

**MINUTES OF THE SPECIAL MEETING OF THE BOARD OF ALDERMAN  
CITY OF BRANSON, MISSOURI, NOVEMBER 3, 2003**

The Board of Aldermen of the City of Branson, Missouri, met in special session in the Council Chambers of the City Hall on November 3, 2003 at 5:30 p.m. with the following members present:

Mayor Schaefer presiding, with Dick Gass, Stan Barker, Beverly Martin, Ron Huff, David Edie and Jack Purvis present.

Also in attendance were: City Administrator Terry Dody, Assistant Administrator Kevin Faught, City Attorney Dan Wichmer, Deputy City Clerk Lisa Westfall, Finance Director Deanna Schlegel, Communications Director Jerry Adams and Kevin Powell.

At this time, Mayor Schaefer stated that the meeting was called to receive a report from HVS regarding the proposed convention center hotel. Brett Russell and Thomas Hazinski of HVS proceeded to give a power point presentation.

Mr. Russell gave an overview of HVS's background. HVS was retained by the City to research the Branson Landing proposed lodging facilities. In doing the research the study took in account information about the CS&L Convention Center Study, and the development of an 80-acre retail and entertainment complex located adjacent to the convention center complex. Additionally three separate lodging facilities were included: 1) A 260-unit public/privately funded convention center hotel connected to the proposed convention center; 2) A 120-unit privately funded modified, full-service hotel located within the retail/entertainment district; 3) A 75-unit privately funded condo hotel, located along the waterfront within the retail/entertainment district.

The purposes of the study was to project operating performance of the convention center hotel and evaluate the operating expenses of all three Branson Landing's lodging facilities and compare the net operating income (NOI) of the properties operated as one entity and as separate entities. Mr. Russell explained that for this study the market for hotel demand was separated into three segments: meeting and convention, group and leisure demand (FIT).

The study reported that currently there are over 23,000 nightly room rentals available in Branson. Sixteen properties in Branson were chosen for the competitive set. These properties ranged from limited-service to resort condo hotels. They were all selected because they share some competitive similarities to the proposed hotels in Branson Landing. Additionally several properties located in the Lake of the Ozarks region were used also. Mr. Russell reviewed the supply analysis from current data relative to the Branson area. It showed that in 2002 room night

demand experienced a slight decline (0.1%) in occupancy due to the expansion of several resorts and condo hotels in the area.

For the purpose of the HVS study, the proposed convention center hotel will consist of: 260 rooms, be upscale, full-service, 22,000 square feet of internal meeting space, physically connected to the convention center, adjacent to the Branson Landing retail and entertainment district, have a nationally recognized brand affiliation, be of new construction with a superior facility and be priced as a premier hotel in downtown Branson yet remain affordable. With these parameters the projection is that half of the demand for the facility will be from the meeting and convention market, FIT demand would be 28% and group demand would be 17%. The average nightly room rate in the 2003 market would be \$103.

Mr. Russell reviewed the study's comparisons to the Branson Landing lodging facilities and the current area market's. It was projected that in 2006/07 the Landing's occupancy would be 49% with the average daily rate of \$113.13; 2007/08 - 56% - \$119.48; 2008/09 - 62% - \$128.52; 2009/10 - 65% - \$133.63. This compares to the area market: 2006/07 - 57% - \$129.61; 2007/08 - 57% - \$134.79; 2008/09 - 60% - \$138.83; 2009/10 - 62% - \$143.00.

The property's net operating income (NOI) was based on its projected revenue. Two scenarios were used. The first scenario had all three lodging facilities operating under one management company. The second scenario had the three facilities operating as three separate entities by different management companies. The NOI, which is the percentage of the gross revenue remaining after all expenses and before debt services were as follows: Scenario 1 - 2006/07 - 16.1%, 2007/08 - 21.5%, 2008/09 - 26.6%, 2009/10 - 27.5%; Scenario 2 - 2006/07 - 12.2 %, 2007/08 - 18.1%, 2008/09 - 23.4%, 2009/10 - 24.3%.

If all three lodging properties operated under one management company the benefit would be a decrease in expenses such as food and beverage, marketing, management fees and other expense items. The projected difference in the NOI between the two scenarios is approximately \$400,000.

At this time Mayor Schaeffer opened the floor up for questions and comments from the members of the Board.

Members of the Board of Aldermen had Mr. Russell and Mr. Hazinski define the shoulder season and condo hotels (which was not used in the ERA study); why only Lake of the Ozarks was used as an outside region; what a strong franchise affiliation would be; the 22,000 square feet of internal meeting space in the hotel; the impact on existing hotels; the food service facilities at the hotel and convention center; the current occupancy trend of our present motels; the distribution of overflow from the convention center hotel; and the size of groups the convention center would be used for.

**Citizens from the audience with comments or questions were Stephen Marshall, Dave Shaffer, Dan Ruda, Larry Milton and Rick Graf.**

**After additional discussion, Mayor Schaeffer then entertained a motion accepting the HVS report. Alderman Gass made the motion, seconded by Alderwoman Martin. Voting aye: Gass, Barker, Martin, Huff, Edie and Purvis. Nays: none. Motion carried.**

**Mayor Schaeffer entertained a motion to adjourn. Alderman Huff moved to adjourn, seconded by Alderman Barker. Voting aye: Gass, Barker, Martin, Huff, Edie, and Purvis. Nays: none. Motion carried.**

**Meeting was adjourned at 7:15 p.m.**