current Population

The City of Clemson is located within the Greenville-Mauldin-Easley Metropolitan Statistical Area (MSA), which is defined to include the three contiguous counties of Greenville, Laurens, and Pickens. The following table shows the 2000 and 2010 estimated populations of the City of Clemson, Pickens County and the Greenville-Mauldin-Easley MSA, compared to the state of South Carolina and the U.S. as a whole.

Table 1

Historical & Current Population ('000s) - Clemson, SC

	2000		2010 (estimate)		CAGR*
	Population	% of MSA	Population	% of MSA	(2000-2010)
US	281,280	-	308,183	-	0.9%
South Carolina	4,012	-	4,596	-	1.4%
Greenville-Mauldin-Easley MSA	560	100%	644	100%	1.4%
Pickens County	111	20%	119	18%	0.7%
City of Clemson	**12**	**2%**	**13**	**2%**	**0.8%**

* Compounded Annual Growth Rate
Source: US Census Bureau, DemographicsNow, Johnson Consulting

The 2010 population of Clemson is estimated to be 13,000 persons, representing 2 percent of the population of the MSA (644,000 persons). Between 2000 and 2010 the population of Clemson increased at a compounded annual growth rate of 0.8 percent, which was consistent with the average rate of growth observed across Pickens County (0.7 percent), but lower than the rates of growth observed across the MSA and South Carolina (both 1.4 percent per annum). During the same period, the resident population of the U.S. increased at an average annual rate of 0.9 percent.

Relatively slow population growth in Clemson, and throughout Pickens County, reflects the role of the location as an education center, with greater residential development and population growth occurring in the surrounding, larger urban centers.

Projected Population

The latest projections from the U.S. Census Bureau indicate that the population of Clemson will reach 13,391 persons in 2015. This represents little to no growth, and contrasts with the higher rate of growth, relative to the 2000-2010 period, forecast across the County (1.0 percent per annum), MSA (1.9 percent) and South Carolina (1.6 percent). During the same period, the population of the U.S. is forecast to increase at an average annual rate of 0.9 percent, which is consistent with the rate of growth observed during 2000-2010.

Table 2

Projected Population ('000s) - Clemson, SC

	2010 (estimate)		2015 (projection)		CAGR*
	Population	% of MSA	Population	% of MSA	(2010-2015)
US	308,183	-	322,429	-	0.9%
South Carolina	4,596	-	4,984	-	1.6%
Greenville-Mauldin-Easley MSA	644	100%	707	100%	1.9%
Pickens County	119	18%	125	18%	1.0%
City of Clemson	**13**	**2%**	**13**	**2%**	**0.0%**

* Compounded Annual Growth Rate
Source: US Census Bureau, DemographicsNow, Johnson Consulting

Longer-term projections indicate that the population of South Carolina will increase at an average annual rate of 0.7 percent during 2020-2030. This rate of growth is similar to that projected across the U.S. (0.8 percent per annum), reflecting a return to long-term historic growth rates in the state.

Table 3

Population Projections ('000's) - South Carolina and U.S.

	South Carolina		US	
	Population	CAGR*	Population	CAGR*
2020	4,823	0.8%	335,805	0.8%
2025	4,990	0.7%	349,439	0.8%
2030	5,149	0.6%	363,584	0.8%
CAGR* (2010-2030)		***0.7%***		***0.8%***

**Compounded Annual Growth Rate*
Source: US Census Bureau, Johnson Consulting

Median Age

In 2010 the median age of residents of Clemson is estimated to be 29.4 years, which is substantially younger than figures recorded across Pickens County (35.7), the MSA (37.8 years), and the state (37.9 years), as well as the U.S. as a whole (37.1 years). A relatively young population profile for the City of Clemson reflects its role as a college community.

Going forward, the median age of residents of Clemson is expected to increase substantially, reaching 33.5 years in 2015, in line with the broader demographic shift towards an ageing population and the increased prevalence of smaller households with fewer children. Nevertheless, the median age in Clemson in 2015 is projected to remain well below that recorded across the County (37.1 years), the MSA (39.0 years), South Carolina (38.7 years) and the U.S. (37.9 years).

Table 4

Median Age (years) - Clemson, SC

	2000	2010 (estimate)	2015 (projection)	% Change 00-10	% Change 10-15
US	35.3	37.1	37.9	5.1%	2.2%
South Carolina	35.5	37.9	38.7	6.8%	2.1%
Greenville-Mauldin-Easley MSA	35.1	37.8	39.0	7.7%	3.2%
Pickens County	32.7	35.7	37.1	9.2%	3.9%
City of Clemson	**25.1**	**29.4**	**33.5**	**17.1%**	**13.9%**

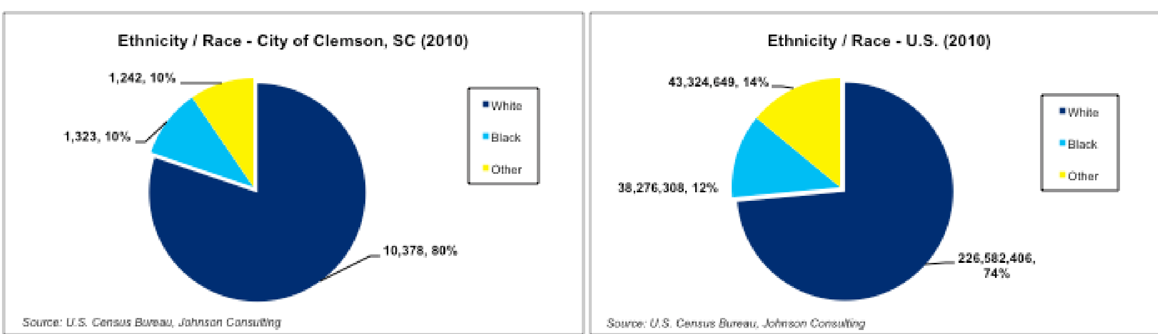
Source: US Census Bureau, DemographicsNow, Johnson Consulting

The age characteristics of the local market are an important consideration when analyzing long term demand for a public assembly facility, such as the proposed convention/civic center as these characteristics could impact demand for certain types of public events, and would likely influence the types of events that promoters would bring to the area.

Ethnicity / Race

The population of the City of Clemson is predominantly White, with only 20 percent of the 2010 resident population being from non-White backgrounds. This figure is higher than that recorded across Pickens County (10 percent) and consistent with the MSA (18 percent), but lower than the state (32 percent) and national (26 percent) averages.

Figure 2



Educational Attainment

The City of Clemson has a highly educated population, with more than half (54.7 percent) of residents aged 25 years and over holding a Bachelors degree or higher. This figure is substantially higher than those recorded across the County (22.0 percent) and MSA (22.7 percent), as well as the state (23.7 percent) and national

(27.9 percent) averages. Only 7.7 percent of the population of the City of Clemson has no high school qualifications, compared to 18.3 percent across the County and the MSA, 16.9 percent in South Carolina, and 14.8 throughout the U.S. as a whole.

Table 5

Educational Attainment of Population Aged 25+ Years - Clemson, SC (2010)

	Less than High School	High School	Some College, No Degree	Associates	Bachelors	Graduate / Professional
US	14.8%	29.7%	19.9%	7.6%	17.6%	10.3%
South Carolina	16.9%	32.4%	18.6%	8.4%	15.3%	8.4%
Greenville-Mauldin-Easley MSA	18.3%	31.8%	18.7%	8.6%	14.7%	8.0%
Pickens County	18.3%	32.7%	19.2%	7.9%	12.8%	9.1%
City of Clemson	7.7%	15.5%	15.9%	6.2%	24.9%	29.8%

Source: US Census Bureau, DemographicsNow, Johnson Consulting

The relatively high level of educational attainment observed amongst residents of Clemson is likely to reflect the location of Clemson University within the City.

Employment

In 2008 the principal industry of employment in the Greenville-Mauldin-Easley MSA was Services (42.3 percent), followed by Government (11.8 percent), Manufacturing (11.3 percent), and Retail Trade (11.1 percent). Throughout the MSA, growth in employment remained relatively stable in 2006 and 2007, but slowed in 2008 in line with the broader economic downturn.

Between 2005 and 2008, employment in Retail Trade decreased at an average annual rate of 1.0 percent, reflecting the impact of the current economic downturn on individual spending patterns. During the same period, the most substantial increase in employment was recorded in 'Other' industries, driven primarily by growth in employment in arts, entertainment and recreation sector. Substantial growth was also recorded in the Finance, Insurance, and Real Estate (5.8 percent per annum), Transport and Utilities (4.4 percent), Services (3.5 percent), and Wholesale Trade (3.4 percent) sectors.

Table 6

Non-Farm Employment - MSA (2005-2008)

	2005	2006	2007	2008	CAGR*
Construction	24,756	25,440	26,486	25,491	1.0%
% of total	*6.8%*	*6.8%*	*6.8%*	*6.5%*	-
FIRE**	26,657	27,697	29,458	31,564	5.8%
% of total	*7.3%*	*7.4%*	*7.6%*	*8.0%*	-
Government	42,704	43,740	44,579	46,267	2.7%
% of total	*11.7%*	*11.6%*	*11.5%*	*11.8%*	-
Manufacturing	44,379	44,320	44,246	44,501	0.1%
% of total	*12.2%*	*11.8%*	*11.4%*	*11.3%*	-
Other	5,076	5,329	5,726	6,020	5.9%
% of total	*1.4%*	*1.4%*	*1.5%*	*1.5%*	-
Retail Trade	45,178	44,368	44,883	43,837	-1.0%
% of total	*12.4%*	*11.8%*	*11.5%*	*11.1%*	-
Services	149,961	157,029	164,073	166,301	3.5%
% of total	*41.1%*	*41.7%*	*42.2%*	*42.3%*	-
Transport & Utilities	12,434	13,733	14,150	14,129	4.4%
% of total	*3.4%*	*3.7%*	*3.6%*	*3.6%*	-
Wholesale Trade	13,833	14,464	15,189	15,281	3.4%
% of total	*3.8%*	*3.8%*	*3.9%*	*3.9%*	-
TOTAL	**364,978**	**376,120**	**388,790**	**393,391**	**2.5%**
% Growth Rate	**-**	**3.1%**	**3.4%**	**1.2%**	**-**

** Compounded Annual Growth Rate (2005-2008)*
*** Finance, Insurance & Real Estate*
Source: Bureau of Economic Analysis, Johnson Consulting

Unemployment

The following table shows unemployment rates in the Greenville-Mauldin-Easley MSA, South Carolina and the U.S. Between 2001 and 2008, the unemployment rate in the MSA remained consistently below the state and national averages. In 2009 the unemployment rate in the MSA peaked at 10.5 percent, which still remained lower than the state (11.7 percent) but was higher than the national average (9.3 percent) and mirrors broader trends throughout the local, regional, and global economies.

Table 7

Unemployment Rate - Clemson, SC (2000-2009)						
	MSA		South Carolina		US	
	Rate	Change	Rate	Change	Rate	Change
2001	4.3%	1.1	5.2%	1.6	4.7%	0.7
2002	5.4%	0.6	6.0%	0.8	5.8%	1.1
2003	6.0%	0.7	6.7%	0.7	6.0%	0.2
2004	6.2%	0.2	6.8%	0.1	5.5%	-0.5
2005	5.9%	0.1	6.8%	0.0	5.1%	-0.4
2006	5.6%	-0.3	6.4%	-0.4	4.6%	-0.5
2007	5.0%	-0.6	5.6%	1.2	4.6%	0.0
2008	5.9%	1.0	6.9%	1.3	5.8%	1.2
2009	10.5%	3.6	11.7%	4.8	9.3%	3.5

Source: Bureau of Labor Statistics, Johnson Consulting

Income

Income characteristics of the local market are a key indicator of the potential to support a public assembly facility, such as the proposed convention/civic center. In general, higher income levels lead to greater amounts of disposable income that can be spent on non-essential items, such as recreation and entertainment.

The following table shows the non-farm earnings in the Greenville-Mauldin-Easley MSA, and indicates steady growth between 2001 and 2008, averaging 3.7 percent per annum. Nevertheless, this rate of growth was slightly lower than those recorded throughout South Carolina (4.3 percent per annum) and the U.S. (4.2 percent).

Table 8

Non-Farm Earnings ($'000s) - MSA & South Carolina			
	MSA	South Carolina	US
2001	$12,964.7	$76,218.6	$6,789,672.0
2002	12,984.6	78,716.4	6,951,836.0
2003	13,470.7	82,381.6	7,228,400.0
2004	13,929.8	86,643.6	7,656,172.0
2005	14,708.6	91,206.4	8,048,405.0
2006	15,562.0	97,020.9	8,539,008.0
2007	16,304.4	100,938.4	8,879,019.0
2008	16,673.5	102,703.3	9,058,491.0
CAGR*	**3.7%**	**4.4%**	**4.2%**

** Compounded Annual Growth Rate (2001-2008)*
Source: Bureau of Economic Analysis, Johnson Consulting

The following table provides a breakdown of earnings in the MSA by industry of employment. Between 2005 and 2008, slight average annual decreases were recorded in total earnings in the Finance, Insurance, and Real Estate (0.4 percent per annum) and Construction (0.3 percent) sectors, while increases were recorded in all other industry sectors. The strongest growth in earnings was recorded in the Transportation & Utilities sector (7.9 percent per annum), followed by Wholesale Trade (6.7 percent per annum), Government (6.5 percent per annum) and Services (6.3 percent per annum), effectively mirroring the changes in employment in each sector, as discussed above.

In 2008 the key industries in the MSA, in terms of total earnings, were Services (36.3 percent of total earnings) and Manufacturing (16.1 percent).

Table 9

Non-Farm Earnings ($'000s) - MSA (2005-2008)

	2005	2006	2007	2008	CAGR*
Construction	$1,087.4	$1,177.7	$1,210.5	$1,077.7	-0.3%
% of total	*7.5%*	*7.7%*	*7.5%*	*6.5%*	-
FIRE**	1,021.1	1,024.7	1,003.3	1,009.4	-0.4%
% of total	*7.1%*	*6.7%*	*6.2%*	*6.1%*	-
Government	2,099.4	2,204.9	2,362.6	2,535.5	6.5%
% of total	*14.5%*	*14.3%*	*14.7%*	*15.4%*	-
Manufacturing	2,422.2	2,451.2	2,563.8	2,647.8	3.0%
% of total	*16.7%*	*15.9%*	*15.9%*	*16.1%*	-
Other	84.2	92.8	95.3	98.2	5.3%
% of total	*0.6%*	*0.6%*	*0.6%*	*0.6%*	-
Retail Trade	1,298.9	1,303.2	1,325.3	1,312.9	0.4%
% of total	*9.0%*	*8.5%*	*8.2%*	*8.0%*	-
Services	4,983.5	5,460.1	5,790.2	5,991.1	6.3%
% of total	*34.4%*	*35.5%*	*35.9%*	*36.3%*	-
Transport & Utilities	611.0	726.9	735.0	766.6	7.9%
% of total	*4.2%*	*4.7%*	*4.6%*	*4.7%*	-
Wholesale Trade	859.8	933.3	1,027.4	1,043.0	6.7%
% of total	*5.9%*	*6.1%*	*6.4%*	*6.3%*	-
TOTAL	**14,467.4**	**15,374.8**	**16,113.4**	**16,482.3**	**4.4%**
% Growth Rate	**-**	**6.3%**	**4.8%**	**2.3%**	**-**

** Compounded Annual Growth Rate (2005-2008)*
*** Finance, Insurance & Real Estate*

Source: Bureau of Economic Analysis, Johnson Consulting

Household Income

In 2010 the median household income in the City of Clemson was estimated to be $40,599 per annum, which is lower than figures recorded for Pickens County ($41,667), the MSA ($45,395), the state ($44,417) and the U.S. as a whole ($51,510). Nevertheless, between 2000 and 2010 the median household income in the City increased at an average annual rate of 3.5 percent, which was significantly higher than the rates of growth recorded across Pickens County (1.3 percent per annum), the MSA (1.5 percent), South Carolina (1.8 percent) and U.S (2.0 percent).

Table 10

Median Household Income - Clemson, SC

	2000	2010 (estimate)	2015 (projection)	CAGR* 00-10	CAGR* 10-15
US	$42,253	$51,510	$54,949	2.0%	1.3%
South Carolina	37,257	44,417	47,640	1.8%	1.4%
Greenville-Mauldin-Easley MSA	39,278	45,395	48,130	1.5%	1.2%
Pickens County	36,515	41,667	43,293	1.3%	0.8%
City of Clemson	**28,906**	**40,599**	**43,496**	**3.5%**	**1.4%**

** Compounded Annual Growth Rate*
Source: US Census Bureau, DemographicsNow, Johnson Consulting

Going forward, growth in household incomes in Clemson is expected to occur at a subdued pace, relative to the 2000-2010 period (1.4 percent per annum between 2010 and 2015). This reflects slower rates of growth throughout the County (0.8 percent per annum) and the MSA (1.2 percent), as well as broader trends throughout South Carolina (1.4 percent) and the U.S. (1.3 percent). In 2015 the median household income in the City is projected to be $43,496 per annum.

University Presence

The presence of colleges, universities, and other educational institutions can serve as a source of event demand for a new public assembly facility, such as the proposed convention/civic center. The number of college students in the area is important because it represents a target audience for education-related activities, such as assemblies, graduations, and performances. Furthermore, if a building is capable of holding concerts, it can be expected that college students will be one of the largest attendee groups.

As previously mentioned, the City of Clemson is home to Clemson University. The University, which has a total enrolment of 19,000 students, offers approximately 80 undergraduate and 110 graduate degree programs across five colleges – Agriculture, Forestry and Life Sciences; Architecture, Arts and Humanities; Business and Behavioral Science; Engineering and Science; and Health, Education and Human Development. In addition to being one of the top academic universities in the country, Clemson University is also well known for its prominent athletic programs, as well as its dedication to public service.

Hospitality-Related Infrastructure

The following table provides a breakdown of local hotels; the City of Clemson has a relatively small hotel inventory comprised of 7 properties, offering a total of 667 guest rooms and 8,825 square feet of meeting space. With regard to the number of guest rooms, the largest hotels in Clemson are the Ramada Inn (149 rooms), Comfort Inn (122 rooms) and Courtyard by Marriott Clemson (110 rooms), with the Ramada Inn offering the largest meeting space (6,200 square feet).

Table 11

Summary Hotels at Clemson and Their Meeting Facilities

	# of Guest Rooms	Total SF of Meeting Rooms*	Notes
Courtyard by Marriott Clemson	110	675	Two rooms, 375 SF and 300 SF
Holiday Inn Express Hotel and Suites	93	1,300	One room
Hampton Inn	90	450	One room
Comfort Inn	122	1,500	One room (size estimated)
Sleep Inn	57	n/a	
Days Inn	46	n/a	
Ramada Inn	149	6,200	Can be split into 8 rooms
Total	667	10,125	

**Only three hotels from the list offer meeting rooms.*
Source: Respective Facilities, mpoint.com

Accessibility

The convenient location of Clemson in northwestern South Carolina means that it is easily accessible via numerous modes of transport, and as such can draw visitors from a wide catchment area:

- **Road:** U.S. Highway 123 runs east-west immediately to the north of downtown Clemson, with U.S. Highway 76 providing access from the south and State Highway 133 providing access from the north;

Figure 3

- **Rail:** Amtrak provides two daily passenger services, with trains passing through Clemson Station travelling between New York City and New Orleans;

- **Bus:** Clemson Area Transit provides free bus services throughout Clemson, with regular services to Central, Pendleton, Anderson, and Seneca;

- **Air:** Clemson-Oconee County Airport is a public-use airport located to the west of downtown Clemson, with commercial services available from Greenville-Spartanburg International Airport, which is located in Greer, approximately 40 miles to the east of Clemson. The Airport offers around 185 daily services, provided by 6 airlines – Allegiant, American Eagle, Continental, Delta, United Express and US Airways. In 2009, the Airport served 1.2 million passengers.

Implications

The City of Clemson and the broader metropolitan area have many of the key characteristics necessary to support a new convention/civic center. These include steady population growth, an established service industry, a strong university presence, high levels of employment and a limited supply of events centers and public assembly facilities throughout the local area. While the area is small, it is attractive. Anderson, a nearby community supports a civic center and takes demand away from Clemson. If a facility were developed, it would recapture some of that demand, could exploit the presence of Clemson and attract the demand from the corporate and social markets found in Greenville, creating the net new incremental business to the local market.

As discussed in greater detail in later sections of this report, the proposed convention/civic center has the potential to supplement the existing Madren Conference Center at Clemson University and, if designed and targeted correctly, could attract new and larger events to the City, thereby contributing to the local and regional economies.

MEETINGS MARKET INDUSTRY TRENDS

Virtually all categories of meeting activities have experienced rapid worldwide growth since the early 1970s. The economic efficiency of using tradeshows to sell products and the pursuit of education and commerce has fueled the creation of new events and the growth of existing events, in terms of both size and attendance. Cities throughout the world have responded and are still responding to this demand by supplying millions of square feet of new or renovated exhibition and meeting space in both small and large markets.

In order to understand the long-term market demand for the proposed convention/civic center, an analysis of entertainment, social event, and meeting industry trends is important. This section provides a general overview of the types of meeting facilities that exist in the industry, as well as the types of events that are commonly hosted. Also discussed are the general requirements that meeting planners look for in a prospective location, as well as an overview of current and likely future market trends, focusing on the impact of broader economic conditions on the meetings and event industry

Types of Facilities

Each event type has unique facility needs. Certain events require large amounts of contiguous space, while others require many smaller meeting rooms. Often a single meeting will use many different types of spaces, such as large exhibit halls, banquet facilities, breakout meeting rooms, and theater seating.

As societies mature and become more sophisticated, so too does the meetings market. The diverse nature of the meetings industry, and the characteristics of various event types, necessitates a variety of alternative facilities.

The main types of public assembly facilities are summarized as follows:

- ***Hotel and Meeting Room Facilities*** - Many markets have developed a multipurpose or small convention or conference center complex within or adjacent to a hotel, as a means of improving the lure of the hotel and subsidizing its operations. These facilities, which have been undertaken in markets of varying sizes, are frequently developed through public-private partnerships whereby the public sector may assemble land, build parking, and fund meeting space components as a way to execute a project. Often the various project elements are developed as a joint project, in terms of timing, but in some markets, the public elements have been built first with the hotel coming later.

- ***Conference Centers*** - Conference centers provide a specialized combination of meeting spaces, high-tech amenities, and services in support of training and education initiatives. Most conference centers are operated in conjunction with a hotel, although some are part of a university and a small number operate as stand-alone venues.

- ***Convention Centers*** - On a larger scale, convention centers combine the meeting capabilities of a conference center with exhibit space. These facilities are designed to meet the broad needs of the Meetings, Incentive, Convention, and Exhibition (M.I.C.E.) industry and primarily serve as economic development enterprises for the community. Their mission is to bring outside visitors and associated spending into the community, although they may also host large locally-oriented consumer events.

- ***Exposition Halls*** - These facilities focus exclusively on product and consumer shows that require little meeting space. Pure exposition halls generally exist in markets that have other convention and/or meeting venues available or in situations where the private sector has responded to a lack of supply by developing an inexpensive facility. Fairgrounds also offer facilities that are exposition-oriented.

- ***Trademarts*** – Trademarts or merchandise marts typically combine an exhibit facility, permanent display space that is occupied by businesses under long-term lease agreements, and specialized office space. These facilities provide space for the wholesale distribution of products in specific industries, including furniture, clothing, sporting goods, and computers. These facilities occur in large cities that serve as regional wholesale and marketing centers.

- ***Fairgrounds*** - Fairgrounds combine a number of assembly and exposition elements on a large campus. Facilities may include one or more exhibition halls, along with arena and meeting hall functions, although little meeting space is usually offered on the property. Typically located away from downtown areas, fairgrounds provide acres of parking for large events.

- ***Events Centers*** – Events centers, or arenas, are used as multi-purpose facilities to host a wide range of events, from small to mid size conventions, and trade shows, to sporting events, concerts, and banquets. These facilities typically host many more locally-oriented events than dedicated exhibit and ballroom space within convention centers. Events centers also incorporate breakout/ meeting rooms, and often have a full commercial kitchen to cater banquet events.

Since 2000, the total amount of exhibit space in North America has increased by 42 percent. As of June 2010, there were 46 new buildings or expansions, totaling 4.4

million square feet of exhibit space, either under construction or in the development pipeline throughout North America.

Types of Events

As outlined above, the events industry is comprised of various different types of events, including:

- ***Conventions or Congresses –*** These are privately held meetings of professional groups and associations that commonly take place in hotels, convention centers, or civic centers. These meetings attract association members and/or affiliates wishing to meet similar professionals and share ideas.

  A convention can consist of a single meeting or a number of concurrent meetings during the event period, and are increasingly featuring exhibits to communicate ideas. These types of conventions are known as "conventions with exhibits."

  The term "convention" is generally used in North America, and "congress" is used in Europe, and sometimes in Asia, to describe the same type of events. However, conventions typically use more exposition space and have a more social nature than congresses, but this distinction is narrowing as congresses are becoming more like North American-style conventions.

  Conventions are generally "high-impact" events since attendees normally stay several nights in the host city, generating hotel room nights. In addition to hotel expenditures, attendees purchase other goods and services while in the city such as food and beverage, souvenirs, and transportation that not only contribute to local business but also increase local and state tax revenues.

- ***Temporary Expositions and Trade Shows –*** These events are designed to bring buyers and sellers of industry-specific products together. Tradeshows usually cater to a specific industry, however, multi-industry "trade fairs" also occur. Most tradeshow events are not open to the public, although in Europe, the public can sometimes attend trade events.

  Like conventions, trade shows offer a forum for exchanging industry ideas. They differ from conventions, however, because they are more product-and sales-oriented. Tradeshows are exhibit-intensive, and exhibitors prefer column-free, single-story, open-space facilities in which they construct temporary custom booths for product display. Tradeshows typically attract a large number of attendees, who originate from outside the host city but tend to have a shorter average stay than convention attendees.

The event programs run for a period of three to six days, with equal or slightly less time allocated to setting up and tearing down the event booths. Therefore, individual attendees may have less impact on the host city's economy than a convention attendee.

Temporary exposition events are increasing the number of meetings held during an exhibition in an attempt to educate buyers about products, and as a result, are becoming more like "conventions with exhibits" (see following point). However, in comparison to more formal conventions with exhibits, temporary expositions tend to maintain higher attendance figures, but a shorter average length of stay for attendees.

Table 1 displays the most frequent event categories for conventions with exhibits and trade shows.

Table 12

Top Event Categories - Conventions with Exhibits and Trade Shows

Aerospace & Aviation	Home & Garden Furnishings & Supplies
Agriculture & Farming	Libraries
Apparel & Fashion	Manufacturing & Industrial
Art & Architecture	Medical & Health Care
Associations	Military
Building & Construction	Ocean Supplies & Equipment
Business & Finance	Police & Fire Fighters
Chemicals	Printing & Graphics
Communications	Radio, TV & Cable
Computers & Computer Applications	Religious
Education	Safety & Security
Electrical & Electronics	Sanitation & Waste Management
Energy & Mining	Science
Facilities, Engineering & Maintenance	Stores & Store Fittings
Food & Beverage	Textiles
Forest Products	Transportation
Funeral Industry	Travel Industry
Government	Veterinary

Source: Trade Show Week Data Book

- ***Assemblies* –** These are largely association, fraternal, or religious events that require a large plenary hall, arena, or stadium. Similar to conventions, they are characterized by large numbers of attendees originating from outside the host city.

- ***Conferences* –** These are smaller convention-type events and are typically held in meeting rooms and ballrooms or in formal conference centers. Like conventions and congresses, they are often sponsored by associations and corporations and address current issues and information. Attendees and users typically demand high-quality facilities and most originate from out of town.

- ***Incentive Meetings* -** The corporate market uses incentive meetings as a way to reward employees, combine recreation and business meetings, or to mix employees and clients in a business and recreational setting. Product launches, key account conferences, and award events are all-important aspects of this type of event.

- ***Consumer Shows* –** These are public, ticketed events featuring exhibitions of merchandise, such as clothing, food, and antiques. These events are typically held in public assembly facilities such as hotels, convention centers, and exposition centers. They normally attract large numbers of attendees, and depending upon the size, location, and type of merchandise being displayed, these shows normally attract local residents.

  Table displays a summary of the most prevalent types of consumer shows.

Table 13

Top Event Categories - Consumer Shows

Antique	Jewelry & Gem
Art	Jobs, Career & College
Auto	Motorcycle
Boat	Outdoor Sports
Computer	Pets
Ethnic	RV & Camping
Film	Sewing & Needlework
Flower	Sporting Goods & Guns
Gift & Craft	Super Sale
Golf	Toys & Hobbies
Health & Beauty	Travel
Holiday	Weddings
Home & Garden	Woodworking

Source: Johnson Consulting

- ***Entertainment Events* -** Including performing arts, concerts, sporting events, and circuses that can be accommodated by a variety of facilities. Although entertainment facilities will typically be dedicated to one or more specific uses, multipurpose venues, such as convention centers, can accommodate a large variety of events, especially if they are designed appropriately.

Entertainment event promoters require unobstructed space to arrange the performance and to allow attendees to view the show.

- ***Permanent Expositions -*** Permanent expositions are designed to promote commerce by establishing permanent exhibit areas for manufacturers. Although these facilities cater primarily to businesses, the general public is usually allowed to enter. Show promoters, however, discourage public attendance, as the primary intent of the exhibition is to promote wholesale trade. Permanent expositions use three types of product promotions:

- ***Sample Showcases*** – These are small advertising displays of various new products. While company representatives do not staff the permanent facility of the showcase, personnel are usually available to provide buyers with information regarding the companies and their products.

- ***Export Marts*** – These are facilities with staffed booths displaying domestic manufactured products. Export marts are typically arranged by industries and are meant to be one-stop-shops for prospective domestic and international buyers. The display areas are typically 200 to 600 square feet in size and are staffed with three to five people. In industries such as fashion, where seasonal sales patterns occur, booths are only staffed during peak sales periods, despite the fact that annual rents are collected for the space.

- ***Import Marts*** – These are used by foreign manufacturers to display their products to domestic buyers. Like export marts, they are typically arranged by industries, are 200 to 600 square feet in size, and are sometimes staffed (only during buying seasons). Often, trade associations representing mart tenants sponsor temporary expositions, thereby creating a regional draw for the mart. If significant exposition space is provided, these events can become the dominant industry event in the country or region.

In our assessment, the convention/civic center market segment has the most demand potential for the Clemson market, now and into the future, due the significant supply of hotel rooms to support visitation. The conference, conventions with exhibits, social, entertainment, and Social, Military, Education, Religious, Fraternal, and Ethnic (SMERFE) markets have relevance and are important considerations in determining long-term demand for Clemson.

Event Sponsors

The meetings industry includes a wide variety of event types that are sponsored by different types of businesses and organizations, including:

- ***Corporations -*** Business meetings are an integral part of the meetings industry. They represent the majority of meetings held throughout the world, and topics can be as wide-ranging as the industries themselves. For the purposes of this report, corporate meetings will refer to off-site conferences, sales, and incentive meetings, such as the events that are often held at hotels.

- ***Associations -*** Trade and business associations represent certain industries and strive to keep members informed about current issues related to their industry. Associations sponsor meetings and conventions to serve this educational and informational purpose, and also assist in marketing efforts by holding trade shows where members can display and sell their products.

- ***Educational Institutions –*** Universities are increasingly recognizing that more continuing education occurs at meetings, rather than in classroom settings, and are becoming an important player in developing and sponsoring continuing education activities and conferences.

- ***Government -*** All levels of government hold meetings for the purpose of education, discussion of issues, and policy deliberation. In many countries, governments also create and sponsor trade shows in order to support sectors of the economy.

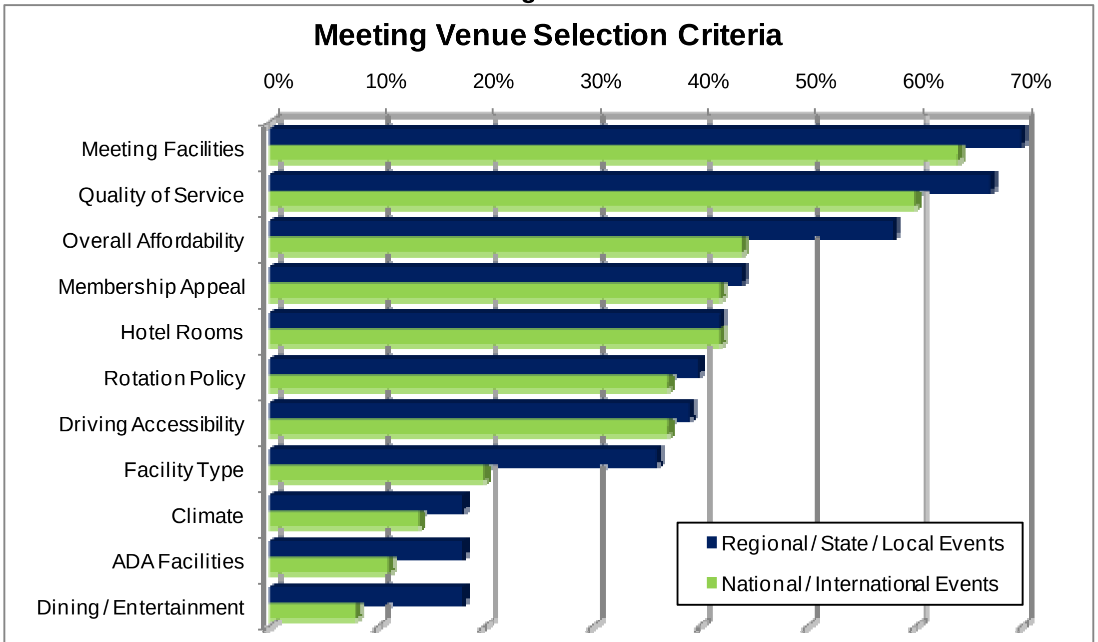
- ***Independent Show Organizers, Incentive Houses, and Publishing Companies*** - The meetings industry has grown so large that it now supports a growing number of organizations that specialize in the business of producing meeting events. These businesses may work on behalf of corporations and associations, and handle all aspects of a meeting, from booking attendees to event operations. Many publishing companies have trade show and convention management divisions, while incentive houses not only work for their corporate and association clientele, but may also develop programs and conferences as moneymaking ventures.

- ***Social, Military, Education, Religious, Fraternal, and Ethnic (SMERFE) Organizations*** - These organizations typically sponsor convention or assembly events that are not always business-related and tend to be geared more towards social networking and discussion of issues.

Meeting Planner Selection Criteria

The American Society of Association Executives (ASAE), which is a membership organization of more than 22,000 association executives in 50 countries throughout the world, recently surveyed its members regarding their criteria for selecting a convention center destination. These executives are responsible for selecting destination(s) for a variety of events, ranging from small meetings to large exhibitions. The following figure illustrates the average responses of members who placed events in convention centers, including both regional and local events, as well as national and international events.

Figure 4



Source: ASAE, Johnson Consulting

The survey respondents gave a high level of importance to the following criteria when selecting a convention center for either a regional, state or local event, or a national or international event:

- Availability of meeting room facilities,
- Quality of service,
- Overall affordability,
- Membership appeal, and
- The availability of hotel rooms.

Meeting planners considered climate, ADA facilities, and dinning/entertainment options as least important when selecting a venue. In situations where there are only a limited number of cities with sufficient exhibit space to meet a planner's requirements, data from TradeShow Week, indicates that the most important selection criteria relates to hotel supply. More specifically, the top five criteria when selecting a city, as opposed to a venue, are:

- Hotel room prices and quality (69 percent of respondents);
- Open Dates (66 percent);
- Number of Hotel Rooms and Capacity (60 percent);
- Hotel Block Attrition Rates and Issues (56 percent), and
- Labor Costs and Service Issues (43 percent).

A competitive advantage for cities is gained by having an established and effective tourism and hospitality industry that provides event producers and attendees with high quality experiences and encourages interest in returning for subsequent events and meetings.

International Destinations

Data from the Professional Convention Management Association's (PCMA) 2010 survey of its 6,000 members across the U.S., Canada and Mexico, indicates that 44 percent of respondents will be holding meetings outside of the U.S. in 2010 and 2011, which is consistent with actual figures recorded for 2008. The international destination that is most likely to be considered is Canada (45 percent of respondents), followed by the United Kingdom (25 percent), Mexico (25 percent), Western Europe (22 percent) and the Caribbean (22 percent).

Impact of Current Economic Conditions

A recent survey of event planners, indicates that 75 percent of respondents have changed their site selection process due to the recession. Perhaps the most significant, and expected, change is that more than 50 percent of planners are now looking for value locations and lower costs for venues, hotels and services, with 46 percent of respondents stating that they are also now booking smaller hotel blocks.

The top five criteria currently used for selecting a city for an event are:

- Hotel Room Prices (75 percent of respondents);
- Convention Center and Exhibition Hall Size (67 percent);
- Airport Capacity and Airfares (65 percent);

- Hotel Room Availability (63 percent), and
- Availability of Open Dates (59 percent).

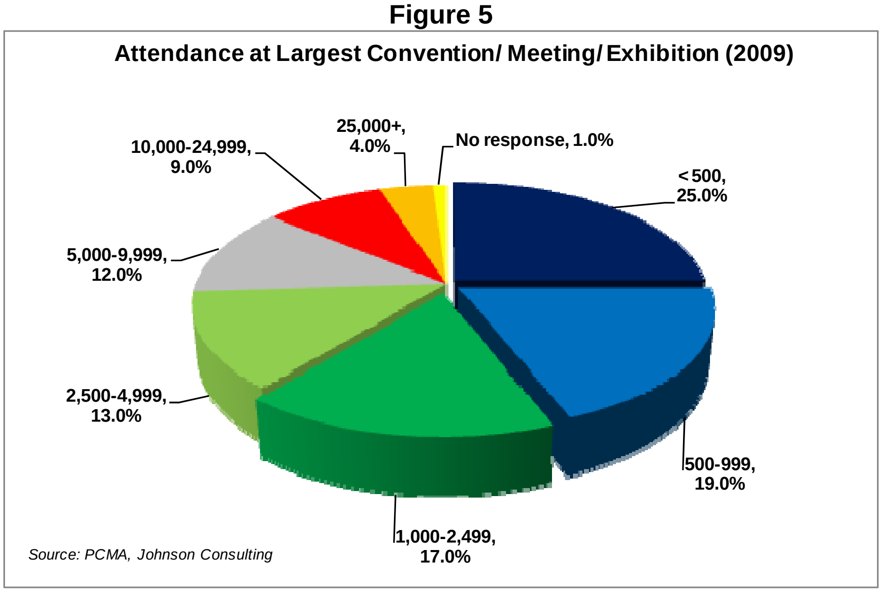
When compared to the Tradeshow Week data discussed previously, it is apparent that hotels continue to play an important role in differentiating cities. Concurrently, the importance of airlift has grown significantly, reflecting restricted travel budgets for many organizations, along with service and capacity cuts by many airlines. Approximately 64 percent of planners who have changed their selection criteria believe that the changes will remain in place for at least the next two years.

Event Attributes

Number of Attendees

An important element to consider in terms of the appropriate size and scope of meeting facilities is the size distribution of the events it will pursue. Based on the PCMA's 2010 survey, 44 percent of respondents hosted less than 1,000 persons at their largest convention, meeting or exposition in 2009. The following figure shows the distribution of attendees based on the PCMA's survey responses.

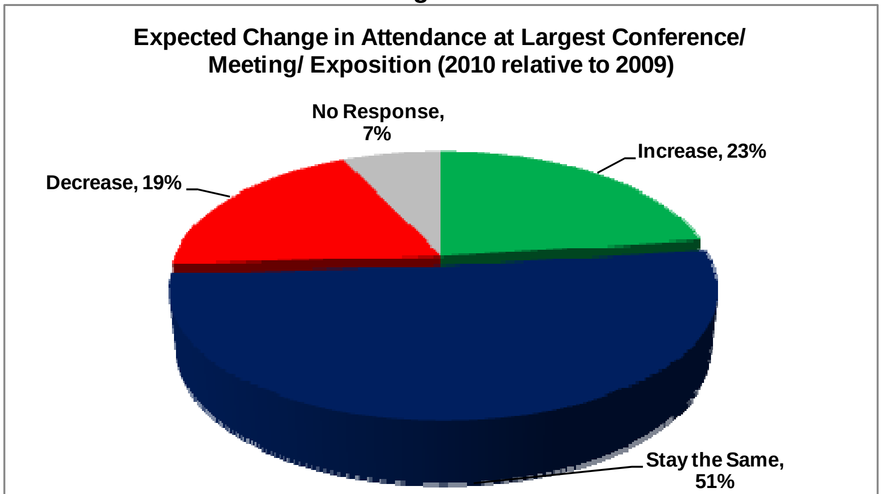
Figure 5



Between 2008 and 2009, close to half of survey respondents (48 percent) saw a decrease in the number of attendees at their largest convention, meeting or exhibition, a consequence of broader economic downturn. It is worth noting, however, that attendance is not always negatively impacted by an economic downturn because attendees seek different things from events during periods of economic growth versus periods of decline. More specifically, during a period of economic prosperity, attendees are typically motivated to attend a convention, meeting or exhibition by a desire to gain new industry information and technology that may give them an advantage over their competitors. During periods of economic downturn and recession, attendees are motivated by a desire to understand what is happening in their market and stay abreast of the latest opportunities and challenges facing their industry. This means that key personnel will continue to attend what they consider to be their industry's most important conventions, trade shows and meetings, even during periods of economic decline.

In 2010, only 23 percent of respondents expect to see any further decrease in attendance, with the slight majority (51 percent) of respondents expecting to see no change. During the same period, 23 percent of survey respondents expect to see an increase in attendance, a significant improvement from recorded 2009 data, which showed that only 16 percent of respondents saw an increase in attendance over 2008.

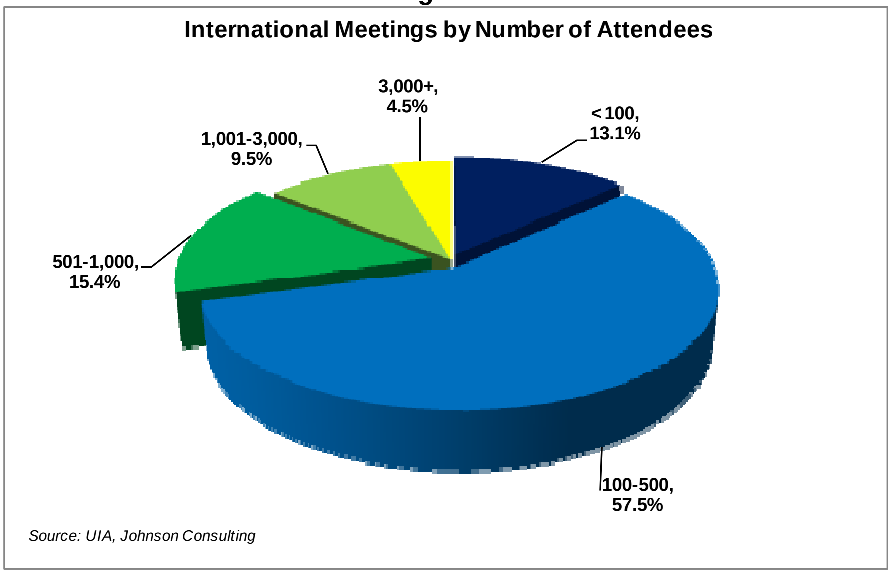
Figure 6



Source: PCMA, Johnson Consulting

Analysis of the distribution of meeting events by number of attendees reveals a trend towards smaller events. This finding is consistent with a movement towards smaller events in the worldwide convention, exhibition, and meeting industries. The following figure displays the distribution of international meeting events by number of attendees.

Figure 7

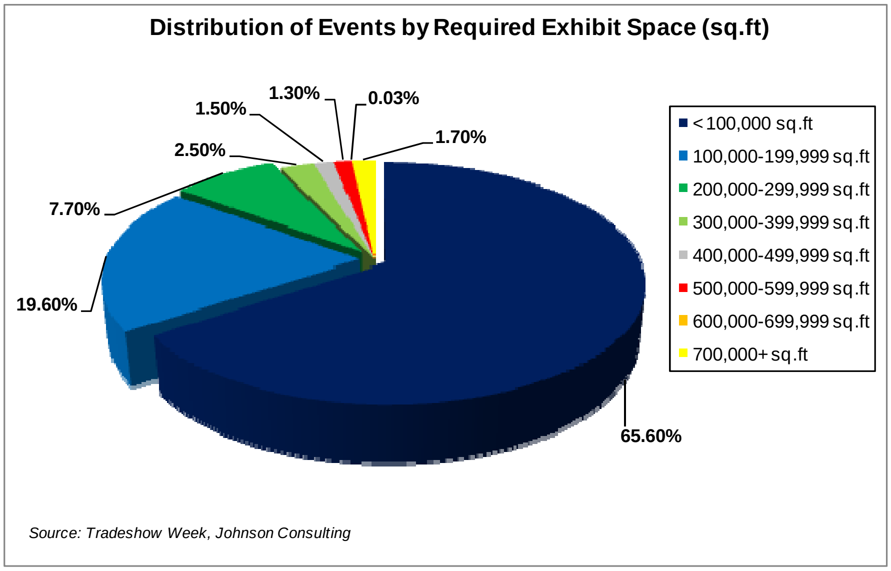


The majority of international meeting events (57.5 percent) are in the 100-to-500 attendee range. Very few of these meeting events have over 3,000 attendees (4.5 percent), while 86 percent have 1,000 or fewer attendees.

Event Space Requirements

The following figure highlights the distribution of shows by required exhibit space. As shown, the majority of events (nearly 66 percent) utilize less than 100,000 square feet of space.

Figure 8



Recent surveys by Red 7 Media (Research and Consulting) indicate that the number of exhibitors has grown slightly (by 1-2 percent) in 2010, while total net square footage requirements have remained flat.

Seasonality

Meetings occur throughout the year. However, just as the number of people taking vacations displays distinct seasonal patterns, so does the level of meeting activity vary from month to month.

Since 2000, the first and fourth quarters have generally seen the most stable growth. Second and third quarters saw contraction during the beginning of the decade but growth in the past several years, with demand fluctuating much more during the second and third quarters as opposed to the first and fourth.

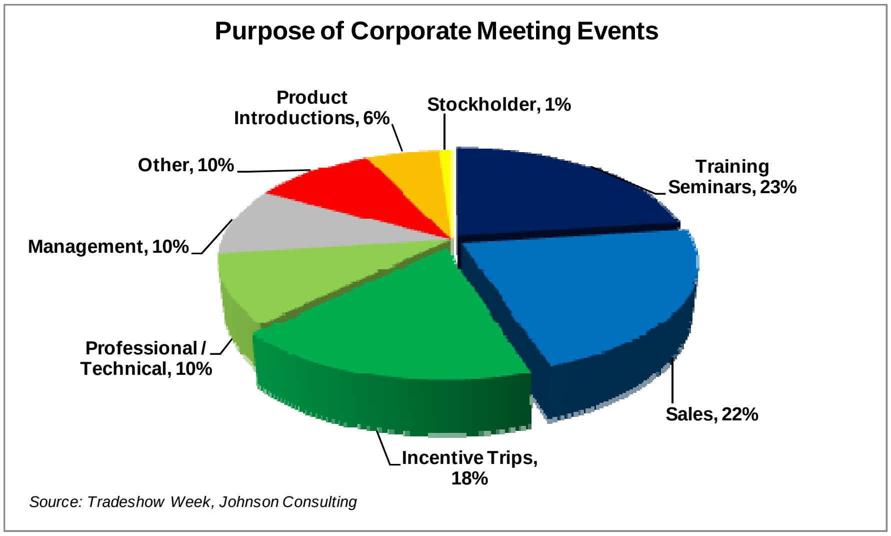
Length

The average length of events recorded by the Union of International Associates (UIA) is four days. The increasing trend in meeting events is to concentrate activities into a shorter period of time. However, the UIA's criterion of a minimum of three days causes it to exclude a growing number of shorter meeting events from its analysis.

Purpose of Events

Corporate activity is responsible for a large share of overall meeting events, with demand often being generated from the local region, although cities and regions that are particularly attractive as destinations can attract meeting attendees from a much broader area. The following figure displays the distribution of corporate meeting types by purpose of meeting.

Figure 9



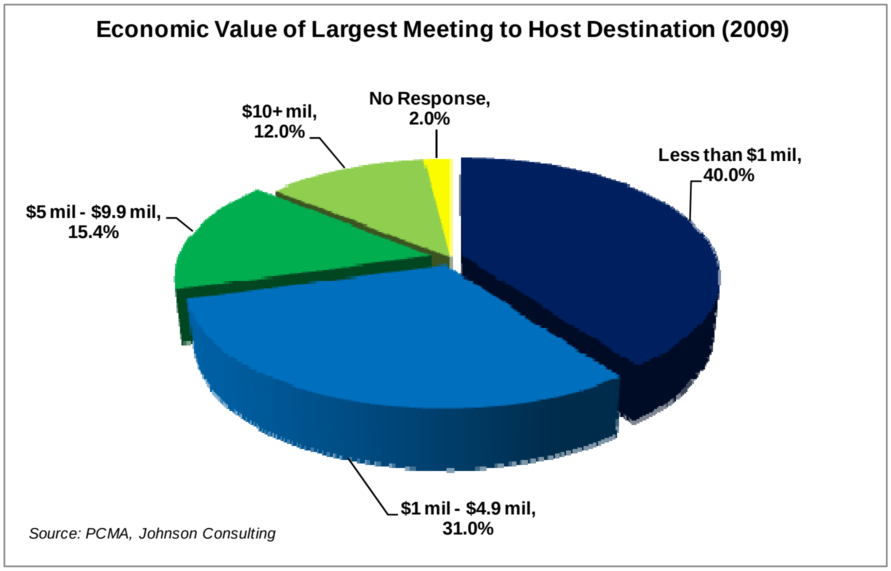
Training seminars, sales meetings, and incentive trips account for the largest share of overall meeting attendees. As shown, the meeting industry is diversified, with no single meeting type accounting for over 25 percent of overall attendees, and seven distinct categories of meetings all contributing significant volumes of attendees. This diversification helps to stabilize overall event demand, as the demand from each individual sub-sector of meeting events ebbs and flows with changes in business cycles and technology.

Overlaying and adding to this is the university training and conference sectors. There are hundreds of conference centers internationally that are affiliated with four year and community college institutions. They host some of the above events, but also create a huge volume of business in their own right.

Economic Impact

The PCMA's 2010 survey indicates that the average economic impact of respondents' largest convention, meeting or exposition was $3.6 million to the host destination in 2009, up from $3.0 million in 2008. The following figure shows the economic value of survey respondents' meetings to host communities in 2009.

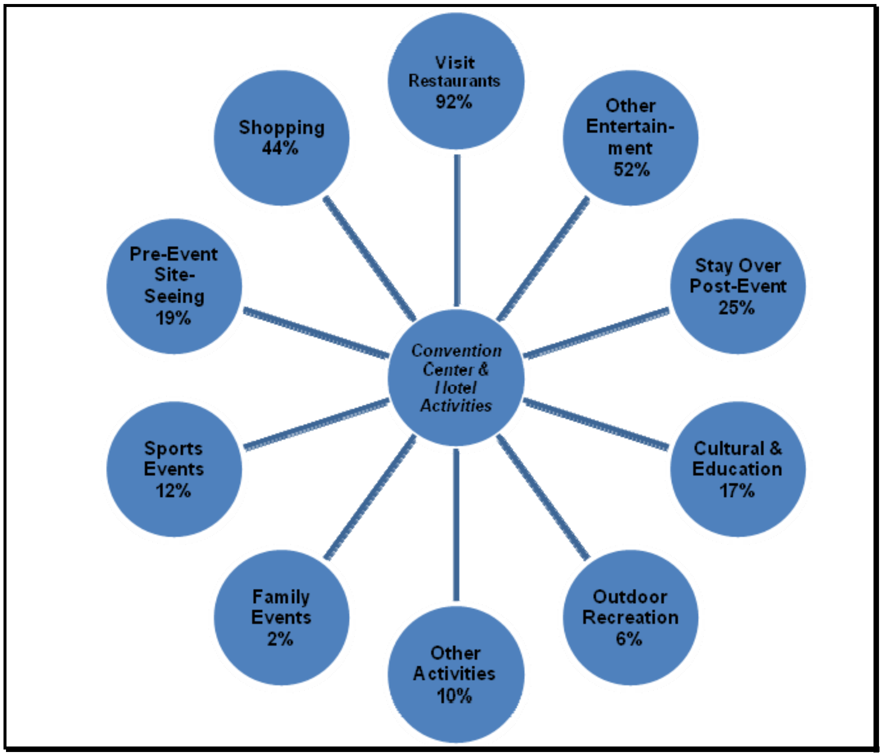
Figure 10



The average economic impact per trade show attendee is estimated to be $1,000 per visit, with each convention or trade show attendee generating, on average, 1.8 total hotel room nights. Generally, association conventions generate the greatest economic impact, reflecting high levels of attendance and associated hotel, restaurant, retail and transportation spending. Exhibitors and corporate sponsors also contribute significantly to the overall impact of an event.

The following figure shows the 'Convention and Meetings Eco-System' as defined by Tradeshow Week, which identifies the activities that attendees will typically engage in outside of the convention center and hotel.

Figure 11



Source: Tradeshow Week, Johnson Consulting

Hotel Meeting Space

The following figures provide a comparison of key indicators for hotels with meeting space, as compared to those that do not offer meeting space.

Figure 12

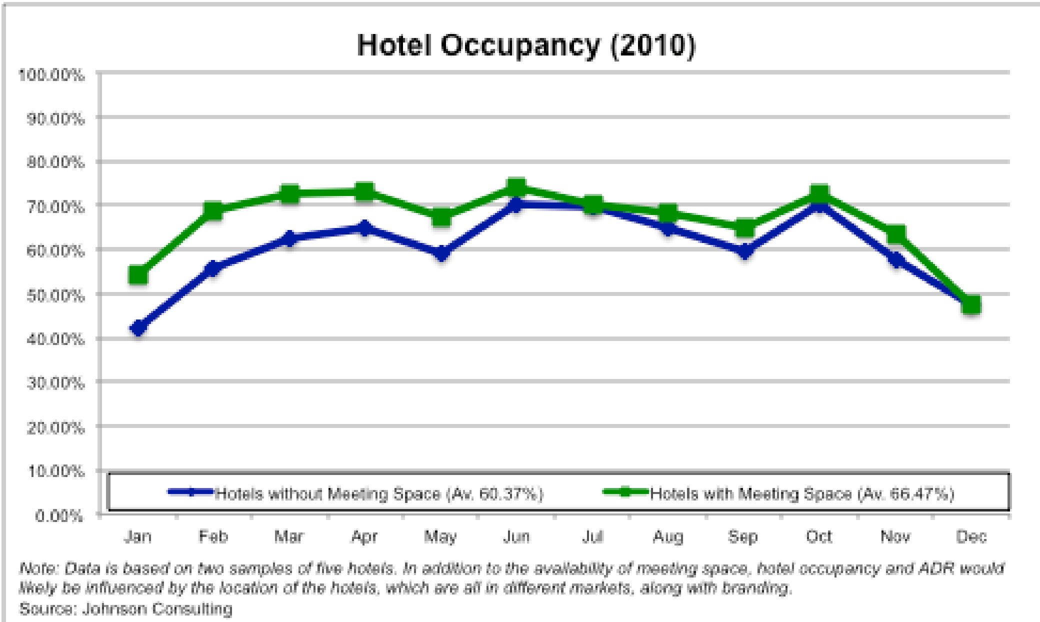
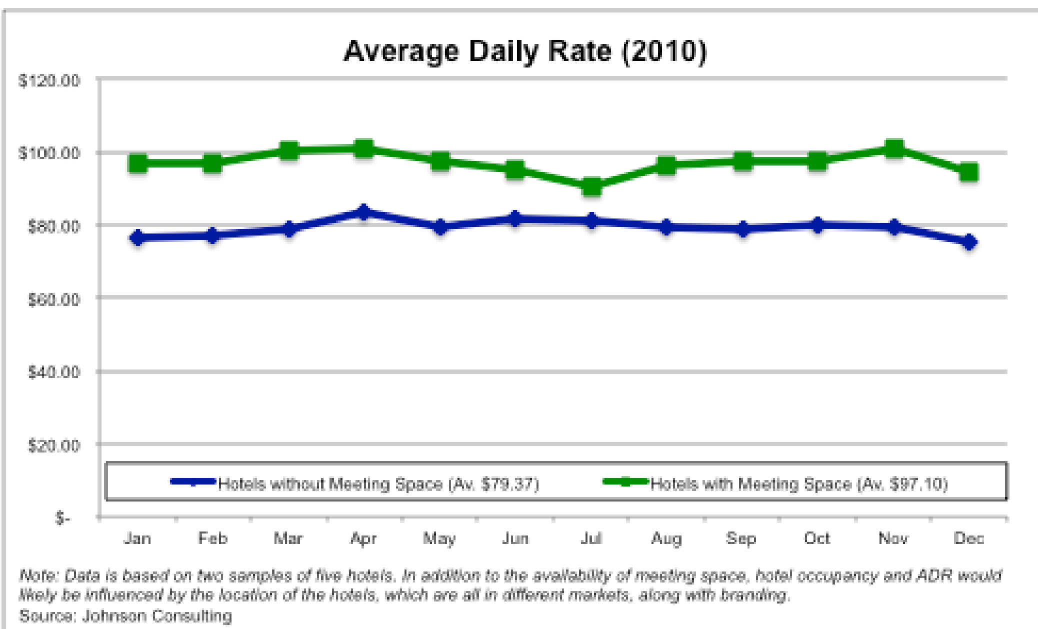


Figure 13



As shown, occupancy and Average Daily Rates (ADR) at hotels with meeting space generally trend above those for hotels without meeting space, which may be indicative of a premium associated with hotels that offer meeting space. The differential between the ADR (average of $17.73 or 22 percent throughout 2010) is more pronounced than the differential in occupancy rates, which averaged 66.47 percent for hotels with meeting space, compared to 60.37 percent for hotels without meeting space in 2010.

Market Conditions

Current Trends

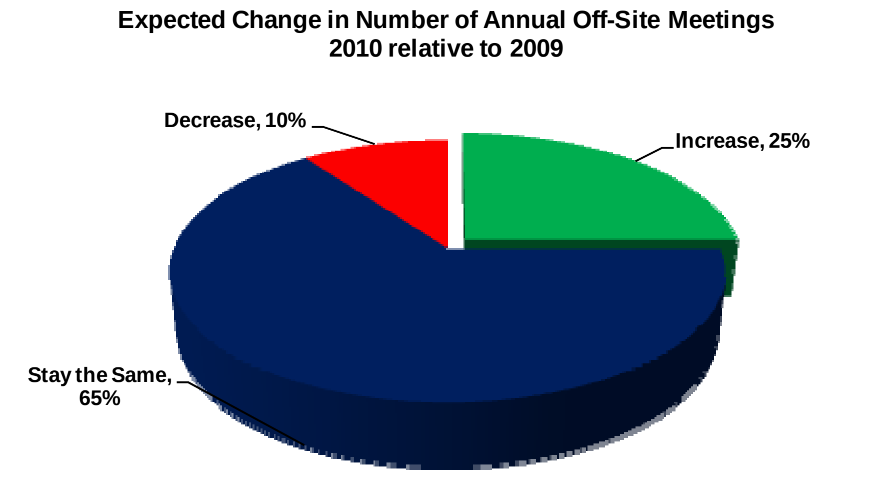
As a whole, the meeting industry has experienced sporadic growth in the past ten years, dipping slightly in the early 2000's then experiencing a significant period of growth followed by another wave of decline over recent years, reflecting broader economic conditions and the negative publicity associated with hosting meetings in upscale or resort destinations.

The impact on the global meetings industry was widespread - new hotel and meeting facility construction was delayed, and in many cases abandoned, corporations and associations dramatically reduced their meetings and events budgets, attendance levels fell sharply, and negative perceptions of the value of face-to-face meetings prevailed across governments, media and the general public.

As of June 2010, the National Convention Industry Council estimates that the value of the North American convention, trade show and meetings industry is $130 billion. In 2009 the industry contracted by 15 percent in terms of the total amount of exhibit space, while attendance fell by 10 percent. Event budgets decreased by 20 percent in 2009 and have remained flat through 2010.

The figure below highlights the challenges that still face the North American convention industry in 2010. As shown, almost two-thirds of PCMA survey respondents expected the number of annual off-site meetings to remain unchanged in 2010, with 10 percent expecting a further decrease.

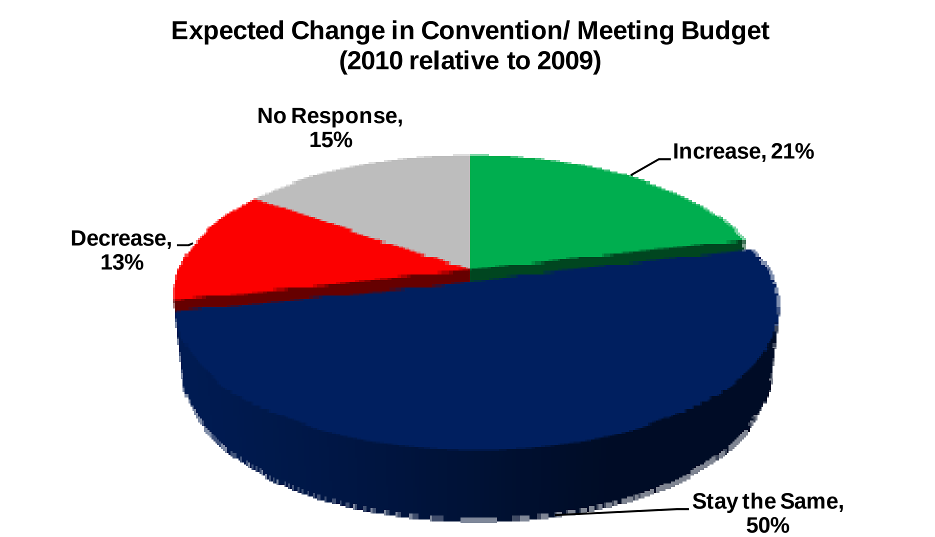
Figure 14



Source: PCMA, Johnson Consulting

As shown in the following figure, 50 percent of respondents expected their budgets to remain unchanged in 2010 over 2009. A further 21 percent expected a decrease, although this is a significant improvement from recorded 2009 data when 33 percent of respondents saw a decrease in their operations budgets.

Figure 15



Source: PCMA, Johnson Consulting

A recent survey of major global convention center executives, conducted by the International Association of Congress Centers (AIPC) and Red 7 Media, revealed that solid top-line revenue growth is expected by the centers in 2010, averaging 4.2

percent. This reflects slight projected growth in event bookings and attendance, and is also influenced by the fact that venues are continuing to expand and add new revenue streams to offset the impact of the economic downturn. Indeed, 61 percent of survey respondents have added new revenue streams in the last five years.

New sources of primary revenue include expanding or enhancing core exhibit space and meeting space rentals, adding technology services (wireless internet, high-tech meeting rooms, air conditioning, heating and lighting), enhancing food and beverage offerings, and providing more event services and rentals. Secondary revenue sources, which are far less common, include launching venue-owned events that are often entertainment-focused, enhancing signage and advertising, providing registration services, and offering more package service plans and event management services to clients.

The AIPC survey also revealed that construction in the global convention center market is continuing to boom, despite the broader economic downturn. Almost 60 percent of respondents had a new building or expansion project currently underway or completed in the last three years. Although the global economic climate may have slowed development, client demand and competitive pressure, including increasing investment by hotels in properties with quality exhibition and meeting space, continues to drive development in the industry.

In North America, 68 percent of survey respondents are currently considering an expansion, refurbishment or development project. This figure is lower than that recorded in Australia / New Zealand (80 percent) but higher than Europe (64 percent) and Asia (50 percent), with the focus of new projects in North America being primarily on expansions, rather than new buildings or refurbishments.

Outlook

Conditions in North America's convention and meetings industry have generally remained flat through 2010, although as the broader economy continues to stabilize, there are signs of improvement in the convention and meetings industry. As identified by Red 7 Media, key indicators of improvement in the industry include:

- Consumer spending – 70 percent of business events serve markets in which the products and services are ultimately purchased by consumers;
- Attendance vs. Exhibitors – attendance has performed better than exhibitor participation in 2009-2010, which is a good sign;
- Exhibitor spending – this will likely remain soft until 2011;
- Hotel rates – 2010 rates for rooms blocks have been level with, or lower, than 2009 rates but are expected to increase in 2011;

- Corporate events market – there is potentially significant pent-up demand, as 50 percent of major global convention center managers consider meetings to be the second strongest sector, after associations, for near-term growth, and;
- New events – a sure sign of recovery will appear when new shows outside of the medical and IT sectors, and not just limited to conventions, are launched.

In 2011, PCMA survey respondents expect a 24 percent increase in the number of meetings and a 38 percent increase in attendance over 2009 figures. Almost 90 percent of respondents (89 percent) were not planning to cancel any events through 2010-2011, compared to only 54 percent in 2009.

The emergence of positive indicators within the market, along with continued improvement in the broader economy, is expected to drive a recovery in North America's convention and meetings market. Industry forecasts indicate that the market will return to pre-recession levels by 2015.

Conclusion

There are literally millions of conventions, tradeshows, and meetings happening annually throughout North America and around the world. The number of associations is changing, as is the number of corporations, but meetings will continue to occur. Although 2009 was a down year and there may be a slight structural change in meeting format, and hence volume, the 2009 drop in demand was a short-term aberration, with signs of recovery appearing in 2010. Furthermore, the rationale for meetings and associations still exists and will continue to do so.

Clemson is well suited to participate in the convention, conference, and meetings sector, given that it is home to Clemson University. The proposed venue would provide supplemental access to meeting space, in addition to the existing Madren Conference Center, for all university related events, as well as community and social events. In addition, the close proximity of the proposed venue to the corporation pool in Greenville, which is only a half hour drive away, and the proposed expansion of Southwest Airlines services to fly into Greenville, would be expected to provide substance to the regional market.

INTERVIEW SUMMARIES AND COMPARABLE FACILITIES ANALYSIS

This section presents a summary of feedback provided to Johnson Consulting through various interviews and meetings related to a new convention/civic center in Clemson. In addition, this section includes case-study profiles of a set of regional and national comparable facilities to provide an understanding of the potential opportunity for the proposed venue and corresponding operating profile.

Interview Summaries

In order to analyze the market potential for the proposed convention/civic center, Johnson Consulting conducted a variety of interviews with potential facility users, business leaders, economic development official, and area hotel managers on November 10-11, 2010. These interviews helped gauge potential interest in, and community support for, a new convention/civic center in Clemson.

Notable individuals, groups and organizations interviewed included:

- Hotel Managers and Operators, including sales and marketing staff,
- The Madren Conference Center management team,
- City of Clemson, including city management and council members,
- Tourism and Economic Development officials.

Some of the key issues and observations identified by the interviewees, and categorized by subject, are summarized as follows:

<u>Facility Concept and Location:</u>

- Clemson has a Class A facility – the Madren Conference Center, which offers 17,000 square feet of meeting space, including approximately 5,000 square feet of ballroom space. This is really the only Class A facility suitable for meetings and conferences that require sophisticated offerings.
- The Madren Conference Center has maximized its relationship with the University but has been forced to transfer larger banquets and meetings to Little John Arena due to a lack of adequately-sized ballroom space. The facility has experienced hardships in providing the "meet and eat" experience for events greater than 250 people, and in response has included a 12,000 square foot ballroom in its Masterplan, which it hopes to build as soon as financing becomes available.
- Some interviewees expressed concern regarding whether Clemson could become a destination that appeals to meeting planners. Some comments were also made relating to the suitability of the proposed location of the venue (Food Lion) since the site does not enjoy the proximity and views to Lake Hartwell that the Madren Conference Center offers.

- The presence of the Clemson University has created hotel and meeting demand, particularly during the football season. Demand from Clemson, as a location, is stable and growing.
- A facility that offers technology and a place where attendees can meet and then break out for food functions is desired. While not a major issue, the ability to choose from a list of caterers would be desirable (operationally, however, this is complex).

Demand Patterns:

- The hotels in Clemson are currently experiencing the effects of the national economic downtown in the hospitality industry. It was stated by one hotel owner that in their best year in the Clemson market occupancy peaked at 60%, and currently stands around 50% occupancy.
- There are not sufficient places to host the social, military, educational, fraternal, and ethnic market events that require expo space and little to no meeting room space. There are insufficient corporate meeting venues to serve the significant demand generated by regional businesses. A venue that can serve the niche created by training and education seminars and business-to-business conferences could benefit Clemson greatly.
- A quality venue with the capability to host 500-750 people is needed.
- The Chamber's marketing effort is just emerging but needs more resources if the proposed facility is to be marketed correctly and sufficiently. The Chamber does not maintain lost business records.
- In terms of seasonality, one hotel operator sees a conference center being very successful in attracting new incremental demand to Clemson. It would also be very attractive to social business, if its ballroom space is large enough.
- In terms of demand, larger room night meeting events would average attendance of 150 to 300 people and 75 to 150 room nights. There would be a wide variety of events attracted to such a venue, in terms of profile, size and orientation.

Comparable Facilities Analysis

In order to understand the market opportunity for the proposed convention/civic center, Johnson Consulting has identified a number of comparable facilities, both regionally and nationally. The key operating characteristics of these facilities are provided in the following profiles, including:

- The size and character of facility program spaces;

- Recent and/ or planned expansions; and
- A demand and financial profile, including the number and type of events, and operating revenues and expenses, where available.

Information about event demand and the financial performance of the comparable facilities provides insight into the general parameters within which a new convention/civic center in Clemson can reasonably expect to operate.

The following table summarizes the comparable facilities identified as part of this analysis.

Table 14

Comparison of Key Characteristics of Comparable Facilities & Markets

	Proposed Convention/Civic Center	The Madren Conference Center	The MeadowView Conference Resort & Convention Center	Anderson Civic Center	Lake Terrace Convention Center	Statesville Civic Center
Location	Clemson, SC	Clemson, SC	Kingsport, TN	Anderson, SC	Hattiesburg, MS	Statesville, NC
Demographic Characteristics (2010)						
Population	12,942	12,942	45,387	24,762	49,776	26,148
Median HH Income	$40,562	$40,562	$36,362	$33,839	$27,399	$39,027
Function Space (SF)						
Exhibit & Meeting Space (SF)	20,000 (approx.)	17,764	55,078	37,772	22,691	13,216
Ballroom (SF)	Refer to Recommendations	5,660	13,612	7,700	7,936	
Meeting Rooms (#)	Refer to Recommendations	12	11	3	8	8
Other	Refer to Recommendations	120-seat auditorium	120-seat amphitheater	15,000- seat amphitheater	-	-
Adjoining Hotel	-	James Martin Inn- 62 rooms,27 suites	Marriot-305 rooms	-	-	-
Demand Schedule						
# Events (per annum)	Refer to Projections	1,700	na	185	796	572
Total Attendance (per annum)	Refer to Projections	na	na	65,290	168,260	67,018
Average Attendance per Event	Refer to Projections	na	na	353	211	117
Operations						
Revenue		na	na	$732,384	$1,170,814	$293,014
Expenses		na	na	$940,460	$2,392,092	$535,074
Net Operating Income (NOI)		**na**	**($500,000)**	**($208,076)**	**($1,221,278)**	**($242,060)**

** Refer to later Sections of this Report for Johnson Consulting's facility recommendations & demand projections*

Source: Relevant Facilities, Demographics Now, Johnson Consulting

It is noted that it typically takes three to five years for a new facility to stabilize its operations. This reflects the time required for a new facility to get into a sales cycle within the events industry (ranging between 18 months and five years), and the need for direct market and support organizations, such as Convention and Visitors Bureaus, to refocus their event targeting and sales functions. It also takes time to identify opportunities to create and/ or grow events. If the project is built properly, not only will it take time to stabilize the project, but expansions and upgrades would occur over time.

Comparable Facilities

The following profiles relate to comparable conference center venues that display similar characteristics to those anticipated at a new convention/civic center in Clemson, with respect to locational attributes, program elements, and expected operations.

Madren Conference Center and Inn at Clemson University – Clemson, South Carolina

Situated on the campus of Clemson University in northwestern South Carolina, the Clyde V. Madren Conference Center and the John E. Walker Sr. Golf Course opened to the public in October 1995, with the James F. Martin Inn opening in July 1998. The Center and Inn were funded through donations and the cooperative efforts of many individuals and organizations in both the public and private sectors, including the City of Clemson, Clemson Chamber of Commerce, and Oconee County Airport.

Facilities at the Conference Center and Inn complex comprise 17,000 square feet of meeting space, 62 guest rooms and 27 suites, an 18-hole championship golf course, and a restaurant and lounge. More specifically, the Conference Center facilities are as follows:

- Grand Ballroom: 5,660 square feet with capacity for 400 guests (banquet), 550 (theater), 200 (classroom), or 550 (reception). The Ballroom is further divisible into three smaller areas ranging between 1,680 and 2,300 square feet;

- Auditorium: 3,170 square feet with capacity for 120 guests (classroom);
- Seminar Rooms: 2 rooms of 1,180 and 1,145 square feet, both with capacity for 40 guests (classroom);
- Meeting Rooms: 4 rooms of 727 square feet each, with capacity for 40 guests (banquet), 60 (theater), 25 (classroom), 75 (reception), or 24 (conference). Two of the Rooms can be combined to create a space of 1,455 square feet, with capacity for 100 (banquet), 100 (theater), 50 (classroom), 150 (reception), or 36 (conference);
- Breakout Rooms: 4 rooms of 830 square feet each with capacity for 40 guests (banquet), 60 (theater), 25 (classroom), 75 (reception), or 24 (conference);
- Executive Boardroom: 1,140 square feet with capacity for 24 guests (conference);
- Teleconference Room: 1,075 square feet with capacity for 36 guests (classroom);
- Training Rooms: 2 rooms of 377 square feet with capacity for 10 guests (conference) and 1 room of 730 square feet with capacity for 16 guests (conference).

The following table provides a breakdown of the banquet and meeting space at the venue.

Table 15

Madren Conference Center at Clemson University, Clemson, SC
Summary of Size and Capacity

	Size (SF)		Capacity (# of People, or Exhibit Booths)			
	Smallest (Individual)	Largest (Combined)	Theater	Classroom	Banquet	Exhibit Booths
Banquet Space						
Grand Ballroom	-	5,660	550	200	400	31
Room A-I	830	-	60	25	40	-
Room A-II	830	-	60	25	40	-
Ballroom B	2,300	-	250	80	120	13
Room C-III	830	-	60	25	40	-
Room C-IV	830	-	60	25	40	-
Subtotal		5,660				
Meeting Space						
# of Rooms	12	10	-	-	-	-
Smallest Room	377	-	31	19	17	-
Largest Room*	-	3,170	-	120	-	-
Total Meeting Rooms		12,104				
Total		17,764				

**A tiered, fixed-seated Auditorium.*
Source: Madren Conference Center at Clemson University, mpoint.com

The Madren Center has 17,764 square feet of total meeting space with capacity ranging from 17 to 550 participants. In addition, the Madren has 5,660 square feet of ballroom space and 12,104 square feet of meeting rooms.

The following figure shows the floorplan of the Conference Center.

Figure 16

A 2008 Masterplan for the Center and Inn aims to create a "premier facility for regional businesses in the upstate of South Carolina [that] will evolve into the premiere University Conference Center complex in the country". Key recommendations presented within the Masterplan (Jones Lang LaSalle Hotels) include 107 additional guestrooms and suites; 6,370 square feet of additional food and beverage facilities; 7,500 square feet of additional meeting and banquet space; a registration and business center, spa and fitness center, and additional parking, along with the relocation of the pool, tennis courts, golf clubhouse and golf range. The total cost of development is estimated to be $43 million.

MeadowView Marriott Conference Resort & Convention Center – Kingsport, Tennessee

This complex exemplifies the desired quality, size and orientation of the Madren Conference Center, following its proposed expansion.

Situated in northeastern Tennessee, approximately 90 miles east of Knoxville and 90 miles north of Asheville, North Carolina, the MeadowView Marriott Conference Resort and Convention Center is located just off Interstate Highway 26. The Resort, which opened in 1996, is the only full-service hotel in Kingsport. In 2009, the existing 195 guest rooms were extensively renovated and an additional 110 rooms were constructed as part of a $14 million expansion and renovation project funded by the City of Kingsport. The next stage of the expansion and renovation project will include a 22,000 square foot executive conference center wing, comprising two amphitheaters, two boardrooms, a conference room, a 5,000 square foot ballroom and a two-story parking garage.

At present, the Resort and Center comprises 305 guest rooms and currently offers 66,000 square feet of meeting space, in 35 meeting rooms, as follows:

- Grand Ballroom: 9,862 square feet with capacity for 800 guests (theater), 500 (classroom), 1,000 (reception), or 450 (banquet). The Ballroom is further divisible into nine smaller spaces ranging between 968 and 1,223 square feet;

- MeadowView Ballroom: 3,750 square feet with capacity for 300 guests (theater), 210 (classroom), 300 (reception), or 240 (banquet). The Ballroom is further divisible into four smaller spaces, ranging between 524 and 1,528 square feet;

- Convention Center: 34,768 square feet with capacity for 3,500 guests (classroom), 4,300 (reception) or 1,700 (banquet). The Center is further divisible into two areas of 1,428 square feet and 2,000 square feet;

- Crockett Amphitheater: 1,888 square feet with capacity for 120 guests (theatre);

- Boardrooms: 2 rooms of 556 square feet each, and capacity for 14 guests (conference);
- Meeting Rooms: 8 rooms ranging between 384 square feet and 790 square feet;
- Convention Center Lobby: 5,980 square feet;
- Meeting Lobby: 1,624 square feet;
- Ballroom Lobby: 2,188 square feet.

The following table provides a breakdown of the banquet and meeting space at the venue.

Table 16

MeadowView Conference Resort and Convention Center, Kingsport, TN
Summary of Size and Capacity

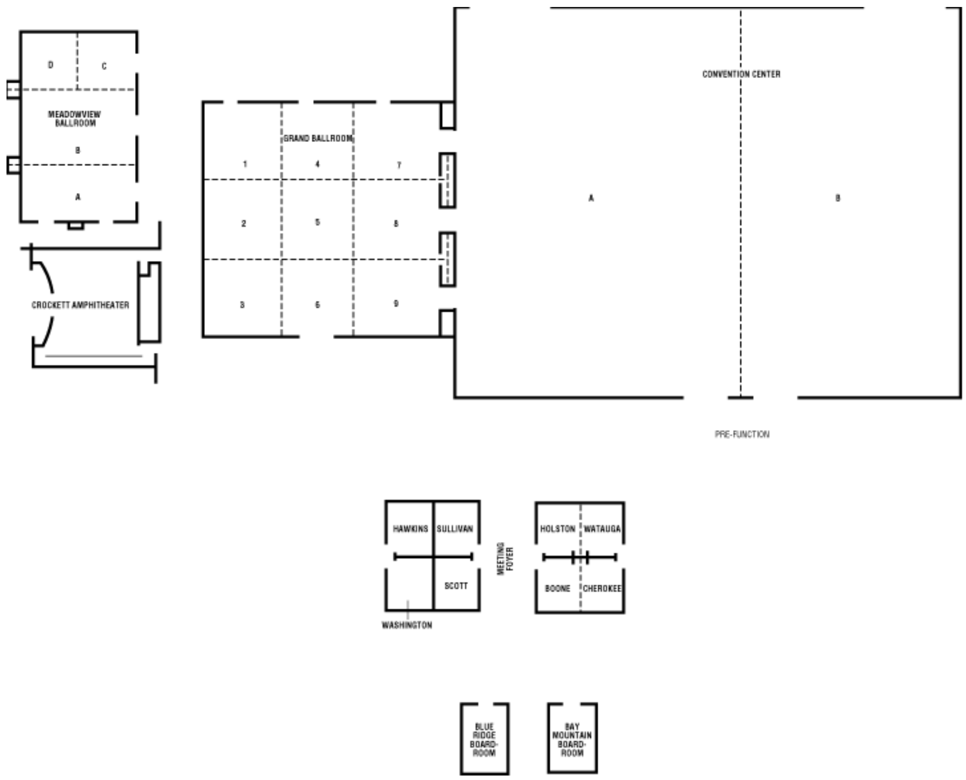
	Size (SF)		Capacity (# of People, or Exhibit Booths)			
	Smallest (Individual)	Largest (Combined)	Theater	Classroom	Banquet	Exhibit Booths
Exhibit Space						
Convention Center	-	34,768	3,500	1,760	1,700	191
Section A	20,336	-	2,000	1,030	1,000	112
Section B	14,432	-	1,440	730	650	79
Subtotal		34,768				
Banquet Space						
Grand Ballroom	-	9,862	800	500	450	54
Smallest Section (or 9)	968	-	70	50	50	-
Midpoint Section (of 9)	1,100	-	100	60	50	-
Largest Section (of 9)	1,223	-	100	60	50	-
MeadowView Ballroom	-	3,750	300	210	240	21
Salon A	1,150	-	100	70	60	-
Salon B	1,528	-	125	80	70	-
Salon C	549	-	40	15	20	-
Salon D	524	-	40	15	20	-
Subtotal		13,612				
Meeting Space						
# of Rooms	11	9	-	-	-	-
Smallest Room	384	-	30	15	20	-
Largest Room*	-	2,370	-	120	-	-
Total Meeting Rooms		6,698				
Total		55,078				

**A tiered, fixed-seated Amphitheater.*
Source: MeadowView Conference Resort and Convention Center, mpoint.com

The MeadowView Conference Resort has 55,078 square feet of total meeting space with capacity ranging from 15 to 3,500 participants. In addition, MeadowView has 34,768 square feet of exhibit hall, 13,612 square feet of ballroom and 6,698 square feet of meeting rooms.

The following figure shows the floorplan of the Convention Center.

Figure 17



Civic Center of Anderson - Anderson, South Carolina

The Civic Center of Anderson forms part of the 64-acre Anderson Sports and Entertainment Center in Anderson County, South Carolina. The Civic Center, which opened in 1991, is a 37,000 square foot multi-purpose facility comprising a Conference Center, Exhibition Hall, and Arena. Additional facilities within the complex include a 15,000 seat amphitheater, and a $4 million sports complex containing four softball fields, a NCAA baseball field, three soccer fields, eight tennis courts, playgrounds, nature trails and jogging paths. The Center is owned and operated by Anderson County.

Facilities at the Civic Center include:

- Arena: 28,000 square feet with seating capacity for 3,200 spectators. The Arena floor can accommodate up to 200 tradeshow booths;
- Ballroom: 7,700 square feet, which is further divisible into four smaller spaces;
- Exhibition Area: 36,500 square feet;
- Meeting Rooms: 2 rooms of 360 square feet each;
- Board Room: 530 square feet.

The following table provides a breakdown of the banquet and meeting space at the venue.

Table 17

Civic Center of Anderson, Anderson, SC
Summary of Size and Capacity

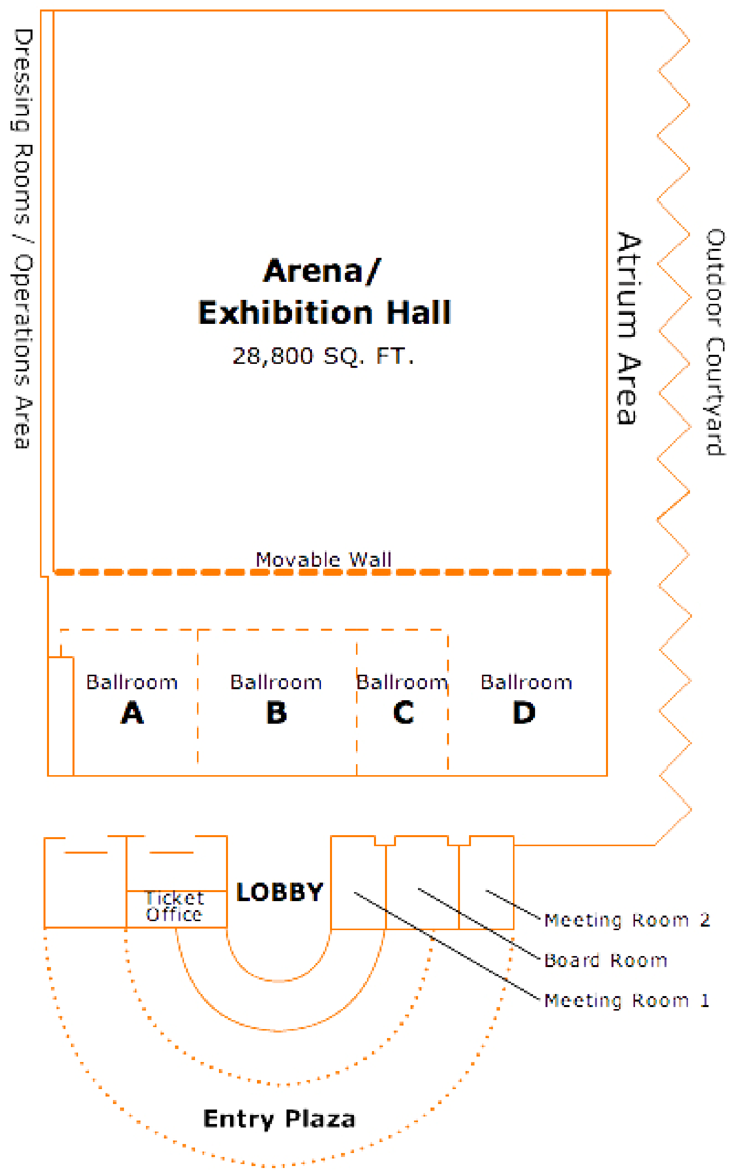
	Size (SF)		Capacity (# of People, or Exhibit Booths)			
	Smallest (Individual)	Largest (Combined)	Theater	Classroom	Banquet	Exhibit Booths
Exhibit Space						
Exhibit Area	-	36,500	2,961	1,851	1,665	200
Arena	28,000	-	2,271	1,420	1,278	154
Ballroom	7,700	-	625	390	351	42
Subtotal		36,500				
Banquet Space						
Ballroom*	-	7,700	625	390	351	42
Section A	1,980	-	161	100	90	11
Section B	2,090	-	170	106	95	11
Section C	1,650	-	134	84	75	9
Section D	1,430		116	73	65	8
Meeting Space						
# of Rooms	3	3	-	-	-	-
Smallest Room	360	-	29	18	16	-
Largest Room*	-	528	43	27	24	-
Total Meeting Rooms		1,272				
Total		37,772				

**Ballroom is part of the exhibit hall.*
Source: Civic Center of Anderson, mpoint.com

The Anderson Civic Center has 37,772 square feet of total meeting space with capacity ranging from 16 to 2,961 participants. In addition, the Civic Center has 36,500 square feet of exhibit hall, 7,700 square feet of ballroom space and 1,272 square feet of meeting rooms.

The following figure shows the floorplan of arena and exhibition hall at the Center.

Figure 18



At a low end development strategy, the Food Lion's conversion would appeal to the same markets as the Civic Center of Anderson, except that it could not accommodate the arena functions due to its ceiling heights. If built, proposed venue at the Food Lion would recapture demand that leaks to Anderson, returning it to Clemson.

Revenue & Expenses

The table below provides a breakdown of the Anderson Civic Center revenue and expenses statement.

Table 18
Anderson Civic Center
Revenues & Expenses-FY 2009-2010

Civic Center Combined Expenditures:	$732,384
Civic Center Combined Revenues:	($233,723)
Civic Center Subsidy:	$498,661
CREDIT: Civic Center Discounts/Free Usage:	($208,076)
Civic Center Subsidy After (Credit):	**$290,585**

Source: Anderson Civic Center, Johnson Consulting

The Anderson Civic Center like many other event facilities is provided with a subsidy through the City of Anderson's Accommodations tax. Table , below provides the historical contributions to the Civic Center.

Table 19
Anderson Civic Center
Accommodations Fee Contribution

FY 2003-2004:	$83,200
FY 2004-2005:	$50,000
FY 2005-2006:	$0
FY 2006-2007:	$0
FY 2007-2008:	$0
FY 2008-2009:	$0
FY 2009-2010:	$391,525
FY 2010-2011:	$200,000

Source: Anderson Civic Center, Johnson Consulting

As shown above in years past the Anderson Civic Center has been pretty self sufficient, with the exception of last year's economic downfall, which resulted in a $391,525 subsidy for the Civic Center.

Lake Terrace Convention Center - Hattiesburg, Mississippi

The Lake Terrace Convention Center (LTCC) is a multipurpose convention, event, and group meeting facility situated on 32-acres in Hattiesburg, Mississippi. It is a civic center that hosts a wide array of local and conference events. With a population of only 50,000 but the fourth largest city in the state, Hattiesburg is centrally located less than 90 minutes from New Orleans, Mobile, the Gulf Coast, and Jackson, Mississippi.

The LTCC was completed in 1998 at an original construction cost of approximately $14 million, with an additional $910,000 expended to acquire the site. The facility was paid for through a two percent tax on city restaurant and liquor sales and a $6.5 million general obligation bond issue. Hattiesburg also has a two percent Tourism Promotion tax, which helps fund the operations of the Hattiesburg Convention and Visitors Bureau.

The LTCC was built in response to the growing demand for meeting space and to attract new dollars and add additional room nights to the area. Since opening, the LTCC has earned a reputation as a high quality, service-focused convention and civic center. This service distinction, the environment and setting of the center, and affordability of the Hattiesburg market have allowed the CVB and LTCC staff to attract a high volume of events and provide a strong contribution to the local economy.

The LTCC contains 14,755 square-feet of exhibition space, 7,936 square feet of meeting space, and 6,100 square feet of outdoor space, plus a complement of pre-function space, a full service kitchen, and administrative space. Johnson Consulting completed an expansion analysis for the exhibition space because it was recognized that this element was undersized in the facility's initial development.

The following table provides a breakdown of the exhibit and meeting space at the venue.

Table 20

Hattiesburg Lake Terrace Convention Center
Summary of Exhibit and Meeting Space

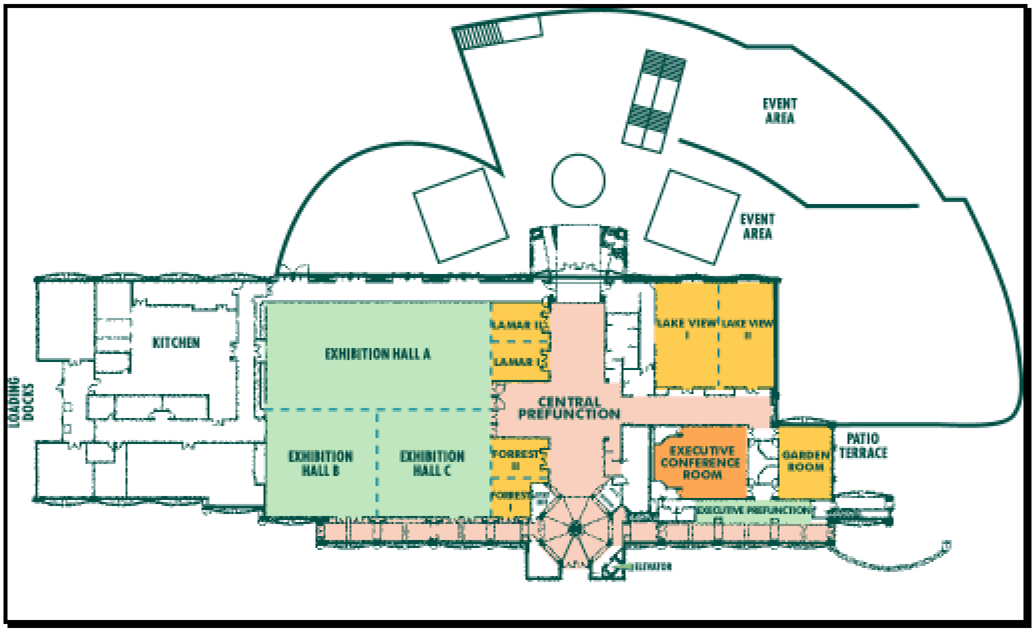
	Size (SF)		Capacity (# of Persons)			
	Individual (Smallest)	**Combined (Largest)**	**Theater**	**Classroom**	**Banquet**	**Exhibits (# of Booths)**
Exhibit Hall						
Hattiesburg Exhibition Hall	-	14,755	1,500	600	1,000	78
Exhibit A	7,380		700	300	500	40
Exhibit B	3,690		400	150	240	20
Exhibit C	3,690		400	150	240	20
Subtotal Exhibit Hall SF		14,755				
Ballroom (NA)						
Meeting Rooms						
Number of Rooms	8	5				
Smallest Room	360	-	50	21	24	na
Largest Room	-	3,350	389	180	168	18
Subtotal Meeting Room SF		7,936				
Total		**22,691**				
Lake Terrace (Outdoor)		5,120				
Courtyard Patio (Outdoor)		980				

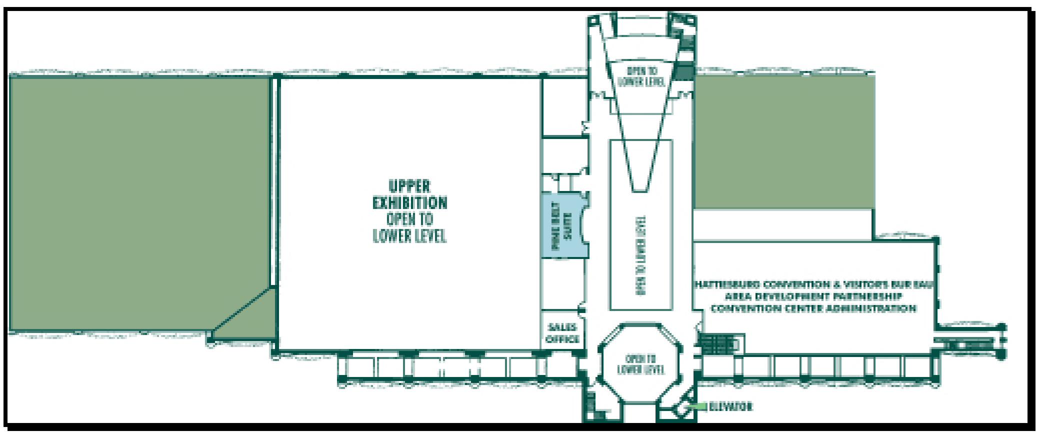
Source: Hattiesburg Lake Terrace Convention Center, mpoint.com, Johnson Consulting

The Lake Terrace Convention Center has 22,691 square feet of total meeting space with capacity ranging from 18 to 1,500 participants. In addition, the LTCC has 14,755 square feet of exhibit hall/ballroom space and 7,936 square feet of meeting rooms.

The following figure shows the first and second level floor plans of the LTCC.

Figure 19





Among the myriad of objectives of the LTCC is to serve as a generator of economic activity by attracting group meeting, convention, and social activity. While a significant target market is non-resident or out-of-town groups, the LTCC also serves as a vital resource to Lamar and Forrest County businesses, organizations, and residents by providing high quality event, meeting, and ballroom space. It is hoped that a repositioned Clemson facility could serve the same function.

At times, demand for the facility has been so robust that the LTCC staff has been forced to make creative use of the entire event grounds by converting the public plaza space outside of the facility into active use through employment of temporary structures (e.g., pop-up tents) to supplement some of the larger sized events. An additional factor in developing this reputation has been the relative lack of convention, exhibition, and group meeting space in the State of Mississippi.

The LTCC has been studying expansion over the last few years after realizing that it has been losing business because of its small size. The LTCC finished the most recent year with a 116 percent occupancy rate and is at a 111 percent occupancy rate for the current fiscal year, meaning that it is renting out its rooms more than once a day, which has required the center staff to juggle events. LTCC would have been larger by about 17,000 square feet under its original design, but the space for an additional exhibit hall was cut because of public opposition to the cost of the project. While projected costs have not been proposed at this point, the current expansion plan contemplates an additional 22,000 square feet of rentable space.

Demand Schedule

The following table shows the event demand for the LTCC.

Table 21

Hattiesburg Lake Terrace Convention Center
Most Recent Event Calendar

Event Type	# of Events	# of Use Days*	# of Attendees	Average Event Attendance
Conference	1	2	25	25
Conventions	71	132	18,380	259
Meeting	401	479	23,375	58
Trade Shows	12	26	43,500	3,625
Banquet	130	134	22,590	174
Consumer Shows	2	4	1,500	750
Miscellaneous	40	65	4,137	103
Performances**	77	286	44,443	577
Reception	62	87	10,310	166
Total	796	1,215	168,260	211

**Includes move-in and move-out days.*
***Includes Sporting Events*
Source: Hattiesburg Lake Terrace Convention Center, Johnson Consulting

As shown, the LTCC handles approximately 800 events annually, attracting 170,000 attendees. The volume of event activity historically hosted by the LTCC demonstrates the facility is heavily used and appealing to users in the state and local market.

Revenue & Expenses

The following table shows the LTCC's operating revenues and expenses.

Table 22

Hattiesburg Lake Terrace Convention Center **Revenue and Expense Statements - Most Recent Year**	
Revenues	
Exhibit & Convention Rents	$257,659
Ticket Revenues	52,720
Food and Beverage	834,026
Interest	12,631
Miscellaneous	13,778
Total	$1,170,814
Expenditures	
Salaries and Wages (including benefits)	$1,077,182
Food and Beverage	367,046
Building and Equipment Maintenance	372,128
Utilities	255,232
Professional and Management Fees	95,065
Insurance	76,004
Advertising & PR	42,104
Other	107,331
Total	$2,392,092
Net Operating Income Before Other Financing Sources	**($1,221,278)**
Other Financing Sources (Special Sales Tax and MDOT Grant)	$3,340,438
Excess of Revenues and Other Financing Sources over Expenditures	$2,119,160
Fund Balances, Beginning of Year	**$2,404,582**
Debt Service	(1,656,874)
Special Projects	(1,305,021)
Fund Balances, End of Year	**$1,561,847**

Source: Hattiesburg Lake Terrace Convention Center

In keeping with industry norms, the Center operates with higher expenses than revenues, by approximately $1.2 million. Comparatively, this is a high deficit that is attributable to its emphasis on quality and a large administrative and sales force. However, the building receives special taxes and other revenue sources that allow it to operate with a positive cash flow on an annual basis. More specifically, in the most recent year the facility was able to generate $1.2 million in revenue from its events, while incurring expenses of $2.4 million.

Statesville Civic Center, Statesville

The Statesville Civic Center is located in downtown Statesville. It is operated by the City of Statesville Parks and Recreation department. The facility opened in 1999 and is funded by a hotel tax earned from city hotel properties. It is a very attractive facility located across the street from City Hall and a newly renovated historic hotel. From a physical standpoint, it appears to be very similar to a full-service hotel's meeting room and ballroom. It does not have dedicated exhibit space, but has a ballroom with a few breakout meeting rooms. A key feature of the facility is a fresco mural, created by Ben Long, which is displayed in the main entrance of the facility. Figure 20 shows the facility's event spaces, and Table 23 summarizes their physical characteristics.

Figure 20

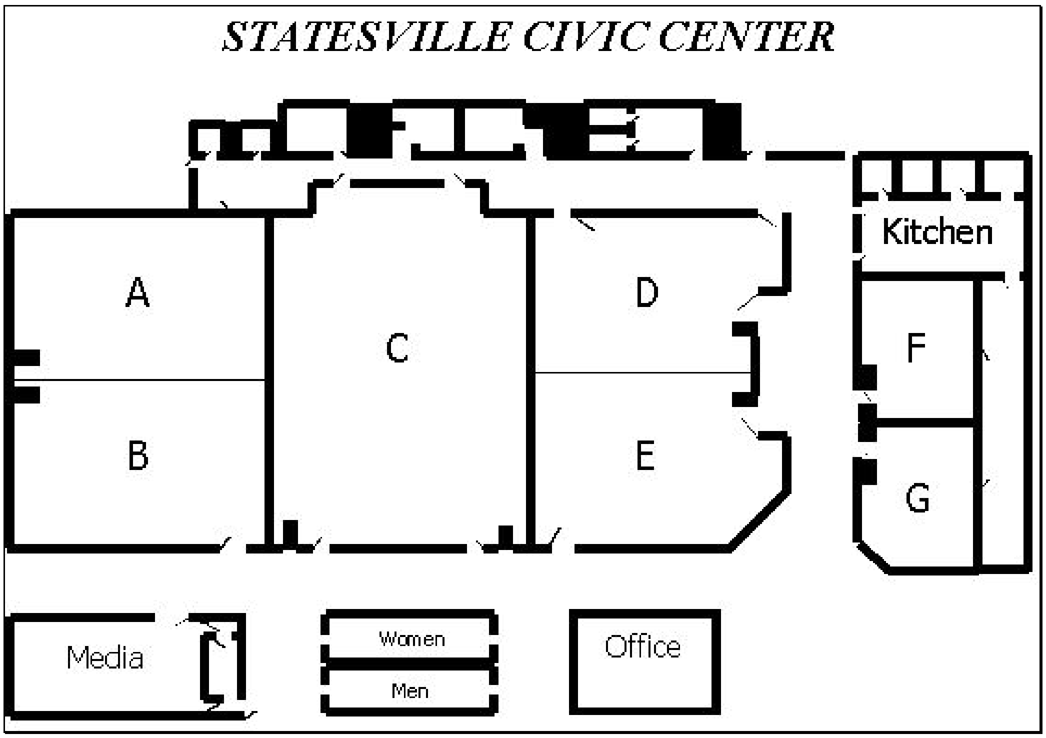


Table 23

Madren Conference Center at Clemson University, Clemson, SC
Summary of Size and Capacity

	Size (SF)		Capacity (# of People, or Exhibit Booths)			
	Smallest (Individual)	Largest (Combined)	Theater	Classroom	Banquet	Exhibit Booths
Banquet Space						
Great Hall	-	12,768	1,200	-	600	76
A	1,938	-	192	64	104	13
B	1,938	-	192	64	104	13
C	4,368	-	450	128	256	30
D	1,862	-	192	64	104	11
E	1,862	-	176	64	104	11
F	624	-	40	24	27	4
G	624	-	40	24	27	4
Subtotal		12,768				
Meeting Space						
# of Rooms	8	-	-	-	-	-
Smallest Room	624	-	40	24	27	4
Largest Room	-	4,368	-	128	-	-
Total Meeting Rooms		13,216				
Total		13,216				

Source: Statesville Civic Center, Johnson Consulting

As the table and figure show, the facility has seven meeting and exhibition rooms (not including the media room), and a maximum room configuration of approximately 12,800 square feet when combining rooms A through E. Rental rates for the Great Hall are $1,026 per day for non-profits and $1,656 for others. Rates for individual meeting rooms and smaller configurations of the Great Hall range from $158 to $1,130, depending on the user and size of the room.

The facility is funded by a hotel tax earned from city hotel properties. It generally operates as a community and civic center. The civic center does host race teams, social events, and a substantial number of entertainment events. A monthly religious event based out of Philadelphia is also held at the civic center, which also occupies the adjacent hotel and the facility itself.

Table 24, showing the facility's event and attendee demand for 2010.

Table 24

Statesville Civic Center Demand, 2010

Type of Event	# of Events	Total Attendance	Average Attendance
Meetings, Seminars, and Conferences	338	20,668	61
Social Events	48	8,009	167
Banquets and Receptions	95	15,018	158
Trade Shows	14	7,074	505
Entertainment Events	20	7,598	380
Other	57	8,651	152
Total	**572**	**67,018**	**117**

Source: Statesville Civic Center, Johnson Consulting

The Statesville Civic Center had a total of 572 events, with approximately 67,000 attendees in 2010. As the table shows, the largest shares of events were meetings, seminars, and conferences, social events, and banquets and receptions.

Table 25 summarizes the 2010 expense budget for the facility, as well as actual event and other revenue.

Table 25

Statesville Civic Center 2010 Expense Budget and Actual Revenue

	Amount ($000's)
Actual Revenue	**$293**
Regional Operating Support	**$242**
Budgeted Expenses	**$535**
Net Operating Income (Deficit)	**$0**

Source: Statesville Civic Center, Johnson Consulting

The facility has a full-time staff of seven people (a director, program assistant, secretary, general supervisor, and three skilled laborers) and temporary event supervisors and technicians. In 2010, total budgeted expense for full- and part-time staff were $535,000, with an event revenue total of $293,000.

Conclusions

Each of the facilities profiled above were developed in response to a community's desire to generate significant benefits for the local and regional economies. Although there is significant variation in the size, orientation and role that each of these facilities play in their communities, each facility demonstrates how a conference or events center can become a catalyst to stimulate the economy, grow and support the local hotel community, and provide a valuable asset for local residents and businesses.

The proposed convention/civic center in Clemson presents a unique opportunity to capitalize on a number of key characteristics of the location and the local economy, including:

- A lack of ballroom space and convention facilities in the surrounding local and regional areas;
- Easy access to the proposed site, via the established highway network, and with in 50 miles to Greenville-Spartanburg International Airport and the pool of corporation in Greenville;
- Close proximity to an established hotel inventory, and adjacency to Courtyard Marriot; and
- The potential to supplement existing Clemson meeting facilities and help grow market demand.

These factors, along with many others, provide a reasonably strong case for the development of a new convention/civic center in Clemson. Johnson Consulting is of the opinion that the proposed Center, if targeted and marketed appropriately, has the potential to become a real focal point within the community, taking advantage of the absence of civic and hotel meeting facilities throughout the broader region.

DEMAND ANALYSIS

Recommended Facility Strategy

The conversion of the Food Lion into a convention/civic center is an optional investment for the hotel community and for the City. It would be a creative and bold option, but is not essential. The motivations for its adaptation include:

- To stabilize and diversify demand for area hotels and businesses. Data provided by Courtyard management indicated hotels with meeting space enjoy both occupancy and ADR premiums. In our judgment, the hotel supply around the Food Lion would experience joint group meeting demand and compression from the Courtyard, if it had meeting space next to it. We estimate the room night increment to be close to 10,000 to 12,000 net new incremental room nights annually. This assumes that the New Facility's Management Staff markets this venue, and works with the Madren Conference Center to attract turn away demand experienced there.

- The City of Clemson would also enjoy benefits from the project. The Madren Conference Center hosts a lot of social and conference business events, but its mandate limits civic activities. If an effective booking policy were developed, the proposed venue could host civic, social and entertainment events for the community.

In terms of sizing, the entire Food Lion Complex is not needed. An ideal solution would be to reconfigure one half to two thirds of the space to conference/civic center use, and use the balance for commercial use. One discussion held related to attracting a restaurant to the remaining commercial space, with the incentive of conducting food service at the conference center, helping justify their investment in the restaurant, and reducing the capital investment in a kitchen for the center. This makes sense.

From a sizing standpoint, we have assumed that over time 400 rooms will evolve in this corridor. If the metric of square feet of space per room is used, sizing could be gauged as follows:

- 400 rooms @ 25 square feet per room -10,000

- 400 rooms @ 50 square feet per room -20,000

- 400 rooms @ 75 square feet per room -30,000

To balance this to the Courtyard alone, 15,000 square feet of space would result in 145 square feet of meeting space per room, a very high ratio of space per room.

To arrive at a "distinctive" meeting facility, as well as a sufficient size for civic events, a minimum of 15,000 square feet, up to 20,000 square feet should be considered. In terms of configuration, two junior ballrooms of 6,000 square feet (net leasable area), sub-divisible and combinable, should be sought. The balance of space would be meeting space; this size venue should be attractive to civic events as well as conference and social events.

Our demand projections are based on the following proposed facility programming:

- Total function space is 20,000 square feet
    - 12,000 square feet of ballroom space
    - 8,000 square feet of meeting space

The market focus for the proposed center is to increase the total volume of convention, meeting, and social activity hosted in the Clemson area, which will require an aggressive sales and marketing program to attract or develop new events.

Table summarizes the projected event schedule for the center by event type.

Table 26

Proposed Clemson Convention/Civic Center
Projected Demand for Major Events*

	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10
Exhibit Events										
Conventions/ Trade Shows	5	6	7	8	8	8	8	8	8	8
Consumer Shows/ Specialty Expos	12	13	14	15	15	15	15	15	15	15
Subtotal	17	19	21	23	23	23	23	23	23	23
Non-Exhibit Events										
Meeting and Seminars	75	88	100	113	125	125	125	125	125	125
Banquets	50	55	60	65	70	70	70	70	70	70
Concerts/Entertainment	3	4	5	6	7	7	7	7	7	7
Other/Civic Events	40	43	45	48	50	50	50	50	50	50
Subtotal	168	190	210	232	252	252	252	252	252	252
Total Events	185	209	231	255	275	275	275	275	275	275
Total Event Days	*260*	*300*	*330*	*360*	*380*	*380*	*380*	*380*	*380*	*380*

Source: Johnson Consulting

In the first year of operation, the center is projected to host 185 events, which will account for 260 event days. Clemson has multiple hotel properties which are available to service the projected demand, and given that the urban core of Clemson can be used as a sales/marketing tool, we believe that a higher event total may be achievable if this location were to implement City bus transportation for the proposed center to nearby hotels as well.

The ballroom is projected to host 17 events, including 5 conventions or trade shows and 12 consumer shows or specialty expos. It is important to note that 17 total events is rather conservative, due to the nearby Anderson Civic Center, which will have the ability to host larger shows and will not be limited by available space. The proposed center has not been programmed with any "exhibit hall" space but the conversion of the large ballroom will have the ability to host smaller convention/tradeshows. Another 185 non-exhibit events are projected for the center's ballroom and meeting space. This includes a total of 75 meetings, 50 banquets, 3 concerts and entertainment events, and 40 "other" or civic events. A narrative description of each event category appears in the paragraphs below.

The total number of events is expected to increase as the facility establishes itself, becomes a destination for rotating regional trade shows and state association meetings, and develops events such as local consumer shows. In Year 5, the center is projected to host 275 events. The total number of event days, including multiple show days, also increases, from 260 in Year 1 to 380 in Year 5 and thereafter.

Table summarizes the projected average attendance at the center. Total attendance is projected to increase with increases in the number of events, as listed in Table . In addition, average event attendance is projected to increase slightly over time.

Table 27

Proposed Clemson Convention/Civic Center
Estimated Average Attendance

	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10
Exhibit Events										
Conventions/ Trade Shows	380	400	410	390	400	400	410	430	440	440
Consumer Shows/ Specialty Expos	480	510	540	560	570	580	590	600	610	620
Non-Exhibit Events										
Meeting and Seminars:										
Corporate Meetings	120	120	140	140	130	140	140	140	140	140
SMERF Meetings	250	240	280	280	280	280	280	290	290	300
Government/ Association-Related Trainings	160	160	180	180	180	180	180	180	190	190
Banquets	160	180	180	190	190	200	200	200	200	210
Concerts/Entertainment	400	400	400	400	400	400	400	400	400	400
Other/Civic Events	310	330	340	350	360	370	370	380	390	400
Average Growth Rate	na	5.0%	5.0%	3.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%

Source: Johnson Consulting

Each category of events is described below.

- ***Conventions/ Trade Shows*** – are generally held by associations, professional groups, or membership organizations. As provided above the center's 12,00-square foot ballroom hall is projected to host 5 conventions and trade shows with an average attendance of approximately 380 per event in Year 1, increasing to 400 per event in Year 5 and 440 per event in Year 10. Total convention attendance is projected to be approximately 1,900 in Year 1, and increase to 3,200 in Year 5 and 3,500 in Year 10. Depending on market strategy, the average size could be smaller, and if that is the case, more events could be accommodated. Total attendance would remain about the same.

- ***Consumer Shows/ Specialty Expos*** – The ballroom and flexible meeting space can provide an opportunity for small festivals, craft shows, motorcycle, or home and garden shows. These events typically draw a large number of attendees, but these attendees are local in their point of origin. In Year 1, 12 consumer shows/specialty expos are projected to have an average attendance of close to 480 per event. Average attendance is expected to increase to 570 per event in Year 5 and 620 in Year 10. Total consumer show/ specialty expo attendance is projected to be approximately 5,800 in Year 1, and increase to 8,600 in Year 5 and 9,300 in Year 10.

- ***Meetings and Seminars*** – include training seminars, professional and technical conferences, management retreats, and meetings by SMERF organizations and corporations. In Year 1, 75 such events are projected to occur in the center's ballroom and meeting space, including 23 corporate meetings, 15 SMERF meetings, and 38 government/ association-related trainings. Average attendance is projected to be 120 per event for corporate and government/ association-related meetings, and 250 per event for SMERF meetings in Year 1. Total meeting and seminar attendance in Year 1 is projected to be approximately 2,700 from corporate meetings, 3,700 from SMERF meetings, and 5,900 from government/ association-related meetings, totaling 12,300. Total meeting and seminar attendance is projected to increase to 23,300 in Year 5 and 24,500 in Year 10.

- ***Banquets*** – are general events that use a facility's ballroom or meeting space, but also frequently feature catered meals in the form of gatherings such as luncheons and award dinners. There are 50 banquets/social events projected for Year 1, with an average attendance of approximately 160 people. By Year 5, average attendance is expected to increase to approximately 190, and further increasing to 210 in Year 10. Total banquet attendance is projected to be approximately 8,200 in Year 1, and increase to 13,500 in Year 5 and 14,400 in Year 10.

- ***Concerts and Entertainment Events*** – include festivals, touring concerts, smaller family shows such as the puppet festivals, and other similar events. The events that would consider the center are likely to be events that could be accommodated with temporary staging and seating in the 12,000 square foot ballroom. When the facility opens, 3 concerts and entertainment events are projected, with an average attendance of 400.

- ***Other Events*** – are events that do not fit into the other categories, as well as community uses such as local schools' graduations, proms, dance recitals, and other similar events. There are 40 such events projected in Year 1, with an average attendance of approximately 310. Average attendance is expected to increase to 360 by Year 5 and 400 by Year 10. Total event attendance is projected to be approximately 12,400 in Year 1, and increase to 17,900 in Year 5 and 19,900 in Year 10.

Table summarizes the projected total annual attendance at the convention/civic center by event type.

Table 28

Proposed Clemson Convention/Civic Center
Projected Attendance

	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10
Exhibit Events										
Conventions/ Trade Shows	1,900	2,400	2,900	3,100	3,200	3,200	3,300	3,400	3,500	3,500
Consumer Shows/ Specialty Expos	5,800	6,600	7,600	8,400	8,600	8,700	8,900	9,000	9,200	9,300
Subtotal	7,700	9,000	10,500	11,500	11,800	11,900	12,200	12,400	12,700	12,800
Non-Exhibit Events										
Meeting and Seminars										
Corporate Meetings	2,700	3,200	4,100	4,800	5,100	5,200	5,200	5,300	5,300	5,400
SMERF Meetings	3,700	4,400	5,600	6,500	7,000	7,100	7,100	7,200	7,300	7,400
Government/ Association-Related Trainings	5,900	7,100	8,900	10,400	11,200	11,300	11,400	11,600	11,700	11,800
Banquets	8,200	9,800	11,000	12,300	13,500	13,700	13,900	14,000	14,200	14,400
Concerts/Entertainment	1,200	1,600	2,000	2,400	2,800	2,800	2,800	2,800	2,800	2,800
Other/Civic Events	12,400	14,100	15,400	16,900	17,900	18,300	18,700	19,100	19,500	19,900
Subtotal	34,100	40,200	47,000	53,300	57,500	58,400	59,100	60,000	60,800	61,700
Total Attendance	41,800	49,200	57,500	64,800	69,300	70,300	71,300	72,400	73,500	74,500

Source: Johnson Consulting

As the table shows, total attendance is projected to be approximately 41,800 in Year 1, including 7,700 attendees at the exhibit hall events and 34,100 at the non-exhibit events. In Year 5, attendance is projected to increase to 69,300, with a further increase to 74,500 in Year 10. Johnson Consulting, projects approximately 10,000 to 12,000 incremental room nights will incur throughout the local hotels in Clemson. In addition to the generated room nights expected from 60,000 plus attendees in Year 5, will be the City wide impacts from the spending of attendees, as well as the additional jobs created to support these impacts. There will be both direct and indirect spending that will incur throughout the City businesses and restaurants. The direct impacts will be the spending that occurs as a direct result of the events and activities that occur in the proposed venue. For example, an attendees' expenditures on hotel rooms and meals. The indirect spending consists of re-spending of the initial or direct expenditures, or, the supply of goods and services resulting from the initial direct spending in the proposed venue. For example, an attendees' direct expenditure on a restaurant meal causes the restaurant to purchase food and other items from suppliers. The portion of these restaurant purchases that are within the local, regional, or state economies is counted as an indirect economic impact.

Conclusion

The preceding projection is in scale with comparable operations, from a demand perspective. There are a myriad of policy, management and operating decisions to be made from this point forward. Having worked on several such facilities around the nation, we are certain that if the adjacent hotel is commissioned to operate the venue or perhaps the Madren Conference Center management, the projections above are fair and reasonable. In addition, a properly executed food service provider is of importance in gaining the support of the local community. The City can also help in the economics by providing access to the City's transportation services to event attendees at the proposed center, creating an easy commute to nearby hospitality establishments.

The local community has stressed a need for such meeting space where it would provide sufficient amount of space for both a meet and eat, which is not hindered by any particular food service mandate. The proposed venue can become an attractive venue to host larger wedding receptions and other such civic events.