

**MINUTES OF THE SPECIAL MEETING OF THE BOARD OF ALDERMEN
CITY OF BRANSON, MISSOURI, THURSDAY, OCTOBER 31, 2002**

The Board of Aldermen of the City of Branson, Missouri met in a special meeting in the Council Chambers of the City Hall on Thursday, October 31, 2002 at 2:00 p.m.

Mayor Schaefer called the meeting to order with the Pledge of Allegiance, and Don Stephens gave the invocation.

City Clerk Williams called the roll as follows: Dick Gass, Larry Taylor, Mayor Lou Schaefer, Ron Huff, Eric Farris, and Bob Warlick present. Stan Barker absent.

Staff in attendance were: City Administrator Terry Dody, Assistant City Administrator Kevin Faught, City Attorney Deborah Deuster, City Clerk Sandra Williams, Director of Economic Development Mike Rankin, Finance Director Deanna Schlegel, Communications Director Jerry Adams, and Public Works Director Larry VanGilder.

Mayor Schaefer welcomed everyone to the special Council meeting, and indicated the topic to be discussed was the Conventions, Sports & Leisure Feasibility Study for the Branson Landing Project and Convention Center. The Mayor outlined the rules to be observed during the meeting, and then turned the floor over to Administrator Terry Dody.

Mr. Dody stated, "We are here to take a preliminary look at the Letter of Engagement with the scope of services for the Conventions, Sports & Leisure group, and the feasibility study for the Downtown Waterfront Development, including the Convention Center. Mr. Bill Krueger from CS&L is here to familiarize us with what the scope of services are, what their methodology will be, and what they will take a look at. Mr. Krueger will also address some of the issues concerning the examination level study, which is the second phase of this study." Mr. Dody then turned the floor over to Mr. Krueger.

Bill Krueger of Convention Sports and Leisure (CS&L) stated, "This scope of services comprises a traditional feasibility study for a stand-alone Convention Center, proposed to revitalize the downtown waterfront area. A typical feasibility study looks at market demand getting into many details and surveys of potential users of your building and being able to quantify the event potential by different event categories giving a sense of utilization. Also, very importantly, we are going to be able to define a market supportability of building size. We will look at a stand-alone convention facility, size, and its different components based on market demand and the other dynamics that we look at in terms of financial operations is how much money are you going to make or lose. How much new tax dollars you are going to generate for the community in terms of new incremental spending here in Branson. Look at your competition, from a market prospective, and also quantify the economic impact. The operating, financial characteristics and attributes of the Center, and what the appropriate size is." Mr. Krueger then indicated they were here to answer any specific questions anyone might have

about the scope of services, any concerns or issues about what they are addressing regarding the needs for the study.

Mayor Schaefer then opened the floor for questions by the Board.

Alderman Gass asked, “How far will you get into the marketing? Are you going to come back and say how many marketing dollars should be spent to adequately get the people to come here?”

Answer: Mr. Krueger replied, “In this particular study we will touch on a number of issues related to marketing. Typically a feasibility study will define what the market demand is, talk about the building product that best suits that market and then some of the financial quantification about the Center. In terms of marketing we will look at competitive and comparable facilities. We will also look at what the community support is for these products and look at the convention visitor bureau budgets in some of these other communities. Then review what they are spending to market the community and the Convention Center and quantify a number that will show what the competition is doing in terms of pumping money into their Centers. We will talk specifically about any marketing that you might want to attribute to the Center itself. Typically the amount of marketing expenses that are attributed directly to the Center is fairly limited. Most of the marketing effort really takes place with the convention and visitors bureau. We will look at your situation here in Branson and make some order of magnitude recommendations with regard to how much additional incremental spending, at least on the outset is needed. Usually at the beginning of these projects you definitely want to get the word out to your potential users of this Convention Center. Usually our recommendation is to infuse some level of additional capital into marketing expenditures. Even before the shovel hits the ground to start building this facility, to make sure you get the word out to your potential customers, and then we will talk about what the maintenance might be in terms of marketing expenditures. You’ve got an internationally recognized destination, so I don’t think that the real thing will be to try to get the word out about Branson as a community, as much as it is getting right in front of the meeting planners and saying, ‘Listen, you know about Branson; We’ve got a new product; Why don’t you give us a try’. In our study we are not going to be laying out specifically a detailed marketing plan once the Convention Center is in operation. We certainly can do that; we’ve done that for a number of different communities across the country. It is a little bit of a different phase that could be tacked on at the end of this study. If that is something you want to look at.”

Alderman Huff asked, “Could you give us some specifics on how you would define our market demand, and how you get to those numbers and projections, and also how they will be used to determine what the size and function of our facility should be?”

Answer: Mr. Krueger, replied, “Based on some research we did for the Branson Landing Project, and our experience in many other communities such as Branson, typically you only look at one, two or three different market segments. For a product like this, you have to focus more on diversity of different segments. We are looking at some Association pieces of businesses, such as SMURF businesses, which are social, military, educational or religious

fraternal groups. We typically look at public and consumer shows, corporate activity, and some government activities. Then there are a host of other meetings. We employ a detailed set of surveys and telephone interviews that we conduct. There is a database of professional associations. We go through a survey process contacting upwards of a hundred of these different meeting planners of these associations, both in the state, regionally, and possibly on a national basis. We ask them what their interest in coming to Branson is. There are different ways that we look at the SMURF groups within each of these segments social and religious. We tend to survey those people as well as local corporations and maybe some rotating corporate events. There are public show producers in the community and in the region that we tend to survey. At the end of the process we are looking at a couple of hundred individual surveys or interviews. Be it telephone, in person, or web-based to try to get to a large number of meeting planners. We look at what the interest is, and then start to quantify what they need in terms of space, and then hone in on how big a building you need to accommodate the majority of the market. We look at that in terms of your hotel base to make sure you have enough hotels in the needed area, which I don't think is going to be a problem. The only question is on the lakefront and in the downtown area; we have to ensure if we put a Convention Center on the lakefront that a headquarters hotel is provided. Without that, I think you are going to be limiting your ability to attract certain types of events. We will look at all of these issues. We will look at some competition, look at other entities and resources in your community, and take all of these pieces of evidence and mix them together, analyze them, and it gives us a picture of what makes sense in your market. Your community assets, immunities and your competition, what other people are doing in terms of comparable projects, and then we are able to define what products fit best in your community in terms of building size, exhibit space, meeting space, ballroom space, number of hotel rooms in adjacent hotels to support your needs. Of course we look at industry trends too. Big things have been happening in the industry over the last decade, particularly over the last couple of years. You have the national economy slowdown and September 11th. A driving destination, would expect an would see as much damage in terms of visitation and things like that as any other typical flying destination. All those types of issues are things that we consider that gets us the end."

Alderman Huff then asked, "I notice you refer to this as a stand-alone facility, but it will be tied to the waterfront area. When you talk to planners and the people who make the reservations for their meetings, about a stand-alone facility that might not be as appealing to them as something that is tied into a waterfront project. How are you going to work that with these people? There is a lot of difference between stand-alone out in Branson Hills and a stand-alone down on the waterfront."

Answer: Mr. Krueger replied, "I completely agree with you. When we refer to stand-alone Convention Centers, it is a kind of industry term meaning that it is not a hotel conference Center project. It is not something that is operated under one umbrella like many of the meeting and banquet space and hotel properties. Stand-alone doesn't refer to what other amenities and development will be proposed in the area. Certainly, we are going to communicate that. That is going to be actually a critical part of what we do. Communicating with as many planners about Branson, and what is proposed for this area.

This is something that is going to be different than a stand-alone Convention Center all by itself, in the middle of a field somewhere. This is something that you are going to have synergy and importantly you are going to have plenty of things within walking distance for event attendees, delegates, families and guests. That is kind of model the resort Conference Centers have. They have everything self-contained into one critical mass of amenities, entertainment, restaurants and retail in one area. That is what made them successful in their own stand-alone world out there. If we can create that in a downtown area as attractive as the waterfront could be, I think we'd have something that can stand apart from any of the traditional Centers out there in the country."

Alderman Taylor asked, "What I am hearing is the financial analysis will be able to quantify some financials on the operations of the Convention Center. On the near-term and then possibly some on the long-term amounts on the Convention Center when the size is determined. Based on your analysis of what the profit or loss projections will be at that time, and based on the model in this area. Is that right?"

Answer: Mr. Krueger replied, "That's correct. The first step is understanding what your market demand is. Then you size your building and within that building, how much your market demand can you capture. You also consider things like hotel seasonality. You are going to lose some events because your hotels are full or over-lapping dates, if you have a traditional convention and trade shows season such as spring and fall. We consider all of that, but yes your financial operations we'll break that down with estimates by line item for operating revenues and operating expenses, which will give you before debt service a number, which is either your profit or loss based on the operations of the Center itself. Many of you are aware that Convention Centers as stand-alone facilities typically run at an operating deficit, acting as a trade-off for all the new money they bring into the community, and the new tax dollars. Of course we will look at this situation. There is a possibility that it could break even, but roughly about 90% of the Centers out there lose some money from a purely operating standpoint each year."

Alderman Taylor asked, "Quantifying that trade-off, is that going to be a part of your report? What I am looking for is what the Convention Center is going to bring in direct and in-direct dollars. This may not be a part of this feasibility study, but in conjunction with our Lakefront Development that we are doing that is the picture that I'm trying to focus on. What is going to be the financial impact of this entire project, not only the Convention Center but also the Lakefront Development."

Answer: Mr. Krueger replied, "The final phase of our scope goes into that. It goes into the economic, the physical and the tax impact of the project. So beyond looking at the financial situation of the Center, we also quantify the economic impact generated by attendees at the Center that are new to the community as far as the rest of the downtown area. Also in terms of any new influx of visitors based on the development of restaurants, retail and other revitalization you've done. We can't talk beyond general terms in what that might be. The quantifications are really going to occur with respect to the Convention Center and the activity it generates directly."

Alderman Farris asked, “I understand that one of the things your group will be doing is accepting input from local tourists, organizations such as the Chamber, and other related organizations. Is that correct? And if so, what type of input or information will you be looking for?”

Answer: Mr. Krueger replied, “What we do at the outset of any project is come into the town for a few days and have a kick-off meeting with the City. We sit down with them and make sure we are clear on the objectives, the time frame, the methodology that we employ. Beyond that, we typically meet with different people in the community. We try to get an understanding of what all the current issues are and try to understand what some of the things are in Branson that you have to offer. What are some of the issues regarding local meeting facilities? We meet anybody from City people, to Chamber people, to Bureau people, to hoteliers to other entertainment related individuals. We try to get a broad perspective and meet with typically at least a couple of dozen different individuals. At the end of that process, it usually gives us a pretty good perspective as to the background of the community, some of its assets and amenities, and what some of the key issues are in perceptions with regard to the project being proposed. We are in a little bit better situation this time, since we did the project last year. We are pretty well up to speed on what Branson has to offer and some of the lay of the land, so to speak. A lot of the data that we already looked at will need to be updated, but we already have a good basis. We will be able to get up and running, in terms of timing that’s going to help us out. Usually a study like this would entail at least a 3-month process, and since we’ve already got our feet in the water it’s going to be about a 2-month process to get this study done.”

Alderman Farris asked, “One of the things that you are going to be doing is evaluating the dollars and everything in light of the national economic picture. Will you also take a look at the local economic picture? Thankfully our local tourist numbers are up over the last fiscal year, and we’ve had large increases in some sectors. Will you take a look at that as part of your evaluation?”

Answer: Mr. Krueger replied, “Absolutely, as it applies to a number of different areas. Anything from the occupancy levels at your hotels to the rates that the hotels are charging, seasonality to the local community, and its corporations and some of their off-site meeting activities. We look at all of those different types of things. As far as the national picture goes, we do see that improving. A lot of the effects of September 11th we feel is really diminished to a level that the real issue now is the national economy, to the extent of that gradually increasing. The way it looks right now, I think expenditures particularly in the corporate level and outside meetings, were some of the hardest hit. The associations’ business is to get their delegates in one room, in one area together. A convention is their one big piece of business and those, while we did see some drops in attendance, we didn’t see many cancellations, due to the September 11 or due to the economy. That was pretty strong. Other sections were hit more, and we see some of those coming back. We are going to look at the national picture, the local picture and what other communities are doing, and talk to the customers. That is some of all the pieces that go into determining what your market potential is for a building.”

Alderman Warlick asked, "You referred to an 8-week process to get this done. It seems a little aggressive to do it in 8-weeks. Are you comfortable you can complete this with the holidays or do you want to take those out of it and allow yourself more time, because we are going to hold you to whatever you say."

Answer: Mr. Krueger replied, "I feel with plenty of time it requires 12-weeks. That is a conservative estimate. I feel we can get it done in less time than that. I would say anywhere between 8 and 10-weeks is do-able even given the holiday situation. We have the capacity to start this immediately at your direction and get rolling on the research. The most time intensive part is contacting all the different meeting planners and having detailed conversations with them individually. In today's age, it is getting harder and harder to get people to stay on the phone for 15 minute interviews or longer, especially around the holiday season. But, we feel that based on the hundreds of different studies we have done, we can certainly get this done with them, give or take ten weeks."

Alderman Gass asked, "In your scope of services you hit on transportation access, on available parking, and on expansion plans. Can you speak on each of these items? What are you going to do in these areas? What can we expect from you?"

Answer: Mr. Krueger replied, "That is in our analysis when we look at comparable and competitive facilities. It is important up front to understand and know what your competition has on tap. If they have on tap expansion plans in terms of doubling their space that could turn it into a direct competitor with you in your own backyard. We speak to facility management and the people with convention visitor's bureaus. Understand, if there is any consideration for expansion, we factor that in depending on how far they are in their planning process right now or a new facility development. We have to make sure we track those down and understand what is going to happen within the time frame that we are talking about for a building here. Obviously, if there are some plans further along than yours, in terms of an expansion, and/or new facility we want to try to understand and consider that in our analysis."

Administrator Dody asked, "We already have a fairly strong SMURF market here in Branson. We have approximately 200,000 square feet currently used for conferences. How will your study factor in the displacement issue, the transference on expenditures on those functions?"

Answer: Mr. Krueger replied, "We will comment on that. The last thing we want to do is create a venue that is a cannibalization from existing facilities in the community. We want to make sure to have differentiated products. If you have a facility package in your community of a small facilities meeting space, a modest size hotel meeting facility like the Chateau on the Lake, a large Convention Center that allows you a critical mass of facilities similar to what you may have at the waterfront, you have enough different things, facilities, recreation, and entertainment items in one area that gives you a critical mass. Then the word out to meeting planners that we have a complete facilities package here in Branson for whatever meeting needs they might have; small, medium, or large. We are definitely going to look at that, in terms of the cannibalization or transference of events, things like

that will be considered. We will comment on that if we feel that a certain percentage of events are going to be transferred over. There are always things that a community can do with a publicly owned building that you can limit or minimize any type of competition. There is certainly everything from booking policies to keeping your rental rates at a certain level that is just a little bit higher for the events, for some of your space, above some of your existing smaller facilities, things like that. There are plenty of communities out there that have facilities of all different sizes, where there is overlap, where competition is minimal. We are obviously going to consider them.”

Administrator Dody asked, “Can you go into some detail regarding the first phase feasibility study, and the examination level study, and talk about the costs associated with those two studies?”

Answer: Mr. Krueger replied, “Basically the way the process works is the study we are doing right now is a feasibility study, which essentially lays the primary groundwork for the financing examination level study. If the City is contemplating issuing Bonds of some sort, whether they are TIF Revenue Bonds, or some other similar item, which needs evidence of the ability of a Convention Center and other things within a district to generate new revenue in the area, they usually include as an appendix or addendum a copy of an Examination Level Study Report, which goes into the detail of the feasibility study. Details like, here are the findings, here are the estimated level of new tax dollars that will be generated as part of a Convention Center project and other components within your district that are new. That is usually a part of the public Bond offering. The Examination Level Study, our firm has a policy of when it was founded a decade ago, that we do not do Examination Level Studies. We won’t take the liability risks that are attributed to having a document attached to a public Bond offering or a similar public document. We will come in and do the feasibility study, and an examination level firm will come in and hopefully be involved a little bit throughout our process to oversee what we are doing, to be up to speed on some of these items. They will take our report and work with you, to develop the assumptions for the project and will integrate any additional research and develop their own report that can be attached to a public Bond offering. This will talk about the feasibility of the Convention Center, and any other components that are associated with the Bond offering. Our project is the first part of that and it is the part that focuses on the expert consulting services related to the Convention Center. Our study as proposed right here with a fee ranging between \$40 and \$50-thousand dollars is if no Examination Level Study was opted for at the end of our process. An examination level firm usually comes to us and requires our assistance to give them all the information and methodology we did. If you went all the way through to an examination of all of those studies which frankly really should be considered part of your soft financing costs for facility construction, and depending on how many hours we put in, I would estimate between \$5-\$10-thousand dollars is our cost at the tail end of the examination level. Some of the examination level firms could range anywhere from \$40 up to \$150-thousand dollars. There is not many firms out there that does the examination level, and assumes the liability risk associated with putting their name and stamp of approval on the Bond document that is publicly issued for a project like this. That is something we would have to explore a little bit more, I can’t pin point our number.”

Administrator Dody asked, “How long will an Examination Level Study take after your study is completed?”

Answer: Mr. Krueger replied, “If an examination level firm was involved with us in the process, meaning they were retained early on in our project and could be overseeing a little of what we are doing, and we can be communicating with them throughout or process, a bare minimum they would require is a month to complete their study. If they come in on the tail end of our project, and are not involved with ours, then they are going to have to do a lot of backtracking, and it is going to be more likely a three-month process.”

Administrator Dody asked, “How does this study differ from the last study you did?”

Answer: Mr. Krueger replied, “The study is actually different in many respects from the Branson Landing Project. In the building we are looking at and some of the mixed use. The revitalization projects going on in the district and things like that. This study is different in the fact that there was a game plan, the Jacobsen Group had their plan in terms of their Convention Center, Arena, Amphitheater, and they were envisioning to be the main operator of those facilities. They were going to be able to funnel events into the Arena through their marketing connections, and the spectator events, promoter connections and things like that. There was going to be retail built into the shell of the Convention Center, so the real dynamic was different. Everything would have the shared overhead component including the parking revenue that you might get from the parking facilities they proposed. So you had the dynamic and the synergy with shared overhead on shared expenses, additional insular revenues that you might not see if you are looking at a stand-alone Convention Center, even though it is next to this other district of mixed-use area and facilities. We will be able to isolate the Convention Center; whereas the Branson Landing Project we weren’t really able to isolate it. We came in and evaluated some assumptions and provided the City as a third-party, a second set of eyes to look at some of the events. Estimates of some of the revenues and the economic impact and the expenses attributed to the over-all complex and facilities. This situation now, we will be able to fine tune and look at the Convention Center, quantify the events, quantify the line item revenue and expenses; how much money it is going to be required for operating a subsidy or how much money you are going to make annually with an operating profit, and then quantify the amount of both gross and incremental economic impact in terms of spending, indirect and direct and also new tax dollars, hotel tax dollars, sales tax and other taxes.

Administrator Dody asked, “Would your study include the impact on existing hotels in the area, regarding the attachment of the Convention Center Hotel to the Convention Center or is that outside the scope of what you will be looking at?”

Answer: Mr. Krueger replied, “We don’t usually touch on that too much. Other than to say that, if there could be any material shifts going on, the reality is with this district that you are talking about, the Convention Center component may be one small piece of the puzzle in terms of the amount of new visitors and new traffic you are going to get down in

that area. So in terms of the attendees of this facility, the related events and related hotel rooms they're going to desire, with a 250-room headquarters hotel, maybe a smaller 100-room limited service hotel in the area as well, that still won't be enough to accommodate the attendees of most groups. Most of them will be new groups to your community, because you don't have a building this big in your community right now. There will be a benefit for every motel property in the community, theoretically. We will talk about the benefits and also the possible transfers or shifts in activities. We can touch on that."

Administrator Dody asked, "When you are talking to Convention Center planners, will you have to do an analysis of what the existing rooms are in Branson. What the distances will be from the downtown in order to give them the proper information, and if so how is that impacted in your study?"

Answer: Mr. Krueger replied, "We will describe with some vision for the projects and that is something we will have to work out with the city, making sure that we understand if the headquarters hotel is a paramount issue to be included with the Convention Center. We can set some assumptions when we are talking to meeting planners. There's going to be the Convention Center near the downtown, near the lakefront. There will be a headquarters hotel adjacent to it or within walking distance, but beyond that we don't get into where the hotels are located in the rest of the community. We typically ask them, how many hotel rooms do they block out on a peak night? How many hotel rooms do they require? Do they have extended stay; typically will they expect that with Branson? What are their thoughts on shuttling from the Center to outlying hotels elsewhere in the community? Do they have a maximum threshold of hotels they are willing to split the block room in. We go into lots of details about hotels and at the end we have a pretty good picture as to what your potential market feels about hotels, and how that works with what is being planned and what exists in your community."

Alderman Huff stated, "I have had some folks in the community comment to me that CS&L has already done one study, and they are not going to tell you anything that you don't already know. You're paying for the study, and they are going to tell you just what you want to know. Could you respond to that? Have you ever recommended to a client that they not build? Tell us a little bit of how you feel?"

Answer: Mr. Krueger replied, "We hear that all the time by opponents of whatever project is being proposed. It's a very consistent theme in every community we go to. Our reputation is based on our objectivity, and we can go back to Minneapolis, and we can get away from the Branson situation at the end our project and go on to other projects, but our reputation will stick with us. In terms of projects that we've recommended negatively, we have done several of those in this last year. Three of the last six projects that we worked on we came back with an assessment that could be deemed negative. Not to build. Not to expand. For instance the latest the Philadelphia Convention Center, we're presently working on their Convention Center. They had a plan to expand their facility by, close to 400,000 square feet of exhibit space, and we came back after our initial market feasibility study and told them that was about half too big; 50% too big from what the market really necessitates at this time. Similarly in Kansas City, we did an expansion feasibility for

Bartle Hall Convention Center Complex. We came back and told them no exhibit space expansion was necessary at this point and time. Their existing structure was adequate to accommodate their market demand. We did suggest improvements to finish some of their meeting space areas. Similarly in Miami Beach, we recommended to do nothing as far as a smaller project. Last year I was involved in a small community in Temple, Texas. The Mayor was very enthusiastic about building a convention facility. He has been thinking about it for many years. We did the feasibility study and essentially our recommendation was that there was not really any market demand to support it. Maybe look at it again in another 5 or 10 years, but at this point and time we can't recommend any facilities. Bottom line is we are certainly going to call it as we see it. Again Branson Landing is a different animal than a traditional feasibility study. This one would be straight from the beginning. We are just going to access the market and if the answer is nothing makes sense here, I wouldn't expect that based on the research we did for Branson Landing, because we did talk to many planners that knew about Branson and some that meet at the Chateau and love the area and would love to see a bigger convention facility to hold their trade shows and to hold their convention or consumer shows then we would tell you that. If it comes back to show a market demand that is much smaller than what we might envision then that is what we are going to tell you."

Mayor Schaefer stated we will take input from the audience at this time.

Rick Renfro, 108 Fern Street, asked, "If the Convention Center is going to go on the lakefront will it be able to express the entertainment on the strip and all the entertainers in all of the sporting events that is surrounding? Are you going to do some sporting?"

Answer: Mr. Krueger replied, "If I understand the question, you are wanting to know if the Convention Center is going to be marketed to support some of the existing entertainment on the Strip and tie them together. That is more of a marketing issue. Clearly if you have visitors coming into town for an event they will be hosting conferences, meetings, trade shows, whatever, but clearly at night they will get out and do something Branson is always going to be most well known for its entertainment attractions and the Strip. That is going to be on everybody's mind when they come to Branson. You are largely going to be a driving destination. These people have cars; they will be able to drive to the Strip. They will be able to work any of the shuttling systems that you have, and from a marketing perspective, it is going to be crucial for the Bureau to get that word out, when you are trying to attract these pieces of businesses. I think there is a lot of synergy that can be created with everything that is talked about in the downtown area. Your greatest assets right now are all on the Strip, and all of your entertainment and your critical mass of internationally known artists that you have in your community right now."

Chris Myer, asked, "How many of the cities where you've done these projections have you gone back and looked to determine how close your projections were? What is your history as it relates to that?"

Answer: Mr. Krueger replied, "We've done that in several cases. It is always difficult as these projects always materialize 5 or 6 years later. They may or may not materialize in

the same fashion that we recommend them, but we have done that on a number of cases. The last one that we checked in on was the Northern Kentucky Convention Center located in Covington, Kentucky. We still have good contact with the general manager there. We contacted him a few months ago and he said our estimates were real close in terms of events and financial operations, and in terms of expenses and revenues and things like that. They were actually a little bit conservative on the event side. I might say, that is really our approach to a lot of this, is to make sure a lot of these numbers we are estimating are all attainable. That's the latest example largely, because the corporate industry has grown so much in seven years. It grew faster than we really anticipated. They were attracting more corporate and that's why their event levels were higher. In New Orleans we keep close tabs on their Convention Center. We've done the last three major expansions, and our financial operations are always close. There is always a case here or there where we either under estimate or over estimate, but that's the nature of what we do. We are taking an educated guess of what we can do. I just want to make sure that you are aware that our estimates will be conservative but not overly conservative. We want to make sure that we will accurately estimate how much new tax dollars you are going to be generating. It is important for the TIF. We want to make sure that we do that accurate enough where you won't see a situation that you won't have enough revenue coming in, but also where you won't have so much more revenue that we didn't estimate, for all purposes we try to take a conservative approach. We have done that in a few cases we have looked at, but there hasn't been any situation where it has been a gross under estimation or an over estimation."

Mr. Myer stated, "A few things I hope you would address when you talk about market demand. We have an existing market demand in the SMURF market and the Association market. What is our penetration rate at this point? Because if our penetration rate is 100% then it is purely cannibalization in those markets. I think that will be important to determine what the new market demand versus the current, and I hope you will look at that. The other thing I think will be important is that we need to talk to the customer, and you've mentioned the surveys you are going to do; you've said some in person. Are they going to be here or are you going to go to their offices? I think it is very important that we do some kind of focus group where we bring planners here that haven't been to Branson, because it is easy for us to try and describe it but a picture is worth a thousand words. If we bring the planners here, I think that will increase your knowledge base of those people, and they may give us ideas once they have seen the area. I would highly encourage your group to actually bring planners here and do a focus group with them. I think it would be very valuable to do that."

Answer: Mr. Krueger replied, "We do those types of focus groups in certain situations. For a traditional study we don't normally do that but, we have the capacity to do that within this scope. I think that could be a very good idea, given the unique nature of what we are proposing. Some of these people may not have been to Branson; they may have a pre-conception and that could influence the ability of them bringing an event here. So that could be a very useful process, and we can certainly do that as an "out-of-pocket" expense. Try to get a group of a dozen people and show them all the plans, take them to the Strip, and show them what this destination really would have to offer."

Steve Presley, 404 Judy Street, stated, "I would like to start with applauding this effort of going on with doing the city. I know you said that was what you were going to do, and I think it is extremely important that we find the right answers. We all want this to be successful. If it goes in down there, wherever it goes, we want it to be successful. It's best for the community. One question, have you addressed the additional dollars needed to support the Convention Center?"

Answer: Mr. Krueger replied, "We will do a portion on that and as I explained, once we know what the product is. It is premature to talk a lot about marketing since we haven't defined the product yet: the size, the type, the focus of our events, marketing and things like that. We could do an additional phase that would address that and lay out the steps you would do over the next "X" number of years at the end of this feasibility study, establishing a marketing strategy. We will touch in a cursory nature, some of the different issues related to how much money you are going to spend on marketing as a community on the Convention Center. How important this is in the initial years, even before the Convention Center is being constructed."

Mr. Presley requested, "The Council put a task force together, very short term, as Chris Myer just recommended. I think there's some very good questions for this research project that the members of this community could bring to the table. Appoint a few people to sit down at a table with this group to go through this proposal and find out the questions that the community has. To my knowledge, nobody wants to see this thing fail. We want to see it succeed, and I really think we sell ourselves short if we do not use the expertise in this community. I think it would be very beneficial for this group and their study to have some of that insight and make sure we are asking all the questions that will satisfy the majority. Get the majority, and the comfort level that this study is really finding the answers that this community has been asking, and then they come back with a positive statement showing us what size we need and how this can work. Then we have a win-win situation for everybody. I think you could pull that group together in a very short period, to go through what their proposal is, and if there is additional questions they may have them covered."

Reply: Administrator Dody stated, "I think that is an excellent idea. If we could pull a group together within the next two or three days. Literally maybe the first of the week, and try to go through these things. I arranged with Bill Krueger, he is going to be available by conference call, we can get together by speaker phones and set down and go through some of these things and try to pound this out as quickly as we can, hopefully by the end of next week. We can get a group together and do just exactly what Steve is suggesting and have Bill available to answer the questions that come up so he is aware of what he may want to incorporate into his scope of services based upon that group's evaluation of his proposal. I highly recommend that, it's a great idea, like to get together as quickly as possible."

Mike Woody, 549 E. Indian Valley Drive, Ozark stated, "We would wholeheartedly support Steve's recommendation. If you could help us understand a little better

the reliability of your results when it says on page 8, 'CS&L shall have no liability whatsoever for the examination report, any of its findings, expressed or implied'."

Answer: Mr. Krueger replied, "We can't come out and made a statement that we guarantee the Convention Center will hit those estimates, with all of the variables involved, with the dynamics of predicting the future events, 5, 10, 15 years in the future, and all the variables that go into affecting what the performance is. Marketing alone can have a big affect and if you get a Bureau that is not effective it can have a bog affect on the Convention Center. That's something that we've got to take our best educated guess about without guarantees. Personally it is our only focus, we don't do any other type of studies. We've been doing this; 300 of these since the beginning, and we've developed an expertise. I have done more than 100 of these myself, and that experience phase is what we really rely on. We understand how all of these buildings operate, and we apply that knowledge."

Mr. Woody stated, "From the methodology standpoint will you be talking to maybe 200, 300, or 400 meeting planners to help us get really close to a plus-or-minus 5%. If we have an 85%, 90%, or 95% confidence level of at least this first phase, statistically look at the numbers of event we might have. Would you be talking to that many planners?"

Answer: Mr. Krueger replied, "I don't want to give you a number yet because we don't know what markets are out there. We first have to make a determination of what markets we are going to address, but usually with a project like this we will talk with between 100 to a couple of hundred different individual interviews with potential customers. We tend to call it more 'judgmental sampling'. We take the approach that we always rely on marketing research first and foremost to make sure that we really take that to the level that's going to give us a little confidence. What we call a little confidence that we are understanding what that market is."

Ann Stafford, 3441 W. Highway 76, asked, "When would you plan to look at how much other markets are spending on just their Convention Center or would you take that into a total relationship of marketing in their town plus their Convention Center and try to find a ratio there?"

Answer: Mr. Krueger replied, "The first thing we will talk about is the entire marketing budget that a Convention Visitor Bureau has, or other communities might have the chamber doing the marketing activity for the community. We will first take a look at what they are spending in total marketing for the community. We will try to work with the Bureau representatives, to try to pare that down to how much of that, what percentage of that is dedicated towards convention destination marketing. We will then try to pare that down even further. How much of that money are you really devoting to marketing customers that could utilize that Convention Center? We will look at that, and we always take that within the context of your community. With this type of community, I think that we definitely need to take a little bit of a different approach and understand how a Convention Center can work with the context of your existing Bureau Marketing Budget. You may not need as big a bump as other similar communities that are trying to get their

Convention Center and destination product up and running. We will make sure that you understand exactly what might be required and how it might fit into your existing budget.”

Mrs. Stafford asked, “Would you make a recommendation that the additional tourism marketing, destination marketing be bumped first? So that when you get ready, when the Convention Center is actually built, then that marketing can hit the ground running.”

Answer: Mr. Krueger replied, “Usually, once you go out to get the money that is when you start marketing the building. Before a shovel hits the ground you start getting the word out. Meeting planners have a fairly finite population of major events that could use major Convention Centers or large Convention Centers. The reality is you may only have a few thousand different meeting planners that you need to target. That type of an approach is to first get the word out to various industries publications that we have a brand new Convention Center and a brand new revitalization in process. We have that in the works, and we are going to be up on line in four years. Then go in to the direct sales approach to key markets within that population.”

Mrs. Stafford stated, “If you go into marketing thinking everybody knows about Branson that can be a fatal mistake in marketing. We would like to think they do but they don’t. We have that added responsibility of actually informing America about Branson, and who we are, and what we do. I would just like to make sure everybody understands the advertising pyramid. At the top of the pyramid is the thing that you uniquely own. Nobody else has it. Beneath that pyramid is a section called drivers; things that you don’t uniquely own, but they are very important to what you do. For instance Silver Dollar City is a great theme park, and it is a driver to the Branson Economy. However a ‘Theme Park’ is not Silver Dollar City’s uniquely own brand. There are a lot of roller coasters all over the country. Convention Centers are not uniquely owned by Branson. It will be a driver but it will never be the thing that we uniquely own. We have to always keep in mind that when we go to market it, that it is a driver just like the lakes are drivers; the theme parks are drivers. These are all drivers. We don’t uniquely own any of them. The one thing we uniquely own is 61,000 live theatre seats committed to family entertainment in one of the most beautiful places in the world, and that will always be at the top of our pyramid. The other things will help drive and support our uniquely owned market. When we come to marketing this building, we must not rely on the fact that everybody knows where Branson is because everybody doesn’t. There is a couple of other questions that I have. In this study will there be any questions of the show managers and Association executives asking if they are not interested in this Convention Center, and would they be more interested if it were more centrally located to the entertainment district?”

Answer: Mr. Krueger replied, “Questions like that are usually addressed in site analysis type components study and under this scope of services we are not addressing site.”

Mrs. Stafford stated, “You might want to consider adding that question since we are all saying this is a building process. The other thing I would like to ask is will this study take into consideration the total building cost, total financing cost, total operational and

maintenances cost of this building over a period of years, and the total marketing and sales cost over a period of years. Look at what that lump sum is and then ask, is this the best expenditure of your dollars for promoting Branson and its existing businesses?”

Answer: Mr. Krueger replied, “In terms of a component of construction cost, we can provide order of magnitude per square footage base estimates of what a building the size we would recommend typically or might cost. But then again, that is not what our scope for services addresses. You need to design the building, and you need to have an architect come on board after we get done with our study to see exactly how much the building is going to cost. As far as construction cost estimates, we don’t get into that. In terms of the other question time less cost benefit does this all make sense for the community? That is something that you as a community have to make that decision yourselves. Different communities deem feasibility in different ways. We can help you try to wrap everything together. We can help you talk about what all this means. In terms of what is important to you as a city, in making a determination whether to proceed with this?”

Administrator Dody stated, “A good business person always analyzes his return on investment. In the private sector there are particular ways or methodologies for doing that. However, on a public project like this a very different way of measurement is used. Could you expand on that a little more; the new jobs it stimulates, economic development, higher standards of living for the community, things that a municipality has to look at which are different than what the private sector looks at.”

Answer: Mr. Krueger replied, “The private sector typically looks on a new commercial endeavor at what the expenses are, and how much money it is going to bring in. Then takes that difference, profit or loss, and maybe add in a debt related number. Those are the only numbers that they consider. A Convention Center usually trades off the investment end and the possible operating subsidy, for the economic impact. The new direct spending. We will look at the incremental direct spending that is generated in your community as a direct result of the Convention Center. How many new people are we attracting to the community? Extended stay is also figured into that equation. When they are in the community they are staying in hotels, visiting restaurants, buying meals, going to shows, doing all those activities and in many cases spending several hundred dollars a day per person, and you have to add that up. Over a whole year of operation of your facility and all the incremental new people you are attracting to your community because of the Convention Center, you start seeing some pretty impressive numbers in regard to direct spending and indirect spending. Jobs created through that new spending, personal earnings increases, and there is new tax spending in your community. How many new hotel tax revenue dollars are we generating; how many new sales taxes are we generating, and all of that extends beyond downtown. One of the major areas is going to be this downtown district of course if you have individuals coming to the Convention Center and staying in a hotel downtown, some of them might stay elsewhere in the community. Most of them are going to shows out on the Strip. Many of them are going to be spending money all across town. What is the impact within the district? What is the shift in some of this impact? Do we have dollars pulled away from other areas? What is the new benefit and a variety of reasons why we quantify this?”

Jerry Lowther, 540 Foggy River Road, stated, "I want to reiterate what Ann Stafford just said. It is hard for us to believe that not everybody knows where Branson is. Don't get the idea that everybody knows where Branson is. We do have some work to do on that score. Terry, I want to congratulate you, and Steve on your suggestion that we form a committee and help. If we all get together and work together we might be able to get this thing done. You need to take advantage of some of the people in our group. Marketing is their lifeblood. Let's take advantage of the brains that we've got. A lot of people have good ideas so use them." Mr. Lowther then asked, "How many people are in your firm? Are you going to send us a beginner down here or are you going to send us an experienced man? Are you actually going to be on the ground here doing some of the work?"

Rick Huffman, 302 W. Highway 76, stated, "Were you involved in Springfield or did CS&L do a study on the exhibition center, the Overland Park Convention Center, the Convention Center by Kansas City? Have you done any in this geographic area, and in relationship to the structure itself? Will you be looking at structures that are columnless versus columns, ballrooms, two story, lower floor, and exhibition centers? Will all of that be addressed with recommendations to the city on what will yield the most convention years in the area?"

Answer: Mr. Krueger replied, "We have actually done a lot of work in this area. Personally I did a study at Lake of the Ozarks for an Exhibition facility. It is not going to be the type of convention product planned here so it is not going to be any competition. We did a city-wide study for Kansas City on all their public facilities. We have been involved in their latest expansion feasibility study and operations feasibility study. We worked with the state to look at some of the public assembly facilities in St. Louis. We did Kemper Arena and worked with the Kansas City Royals. We have worked closely with the architects that developed the Overland Park Convention Center. We are pretty familiar with the competition aspects, and you have to be really careful when you look at different products. Of course we are going to consider all the possible competitors when we do this study. We will quantify the primary space components, and we will tell you what your customer wants. We will tell you if they want contiguous column free convention space or do you want as close as column free as possible, or 90 feet Centers if you have that big of a convention hall. The necessity of having utility forks with grids placed in the floor and spaced at certain intervals, and the fact you have to have meeting and breakout sub-divisible. We will touch on what your customers need, and what is the state of the industry right now. If we know where the headquarters hotel might lay, we will tell how they might work in conjunction with each other. What the layout might best look like. And of course, we will always be available down the line, once the architects design the building and putting all the boxes together to make your Convention Center and putting all the pieces together."

Administrator Dody indicated he had a quick question to Mike Woody. "Several weeks ago you stood up and said that Silver Dollar City would participate in the costs. The

extra dollars may be needed for a focus group, is Silver Dollar City still in a position of offering to help?”

Answer: Mr. Wood replied, “Yes”.

Alderman Gass stated he had just one question, “If we market to get the people here what is your plan to get them to come to your shows?”

Ann Stafford replied, “We’ve actively sought meetings for years at the Jim Stafford Theater. That’s what I did for a long time. We go after them anyway. That’s just another part of the puzzle. Once you get the opportunity then it will be up to everybody else to figure out how they will go after them.”

Steve Presley replied, “The best way is to join all of the associations that those people belong to and go to those meetings. There is a lot of good ways to get the people.”

Alderman Taylor stated, “I’m sure as soon as we book convention attendees that the word of who we have booked and when they are going to be here will be knowledge in the community. Then they can make their plans accordingly.”

Upon receiving no additional questions, Alderman Warlick moved to go into closed Executive Session pursuant to Section 610.021 RSMo., subsections 1,2, and 3., seconded by Alderman Farris. Voting aye: Gass, Taylor, Huff, Farris, and Warlick. Nays: none. Absent: Barker. Meeting adjourned into closed Executive Session at 3:37 p.m.