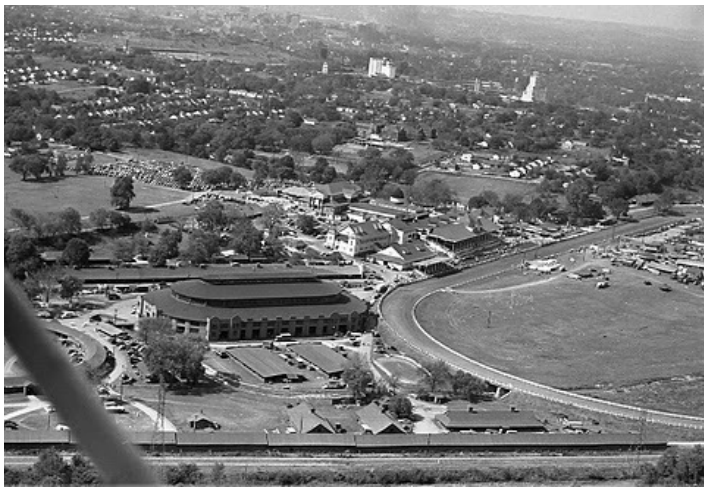
Tennessee State Fairgrounds Master Plan – Phase 1



Presented to:
Metropolitan Government of Nashville and Davidson County

February 18, 2013

VENUE Solutions group

CONVERGENCE DESIGN

CONVENTIONS SPORTS & LEISURE

February 18, 2013

Ms. Ann Hammond
Assistant Executive Director - Planning
Nashville Metro Government
800 2nd Avenue South
Nashville, Tennessee 37210

Dear Ms. Hammond:

Conventions, Sports and Leisure International (CSL), in conjunction with Venue Solutions Group (VSG) and Convergence Design (Convergence), has completed a report regarding Phase 1 of a Master Plan for the future development and operation of the Tennessee State Fairgrounds (Fairgrounds) site and surrounding area in Nashville, Tennessee. The attached report presents our research, analysis and findings and is intended to assist the Metropolitan Government of Nashville and Davidson County (Metro) in its planning related to the future of the Fairgrounds and its site.

The analysis presented in this report is based on estimates, assumptions and other information developed from industry research, data provided by Metro, discussions with industry participants and analysis of comparable fairgrounds complexes. The sources of information, the methods employed, and the basis of significant estimates and assumptions are stated in this report. Some assumptions inevitably will not materialize and unanticipated events and circumstances may occur. Therefore, actual results achieved will vary from those described and the variations may be material. Furthermore, all information provided to us by others was not audited or verified and was assumed to be correct. All primary research and analysis for this engagement was completed by December 2012.

This summary report has been prepared for the internal use of Metro, and should not be relied upon by any other party. The report has been structured to assist Metro representatives in evaluating issues pertaining to the operations of the Fairgrounds and should not be used for any other purpose.

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

Very truly yours,

CSL International

CSL International

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Executive Summary

Conventions, Sports and Leisure International (CSL), in conjunction with Venue Solutions Group (VSG) and Convergence Design (Convergence), (collectively referred to as the Project Team), has completed a report regarding Phase 1 of a Master Plan for the future development and operation of the Tennessee State Fairgrounds (Fairgrounds or TSF) site and surrounding area in Nashville, Tennessee. This executive summary outlines the key findings associated with the Phase 1 Master Plan effort. The full written report should be reviewed in its entirety to gain an understanding of the engagement's methods, limitations and implications.

Background and Approach

The objective of this Phase 1 effort is to develop and recommend a market supportable Fairgrounds facility program that is designed to enhance the long-term financial and economic impact-generating performance of a Fairgrounds complex in Davidson County. Further, the Phase 1 effort investigates industry best practices and recommends potential areas for business plan adjustments that could serve to improve marketability, event capture, financial and economic impact outcomes. In addition to assessing physical facility redevelopment, expansion and/or improvement issues, the Phase 1 study effort will assess opportunity costs and implications of "doing nothing" in terms of physical facility investment for the near and long-term.

The Phase 1 Master Plan is a forward-thinking effort to protect and enhance the long-term viability of the Fairgrounds for the benefit of Nashville and the state of Tennessee. Within this report, the Phase 1 Project Team recommends a market supportable Fairgrounds facility program, analyzes several potential development scenarios—with the end purpose of identifying a solution that considers highest-and-best-use issues and enhancing the long-term financial and economic impact-generating performance of a Fairgrounds complex in Davidson County. The Phase 1 Master Plan study effort consisted of a variety of community outreach, best practices research, benchmarking and analysis steps.

Existing Tennessee State Fairgrounds Complex Assessment

The Tennessee State Fairgrounds has a long, rich history and the facility and its events and visitors have made an important contribution to the Nashville community's fabric and history. The 117-acre TSF is located less than one mile south of downtown Nashville, Tennessee. The inaugural Tennessee State Fair was held in 1906. In 1910, Davidson County purchased the fairgrounds site, agreeing to a 99-year lease with the State of Tennessee for use of the property as a fairground.

The Phase 1 Project Team toured the TSF facilities and interviewed TSF staff during our evaluation of the physical condition of the structures. While the age of the structures varies, most on the TSF property are in "fair" condition, with a few in "poor" condition and others in "good" condition. There were no facilities that we consider to be in "great" or "excellent" condition. Additional detail and specific recommendations regarding physical repair and maintenance items that should be considered under various development/operating scenarios (including "do nothing" and no redevelopment scenarios) are provided in the full report.

Each year, the TSF hosts a wide variety of both local and non-local events, including meetings, banquets, fundraisers, tradeshows, seminars, public/consumer shows and other such events. Primary tenants of the TSF, representing major recurring events/shows/activities, include the State Fair, Nashville Flea Market, Fairgrounds Speedway Nashville races, roller derby and the Christmas Village. The TSF also hosts many other events typical of comparable fairgrounds complexes located elsewhere throughout the country, including public/consumer shows, entertainment events, meetings, banquets, and miscellaneous events. As is typical with most fairgrounds complexes, there are a very limited number of traditional conventions and conferences hosted at the TSF. Most of these types of events require more upscale and differentiated space that is prevalent in hotel meeting facilities and convention centers. The one noteworthy event segment that the TSF is presently lacking in addressing, as compared to the typical fairgrounds complex, is the horse/livestock/agriculture event segment (i.e., primarily dirt-oriented, mostly animal-focused events).

Beginning with the 2010 Tennessee State Fair, ownership and management of the State Fair falls under the purview of the newly formed Tennessee State Fair Association, rather than the TSF complex itself as in previous years. Therefore, the Fair is now operated as a lessee of event space at the TSF. Based on a detailed analysis of the three most recent fiscal years of financial operating results associated with the TSF, the TSF generates an annual financial operating deficit of several hundred thousand dollars. It is believed that some within the local community have mistakenly believed that the TSF operates in perpetuity in a self-sustaining manner. Recently, the TSF has been using capital reserve funds to absorb these operating deficits. This type of deficit is consistent with the average of a comparably-sized fairgrounds complex elsewhere throughout the country.

Comparable Fairgrounds Benchmarking

As part of a detailed industry benchmarking effort, a set of 12 comparable state fairgrounds complexes was identified. Detailed physical facility, event, utilization, financial and other operating data was collected from each and analyzed. The following exhibit summarizes the comparable state fairgrounds facilities reviewed.

Facility	Ownership Structure	Size (in acres)	Total Stalls	Permanent Stalls	Portable Stalls	RV Hookups	Grandstand Seating	Largest Arena Seating
Arkansas State Fair Complex	Private	140	678	122	556	200	n/a	10,200
Illinois State Fairgrounds	State	360	678	615	63	300	11,600	7,700
Indiana State Fairgrounds	State	250	1,065	215	850	170	13,900	7,550
Iowa State Fairgrounds	State	400	600	400	200	2,378	10,400	3,500
Kansas State Fairgrounds	State	280	201	201	0	511	9,700	1,500
Kentucky Expo Center	State	400	2,498	1,071	1,427	218	n/a	19,000
Mississippi Fair Complex	State	105	1,000	1,000	0	300	n/a	10,000
North Carolina State Fairgrounds	State	344	585	485	100	200	2,200	7,600
Ohio Expo Center	State	360	1,012	1,012	0	363	n/a	5,000
State Fair Park (Oklahoma City)	City	435	2,583	963	1,620	180	n/a	9,000
South Carolina State Fairgrounds	Private	90	240	240	0	286	6,000	300
Wisconsin State Fair Park	State	200	850	0	850	120	40,000	3,120
Average		**280**	**999**	**527**	**472**	**436**	**13,400**	**7,039**
Tennessee State Fairgrounds	**Metro**	**117**	**0**	**0**	**0**	**20**	**21,000**	**2,500**

As shown, the TSF tends to rank low among the comparable state fairgrounds complexes reviewed for a number of the key physical facility metrics reviewed. In addition, the TSF presently offers a low amount of indoor exhibit space relative to other state fairgrounds complexes, while the largest contiguous exhibit hall at the TSF is by far the smallest among the comparable set reviewed. Further, the TSF's structures are older and in a greater state of disrepair than many of the other state fairgrounds complexes. All these issues have important implications on the TSF's ability to compete for events, attendees, exhibitors and participants.

In addition to available space, the Project Team also investigated the presence of a racetrack at comparable state fairgrounds complexes. Of the 50 state fairs throughout the country, 29 do not possess a racetrack within their site and all but two of the remaining venues offer only a dirt track for horseracing, motorsports or both. Only the TSF and the Evergreen State Fair in Washington offer a paved track for motorsports. Further, the Evergreen State Fair is actually a county fair that operates as a state fair in name only. In fact, the Puyallup Fair will officially become the state fair of Washington starting in 2013, meaning that the TSF is the only "official" state fairgrounds to offer a paved track for motorsports.

Attendance statistics of annual state fairs throughout the country were compared. The average state fair attracts approximately 606,000 people throughout the event (based on an "actual" attendance estimate provided by each fair, rather than "ticketed" attendance tallies). The Texas State Fair attracts the most, bringing in approximately 3.0 million visitors, while the Wyoming State Fair attracts the fewest with only 50,000 people annually. The Tennessee State Fair ranks near the bottom, among state fairs held in Montana, Vermont and Wyoming, with approximately 100,000 people attending the Tennessee State Fair annually. This is significantly smaller than attendance levels at states with much lower population levels such as Delaware, North Dakota and Kansas, all of which attract more than 300,000 attendees annually.

Market Demand Analysis

A detailed market demand analysis was conducted with respect to a potential redeveloped Tennessee State Fairgrounds. Specifically, at the outset of the research process, several focus group meetings were conducted in Nashville with a variety of local area individuals—some representing organizations with existing events held at the TSF, some representing local business/community leaders, and some representing interested local citizens. Subsequently, an open house was conducted to provide an opportunity for community members, Fairgrounds neighbors, project stakeholders and others to offer comments and suggestions on the use of the study site for fair and event uses. Additionally, detailed telephone interviews were completed with event planners representing key non-local event segments that could use a potential redeveloped TSF. The telephone interviews were conducted with planners and organizers of state and regional equestrian, livestock and other animal related shows, producers of public/consumer shows, entertainment events and other such events with a potential interest in the specific type of event space that could be offered within a new/redeveloped TSF.

The market demand analysis conducted suggests that a redeveloped TSF could attract a measurable level of new events to the Nashville area. These new events will likely include a mix of local and non-local events, with non-local events generating new visitation and economic impacts in the local community. It will be important that the event facility retain focus on its core business (i.e., State Fair, Flea Market, public/consumer shows, etc.) while capitalizing on the opportunity to create a "brand and theme" through promoting livestock, agricultural and equine events. It is believed that events in this "animal" or "dirt-oriented" category represent the greatest area of new market opportunities for a redeveloped and/or relocated fairgrounds.

Located on the east side of the TSF, the Fairgrounds Speedway has hosted a variety of motorsports events since opening in 1957. The Speedway is presently limited to hosting ten auto races per year, a level that was recently increased from a limitation of seven auto races per year. Overall, the Fairgrounds Speedway maintains issues that restrict the ability to attract and retain races and related events, including: (1) noise and issues impacting the neighborhood; (2) limitation in dates available to racing; (3) deficiencies in functionality, amenities, etc.; (4) historical challenges with promoter stability; (5) closure of Nashville Superspeedway; and (6) high costs regarding the construction and operation of a state-of-the-industry speedway.

The Project Team contacted NASCAR directly to determine their potential level of interest in returning to the middle Tennessee market and specifically to the Fairgrounds Speedway. According to a senior level NASCAR official, NASCAR's position is that "they have no current position on the viability of returning to the Tennessee State Fairgrounds". This position was confirmed by calls to other NASCAR officials.

While the recent industry-wide contraction of major NASCAR-type events and the recent closure of the Nashville Superspeedway along with its history of lower than desirable attendance provide some basis for concern relative to the viability of racing overall in the greater Nashville marketplace, in certain respects, it may also suggest some possibility of market opportunity for smaller, weekly racing at a track such as the Fairgrounds Speedway. It is believed that racing (in terms of event draw and attendance) at the Fairgrounds Speedway has been historically constrained by imposed date limitations, stability of the contracted race promoter, and lower than industry-standard physical facility product. However, the focus of this Phase 1 Master Plan is to outline a redeveloped Fairgrounds based on industry best practices. As previously discussed, the best practices model for a state fairgrounds complex does not include a paved motorsports racetrack. However, as the existing Fairgrounds site presently includes the Speedway, the racetrack issue obviously needs to be considered if a redevelopment would involve the current Fairgrounds site. A full market/financial feasibility study of racing in Nashville and a motorsports track was outside the scope of this engagement.

Scenario Concept Analysis

The following key elements are considered market supportable for a Nashville Fairgrounds complex. It is estimated that this type, mix and volume of space would be able to accommodate the majority of existing and unmet demand for a Nashville area Fairgrounds complex, while also adhering to industry best practices.

Exhibit Halls:
(concrete floor, column-free if possible)
1 @ 80,000 square feet
1 @ 40,000 square feet
4 @ 15,000 to 25,000 square feet (with at least one with smaller sub-divisibility)

Indoor Arena:
1 @ Indoor Rodeo Arena, dirt floor, up to 300' x 150' ring, 3,500 to 5,500 seats

Warm-up/Show Areas:
1 @ covered warm-up / show ring (ring of at least 150' x 100')
1 @ outdoor warm-up / show ring (ring of at least 150' x 100')

Barns/Stalls:
Barns with room for up to 1,000 horse stalls (mix of permanent and portable stalls) plus ties, wash racks, circulation and storage

RV Hookups:
Approximately 150

The Phase 1 Project Team was given four broad development scenarios to evaluate involving the Fairgrounds at the present location and a redeveloped Fairgrounds elsewhere within Davidson County. Ultimately, these four scenarios were expanded into six development scenarios for detailed analysis. The scenarios are as follows:

Scenario 1: "As Is", No Physical Changes

Scenario 2: Operational Adjustments, Basic Repairs

Scenario 3A: Fairgrounds Redevelopment at Current Site, Keep Racetrack

Scenario 3B: Fairgrounds Redevelopment at Current Site, Remove Racetrack

Scenario 4A: Fairgrounds Redevelopment at "Greenfield" Site, No Racetrack

Scenario 4B: Fairgrounds Redevelopment at "Greenfield" Site, With New Racetrack

The market supportable program of the physical Fairgrounds facility product was determined based on industry best practices for state fairgrounds complexes and market demand that is unique to Nashville. This program was translated and adjusted as required for the size, location and geographical constraints imposed by, or likely for, each scenario. Potential construction costs and site and neighborhood issues were also assessed for the scenarios.

The following exhibit presents a top line summary of the estimated order-of-magnitude construction costs associated with each of the redevelopment and relocation scenarios (presented in 2012 dollars).

	SCENARIO 3A Redevelop. @ Current Site, w/ Racetrack	SCENARIO 3B Redevelop. @ Current Site, NO Racetrack	SCENARIO 4A Redevelop. @ Greenfield Site NO Racetrack	SCENARIO 4B Redevelop. @ Greenfield Site w/ Racetrack
Structures	$100.0	$89.0	$119.0	$119.0
Site Development	21.0	26.0	69.0	155.0
Project Costs	29.0	28.0	42.0	59.0
Total Probable Cost	$150.0	$143.0	$230.0	$333.0

As shown, total potential construction costs are estimated to range between $143 million and $333 million depending on the redevelopment/relocation scenario. The full report provides additional detail and basis for these estimated figures.

Economic Impact Analysis

The ability of a public assembly facility, like a fairgrounds complex, to generate new spending and associated economic and tax impacts in a community is often one of the primary determinants regarding a decision to invest in the development and operation of such a facility. Beyond generating new visitation and associated spending in local communities, fairgrounds also benefit a community (and the entire state in the case of a state fairgrounds, as an example) in other important ways, such as providing a venue for annual fairs and other events and activities attended by community members.

To further comparatively evaluate the identified Fairgrounds development scenarios, analyses were conducted with regard to quantifiable benefits and costs. For purposes of this exercise, only directly-attributable estimated annual economic benefits and costs have been considered and quantified. Potential non-quantifiable or intangible benefits and issues that will likely also be important to consider during decision-making concerning the Fairgrounds and its potential redevelopment and/or relocation are also presented.

The following exhibit presents a summary comparison of key estimated annual costs to Metro Government and benefits to the local Nashville/Davidson County economy associated with a redeveloped/relocated fairgrounds by scenario. Benefits have been presented in terms of annual total output (a sum of direct, indirect and induced visitor spending) in Nashville/Davidson County, as well as incremental Metro Government tax revenue associated with each scenario. Costs have been presented in terms of an estimated annual debt service amount related to the total estimated construction cost figures per redevelopment/relocated scenario, as well as the annual operating subsidy that has been estimated for each. Specifically, the hypothetical debt for each scenario is assumed to be defeased over a term of 30 years at a 3.0 percent annual interest rate. Additionally, while not consisting of a full redevelopment scenario, a relatively modest amount of annual debt service is assumed under Scenario 2 ($800,000) to cover limited improvements to the existing TSF over and beyond the base minimum repairs and maintenance.

Summary of Estimated Annual Metro Government Costs and Nashville/Davidson County Benefits
(dollars in millions, 2012 dollars, annualized, upon stabilization)

	Current	SCENARIO 1 "As Is", No Physical Changes	SCENARIO 2 Op. Changes, Limited Physical	SCENARIO 3A Redevelop. @ Current Site, w/ Racetrack	SCENARIO 3B Redevelop. @ Current Site, NO Racetrack	SCENARIO 4A Redevelop. @ Greenfield Site NO Racetrack	SCENARIO 4B Redevelop. @ Greenfield Site w/ Racetrack
Annual Costs to Metro Government:							
Const. Debt Service	$0.0	$0.0	$0.8	$7.7	$7.3	$11.7	$17.0
Operating Deficit	$0.3	$0.4	$0.3	$0.4	$0.4	$0.7	$0.8
Total	$0.3	$0.4	$1.0	$8.1	$7.7	$12.4	$17.7
Annual Incremental Tax Revenue to Metro Government:							
Total	$0.4	$0.3	$0.5	$0.8	$0.8	$0.9	$1.3
Annual Economic Output:							
Direct Spending	$7.2	$6.7	$9.5	$15.5	$14.7	$16.7	$23.1
Indirect/Induced	$4.9	$4.5	$6.4	$10.4	$9.9	$11.3	$15.5
Total	$12.1	$11.1	$15.9	$25.9	$24.7	$28.0	$38.6
Annual Employment Impacts:							
Full & Part-time Jobs	151	139	198	323	308	349	482
Personal Earnings	$5.9	$5.4	$7.7	$12.5	$11.9	$13.5	$18.7

As shown in the exhibit on the previous page, total annual costs to Metro Government for Scenarios 1 and 2 are estimated at approximately $400,000 and $1.0 million, respectively. For the Scenario 3 redevelopment at the current site, total annual costs to Metro Government are estimated to range between $7.7 million and $8.1 million. Annual costs related to Scenario 4 relocation options range between $12.4 million and $17.7 million.

It is estimated that the current TSF generates approximately $12.1 million in annual economic output (direct, indirect and induced visitor spending) in Nashville/Davidson County. This economic activity supports approximately 151 full and part-time jobs throughout the local economy and $5.9 million in personal earnings (income). Total direct tax revenues generated annually approximate $400,000.

These costs and benefits increase over the scenarios through Scenario 4B which is estimated to generate approximately $38.6 million in annual economic output in Nashville/Davidson County. This economic activity supports approximately 482 full and part-time jobs throughout the local economy and $18.7 million in personal earnings (income), along with $1.3 million in new annual Metro Government tax revenue.

Importantly, it is estimated that these economic benefits realized in Nashville/Davidson County will continue to diminish over time without significant investment in the fairgrounds—either at the existing site or a new greenfield relocation site.

In addition to the more quantifiable benefits of the TSF and potential redevelopment and/or relocation scenarios, certain potential benefits cannot be quantifiably estimated. These intangible impacts can arguably be more relevant and important than the quantifiable impacts associated with public sector investment in the project. Potential qualitative benefits and important intangible issues relevant to the TSF and potential redevelopment and/or relocation scenarios include, but are not limited to:

- Historical and Cultural Heritage Issues – The Tennessee State Fairgrounds at the current site has a long, rich history and the facility and its events and visitors have made an important contribution to the Nashville community's fabric and history. Many generations of families and citizens have enjoyed events, activities and races at the Fairgrounds and Raceway. Like with any important public assembly venue with such a long history in a locale and community, the Fairgrounds has established strong roots and meaning in Nashville. These issues are important and cannot be quantified.

- Quality of Life and Community Good – There are a number of other intangible benefits of having a prominent event facility like the TSF in a community that have not been quantified, including: quality of life, community reputation and image, local gathering point, recreational use and advertising opportunities for local business. Further, the current location of the TSF is presently much more centrally-located within the city's population core than other comparable fairgrounds complexes around the country. This location has important benefits to Nashville residents in terms of convenience and ease of access—likely greater for many residents than a new greenfield location might provide.

- Spin-Off Development – New retail/business tend to invariably sprout up near prominent event facilities spurred by the operations and activities associated with the event facility, representing additions to the local tax base. Event facilities are increasingly being viewed by communities across the country as important anchors of larger revitalization projects. It is believed that a relocated fairgrounds could serve as a critical anchor at a larger greenfield site and location, which could also involve other private sector investment for the site or area.

Business Planning and Funding Issues

A review of business planning and funding issues related to the TSF was conducted, with a focus on key governance, management and funding aspects. Nearly all of the set of state fairgrounds reviewed are operated by a State-run agency, and only Oklahoma's state fair and the Tennessee State Fair complex are managed by a local municipality. The two privately-operated venues (the Arkansas State Fair and the South Carolina State Fairgrounds) are operated by a 501(c) non-profit organization.

Given the importance of non-Fair events at the TSF relative to the Fair itself (in terms of attendance and facility revenue contribution) presently, and that estimated for a redeveloped or relocated fairgrounds (in which case this disparity would be further exacerbated), it is believed that the current ownership and management structure (through Metro government) is the most appropriate model in Nashville/Davidson County. If the Tennessee State Fair was in the top tier of attended state fairs in the country, or if the fairgrounds complex itself fell outside of the municipal boundaries of one of the state's largest cities (like many state fairground complexes around the country that are located outside large city boundaries or in smaller cities), there would be a stronger case for considering ownership and management under models different than Metro (municipal), such as State governance.

While there are a variety of public sector funding vehicles and revenue sources that have been used in the financing of public assembly facility projects in communities throughout the country, a large percentage are owned by the public sector and had original or expansion construction funding provided through municipal capital project funding (i.e., transfers from a municipality's General Fund or Capital Projects Fund, etc.) or through the issuance of General Obligation or Revenue bonds. Other financing mechanisms include tax increment financing (TIF), pay-as-you-go financing, certificates of participation, state/federal assistance, and private/public equity and grants. Under situations where bonds have been issued, debt service is often supported by local tax revenue, which has tended to include tax sources such as hotel taxes, sales and use taxes, property taxes, restaurants/food and beverage taxes, auto rental/taxicab taxes, sin taxes (alcohol, cigarette, etc.), and admissions/entertainment taxes.

1. Background and Approach

Conventions, Sports and Leisure International (CSL), in conjunction with Venue Solutions Group (VSG) and Convergence Design (Convergence), (collectively referred to as the Project Team) has completed a report regarding Phase 1 of a Master Plan for the future development and operation of the Tennessee State Fairgrounds (Fairgrounds or TSF) site and surrounding area in Nashville, Tennessee.

Collectively, CSL, VSG and Convergence personnel have over 200 years of experience exclusively in the event facility industry, participating in many hundreds of planning and evaluation projects. Nearly all of each firm's work has involved some level of industry research, benchmarking and best practices analysis, providing the Project Team with extensive expertise in the event facility industry.

The objective of this Phase 1 effort is to develop and recommend a market supportable Fairgrounds facility program that is designed to enhance the long-term financial and economic impact-generating performance of a Fairgrounds complex in Davidson County. Further, the Phase 1 effort investigates industry best practices and recommends potential areas for business plan adjustments that could serve to improve marketability, event capture, financial and economic impact outcomes. In addition to assessing physical facility redevelopment, expansion and/or improvement issues, the Phase 1 study effort will assess opportunity costs and implications of "doing nothing" in terms of physical facility investment for the near and long-term.

The Phase 1 Master Plan is a forward-thinking effort to protect and enhance the long-term viability of the Fairgrounds for the benefit of Nashville and the state of Tennessee. Within this report, the Phase 1 Project Team recommends a market supportable Fairgrounds facility program, analyzes several potential development scenarios—with the end purpose of identifying a solution that considers highest-and-best-use issues and enhancing the long-term financial and economic impact-generating performance of a Fairgrounds complex in Davidson County.

The Phase 1 Master Plan study effort consisted of a variety of community outreach, best practices research, benchmarking and analysis steps, including the following:

1. Project Orientation
    a. Work with Metro representatives and other project leaders to establish the specific project goals and time frame.
    b. Conduct initial planning meeting to discuss the objectives, areas of project focus, and issues.
    c. Conduct site tours and follow-up interviews with key Project stakeholders throughout process.

2. Analysis of Existing Market and Complex Conditions
    a. Update and analyze the viability of the marketplace to support redevelopment of the Fairgrounds.
    b. Identify historic, current and projected socioeconomic trends relative to the community.
    c. Analyze the existing/historical physical characteristics and operational performance of the present Fairgrounds.

3. Best Practices Analysis
    a. Research physical facility and operational aspects of comparable Fairgrounds projects throughout the country.
    b. Identify a best practices approach relative to the physical attributes of comparable facility complexes.
    c. Identify opportunities for improvements/adjustments in Fairgrounds organizational structure, policy and procedures.

4. Market Demand Analysis
    a. Conduct in-person, one-on-one interviews and focus groups with key local individuals and business leaders.
    b. Interview via telephone a sample of past, current and potential users of a possible redeveloped Fairgrounds.
    c. Analyze potential future market demand and opportunities to drive incremental event activity and attendance.

5. Program, Site and Event Analysis
    a. Translate market estimates into a supportable program of facility space for both a redeveloped and a relocated Fairgrounds.
    b. Evaluate constraints and opportunities relative to the site as they relate to a redeveloped Fairgrounds complex.
    c. Quantify event, utilization and attendance characteristics associated with both a redeveloped and a relocated Fairgrounds.

6. Cost and Benefit Analysis
    a. Analyze and estimate impacts associated with Fairgrounds redevelopment or relocation on financial operating characteristics.
    b. Estimate economic impacts associated with the existing, redeveloped and hypothetical relocated Fairgrounds.
    c. Perform cost/benefit sensitivity analyses involving various development and operational scenarios.

7. Business Plan and Funding Analysis
    a. Research construction and operations funding structures of comparable fairgrounds projects throughout the country.
    b. Identify and summarize potential public and private funding sources for a potential Fairgrounds redevelopment project.
    c. Evaluate business plan issues, focusing on viable long-term facility funding and operational framework issues.

2. Existing Tennessee State Fairgrounds Complex Assessment

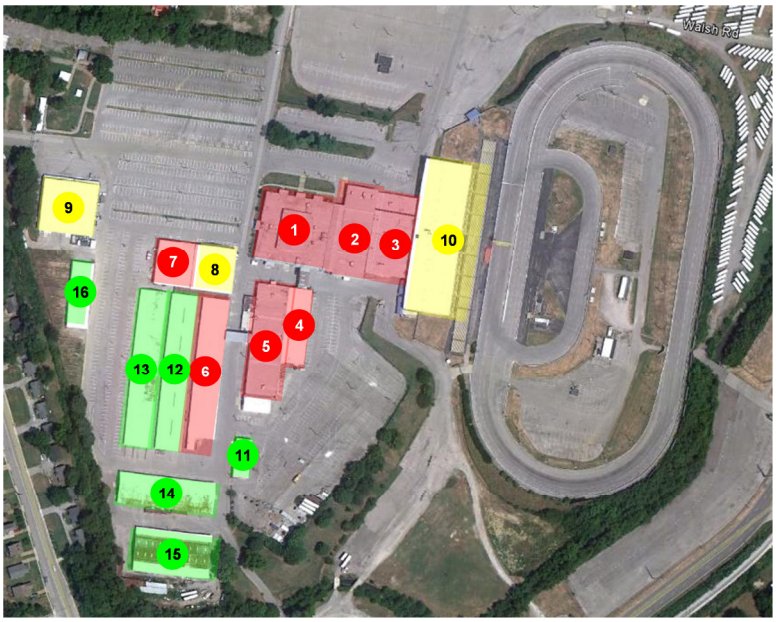
The Tennessee State Fairgrounds (also known as the Nashville Expo Center) is located less than one mile south of downtown Nashville, Tennessee. The 117-acre site offers direct access to Interstate Highways 65 and 440, with nearby access to Interstate Highway 24. Nashville is located in the north-central part of Tennessee and is the state capital. It ranks as the second largest city in the state and largest metropolitan statistical area in terms of total population.

Cumberland Park opened at the site of the current Tennessee State Fairgrounds (TSF) in 1891 and the inaugural Tennessee State Fair was held in 1906. In 1910, Davidson County purchased the 110-acre fairgrounds site, agreeing to a 99-year lease with the State of Tennessee for use of the property as a fairground.

The horse track was a one-mile dirt track with a 7,000-seat grandstand and was Nashville's premier venue for harness racing. Nashville's first automobile race was held at the Fairgrounds site in June 1904, and in 1957 the track was converted to a half-mile paved oval to accommodate NASCAR racing, which ran from 1958 through 1984. In 1969, the track was banked and lengthened to five-eighths of a mile, and modified again in 1972 when its corners were cut from 35 to 18 degrees.

In the 1960s, the Tennessee State Fair Board began sanctioning the Nashville Flea Market, which occurs on the fourth weekend of every month (except in December, when it occurs on the third weekend). The Flea Market has grown to be among the top ten flea markets in the country, with dealers and vendors arriving from 30 different states.

The current TSF complex offers approximately 113,200 square feet of event space throughout seven event halls, including the 28,800-square foot Creative Arts Building. The indoor Sports Arena offers seating for approximately 2,500 people, while the grandstand overlooking the racetrack offers seating for approximately 15,000. The following exhibit presents a summary diagram of the general layout of primary spaces within the TSF.



1	Creative Arts Building
2	Annex Building
3	Exhibitor's Building
4	Banquet Building
5	Agriculture Building
6	Vaughn Building
7	Wilson Hall
8	Judging Arena
9	Sports Arena
10	Grandstand
11	Rabbit Barn
12	Shed 2
13	Shed 3
14	Shed 4
15	Shed 5
16	Pulling Shed

Fairgrounds Facility:	Nashville Expo Center
City, State:	Nashville, TN
Size:	117 acres
Ownership Structure:	Metro
Number of Event Halls	7
Number of Enclosed Arenas	2
Number of Covered Arenas	0
Number of Outdoor Arenas	0
Number of Barns	6
Number of Event Buildings	15
Largest Contiguous Exhibit Space:	28,800
Total Indoor Event Space:	113,200
Permanent Horse Stalls:	0
Portable Horse Stalls:	0
RV Hook-ups:	20
Grandstand Seating:	15,000

Nashville Expo Center	
Nashville, TN	
Exhibit Space	**110,000**
Creative Arts Building	28,800
Agriculture Building	21,400
Vaughn Building	21,000
Exhibitor's Building	17,400
Banquet Building	10,500
Annex Building	5,500
Wilson Hall	5,400
Meeting Space (1 Room)	**3,200**
Seating	**17,500**
Grandstands	15,000
Sports Arena	2,500

Physical Assessment

Venue Solutions Group toured the facilities of the Tennessee State Fairgrounds and interviewed multiple staff during our evaluation of the physical condition of the structures. The age of the structures varies, and our commentary in this section is a generalization meant to provide a simple description of the overall condition. Appendix A includes detail on each structure that we reviewed.

Most structures on the property of the Tennessee State Fairgrounds are in fair condition, with a few in poor condition and others in good condition. There were no facilities that we consider to be in great or excellent condition. Below are the highlights of our observations:

1. Due to uncertainty of Fairgrounds' future, little HVAC maintenance has been performed. Some units that no longer function have been abandoned; others have been kept functional utilizing a minimum of resources.
2. There is no control system for HVAC system (utilities cost approximately $5.00 per square foot, and industry average is closer to $1.50 to $2.00 per square foot).
3. Most door hardware we observed was functioning; staff had to use metal bars to keep doors locked. This represents a safety hazard during an emergency. After our assessment tour, many doors were replaced, eliminating this condition.
4. Some roofing should be further evaluated for repair/replacement.
5. Existing motorized air curtains are not easily controlled (e.g., manual on/off).
6. All have cosmetic needs - new paint, baseboards.
7. The Annex, after suffering structural issues, was demolished and a temporary structure erected. This new structure permits pedestrian traffic flow between adjacent buildings, but is not suited for exhibits.
8. There is little in the way of sustainability, whether in physical components or protocols.
9. Steel structures on all sheds are oxidizing.
10. Wi-Fi is available in all buildings.
11. Many areas of wood structure are rotting.
12. Concession graphics are dated .
13. Providing telephone and electrical service is typically accomplished without straining the existing infrastructure.

Specific recommendations regarding physical repair and maintenance items that should be considered under various development/operating scenarios (including "do nothing" and no redevelopment scenarios) are provided in a later chapter of this report.

Historical Operations Analysis

To understand existing usage of the TSF, detailed historical event and use information was obtained from TSF management and analyzed. The TSF hosts a wide variety of both local and non-local events including meetings, banquets, fundraisers, trade shows, seminars, public/consumer shows and other such events.

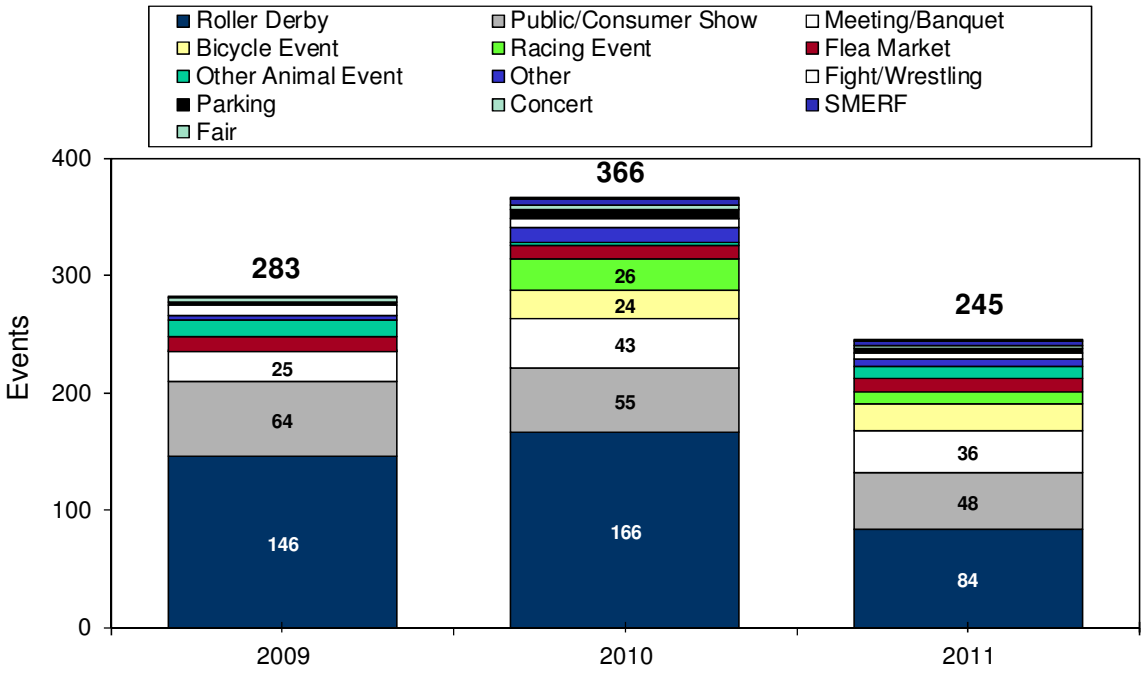
Exhibit 1 below presents a sample of TSF events by key event type. When evaluating the event levels of the TSF as compared to other fairgrounds complexes around the country, it is useful to evaluate event attraction in these types of categories.

Exhibit 1
Sample of Tennessee State Fairgrounds Events by Type

Primary tenants of the TSF, representing major recurring events/shows/activities, include the Fair, the Nashville Flea Market, Fairgrounds Speedway Nashville races, roller derby and the Christmas Village. The TSF also hosts many other events typical of comparable fairgrounds complexes located elsewhere throughout the country, including public/consumer shows, entertainment events, meetings, banquets, and miscellaneous events. As is typical with most fairgrounds complexes, there are a very limited number of traditional conventions and conferences hosted at the TSF. Most of these types of events require more upscale and differentiated space that is prevalent in hotel meeting facilities and convention centers. The one noteworthy event segment that the TSF is presently lacking in addressing, as compared to the typical fairgrounds complex, is the horse/livestock/agriculture event segment (i.e., primarily dirt-oriented, mostly animal-focused events). As will be discussed later in this report, it is believed that this particular event segment represents a significant potential area of growth for a redeveloped or relocated Fairgrounds complex in Nashville.

Exhibit 2 presents an overall summary of the total number of events hosted at the TSF for the three-year period spanning 2009 through 2011. Data has been segmented into the following event types: Roller Derby, Public/Consumer Show, Meeting/Banquet, Bicycle Event, Racing Event, Flea Market, Other Animal Event, Fight/Wrestling Event, Parking, Concert, SMERF (Social, Military, Educational, Religious or Fraternal), State Fair and Other Events.

Exhibit 2
Total Number of Events by Event Type
(2009 –2011)

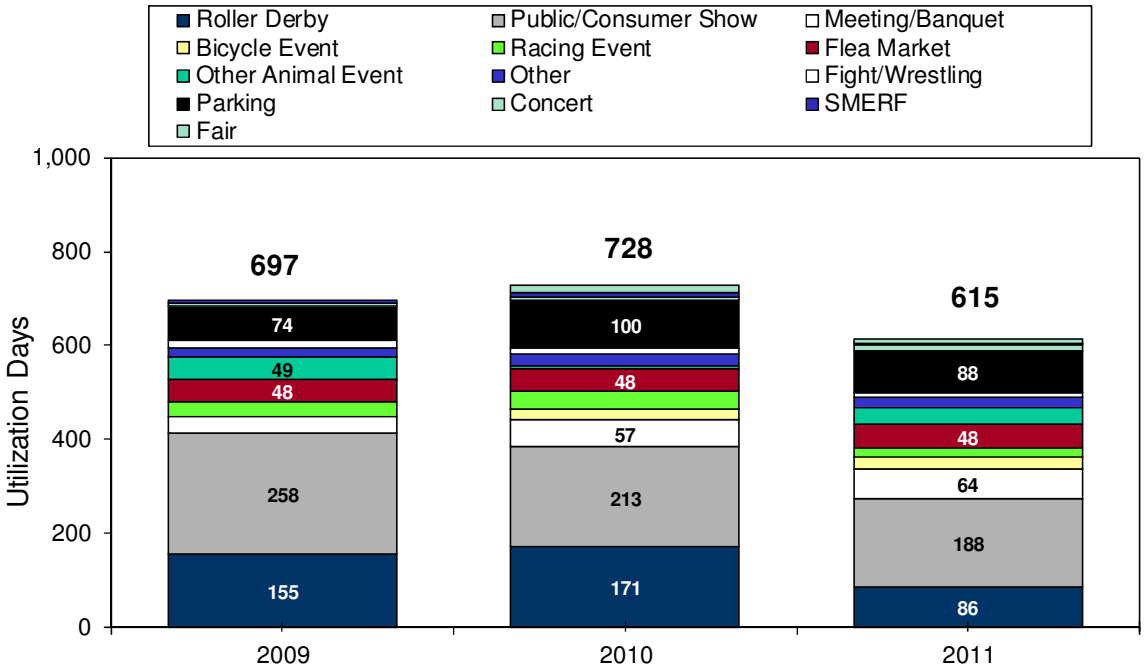


Source: Nashville Expo Center, 2012

Over the past three fiscal years, the number of events held at the TSF has remained relatively consistent, ranging from 245 events in 2011 to 366 in 2010. Roller Derby events account for the highest amount of total events held at the TSF in recent years, ranging from 84 in 2011 to 166 in 2010. Events such as public/consumer shows (approximately 48 to 64 annual events) and meetings/banquets (approximately 25 to 43 events) are other significant TSF event space users that appear to have slightly less fluctuation in the total number of annual events.

In an effort to characterize the overall event mix and utilization of the TSF, Exhibit 3 presents the total number of utilization days (including move-in, event and move-out days) by event type for the same 2009 through 2011 time period.

Exhibit 3
Total Number of Utilization Days by Event Type
(2009 –2011)

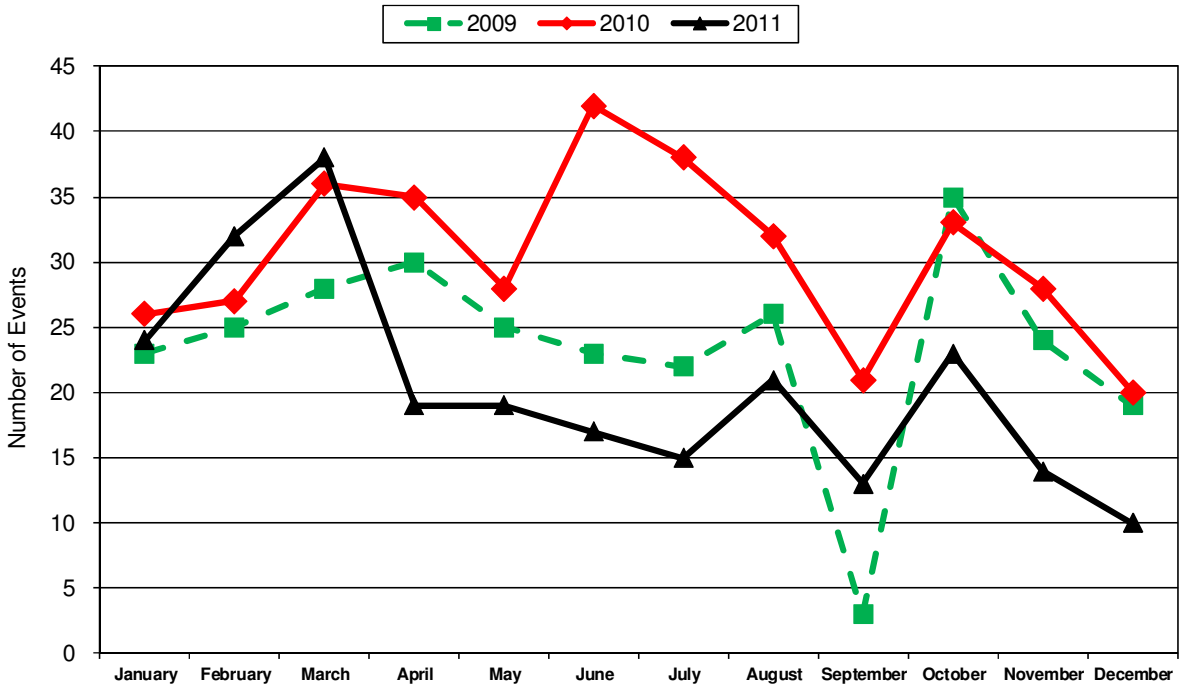


Source: Nashville Expo Center, 2012

As shown, the total number of utilization days has also remained relatively consistent, ranging from 615 utilization days in 2011 to 728 days in 2010. Similar to total events, this fluctuation is largely attributable to the change in Roller Derby events held at the complex. Public/Consumer shows comprise the largest portion of total utilization days; however, this number has decreased from 258 days in 2009 to 188 utilization days in 2011.

Exhibit 4 summarizes the events held at the TSF by month from 2009 through 2011.

Exhibit 4
Total Tennessee State Fairgrounds Events by Month –
(2009 – 2011)



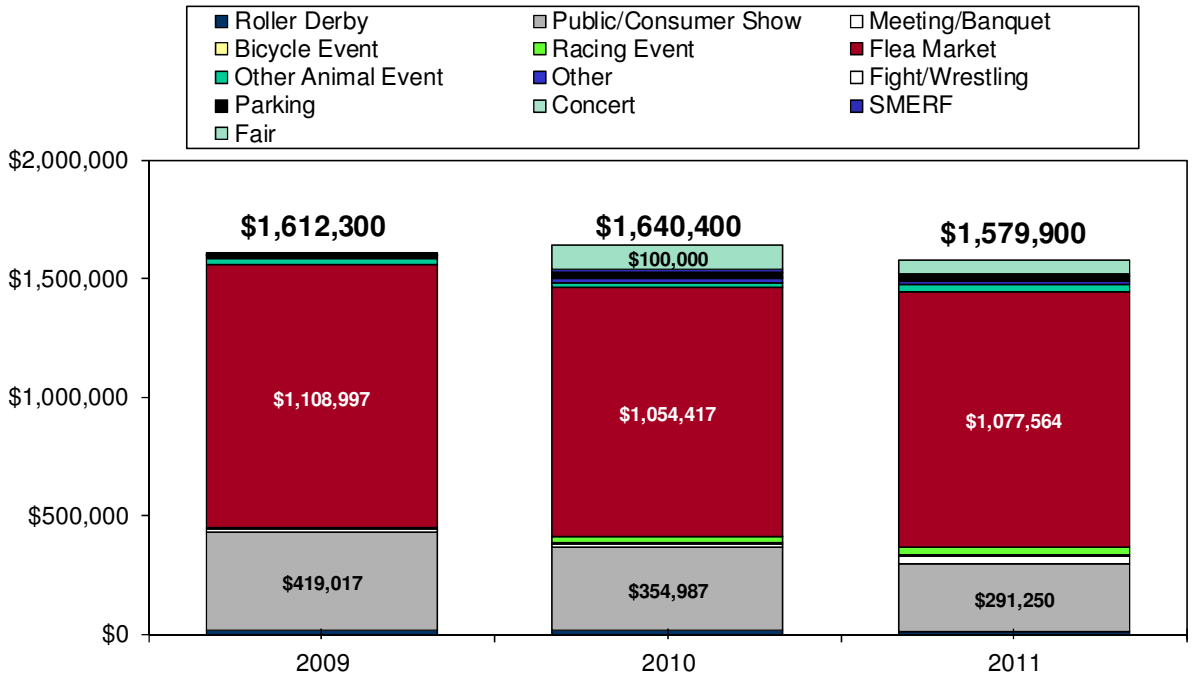
Source: Nashville Expo Center, 2012

As indicated in the exhibit above, the number of events held at the TSF in recent years has been well distributed throughout the calendar year, with somewhat of a peak during Spring months and a slight lull in November and December. This type of seasonality pattern is fairly typical throughout the event facility industry, with peaks in total event numbers in the spring and fall. Summer (and December, as a holiday month) are normally lower event attraction months in facilities and facility complexes of all types.

The following charts will show the effect these booking patterns have on TSF revenue.

Exhibit 5, presented below, outlines the total rental revenue generated by all events utilizing TSF event space between 2009 and 2011.

Exhibit 5
Total Rental Revenue by Event Type
(2009 –2011)

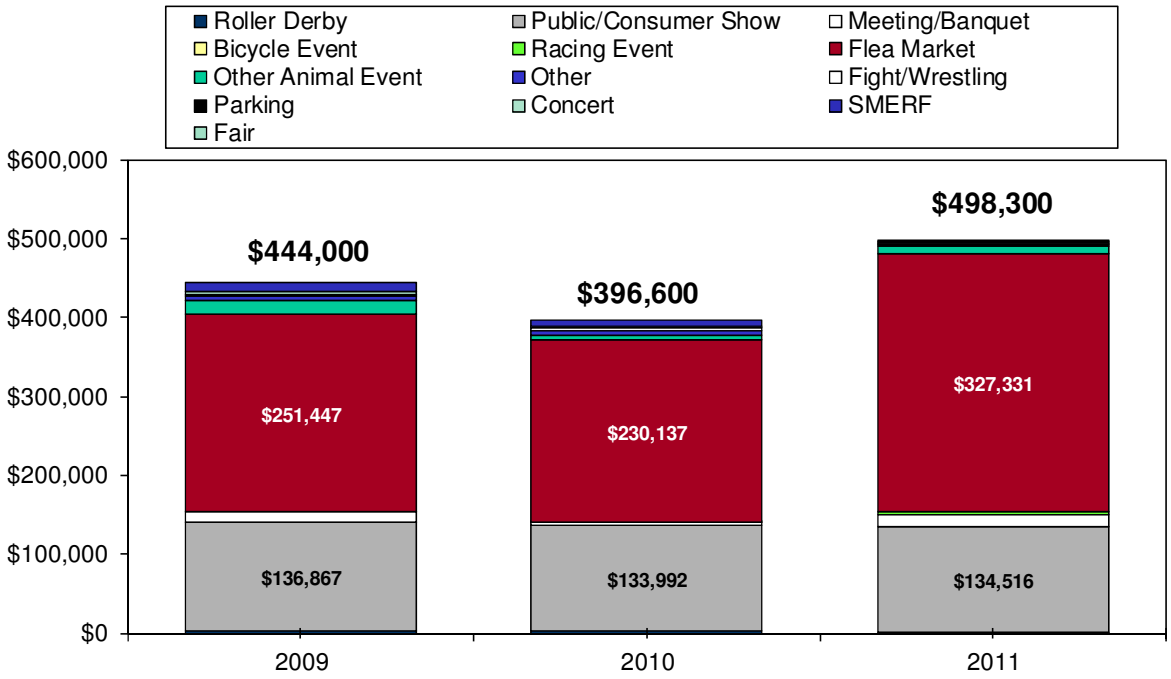


Source: Nashville Expo Center, 2012

As shown, rental revenues have also remained relatively consistent over the three-year time period reviewed, ranging from $1.58 million in 2011 to $1.64 million in 2010. Total rental rate revenue is driven largely by the Flea Market (between $1.05 and $1.11 million collected in annual rental revenue) and public/consumer shows (between $291,300 and $419,000 in annual rental revenue).

Exhibit 6 presents the gross item rental revenue generated by TSF events between 2009 and 2011. Item rental consists of the rental of tables, chairs, A/V equipment, pipe and drape, etc.

Exhibit 6
Gross Item Rental Revenue by Event Type
(2009 –2011)

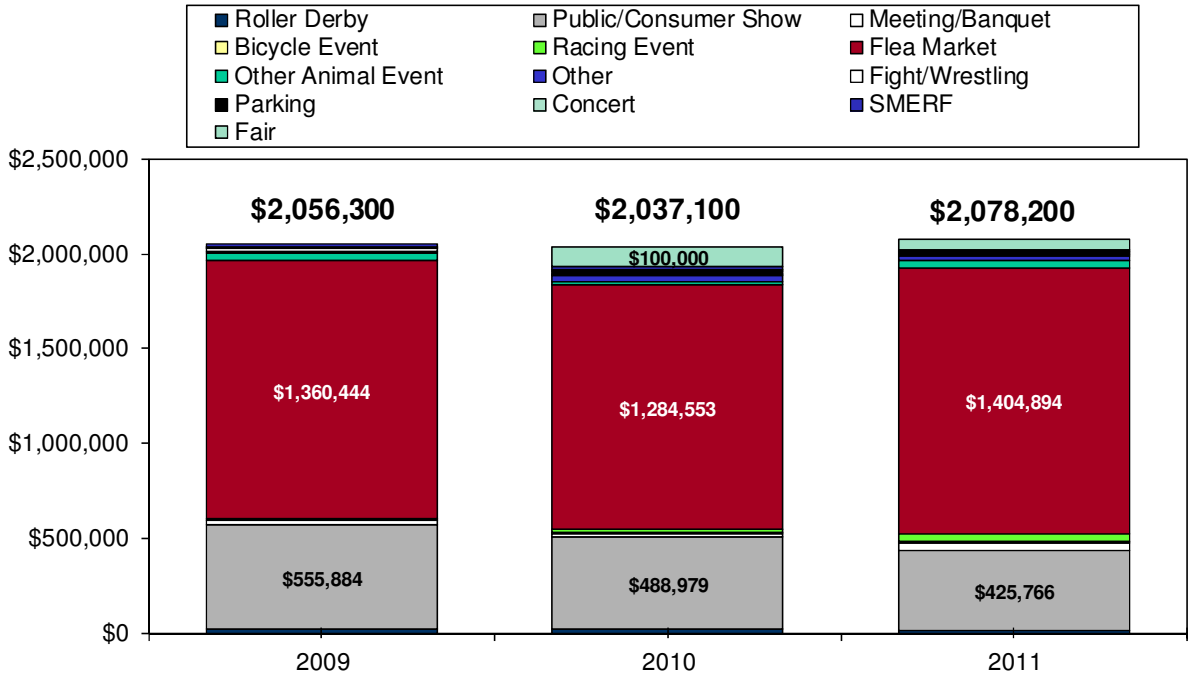


Source: Nashville Expo Center, 2012

Item rental revenue has remained steady over the past three years, ranging from $396,600 in 2010 to $498,300 in 2011, with the Flea Market and public/consumer shows accounting for the vast majority of overall revenue generated.

Exhibit 7 presents the total revenue generated by TSF events between 2009 and 2011.

Exhibit 7
Total Gross Event Related Revenue
(2009 –2011)



Source: Nashville Expo Center, 2012

As presented, the total gross revenue generated has ranged from $2.04 million in 2010 to nearly $2.08 million in 2011. The Flea Market has accounted for over 65 percent of gross revenue generation by the TSF during the time period reviewed, while public/consumer shows have generated nearly 24 percent of overall facility revenues. It is important to note that the Tennessee State Fair accounted for less than three percent of gross revenue generated.

Financial Operating Performance

In order to begin to evaluate the comparative performance of the TSF, detailed historical TSF financial operating data was obtained and reviewed. Exhibit 8 below presents a summary, by major line item, of the most recent three full fiscal years of TSF financial operating results.

Exhibit 8
TSF Financial Operating Results
For the Fiscal Years Ending June 30, 2009 through 2011

	FY 2011	FY 2010	FY 2009
Operating Revenues:			
Facility rent	$1,608,382	$1,649,112	$1,732,947
Food service (net)	86,194	109,322	146,249
Contract service/other	215,070	371,115	347,943
Parking	192,833	167,092	200,666
Fair	0	1,073,154	954,589
Total Operating Revenues	$2,102,479	$3,369,795	$3,382,394
Operating Expenses:			
Salaries and benefits	$1,280,883	$1,536,424	$1,393,646
Contract labor	131,600	599,474	941,860
Utilities	531,621	557,192	581,397
Repair & maintenance	128,282	182,317	170,943
General & administrative	224,649	617,462	618,213
Supplies	84,912	120,425	164,581
Insurance	51,267	107,140	84,089
Other	2,718	6,067	4,364
Total Operating Expenses	$2,435,932	$3,726,501	$3,959,093
Net Operating Profit/(Loss)	($333,453)	($356,706)	($576,699)

Source: TSF, CSL summary of financial detail, 2012.

For comparison purposes, some adjustments were made to the TSF's financial operating data, including the consolidation of line items detail into major categories (to allow for comparison with benchmarking data from other comparable facilities) and the removal of "non-operating" items, such as depreciation, interest revenue and other such items.

It is important to note that beginning with the Tennessee State Fair that occurred in 2010 (after the completion of fiscal year 2010), ownership and management of the State Fair falls under the purview of the newly formed Tennessee State Fair Association, rather than the TSF complex itself. Therefore, the Fair operated as a lessee of event space at the TSF and any revenue generated by the TSF is categorized under the Facility Rent line item.

3. Comparable Fairgrounds Benchmarking

A useful approach in evaluating the historical operational performance of a particular event facility is to compare various operational metrics with those corresponding to a set of comparable event facilities located in other destinations. CSL identified a set of 12 comparable state fairgrounds facilities and collected detailed event, utilization, financial and other operating data from each.

Exhibit 1 summarizes the comparable state fairgrounds facilities reviewed within this analysis and also provides information concerning ownership, size and specific complex characteristics to help characterize the nature of the venue.

Exhibit 1
Overview of Comparable Markets and Event Facilities

Facility	Ownership Structure	Size (in acres)	Total Stalls	Permanent Stalls	Portable Stalls	RV Hookups	Grandstand Seating	Largest Arena Seating
Arkansas State Fair Complex	Private	140	678	122	556	200	n/a	10,200
Illinois State Fairgrounds	State	360	678	615	63	300	11,600	7,700
Indiana State Fairgrounds	State	250	1,065	215	850	170	13,900	7,550
Iowa State Fairgrounds	State	400	600	400	200	2,378	10,400	3,500
Kansas State Fairgrounds	State	280	201	201	0	511	9,700	1,500
Kentucky Expo Center	State	400	2,498	1,071	1,427	218	n/a	19,000
Mississippi Fair Complex	State	105	1,000	1,000	0	300	n/a	10,000
North Carolina State Fairgrounds	State	344	585	485	100	200	2,200	7,600
Ohio Expo Center	State	360	1,012	1,012	0	363	n/a	5,000
State Fair Park (Oklahoma City)	City	435	2,583	963	1,620	180	n/a	9,000
South Carolina State Fairgrounds	Private	90	240	240	0	286	6,000	300
Wisconsin State Fair Park	State	200	850	0	850	120	40,000	3,120
Average		**280**	**999**	**527**	**472**	**436**	**13,400**	**7,039**
Nashville Expo Center	**Metro**	**117**	**0**	**0**	**0**	**20**	**15,000**	**2,500**

The facilities reviewed primarily focus on hosting the annual state fair, while accommodating as many other events as possible operating year-round. Other specific factors included, but were not limited to: (1) size similarities to the TSF, (2) the type and amount of sellable event space offered within each complex, (3) their presence in a regional competitive area, and (4) location within similar sized markets. Within this set, the TSF ranks at the lower end of the list in terms of key facility components and total indoor event space. As available, operational data was obtained and analyzed from these facilities and host communities to assist in the understanding of the operational characteristics of a state fairgrounds complex.

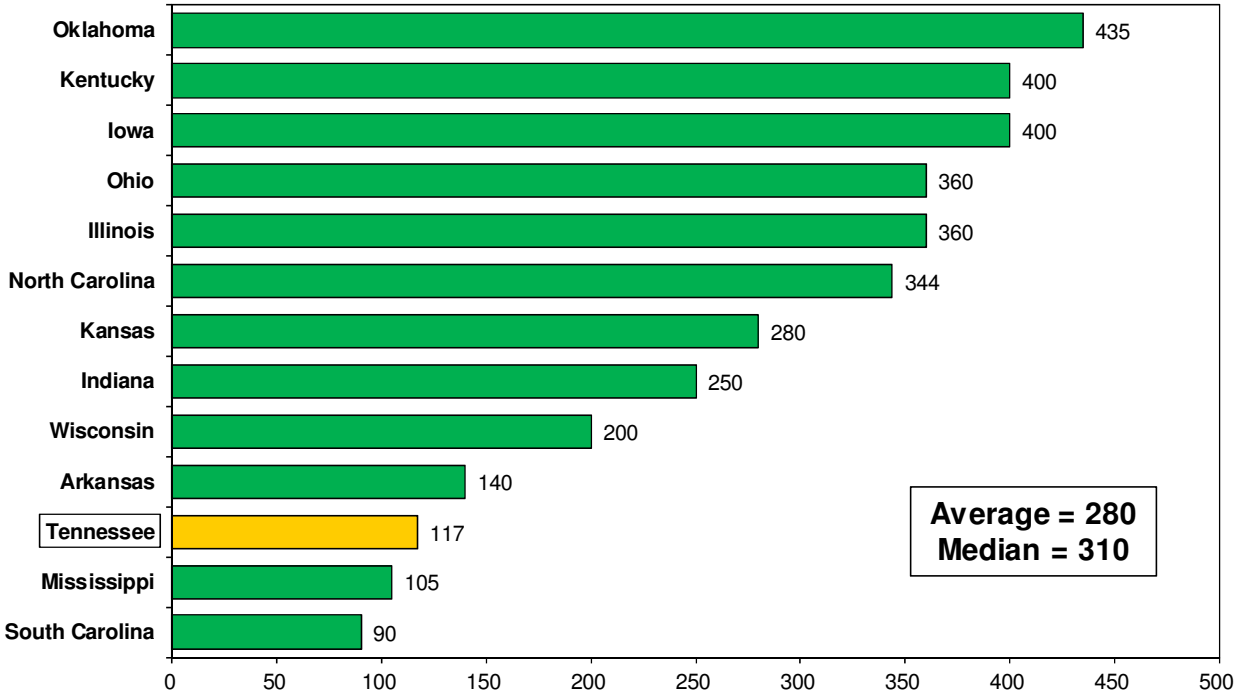
Physical Space Characteristics

The exhibits below and on the following pages provide comparisons of the space offerings at the selected comparable state fairgrounds complexes.

Total Acreage

Exhibit 2 presents a comparison of acreage offered at the comparable venues reviewed.

Exhibit 2
Facility Characteristics – Total Acreage



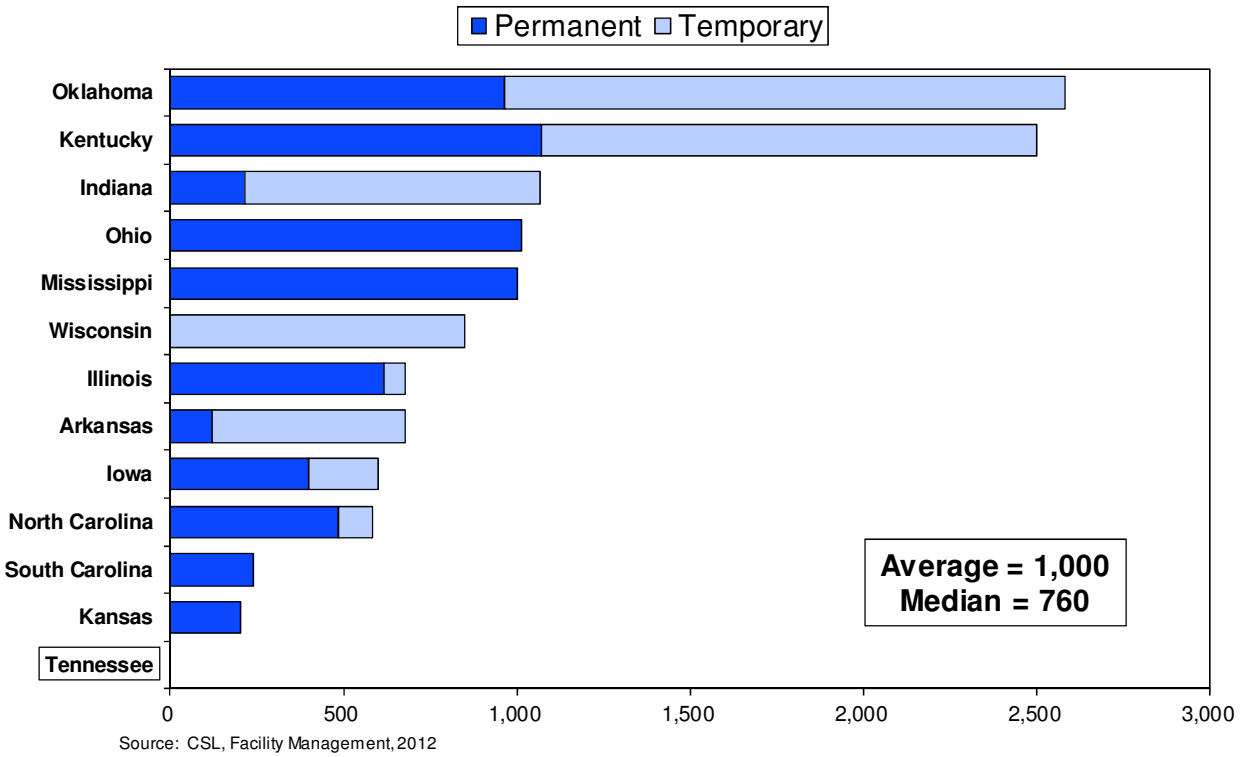
Source: CSL, Facility Management, 2012

As presented, the Oklahoma State Fair incorporates the largest amount of total acreage with approximately 435 acres of space, while the South Carolina State Fair offers the least with 90 acres. On average, the comparable complexes reviewed offer approximately 280 acres of total space. The TSF ranks near the bottom of the competitive set with approximately 117 total acres of available space.

Permanent and Temporary Stalls

Sufficient stalling/penning areas is very important to the typical state fairgrounds complex, as most of these complexes are geared toward hosting a significant number of equestrian and/or livestock related events. Exhibit 3 compares the total number of permanent and temporary stalls offered at the comparable facilities.

Exhibit 3
Facility Characteristics – Permanent and Temporary Stalls



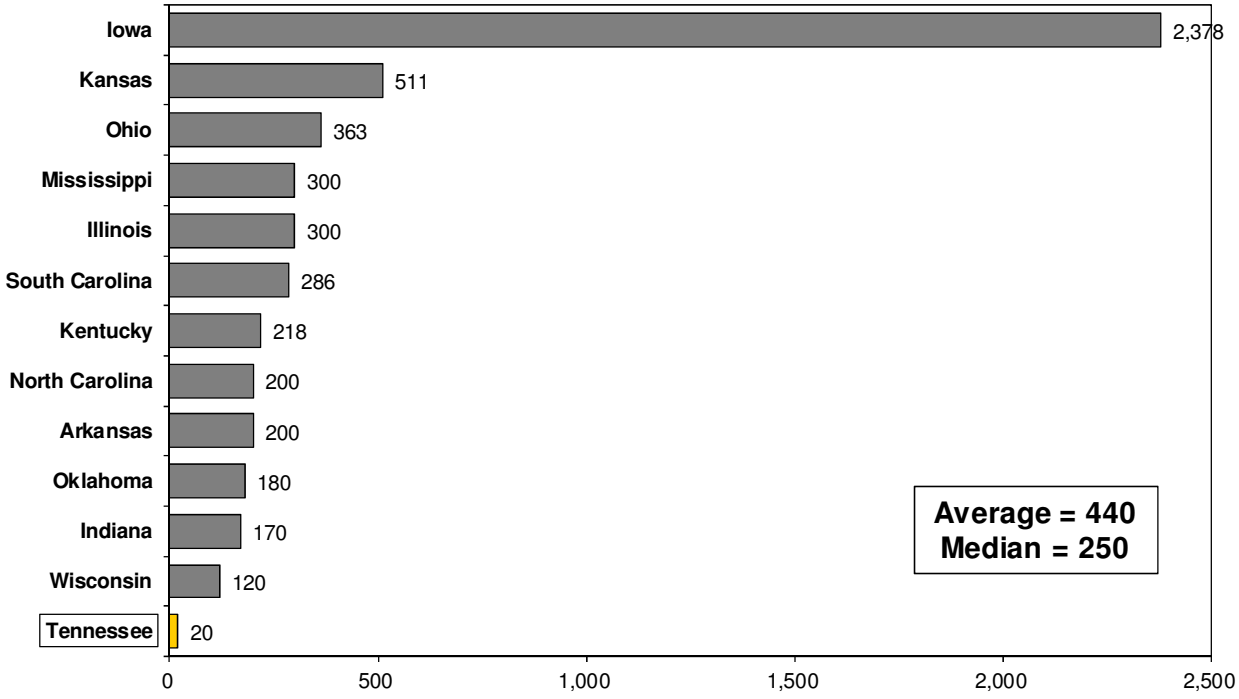
Source: CSL, Facility Management, 2012

On average, the comparable state fairgrounds reviewed offer approximately 1,000 total stalls, consisting of 530 permanent and 470 temporary stalls. The Oklahoma and Kentucky state fairs offer the most total available stalls with nearly 2,600 and 2,500 stalls, respectively. The TSF does not currently offer any permanent stalls, nor does it have any temporary stalls available.

Recreational Vehicle (RV) Hook-ups

Exhibit 4 compares the available RV hook-ups at the comparable state fairgrounds facilities reviewed.

Exhibit 4
Facility Characteristics – RV Hookups



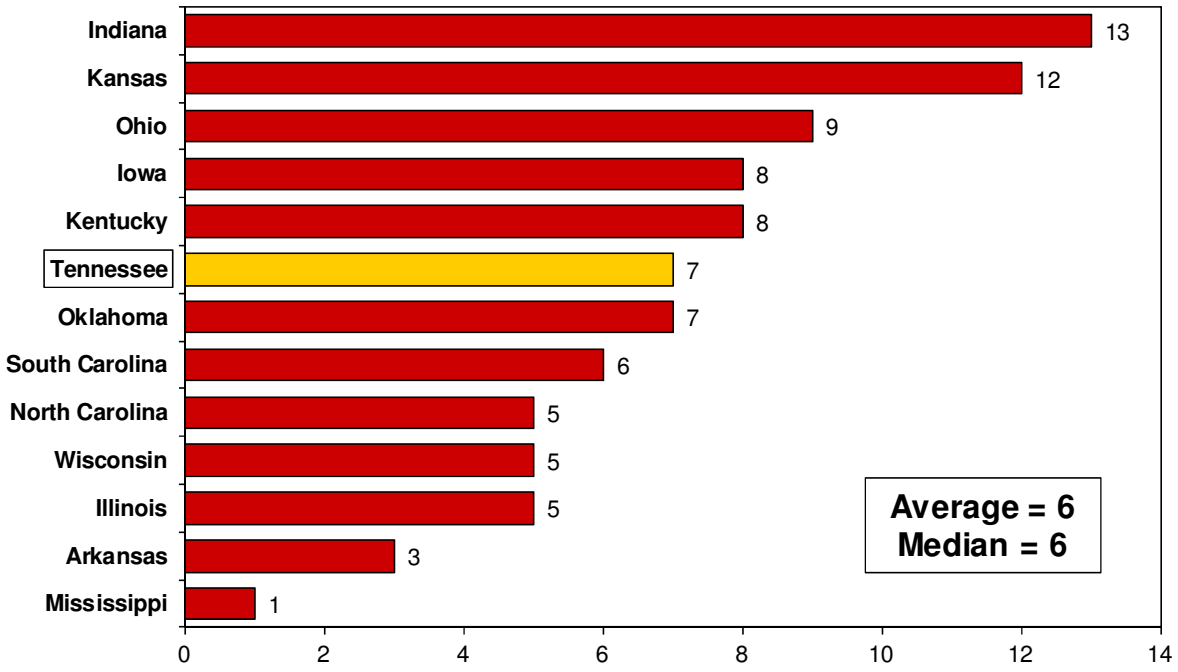
Source: CSL, Facility Management, 2012

As shown, the Iowa State Fairgrounds offers the most total RV hook-ups with nearly 2,400 spaces available, while the TSF offers the fewest with just 20 available RV spaces. On average, the comparable complexes reviewed offer 440 RV hook-ups (approximately 260 hook-ups if the Iowa State Fairgrounds is not considered).

Exhibit Space

Exhibit 5 outlines the total number of exhibit halls available at the comparable complexes reviewed.

Exhibit 5
Facility Characteristics – Number of Available Exhibit Halls

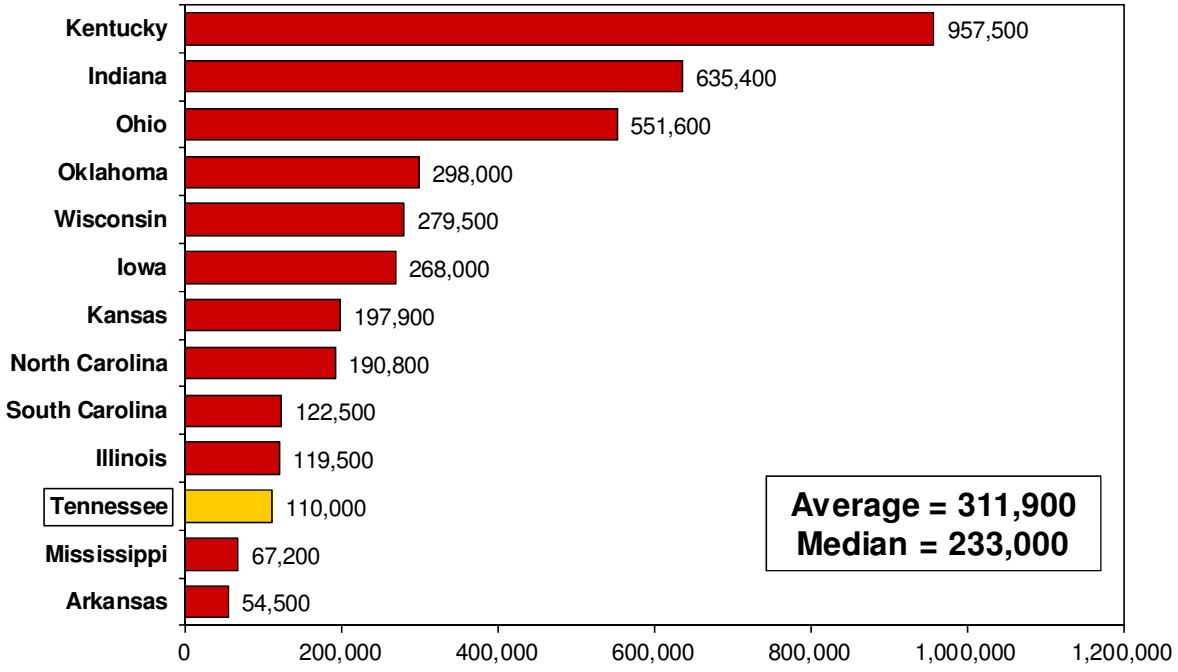


Source: CSL, Facility Management, 2012

As shown, the total number of exhibit halls available at the comparable complexes reviewed ranges from 13 at the Indiana State Fairgrounds to just one at the Mississippi State Fair. With seven exhibit/event halls, the TSF ranks above the midpoint of the comparable facilities reviewed.

Exhibit 6 summarizes the total exhibit space available at the comparable complexes reviewed.

Exhibit 6
Facility Characteristics – Total Available Exhibit Space

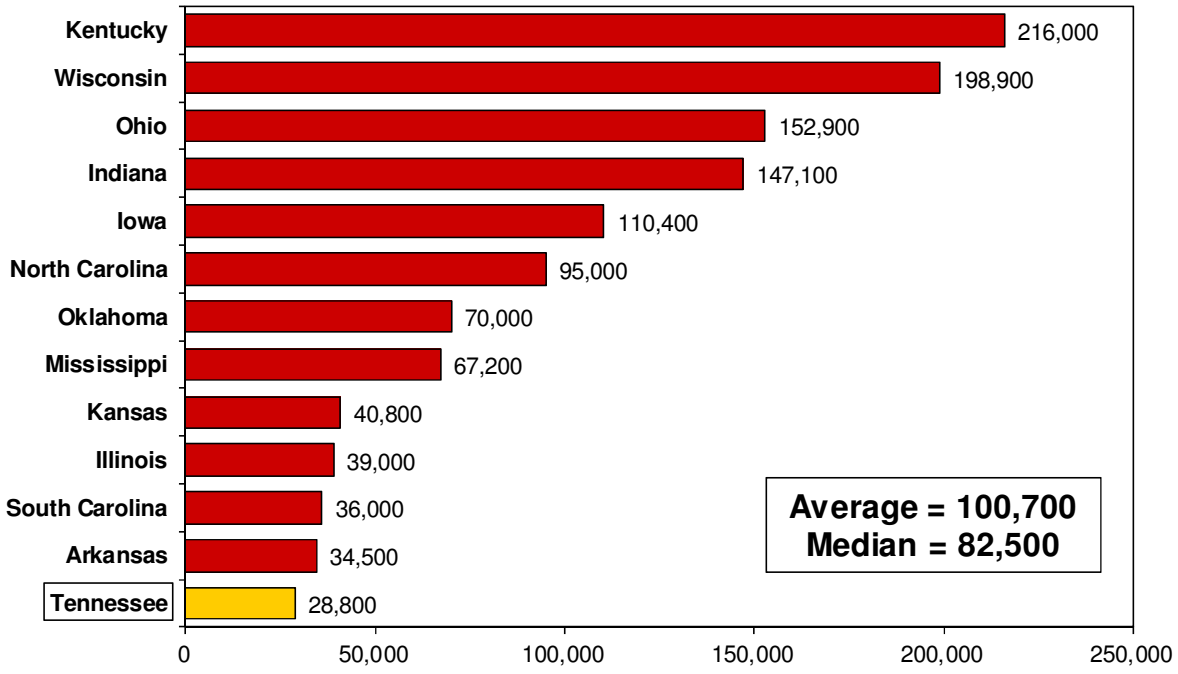


Source: CSL, Facility Management, 2012

On average, comparable state fairgrounds offer approximately 311,900 square feet of exhibit space, while the approximately 110,000 square feet of exhibit space available at the TSF ranks near the bottom, and is similar to state fairgrounds in South Carolina, Illinois, and larger than only Mississippi and Arkansas.

It is also useful to assess the largest contiguous exhibit space within an event facility, as oftentimes the primary concern of event planners is whether a facility/complex has a room sized appropriately to accommodate their specific event. Exhibit 7 outlines a comparison of the largest contiguous space offered at the comparable state fairgrounds complexes reviewed.

Exhibit 7
Facility Characteristics – Largest Contiguous Exhibit Space



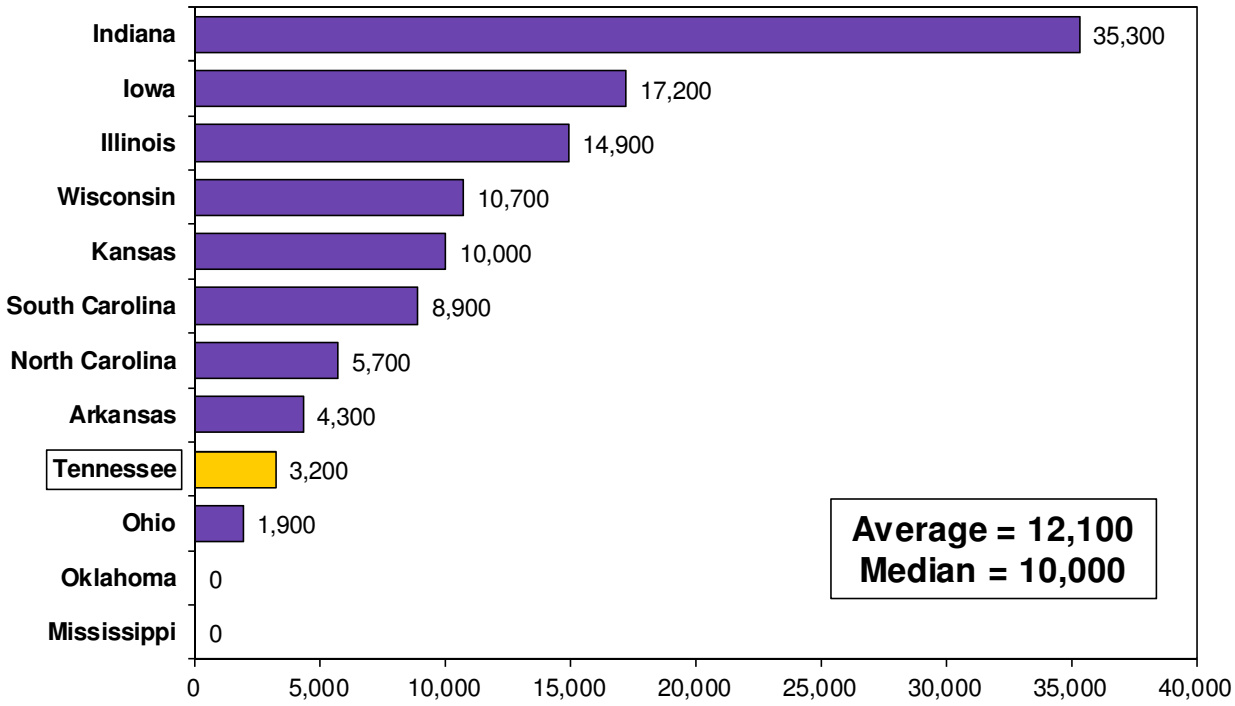
Source: CSL, Facility Management, 2012

As presented, the largest contiguous exhibit hall among the comparable complexes reviewed ranges from approximately 28,800 square feet at the TSF to 216,000 square feet at the Kentucky Expo Center. On average, the largest single event hall offered at comparable state fairgrounds complexes is 100,700 square feet.

Meeting Space

Sufficient modern breakout meeting space is also very important in attracting and accommodating events. While fairgrounds complexes tend to have more limited offerings of breakout meeting space, the inclusion of some meeting/banquet/multipurpose space is typically necessary to allow the facility to compete for important economic impact generating events. Exhibit 8 compares the square feet of meeting space offered at the comparable complexes reviewed.

Exhibit 8
Facility Characteristics – Breakout Meeting Space



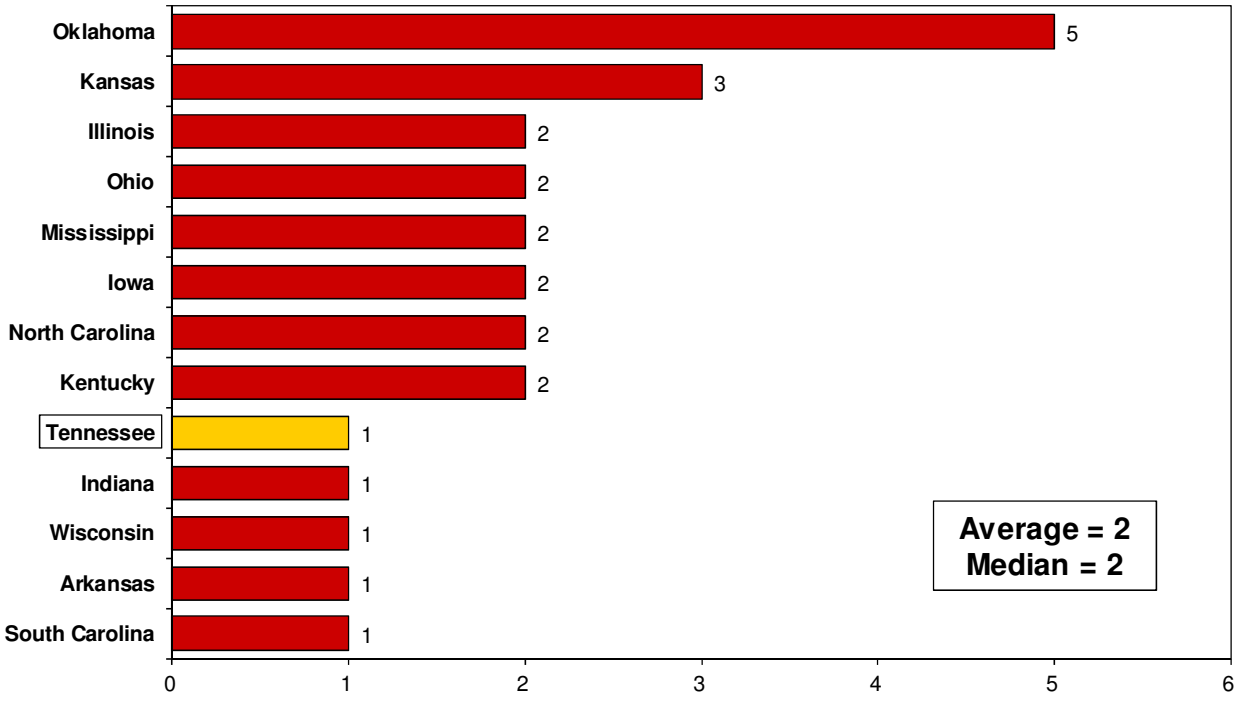
Note: Data does not include approximately 105,100 square feet throughout 40 meeting rooms at Kentucky State Fairgrounds.
Source: CSL, Facility Management, 2012

As shown, Indiana State Fairgrounds offers the most breakout meeting square footage with 35,300 square feet. All but two facilities included in this analysis offer breakout meeting space. The average meeting space offered is 12,100 square feet, with a median of 10,000 square feet. The TSF ranks near the bottom of the competitive set with approximately 3,200 square feet of breakout meeting space.

Indoor Arena Space

Indoor arena space is essential to accommodate a variety of fairgrounds events such as equestrian/horse shows and livestock shows/competitions. Further, indoor arena space at a fairgrounds complex is often utilized for concerts and other promoted shows to drive attendees to the annual fair or as a year-round venue for shows that are looking for a more cost-effective venue in which to host their event. Exhibit 9 presents a summary of the total number of indoor arenas available at the comparable state fairgrounds complexes reviewed.

Exhibit 9
Facility Characteristics – Number of Available Indoor Arenas

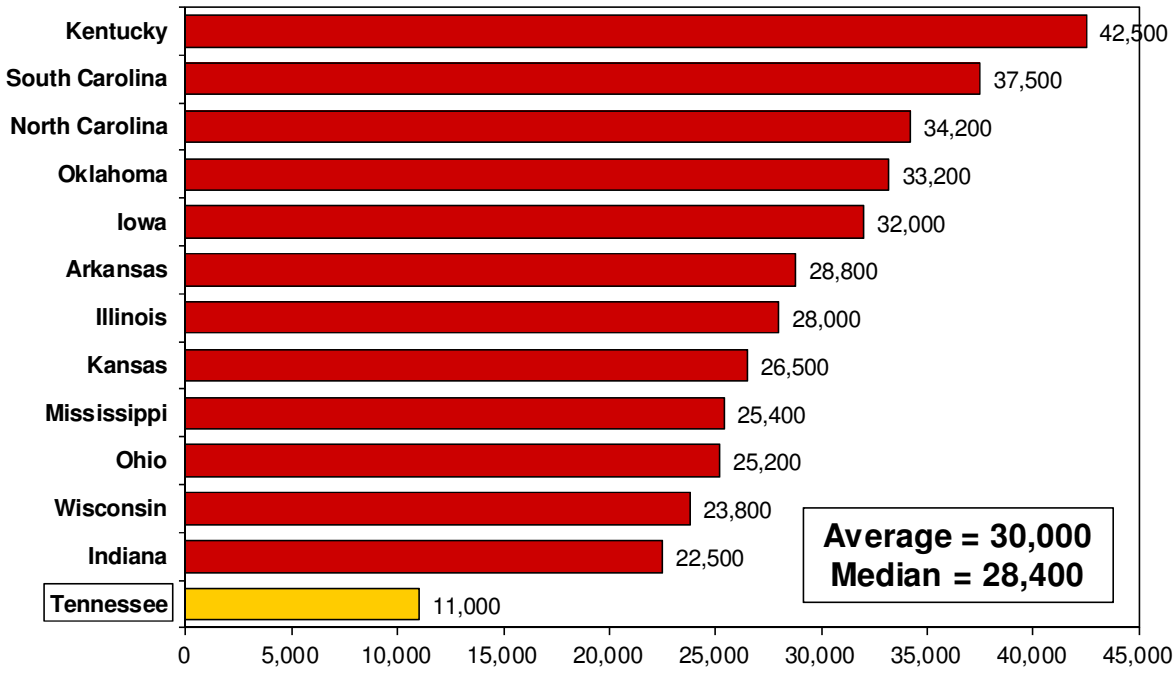


Source: CSL, Facility Management, 2012

As shown, the total number of indoor arenas available at the comparable complexes reviewed ranges from five at the Oklahoma State Fairgrounds to just one at the each of the TSF and Indiana, Wisconsin, Arkansas and South Carolina state fairgrounds.

Exhibit 10 summarizes the total arena space available at the comparable complexes reviewed.

Exhibit 10
Facility Characteristics – Largest Indoor Arena Space (in square feet)

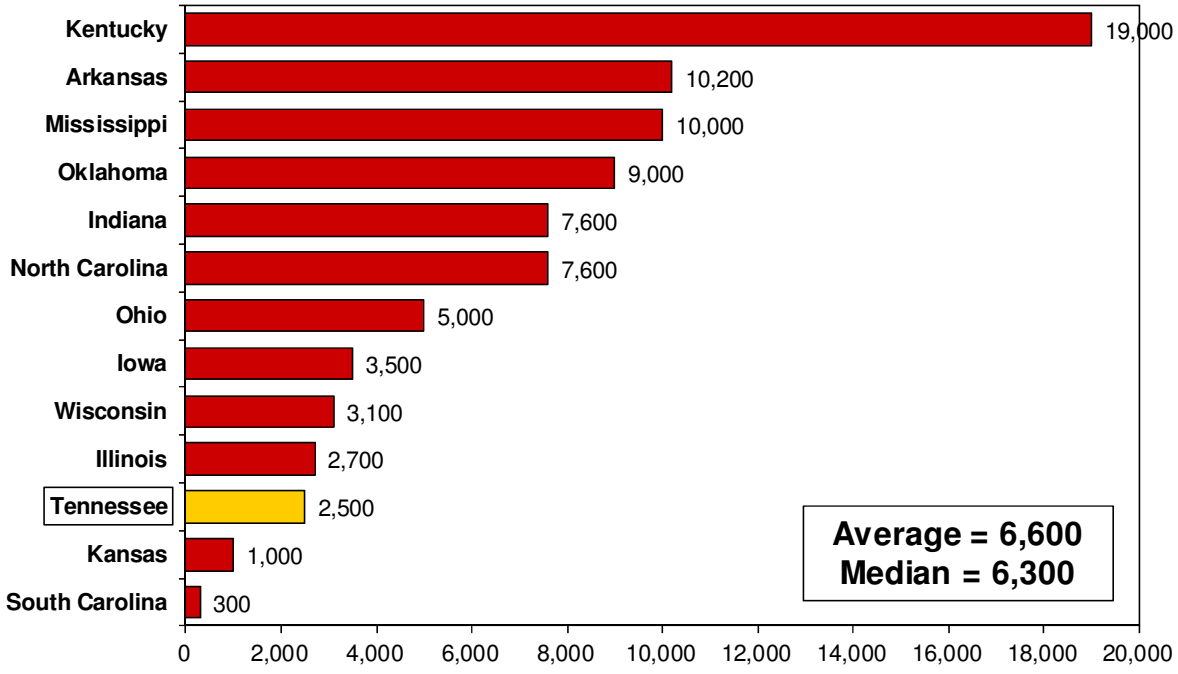


Source: CSL, Facility Management, 2012

On average, comparable state fairgrounds offer approximately 30,000 square feet of indoor arena space within their largest single arena. The Kentucky Expo Center offers the largest with its approximately 42,500 square-foot Broadbent Arena, while the TSF offers the least with approximately 11,000 square feet of within the Sports Arena. The Wisconsin and Indiana state fairgrounds offer the next smallest indoor arena with 23,800 and 22,500 square feet, respectively.

It is also useful to assess the largest seating capacity within a single indoor arena within a fairgrounds complex, as presented in Exhibit 11 below.

Exhibit 11
Facility Characteristics – Largest Indoor Arena (in seating capacity)



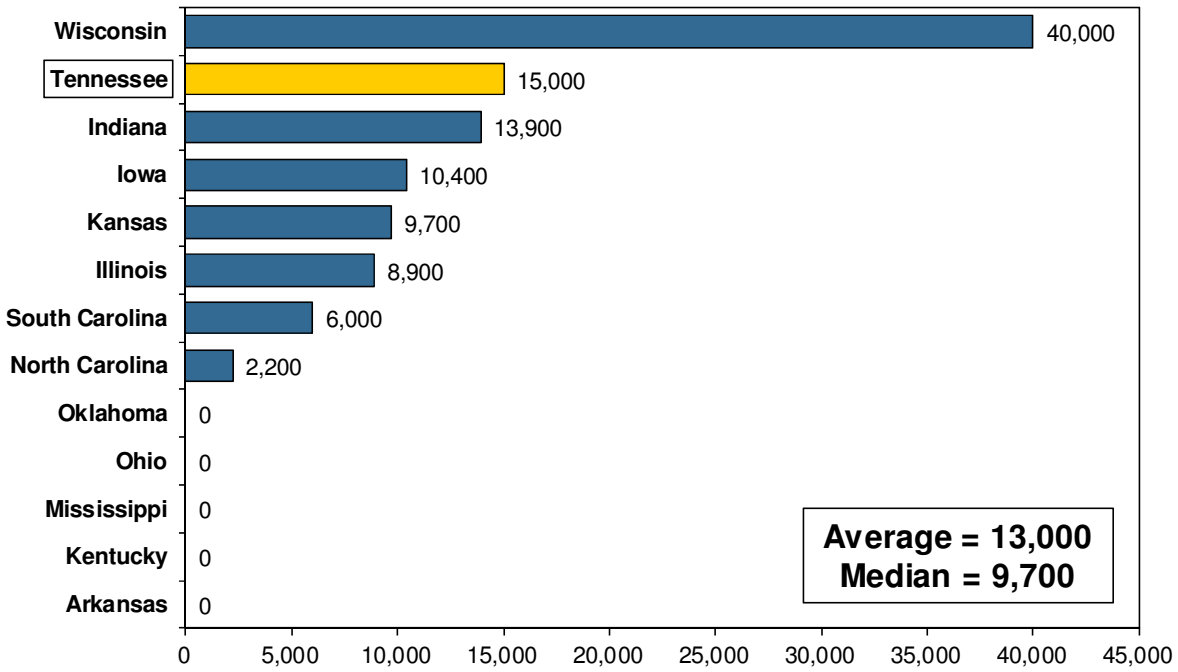
Source: CSL, Facility Management, 2012

As presented, the largest single arena among the comparable complexes reviewed ranges from approximately 300 seats at the South Carolina State Fairgrounds to 19,000 seats at the Kentucky Expo Center. On average, the capacity of the largest indoor arena offered at comparable state fairgrounds complexes is 6,600.

Grandstand Seating

Exhibit 12 presents a summary of the total grandstand seating available at the comparable complexes reviewed.

Exhibit 12
Facility Characteristics – Grandstand Seating



Source: CSL, Facility Management, 2012

As shown, five of the comparable state fairgrounds complexes do not currently offer grandstand seating. Among those complexes offering a grandstand, seating is available for approximately 13,000 people. The largest grandstand is at the Wisconsin State Fairgrounds, while the TSF grandstand ranks second accommodating approximately 15,000 people.

Exhibit 13, on the following page, summarizes the characteristics of event space within the comparable fairgrounds complexes reviewed.

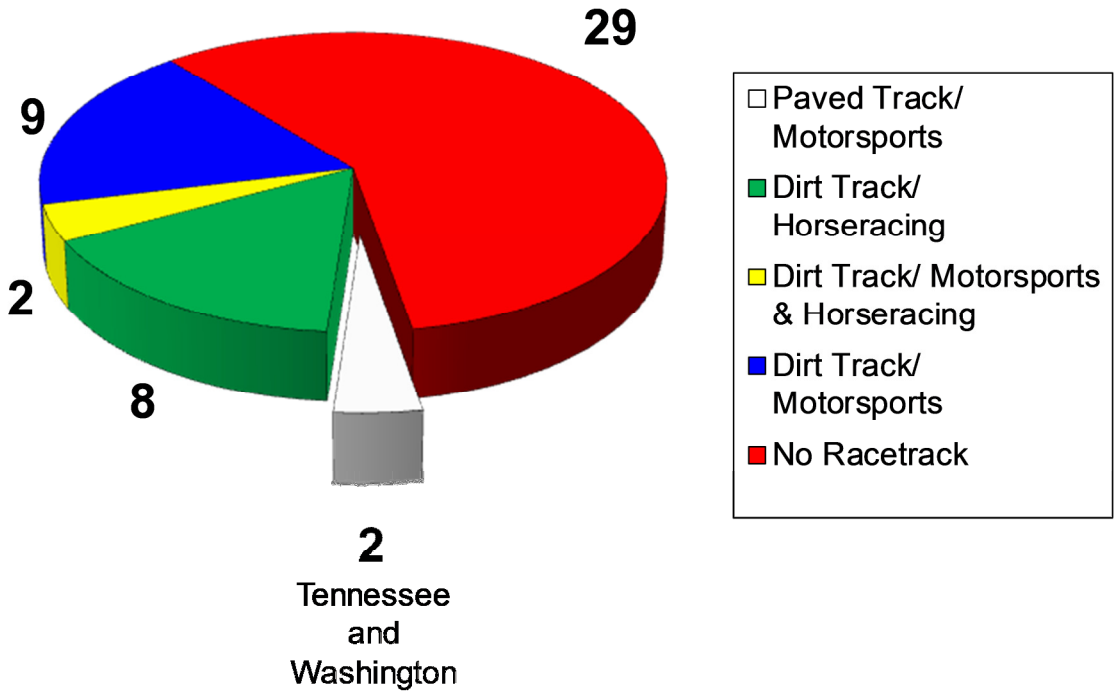
Exhibit 13
Comparable Fairgrounds Complex Event Space Summary

	Tennessee	Arkansas	Illinois	Indiana	Iowa	Kansas	Kentucky	Mississippi	North Carolina	Ohio	Oklahoma	South Carolina	Wisconsin
Exhibit Space													
Expo Hall 1	**28,800**	34,500	39,000	147,100	110,400	40,800	216,000	67,200	95,000	152,900	70,000	36,000	198,900
Expo Hall 2	**21,400**	10,000	34,800	120,300	43,000	26,000	175,700	-	50,000	108,000	66,800	25,000	31,600
Expo Hall 3	**21,000**	10,000	18,900	73,800	29,200	25,800	166,500	-	22,700	68,800	64,000	17,400	19,500
Expo Hall 4	**17,400**	-	14,500	70,800	29,000	18,400	129,600	-	13,600	67,000	36,800	16,100	18,000
Expo Hall 5	**10,500**	-	12,300	65,500	17,300	18,000	129,600	-	9,500	60,000	28,000	14,900	11,500
Expo Hall 6	**5,500**	-	-	47,800	17,100	18,000	75,300	-	-	52,000	19,600	13,100	-
Expo Hall 7	**5,400**	-	-	35,800	15,000	12,600	32,400	-	-	15,700	12,800	-	-
Expo Hall 8	-	-	-	27,200	7,000	12,100	32,400	-	-	14,100	-	-	-
Expo Hall 9	-	-	-	16,400	-	11,200	-	-	-	13,100	-	-	-
Expo Hall 10	-	-	-	10,400	-	8,000	-	-	-	-	-	-	-
Expo Hall 11	-	-	-	9,000	-	3,600	-	-	-	-	-	-	-
Expo Hall 12	-	-	-	6,300	-	3,400	-	-	-	-	-	-	-
Expo Hall 13	-	-	-	5,000	-	-	-	-	-	-	-	-	-
Total	**110,000**	**54,500**	**119,500**	**635,400**	**268,000**	**197,900**	**957,500**	**67,200**	**190,800**	**551,600**	**298,000**	**122,500**	**279,500**
Indoor Arena Space													
Arena 1	**11,000**	28,800	28,000	22,500	32,000	26,500	42,500	25,400	34,200	25,200	33,200	37,500	23,800
Arena 2	-	-	9,800	-	20,400	7,200	42,200	24,700	28,100	14,200	30,000	-	-
Arena 3	-	-	-	-	-	5,900	-	-	-	-	21,000	-	-
Arena 4	-	-	-	-	-	-	-	-	-	-	16,000	-	-
Arena 5	-	-	-	-	-	-	-	-	-	-	13,600	-	-
Total	**11,000**	**28,800**	**37,800**	**22,500**	**52,400**	**39,600**	**84,700**	**50,100**	**62,300**	**39,400**	**113,800**	**37,500**	**23,800**
Indoor Arena Seating													
Arena 1	**2,500**	10,200	2,700	7,600	3,500	1,000	19,000	10,000	7,600	5,000	9,000	300	3,100
Arena 2	-	-	900	-	2,000	900	5,300	2,500	4,800	2,000	500	300	-
Arena 3	-	-	-	-	-	800	-	-	-	-	-	-	-
Arena 4	-	-	-	-	-	-	-	-	-	-	-	-	-
Arena 5	-	-	-	-	-	-	-	-	-	-	-	-	-
Total	**2,500**	**10,200**	**3,600**	**7,600**	**5,500**	**2,700**	**24,300**	**12,500**	**12,400**	**7,000**	**9,500**	**600**	**3,100**
Grandstand Seating	**15,000**	-	8,900	13,900	10,400	9,700	-	-	2,200	-	-	6,000	40,000

Racetracks

In addition to available space, we have also investigated the presence of a racetrack at comparable state fairgrounds complexes, as presented in Exhibit 14.

Exhibit 14
Integration of Racetracks at State Fairgrounds Complexes



As shown, of the 50 state fairs reviewed, 29 do not possess a racetrack within their site and all but two of the remaining venues offer only a dirt track for horseracing, motorsports or both. Only the TSF and the Evergreen State Fair in Washington offer a paved track for motorsports. Further, the Evergreen State Fair is actually a county fair that operates as a state fair in name only. In fact, the Puyallup Fair will officially become the state fair of Washington starting in 2013, meaning that the TSF is the only "official" state fairgrounds to offer a paved track for motorsports.

Market-wide Event Space Ratio Analysis

While population and related demographic statistics can be useful indicators, it is also useful to consider aggregate, community-wide space and seating levels of like market areas to provide indications of market supportable levels of exhibition space and spectator seating. Oftentimes, events that tour or rotate within the country or a specific regional area will only consider a particular market area once annually for a single show, event or touring act. Therefore, it is relevant to consider the "supply" (in terms of event venues and related square footage and seating levels) in each marketplace relative to the "average"; thereby suggesting whether certain markets have facility space/seating levels in excess or lower than other comparable market areas. This assists in understanding the ability of a fairgrounds complex to absorb and attract additional event activity that could have an interest in the greater Nashville marketplace.

Exhibit 15 presents a summary of market-wide exhibit space (in terms of square feet, for venues offering more than 50,000 square feet of sellable exhibit space) and seating capacity levels (in terms of seats, for venues offering in excess of 1,000 seats) within the Nashville marketplace.

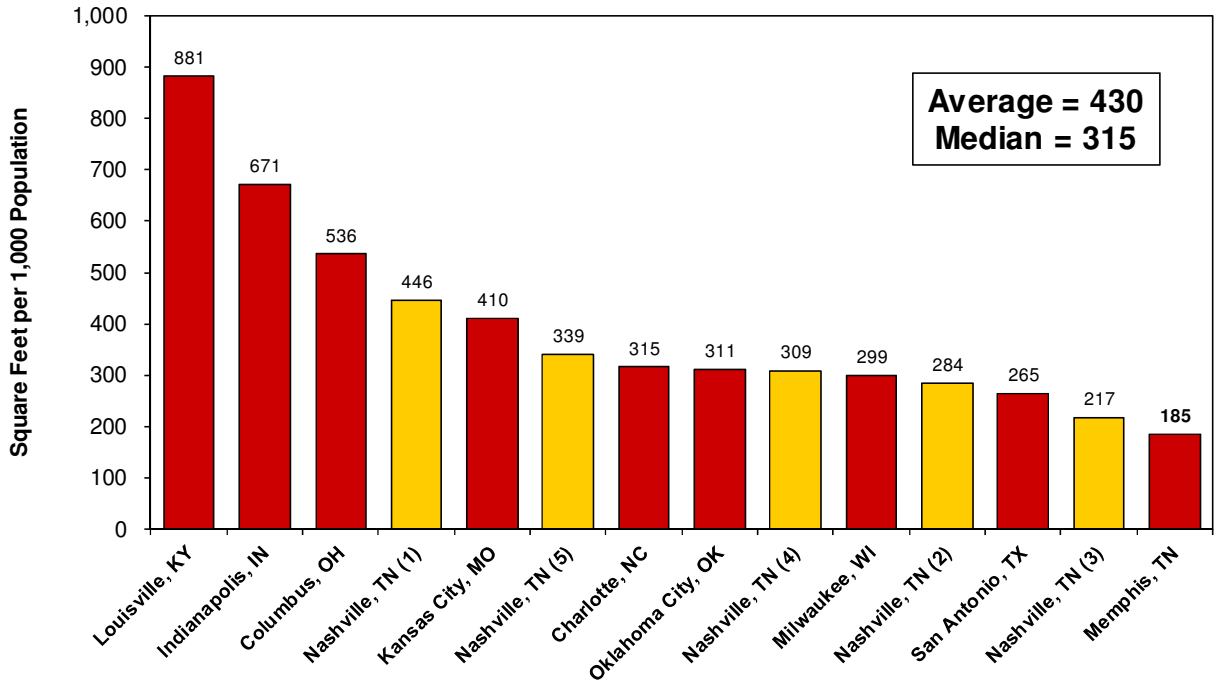
Exhibit 15
Market-wide Facility Space Levels

Venue	Exhibit Space	Seating Capacity
Bridgestone Arena	0	18,500
Curb Event Center - Belmont Univ. - Arena	0	5,000
Fairgrounds/Expo Center	110,000	0
Gaylord Opryland	263,800	0
Grand Ole Opry House	0	4,400
Lipscomb Univ. - Allen Arena	0	5,500
Music City Center	353,100	0
Nashville Municipal Auditorium	0	9,700
TNPAC - Andrew Jackson Hall	0	2,500
Vanderbilt Univ - Memorial Gym	0	14,200
Totals	**726,900**	**59,800**

As presented there are three venues in Nashville that offer more than 50,000 square feet of exhibit space and seven venues offering more than 1,000 fixed seats. We have compiled similar data for nine comparable markets, including: Charlotte, NC; Columbus, OH; Indianapolis, IN; Kansas City, MO; Louisville, KY; Memphis, TN; Milwaukee, WI; Oklahoma City, OK; and, San Antonio, TX.

For purposes of this analysis, ratios were calculated using a comparison of comparable communities' population and the space/seating characteristics of their major event facilities. The results of this analysis can provide general indications of undersupply, oversupply or general equilibrium with respect to various space/seating characteristics in Nashville's event facility inventory. Exhibit 16 presents the ratio of the aggregate traditional exhibit space square footage within the comparable markets reviewed to the total CSBA population by market.

Exhibit 16
Aggregate Exhibit Space Square Footage per CBSA Population – Comparable Markets

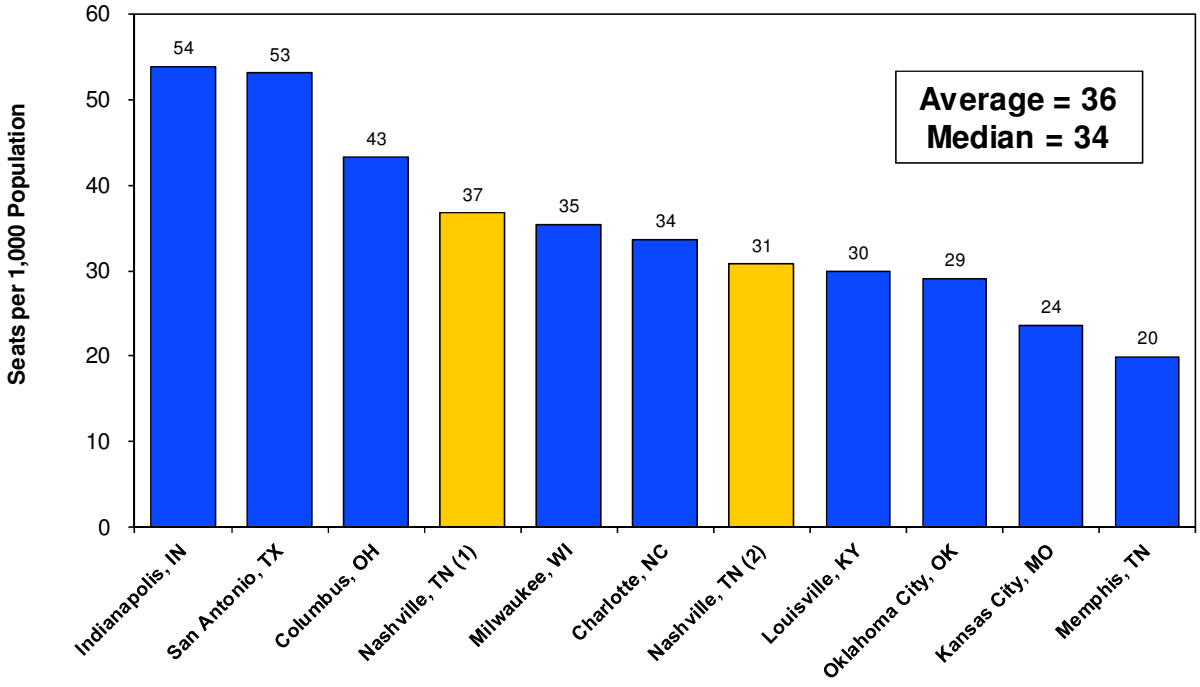


(1) Scenario includes Fairgrounds, Music City Center and Gaylord Opryland exhibit space.
(2) Scenario does not include exhibit space at Gaylord Opryland.
(3) Scenario does not include Gaylord or existing Nashville Expo.
(4) Scenario does not include Gaylord and assumes 150,000 sq. ft. at redeveloped Fairgrounds.
(5) Scenario does not include Gaylord and assumes 200,000 sq. ft. at greenfield Fairgrounds.

As shown, the Nashville market offers approximately 446 square feet of exhibit space per 1,000 people within its CBSA when including the event space at the TSF, Music City Center and Gaylord Opryland. This ratio is slightly above the average among the comparable facility markets reviewed for this analysis; however, when removing the Gaylord Opryland, as it is a privately-owned venue focusing on hotel room night-generating conventions and conferences (rather than public/consumer and tradeshows that dominate fairgrounds-type exhibition space), this ratio declines to approximately 284 square feet per 1,000 people, which ranks near the bottom of the set of comparable markets reviewed. This suggests a current market-wide supply of traditional exhibition space that is slightly below that of the average metropolitan area. Should the TSF exhibit space be removed from the Nashville market, this undersupply becomes even further exacerbated. Replacing existing TSF exhibit space with up to 200,000 square feet of space would only result in a ratio of 339 square feet of market-wide exhibit space per 1,000 population, which is still below the market average of 430 square feet per 1,000 population.

Further, to evaluate the ability of Nashville to absorb additional spectator seating, a similar market-wide ratio analysis was conducted concerning spectator seating/entertainment venues at the comparable markets reviewed, as presented in Exhibit 17.

Exhibit 17
Aggregate Indoor Facility Seating per CBSA Population –
Comparable Markets



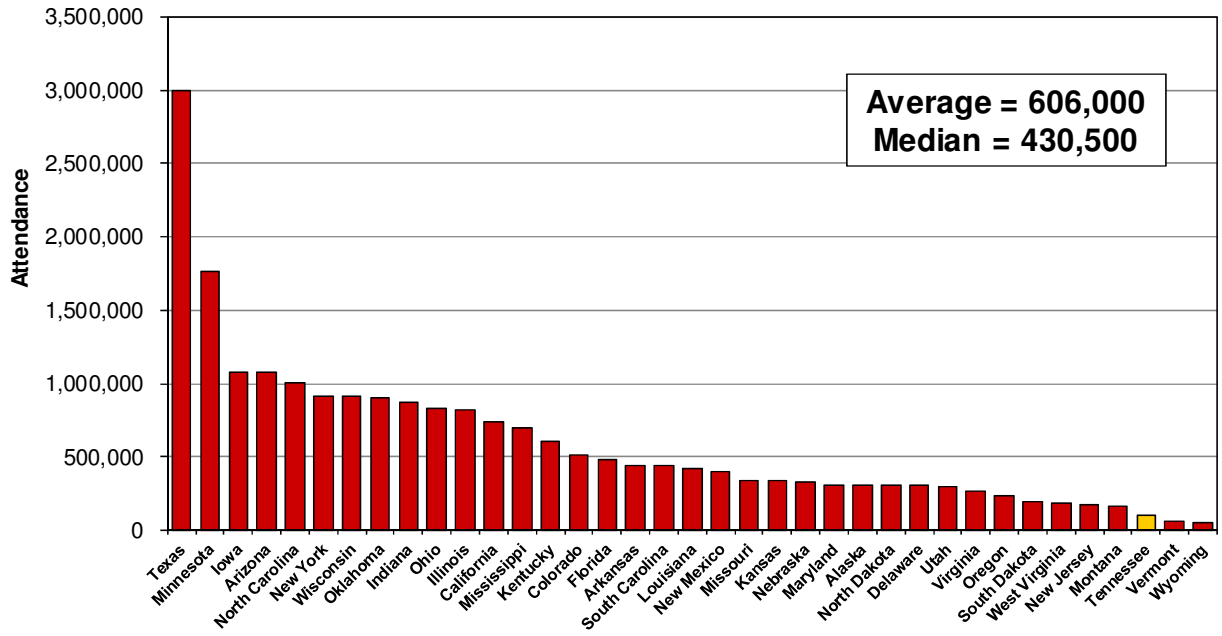
(1) Includes seating at Bridgestone Arena, Curb Event Center, Grand Ole Opry, Allen Arena, Lipscomb University Auditorium, Municipal Auditorium, Tennessee Perf. Arts Ctr. – Andrew Jackson Hall and Vanderbilt University Memorial Gym.
(2) does not include seating at Municipal Auditorium..

As shown, the average comparable market reviewed offers approximately 36 indoor facility seats per 1,000 people within each respective market's CBSA population. The Nashville market, including the existing indoor spectator seating venues at the TSF, offers approximately 31 seats per person within its CBSA, and approximately 37 seats per person when excluding the available seating at Municipal Auditorium. This suggests that market-wide capacity is in relative equilibrium with the comparable markets analyzed.

State Fair Attendance

An analysis was conducted of total attendance levels at comparable state fairs throughout the country. Exhibit 18 presents these figures.

Exhibit 18
State Fair Attendance



Source: CSL, Facility Management, 2012

The average state fair attracts approximately 606,000 people throughout the event. The Texas State Fair attracts the most, bringing in approximately 3.0 million visitors, while the Wyoming State Fair attracts the fewest with only 50,000 people annually. The Tennessee State Fair ranks near the bottom among state fairs held in Montana, Vermont and Wyoming, with approximately 100,000 people attending the fair annually. This is significantly smaller than attendance levels at states with much lower population levels such as Delaware, North Dakota and Kansas, all of which attract more than 300,000 attendees annually.

4. Market Demand Analysis

The purpose of this chapter is to provide an analysis of the estimated market demand for a potential redeveloped or relocated Tennessee State Fairgrounds complex. To form a basis for the analysis, a variety of techniques were used. Specifically, detailed telephone interviews were completed with event producers representing key event segments that could use a potential new/redeveloped TSF. This survey-based technique provides a detailed understanding of potential user needs, their willingness to use a potential redeveloped TSF, as well as overall perceptions of Nashville as a potential host community for their event.

The market analysis has also been supplemented with data from previous studies, operating results from competitive/comparable facilities and our review of local market conditions in the Nashville area.

Event Space Industry Definitions and Characteristics

The public assembly event industries are diverse and dynamic, consisting of a wide variety of events, many of which focus around a collection or gathering of individuals for the purpose of entertainment/recreation and/or face-to-face communication and the transmission of ideas/information. Exhibit 1 illustrates differences in the typical physical characteristics and event profiles of traditional event facilities.

Exhibit 1
Typical Public Assembly Facility Characteristics

	Convention Center	Conference Center	Expo Center	Community/ Civic Center	Spectator Arena	Horse/Event Center	Fairgrounds Complex
Type of Space	Exhibit, Meeting, Ballroom	Meeting, Ballroom	Exhibit, Limited Meeting	Multipurpose Space	Spectator Seating, Flat Floor Space	Multiple Indoor & Outdoor Facilities, Dirt & Concrete, Spectator Seats	Multiple Indoor & Outdoor Facilities, Dirt & Concrete, Spectator Seats
Typical Events	Conventions, Trade Shows, Meetings, Banquet, Public Shows	Conferences, Meetings, Banquets	Public Shows, Trade Shows, Miscellaneous	Local Meetings & Banquets, Recreation, Other Events	Spectator and Other Events	Horse, Rodeo, Ag., Livestock, Public Shows	Fair, Ag., Horse, Livestock, Public Shows, Festivals, Other
Typical Ancillary Characteristics	Adjacent Headquarters Hotel	Adjacent Headquarters Hotel	Parking, Accessibility, Visibility	Parking, Accessibility, Visibility	Parking, Accessibility, Visibility	Parking, RV Hookups, Large Acreage	Parking, RV Hookups, Large Acreage
Economic Impact Generating Ability	High	Moderate	Limited to Moderate	Limited to Moderate	Limited to Moderate	Moderate	Limited to Moderate

- Convention centers, under the traditional model, typically incorporate exhibit, meeting and ballroom space. Usually located in medium- to large-sized cities, convention centers tend to focus on attracting non-local economic impact-generating events such as conventions and tradeshows. It is imperative that convention-quality hotel inventory is located close to the center. Convention centers also tend to host a large number of secondary events, such as corporate meetings, public shows and banquets.
- Conference centers tend to represent smaller facilities than convention centers, usually containing both flexible and dedicated meeting space, in addition to banquet space. Most traditional conference centers do not incorporate prime exhibit space and instead focus on accommodating local and non-local corporate meetings/conferences along with other local event activity such as private receptions and banquets. Many conference centers are situated within hotel facilities. Conference centers are often broken into several categories related to their type/focus: executive, corporate, resort and college/university.
- Expo centers, or exposition/exhibition centers, traditionally consist of large exhibit-focused structures possessing limited or no breakout meeting and banquet space. Expo facilities tend to be lower cost facilities (i.e., construction cost per gross square foot) than convention and conference centers. Most of the events accommodated by traditional expo centers are local in nature and include events such as public/consumer shows, festivals and other large flat floor space using events.
- Community/civic centers tend to vary widely in terms of their physical and operational characteristics. Many centers offer multipurpose space that can accommodate a wide variety of events. The large majority of event activity represents events and attendees from the local area and, as such, adjacent/nearby hotel inventory does not tend to be a primary concern for most events. Communities tend to develop these types of facilities for the good and benefit of the local community rather than for economic impact generating purposes.
- Spectator arenas are plenary seating venues that primarily accommodate spectator events such as sporting events, concerts, family shows and circuses. Some spectator venues have the capability to configure the arena floor and/or retract some or all of its seating areas to accommodate certain types of flat floor events such as graduations, public shows, and recreation activities.
- Horse/event centers are typically multi-facility complexes, often located in rural or non-urban settings. Most horse/event centers focus on accommodating dirt-oriented shows, events and exhibitions. Typical horse/event centers include a variety of event, show and stable areas, such as arenas, exhibition facilities, show arenas, warm-up arenas, rodeo arenas, horse barns, livestock barns/pens and other such areas.
- Fairgrounds complexes are often similar to horse/event centers, including a variety of indoor and outdoor facilities suitable for equine, livestock, agricultural, exhibition and recreational events and activities. The primary role of these facilities is often to play host to an annual fair (i.e., County or State Fairs, etc.). Some fairgrounds complexes also integrate dirt or paved racetracks and grandstands for outdoor spectator events.

Exhibit 2 illustrates a summary of the typical importance of various facility characteristics by event segment.

Exhibit 2
Typical Event Facility Requirements

	High Quality Finish	Exhibit/ Lg. Event Facility	Upscale Banquet Hall	Breakout Rooms	Spectator Seating	Parking	Nearby Hotels	Secondary Facilities	Nearby Visitor Amenities
Conventions	HIGH	HIGH	HIGH	HIGH	LOW	MED	HIGH	LOW	HIGH
Conferences	HIGH	MED	HIGH	HIGH	LOW	MED	HIGH	LOW	HIGH
Meetings	HIGH	LOW	MED	HIGH	LOW	LOW	LOW	LOW	MED
Banquets/Receptions	HIGH	LOW	HIGH	MED	LOW	MED	LOW	LOW	MED
Tradeshows	MED	HIGH	LOW	LOW	LOW	HIGH	MED	LOW	HIGH
Consumer/Public Shows	LOW	HIGH	LOW	LOW	LOW	HIGH	LOW	LOW	MED
Agricultural Shows	LOW	HIGH	LOW	LOW	LOW	HIGH	LOW	HIGH	LOW
Horse Events/Shows	LOW	HIGH	LOW	LOW	MED	HIGH	LOW	HIGH	LOW
Rodeos	LOW	HIGH	LOW	LOW	HIGH	HIGH	LOW	MED	LOW
Tractor Pulls	LOW	HIGH	LOW	LOW	HIGH	HIGH	LOW	MED	LOW
Sporting Events	LOW	HIGH	LOW	LOW	HIGH	HIGH	LOW	LOW	LOW
Concerts	LOW	MED	LOW	LOW	HIGH	HIGH	LOW	LOW	MED
Festivals	LOW	HIGH	LOW	LOW	LOW	HIGH	LOW	LOW	LOW

As shown in the exhibit, different types of events can have very different preferences and requirements with regard to facility characteristics. For example, conventions typically place high premiums on high quality finish of event space, adjacent/proximate full-service hotel rooms and other visitor amenities (i.e., restaurants, retail, entertainment, etc.) in close walking distance, while horse events/shows typically require appropriate low-finish space (arena consisting of a dirt surface, spectator seating, pens, chutes, etc.) and other secondary facilities such as barns, warm-up areas and secondary rings. The salient point of this simplified comparison is that it is normally difficult for a single facility to be "optimized" for all types of events. Market demand assessments unique to the community and the project are necessary to guide the "emphasis" of the facility project.

Survey Research and Findings

The purpose of this section is to provide a summary of the survey research conducted with respect to a potential redeveloped Tennessee State Fairgrounds. Specifically, at the outset of the study process, several focus group meetings were conducted in Nashville with a variety of local area individuals—some representing organizations with existing events held at the TSF, some representing local business/community leaders, and some representing interested local citizens. Subsequently, an open house was conducted to provide an opportunity for community members, Fairgrounds neighbors, project stakeholders and others to offer comments and suggestions on the use of the study site for fair and event uses.

Additionally, detailed telephone interviews were completed with event planners representing key non-local event segments that could use a potential redeveloped TSF. This survey-based technique provides a detailed understanding of potential user needs, their willingness to use a potentially redeveloped TSF, as well as overall perceptions of Nashville as a potential host community for their event(s). This research element focuses on potential "non-local" users of a redeveloped TSF—those events that drive new visitation to the area and associated economic impact.

In order to test the potential event market for a new/redeveloped TSF, a detailed telephone survey was conducted with planners and organizers of state and regional equestrian, livestock and other animal related shows, producers of public/consumer shows and other such events with a potential interest in the specific type of event space that would be offered within a new/redeveloped TSF.

A discussion of interview results and market demand conclusions pertaining to major event categories for a potential redeveloped TSF is provided below and on the following pages.

Equestrian and Livestock Events/Shows

Livestock, agricultural and/or equine events are typically held within multi-facility complexes, often located in rural or non-urban settings. Most of these events are dirt-oriented shows, events and exhibitions, requiring a variety of event, show and stable areas, such as arenas, exhibition facilities, show arenas, warm-up arenas, rodeo arenas, horse barns, livestock barns, stalls and other such areas.

Overall, perceptions of the Nashville area as a potential host for dirt-oriented equine and/or livestock events and shows were generally moderate to favorable, mostly by in-state event producers. Typically mentioned positive responses noted during the interviews included the following:

- Nashville is centrally-located within the state and would seem to be a logical location for a venue.
- The hotel and restaurant offerings in Nashville are better than other markets with equestrian facilities, and would be supportive of our events that draw riders from throughout the state.
- Nashville is within reasonable driving distance to a number of major cities in Tennessee and surrounding states.
- Nashville needs a new venue—we have been going to Amarillo and other towns throughout north Texas for our event, but would really like to hold it locally.

Conversely, those who did not express interest indicated various reasons, including the following typically-heard responses:

- Satisfaction with existing regional facilities.
- Perception that any new Nashville facility would be too expensive and/or large of a complex (i.e., groups that tend to be drawn to facilities in smaller cities).
- Rotational policies/venue contracts that keep them from utilizing new facilities.
- Perception that Nashville has too much traffic and is too difficult to navigate.

Many of the interested respondents stressed the necessity for "strong local support" in order to attract certain events associated with larger organizations.

Survey respondents were also asked about their requirements and/or preferences for such facilities as horse/livestock stalls, arena(s), show rings, exhibit space, parking, RV hookups, and other general characteristics for host facilities. The findings include:

- Other than certain spectator-focused events such as rodeo and barrel racing, most groups would not expect their events to draw significant attendance beyond their participants and their families/guests and handlers.
- The average event consists of two event (or show) days (in addition to 1.5 set-up/tear-down days).
- Nearly all respondents indicated requiring a main ring sized between 30,000 and 45,000 square feet, with a typical ring size dimension measuring 250 to 300 feet (long-wise) by 100 to 150 feet (short-wise).
- The majority of respondents indicated a preference for an additional or secondary ring, located adjacent to the main arena to be used as a warm-up area or sales ring. The preferred size of the secondary ring varied by respondents, with some indicating a 100 feet by 140 feet (14,000 square feet) model.
- Most respondents also indicated the need for secondary spaces/amenities, such as secondary warm-up/show rings, horse stalls, RV hookups and indoor meeting/office space.
- A few respondents mentioned that the availability of hotel rooms within five miles of the event center enhanced their likelihood of utilizing the facility, while the majority indicated hotel facilities located within a 10 to 15 minute drive would suffice.

Consumer and Public Shows

Consumer and public shows are exhibit-based shows that are typically open to the general public and draw from the local area. These events tend to charge a nominal fee for entry and generally include events such as home and garden shows, boat shows, auto shows, gun shows, antique shows, career fairs, and other such exhibitions/expositions.

The driving factors concerning site selection for most public/consumer show producers are normally proximity to large concentrations of population (from which to draw attendees) and an un-served market opportunity within the industry segment/focus of their show. Consumer/public show producers tend to size shows based on the space available in the community they wish to serve.

Discussions with current and potential future users suggest that certain types of public/consumer shows and tradeshows could be grown within a redeveloped TSF, given the availability of state-of-the-industry exhibit space. The ceiling heights, columns and disjointed nature of existing exhibit space at the TSF alone are believed to be significant issues affecting the desirability of the current complex within this event segment. The large majority of these groups desire (and expect) state-of-the-industry exhibition space, consisting of 30-foot-plus ceiling heights, column-free or columns on 60- to 90-foot centers, independent hall loading with separated public access, modern amenities and utility provision, etc. In most cases, a concrete floor exhibit hall would be required to host these events; however, some dirt facilities can accommodate some shows with hardening/compacting the surface and laying carpet or utilizing a portable hard surface system.

However, location of the redeveloped TSF could significantly impact the desirability of the venue for potential consumer/public show producers. The current location of the TSF offers good interstate access and a centralized location within the Nashville/Davidson County market. Moving TSF facilities to a location to the periphery of the market may diminish the appeal of the venue to certain show producers, resulting in a potential decrease in event days or the elimination/relocation of the event to a more centralized venue.

Conventions and Tradeshows

Conventions and conferences are typically rotating events held by professional associations and SMERF (social, military, educational, religious, fraternal) groups. Most events have exhibit, food function, general assembly and breakout functions. Tradeshows are normally private exhibit-oriented events focusing on a particular industry trade or sector. They can be produced by large corporations or private event production organizations. More than half of recurring tradeshows rotate among destinations rather than remaining fixed year-after-year in a single location/facility.

As both of these event types are attended predominantly by non-local attendees and exhibitors, quality hotel inventory nearby the event facility is typically a critical factor in site selection. Additionally, destination appeal, visitor amenities and the quality of the event facility (in terms of providing upscale exhibit space and carpeted ballroom and meeting space) are also generally very important to these events.

Further, when considering event potential within this segment, it is important to recognize that the "brand" of the facility and the type and location of the facility helps shape the appeal of the facility to various types of events. This is to say that any new/redeveloped TSF will most likely retain its "fairgrounds" theme and livestock/dirt event orientation as a fundamental characteristic. To this end, the industry focus and nature of certain conventions, tradeshows, conferences and meetings will not likely be congruent with this (medical, legal, high technology industry events, for example). Furthermore, a new/redeveloped TSF may not be connected (or adjacent) to full-service hotel rooms, unless a major alliance or partnership is entered into, resulting in the development of substantial lodging inventory. Therefore, certain events within this segment may clearly be a "better fit" for attraction than others.

It is believed that conventions, conferences and meetings will likely be dominated by those of a local nature due to the likely lack of nearby visitor amenities and the nature of a new/redeveloped TSF. Further, with the presence of such facilities as the new Music City Center and Gaylord Opryland accommodating this event segment, it is reasonable to believe that events would either choose one of those two venues or choose to visit another market.

As such, demand for new/redeveloped TSF space is expected to continue to be driven by public/consumer shows (i.e., gun show, antique show, home and garden show, sports show, hunting and fishing expo, gem and mineral show, farm show, etc.), that are open to the public and largely draw attendance from the local metropolitan area.

Meeting, Banquets and Other

Multipurpose event venues also often accommodate a variety of other locally-based and attended events, including meetings, banquets and other miscellaneous events. These events tend to be small, single or partial-day events that are predominately attended by local area residents. Oftentimes, they can be hosted in small banquet, breakout or multipurpose rooms (with concrete, carpeted or multipurpose flooring). These events can be important in driving facility utilization and resulting operating revenue in some facilities.

Meeting/banquet events include:

- local corporate meetings, training and seminars
- wedding receptions
- luncheons and private banquets
- anniversary/birthday parties
- functions hosted by local service clubs
- other private, small events

Other events include:

- concerts
- sporting events
- festivals
- exams

The demand potential within this segment is often directly correlated to the population (resident and corporate base) of the local market and the presence of other local meeting and event facilities. The strong base of resident and corporate population suggest that event levels within this segment could potentially grow within a redeveloped TSF, assuming appropriate meeting space is integrated.

Spectator, Entertainment and Sporting Events

Interviews were held with a number of local, regional, and national event promoters of various touring acts such as concerts, family shows, rodeos, truck pulls, wrestling/MMA, circuses, athletic competitions and exhibitions, recreation and other such events. These conversations provided an understanding of the Nashville market's current ability to attract various types of events and how the market's attractiveness could be impacted by the development of a redeveloped TSF.

Generally, respondents suggested that there may be challenges involved when trying to attract traditional promoted touring events such as concerts, family shows and other such events given the presence of existing local facilities (Bridgestone Arena, Grand Ole Opry House, Municipal Auditorium, etc.) and the

nature of the potential redeveloped TSF (i.e., dirt-oriented event focus, possible located outside of close walking distance to significant visitor amenities such as nightlife, bars, restaurants, etc.). However, events such as rodeos and other dirt and sports related events could potentially utilize the facility, and would be expected to be a more natural "fit" with the nature of the TSF.

The existing TSF fixed seating areas are generally better suited for dirt events, including horse shows/events and rodeos. A new multipurpose arena (with capabilities in excess of the current TSF Sports Arena) would likely be better positioned to attract a variety of events, similar to the events currently being held at comparable fairgrounds complexes.

Event Space Market Demand Conclusions

The market demand analysis conducted suggests that a redeveloped TSF could attract a measurable level of new events to the Nashville area. These new events will likely include a mix of local and non-local events, with non-local events generating new visitation and economic impacts in the local community. It will be important that the event facility retain focus on its core business (i.e., State Fair, Flea Market, public/consumer shows, etc.) while capitalizing on the opportunity to create a "brand and theme" through promoting livestock, agricultural and equine events. It is believed that events in this "animal" or "dirt-oriented" category represent the greatest area of new market opportunities for a redeveloped and/or relocated fairgrounds.

Motorsports Industry Demand

The purpose of this section is to assess the current physical and operational characteristics of the TSF racetrack (Fairgrounds Speedway Nashville), and to develop recommendations regarding the future of the racetrack and a potential redeveloped motorsports facility development in Nashville.

Prior to engaging in an analysis of existing and potential redeveloped motorsports offerings in Nashville, it is helpful to gain an understanding of the types of motorsports venues currently operating in the U.S. The following is an overview of the four primary classifications of motorsports venues and the types of events typically accommodated by each venue.

Dirt Oval Tracks

Dirt oval tracks are the most common racetracks in the United States. While dirt tracks operate in markets ranging from large cities to small towns, they are generally most prevalent in smaller markets. The majority of dirt tracks are ½-mile or shorter in length.

Most dirt tracks present races one night a week, typically on a Friday or Saturday night. The majority of these race nights consist of the track's regular racing series, which often includes three to six classes of racing each night throughout the racing season. Racers typically pay a specified entry fee, with prize money paid by the track from entry fee and ticket revenue. The most common race series include late models, street stocks, modifieds, sprints and other such series.

In addition to the regular racing series, dirt tracks often attract special racing events by touring race organizations on an occasional basis. These special events may include races by organizations such as the American Sprint Car Series (ASCS), the Sprint Bandit Tour, DIRT Motorsports, World of Outlaws (WoO), the United States Auto Club (USAC), the American Racing Drivers Club (ARDC) and other similar organizations.

The majority of dirt tracks offer relatively basic levels of amenities, consisting primarily of bleacher seating with few VIP areas or hospitality opportunities. However, some tracks have begun to upgrade the amenities offered to fans and sponsors, including reserved seating areas, VIP suites or boxes, climate controlled lounge areas and other such amenities.

Asphalt Oval Tracks

While asphalt tracks share many operational similarities with dirt tracks, they are less common than dirt tracks. Both types of track typically host races one night per week during the racing season, generating revenue from ticket sales and driver entry fees. With the exception of major superspeedways, most asphalt tracks are ½-mile or shorter in length, similar to typical dirt tracks. Fewer asphalt tracks than dirt tracks operate in the U.S. However, asphalt tracks are more commonly found in relatively large markets. The Fairgrounds Speedway Nashville track is a 5/8-mile banked oval track.

Asphalt tracks host races in a wide range of classifications, depending on the size of the track. The majority of NASCAR Sprint Cup races, the highest level of stock car racing in the U.S., are held at major asphalt oval tracks that are at least one mile in length. NASCAR's Nationwide Series and Camping World Trucks Series also race primarily on large asphalt tracks. Smaller tracks (generally shorter than one mile) host lower levels of racing that are comparable to the largely local and regional races currently held at the Fairgrounds Speedway Nashville.

The primary differences between dirt and asphalt tracks are their ability to generate sponsorship revenue and the types of cars that race on each respective surface. In general, asphalt track operators are better able to sell track and event sponsorship packages than dirt track operators. Sponsors who entertain clients at race events generally prefer the cleaner, dust-free atmosphere of a paved track. In addition, according to industry representatives, the typical asphalt track race fan tends to be more affluent than dirt track fans.

Asphalt tracks generally host primarily stock car races, although sprints, midgets and open wheel Indy-style racing can also be held on asphalt tracks. Cars built to race on asphalt surfaces differ from those designed to race on dirt, with the development and operational costs associated with asphalt cars typically higher than those of cars built to race on dirt. Because of the differences between asphalt and dirt cars, drivers must choose between designing a car built to race on asphalt or one designed to race on dirt. Because there are relatively few asphalt tracks, those tracks have less competition for drivers than dirt tracks, which typically have several competing tracks in relatively close proximity. However, due to the high number of dirt tracks in operation, there tend to be many more dirt cars than asphalt cars. Therefore, while asphalt tracks face lower levels of competition for drivers, they are competing for a smaller pool of potential drivers.

Drag Strips

A drag strip consists of a straight racing surface, typically 1/4-mile or 1/8-mile in length, on which two racers compete in side-by-side lanes. A drag strip event typically involves drivers competing head-to-head in tournament-style events. Racers typically pay a specified entry fee, with prize money paid by the track from entry fee and ticket revenue. In addition to these competitions, drag strips often host test and tune sessions, allowing racers to prepare for upcoming races. In recent years, some drag strips have offered open racing sessions, allowing amateur drivers and car enthusiasts to race their personal vehicles.

Drag strips are similar to oval tracks in that they typically host a regular racing series throughout the race season, and occasionally host special events. Many drag strips offer racing series sanctioned by the National Hot Rod Association (NHRA) or the International Hot Rod Association (IHRA), the two primary national drag race sanctioning bodies. In addition to sanctioning weekly racing series, both of these organizations also operate special touring events that typically race at a different location each week.

Road Courses

Road courses are typically longer than oval tracks and drag strips, often ranging from one to three miles in length and feature several curves and turns. Several sanctioning bodies and racing organizations utilize road courses for their events. NASCAR holds Sprint Cup races at four road courses each year: Watkins Glen International in Watkins Glen, New York, Infineon Raceway in Sonoma, California, Road America in Elkhart Lake, Wisconsin and Circuit Gilles Villeneuve in Montreal, Quebec. Several other organizations, including the Grand American Road Racing Association (Grand Am), Champ Car, the American LeMans Series (ALMS), the American Motorcyclist Association (AMA), also hold races on road courses.

While races sanctioned by the aforementioned organizations may utilize a given road course for a few weekends each year, the majority of road course utilization consists of track rentals by organizations such as the Sports Car Club of America (SCCA) and clubs organized by drivers of car makes such as BMW and Porsche. Several road courses also host driving schools, which may be operated by track management or by a third party who rents the track to hold classes.

Existing Fairgrounds Speedway Analysis

Located on the east side of the TSF, the Grandstand and racetrack have hosted a variety of motorsports events since opening in 1957. Currently, the Grandstand serves as a single-use facility, hosting up to 10 auto races (up from a previous annual limitation of seven auto races) promoted by Tony Formosa throughout the summer months.

Overall, the Grandstand and racetrack maintain issues that restrict the ability to attract and retain races and related events, including:

- Noise and issues impacting neighborhood;
- Limitation in dates available to racing;
- Deficiencies in functionality, amenities, etc.;
- Historical challenges with promoter stability;
- Closure of Nashville Superspeedway; and
- High costs regarding the construction and operation of a state-of-the-industry speedway.

The Project Team contacted NASCAR and ARCA directly to determine their potential level of interest in returning to the middle Tennessee market and specifically to the Fairgrounds Speedway.

We spoke to a senior level NASCAR official who asked that he not be identified in the report and that NASCAR's position is that "they have no current position on the viability of returning to the Tennessee State Fairgrounds". NASCAR has a process for evaluating whether to race in a market and that the following three criteria must be met before a market and facility will be considered for a Nationwide or a Craftsman Truck Series race:

1. Is the local promoter viable?
2. Is this a place NASCAR wants to race?
3. Does NASCAR have room on the calendar?

NASCAR stated that they have not been contacted or been in conversations with potential promoters about returning to the Fairgrounds Speedway Nashville so they view any conversations and discussions purely hypothetical.

NASCAR would not provide specific details about improvements required to host a Nationwide or truck race because they would not perform an assessment of the facility until the above-mentioned three criteria have been met. They did, however, state that "significant" improvements would likely be required which would include the addition of "Safer Barriers", improved media center, expanded seating capacity and team garages.

NASCAR has recently solicited Tony Formosa about the organization sanctioning his current racing series. The NASCAR sanction would afford the promoter with "opportunities" such as participation in a national awareness program, track supplies and most importantly partnering with "the most powerful brand in motorsports". The promoter pays a yearly sanctioning fee to participate in the NASCAR program. Mr. Formosa, during the initial interview, when asked whether participation in the NASCAR program would benefit his series stated that he did not "see the value" based on the cost to participate.

The Nashville Superspeedway is a one and one-third mile concrete oval track with a permanent seating capacity of 50,000 located in Gladeville, Tennessee that opened in 2001. For most of its first decade, the Superspeedway hosted three major NASCAR races each year—two Nationwide Series races and one Camping World Truck Series race. As of late 2011, its private owners announced that it would no longer seek NASCAR sanctions and closed the track to all competitive racing events. It is believed that there were numerous issues that led to the decision to close the Superspeedway, including but not limited to: (1) reported sluggish attendance in recent years for major racing events (possibly exacerbated by rising

ticket prices); (2) reported inability to secure a NASCAR Sprint Cup event; (3) significant economic downturn in years immediately preceding closure; (4) changing nature of the motorsports industry, including the contraction trend of NASCAR-sanctioned events and growing consumer interest in watching races on high definition television rather than attending races; and (5) return-on-investment (ROI) requirements by private ownership and investors.

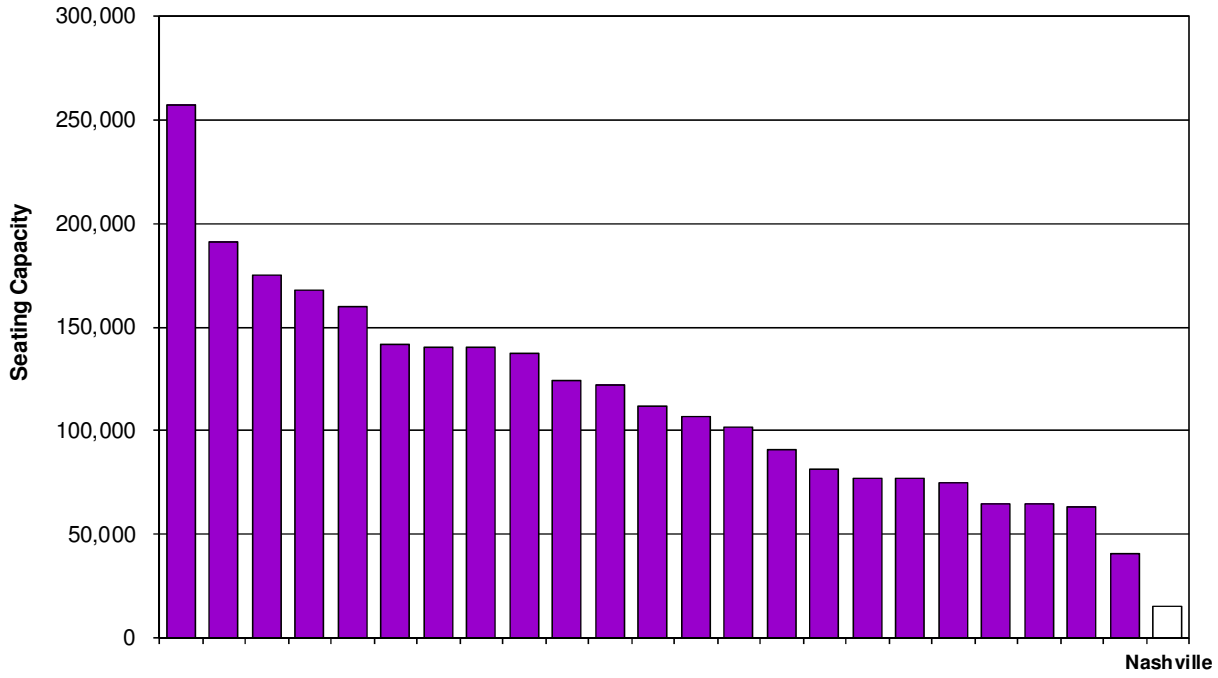
This last issue pertaining to ROI is an important distinction when comparing the Superspeedway with the Fairgrounds Speedway, as most privately-owned facilities consider the ability to retire construction debt *in addition* to generating an operating profit when making "go" or "no-go" decisions on operation and/or ownership of facility assets (i.e., different than those typically considered for a publicly-owned complex like the TSF).

At tracks throughout the country, NASCAR admission revenues peaked between 2006 and 2008 and have fallen each year since, forcing track promoters to offer ticket discounts such as including food in the price of tickets. A number of tracks around the nation have begun covering whole seating sections with tarps to reduce seating capacity. Security filings for NASCAR track owners between 2006 and 2011 indicate:

- Charlotte Motor Speedway has lost 25 percent of its admission revenue, falling $130 million.
- Daytona Motor Speedway has lost 40 percent of its admission revenue, falling $144 million.
- Closure of Nashville Superspeedway, which lost 60 percent of its revenue during this time.

In addition to direct conversations with NASCAR officials, we have analyzed the seating capacity of racetracks that are currently hosting NASCAR Sprint Cup Series, Nationwide Series and Camping World Truck Series races, as presented in the following three exhibits.

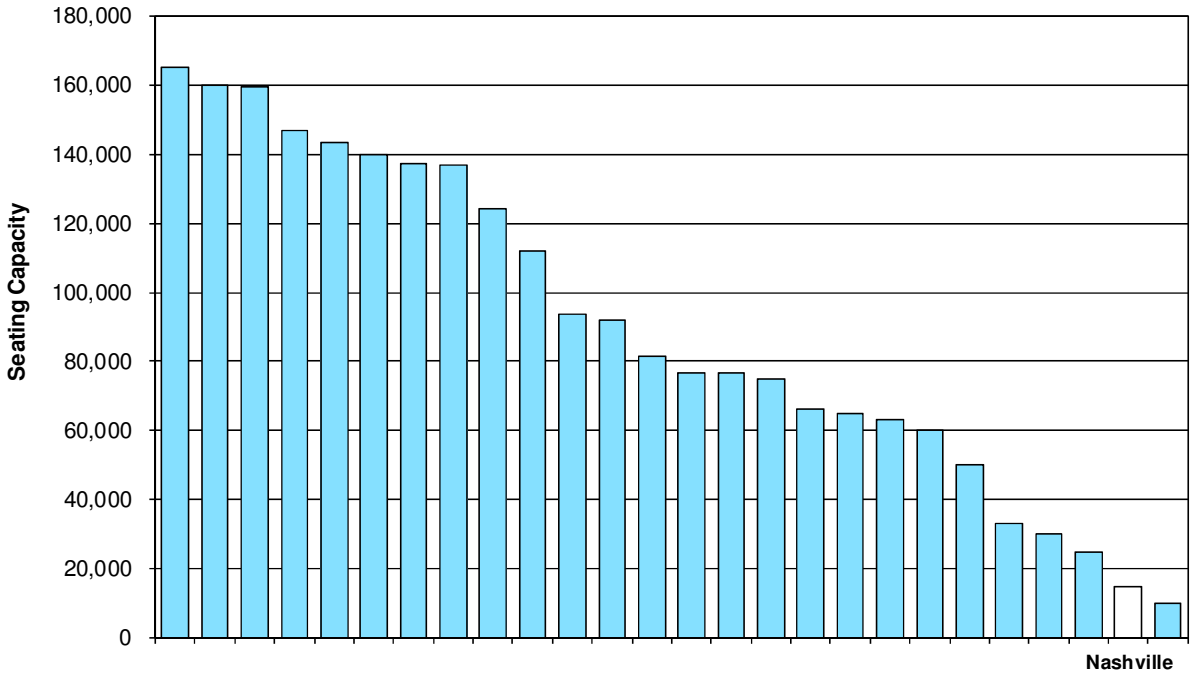
Exhibit 3
Seating Capacity for Venues Hosting
NASCAR Sprint Cup Series Races



Source: CSL, Facility Management, 2012

As shown in the previous exhibit, total seating capacity for venues hosting NASCAR Sprint Cup Series races ranges from the Indianapolis Motor Speedway, which holds nearly 260,000, to 41,000-seat Watkins Glen International. The Fairgrounds Speedway Nashville grandstand currently has a capacity of 15,000, which is significantly smaller than even the smallest venues hosting NASCAR Sprint Cup Series races.

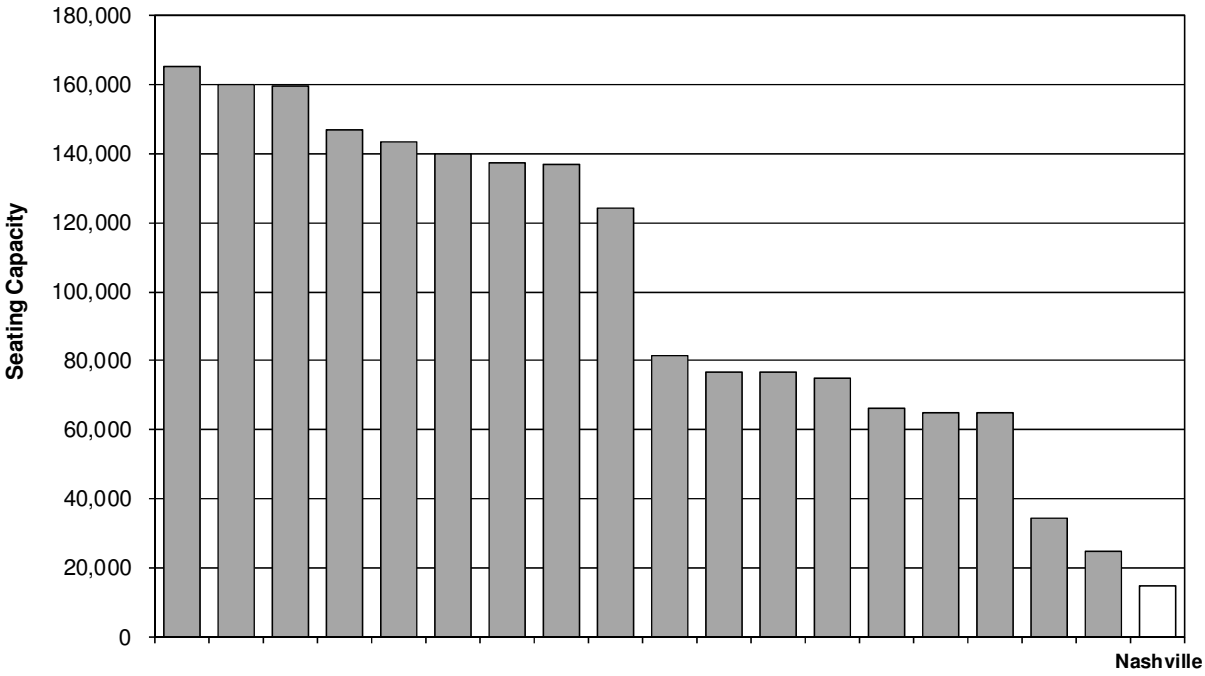
Exhibit 4
Seating Capacity for Venues Hosting
NASCAR Nationwide Series Races



Source: CSL, Facility Management, 2012

NASCAR Nationwide Series races are held at venues with capacities ranging from the 165,000-seat Charlotte Motor Speedway to Road America in Elkhart Lake, Wisconsin that has a grandstand for 10,000 seats and numerous hillside seats that can accommodate as many as 150,000 additional spectators at this road course.

Exhibit 5
Seating Capacity for Venues Hosting
NASCAR Camping World Truck Series Races



Source: CSL, Facility Management, 2012

As shown, NASCAR Camping World Truck series races are held at venues with capacities ranging from the 165,000-seat Charlotte Motor Speedway to the 25,000-seat Iowa Speedway in Newton, Iowa.

Based on the data presented above, it is reasonable to assume that should the Fairgrounds Speedway Nashville wish to attract a future NASCAR event, significant expansion of seating capacity within the Grandstand (among other issues previously discussed) would be necessary.

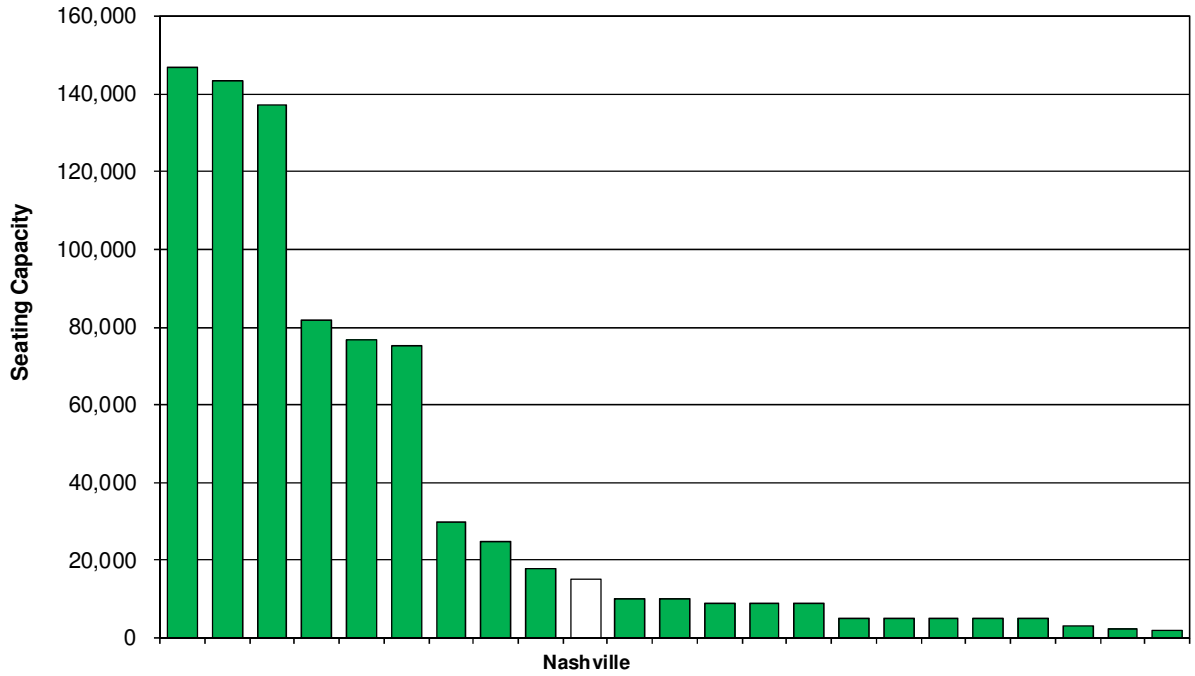
ARCA racing series is very interested in returning to the market after last racing at the Nashville Superspeedway in 2009. ARCA stated that their sponsors love the middle Tennessee market and the racing organization has been in contact with Tony Formosa about promoting a future race at the fairgrounds.

A local businessman and several executives from local record labels have contacted ARCA about bringing their series back to the market.

ARCA stated that the organization is more interested in spectator and racer safety that fan amenities and would not require significant upgrades to the facilities. The organization would require that the catch fencing that protects the spectators and pit road entrance be safe.

As with NASCAR venues, we have reviewed seating capacity within racetracks hosting ARCA races, presented in Exhibit 6 below.

Exhibit 6
Seating Capacity for Venues Hosting
ARCA Racing Series Races



Source: CSL, Facility Management, 2012

As shown, ARCA series races are held at venues with capacities ranging from the 147,000-seat Daytona International Speedway to the 5,000-seat Winchester Speedway in Winchester, Indiana. On average, these venues can accommodate approximately 52,100 people.

Speedway Issues and Conclusions

While the recent industry-wide contraction of major NASCAR-type events and the recent closure of the Nashville Superspeedway along with its history of lower than desirable attendance provide some basis for concern relative to the viability of racing overall in the greater Nashville marketplace, in certain respects, it may also suggest some possibility of market opportunity for smaller, weekly racing at a track such as the Fairgrounds Speedway. It is believed that racing (in terms of event draw and attendance) at the Fairgrounds Speedway has been historically constrained by imposed date limitations, stability of the contracted race promoter, and lower than industry-standard physical facility product. However, the focus of this Phase 1 Master Plan is to outline a redeveloped Fairgrounds based on industry best practices. As previously discussed, the best practices model for a state fairgrounds complex does not include a paved motorsports racetrack. However, as the existing Fairgrounds site presently includes the Speedway, the racetrack issue obviously needs to be considered if a redevelopment would involve the current Fairgrounds site. A full market/financial feasibility study of racing in Nashville and a motorsports track was outside the scope of this engagement.

5. Scenario Concept Analysis

The purpose of this section is to build on conclusions reached with regard to market demand to analyze four specific Fairgrounds development scenarios, as outlined in Metro's Fairgrounds Master Plan Phase 1 RFP. The RFP broadly outlined the four development scenarios involving the Fairgrounds at the present location and a redeveloped Fairgrounds elsewhere within Davidson County. Specifically, the four development scenarios are as follows:

Scenario 1: "As Is", No Physical Changes

Scenario 2: Operational Adjustments, Basic Repairs

Scenario 3: Fairgrounds Redevelopment at Current Site

Scenario 4: Fairgrounds Redevelopment at "Greenfield" Site

A market supportable program of the physical Fairgrounds facility product is outlined herein, based on industry best practices for state fairgrounds complexes and market demand that is unique to Nashville. This program is translated and adjusted as required for the size, location and geographical constraints imposed by, or likely for, each scenario. Potential construction costs and site and neighborhood issues are also assessed for the scenarios.

Market Supportable Program

Based on the research and analysis completed for this Phase 1 Master Plan, the following key elements are considered market supportable for a Nashville Fairgrounds complex. It is estimated that this type, mix and volume of space would be able to accommodate the majority of existing and unmet demand for a Nashville area Fairgrounds complex, while also adhering to industry best practices.

Exhibit Halls:
(concrete floor, column-free if possible)
1 @ 80,000 square feet
1 @ 40,000 square feet
4 @ 15,000 to 25,000 square feet (with at least one with smaller sub-divisibility)

Indoor Arena:
1 @ Indoor Rodeo Arena, dirt floor, up to 300' x 150' ring, 3,500 to 5,500 seats

Warm-up/Show Areas:
1 @ covered warm-up / show ring (ring of at least 150' x 100')
1 @ outdoor warm-up / show ring (ring of at least 150' x 100')

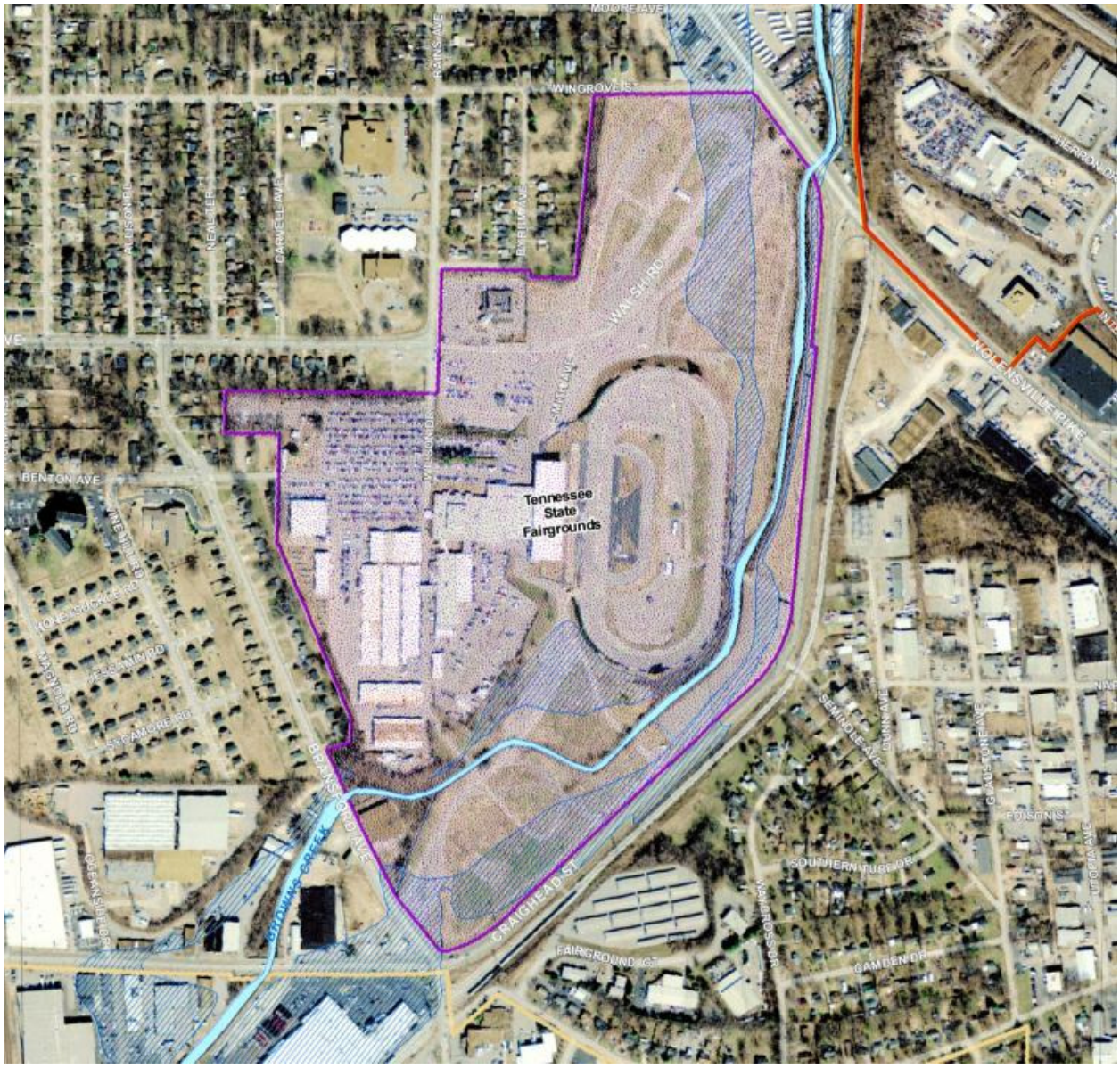
Barns/Stalls:
Barns with room for up to 1,000 horse stalls (mix of permanent and portable stalls) plus ties, wash racks, circulation and storage

RV Hookups:
Approximately 150

Analysis of Development Scenarios

Each of the four development scenarios are presented and analyzed below and on the following pages.

Scenario 1: "As Is", No Physical Changes



Because Scenario 1 is the "do nothing" option with respect to physical facilities, no changes are anticipated to the existing physical plant except for ongoing maintenance at the current level.

Pursuant to the facility assessment conducted by VSG (and discussed earlier in this report), the following key recommendations are forwarded for consideration concerning physical and operational issues pertaining to Scenario 1.

Physical

1. Relocate fire extinguishers to approved heights.

Operational

1. Review current operational practices and compare to best practices for public assembly facilities. See Appendix B for a list of areas for consideration. Utilizing best practices will provide a high level of consistent service, reduced liability, improved safety & security, and improved chances of repeat visitors, both attendees as well as users.
2. Review overall management structure in order to consider options that remove operations from under Metro government. This could include, but not be limited to, rolling operations under the authority governing Bridgestone Arena or the Music City Center, or hiring a contract manager. This will allow for greater flexibility in human resources, foodservice provider selection, marketing and booking efforts, and overall decision making that will positively affect the financial and public relations success of the fairgrounds.
3. Ensure the Tennessee State Fair producers have proper insurance for their property stored permanently on site.

Scenario 2: Operational Adjustments, Basic Repairs

Changes to the Fairgrounds under Scenario 2 are primarily operational, although it is assumed under this option that some functional deficiencies and deferred maintenance items would be addressed by a more aggressive operational philosophy. Even so, no significant changes to the Fairgrounds' existing physical plant are anticipated in this scenario.

Pursuant to the facility assessment conducted by VSG (and discussed earlier in this report), the following key recommendations are forwarded for consideration concerning physical and operational issues pertaining to Scenario 2.

Physical

1. Replace temporary Annex structure with a permanent structure so that exhibits can be set in this area.
2. Repair/replace HVAC equipment with new, efficient units, including Building Automation System and Variable Frequency Drives.
3. Repairs doors and door hardware.
4. Replace air curtains at exhibitor load-in doors and install PVC curtains where none currently exist.
5. Replace wood that has rotted (multiple locations).
6. Relocate fire extinguishers to approved heights.
7. Any incandescent fixtures should be replaced with CFL or LED (dimmable where needed).
8. Install motion sensors for lighting in restrooms.
9. Deep clean and paint (where appropriate) every facility that has conditioned space.

Operational

1. Review current operational practices and compare to best practices for public assembly facilities. See Appendix B for a list of areas for consideration. Utilizing best practices will provide a high level of consistent service, reduced liability, improved safety & security, and improved chances of repeat visitors, both attendees as well as users.
2. Review overall management structure in order to consider options that remove operations from under Metro government. This could include, but not be limited to, rolling operations under the authority governing Bridgestone Arena or the Music City Center, or hiring a contract manager. This will allow for greater flexibility in human resources, foodservice provider selection, marketing and booking efforts, and overall decision making that will positively affect the financial and public relations success of the fairgrounds.
3. Ensure the Tennessee State Fair producers have proper insurance for their property stored permanently on site.

Scenario 3: Fairgrounds Redevelopment at Current Site

The third major scenario explores redevelopment of the Fairground in its current location. There are several constraints to the redevelopment of this site, many of which concern the potential for flooding on Brown's Creek. Three limitations on land adjacent to Brown's Creek, which traverses the eastern edge of the Fairgrounds site for its entire length, are the 100-year floodplain, which limits development, and the defined floodway and floodway buffer, which prohibit development. Taken together, these development limits take approximately 44 acres of the approximately 121-acre Fairgrounds site (36 percent) off the table. It is possible that some of this land could potentially be used for stabilized turf parking for seasonal use (i.e., during the Fair). However, in general, the flood-restricted land should be thought of as an open space amenity to the fairgrounds and the neighborhood.

Two existing unrelated uses of the site, the Patricia Hart Senior Center and a small building owned by the school district are assumed to remain as is in any redevelopment option.

Both redevelopment options allow for through traffic on Wedgewood/Walsh during non-fair periods. The decision to allow through traffic is a policy decision to be made by the City, but both redevelopment options allow for it.

Noise Impacts of Racing

Residents near the Fairgrounds have spoken out at various times and in various venues regarding the negative impacts of noise from the racetrack. While noise is a frequent complaint of residents opposed to say, changes in zoning, in this case, the noise impacts from racing are a real quality of life issue for the residents.

People living near noxious noise sources (an airport, say) become inured to the noise to the point that they don't even hear the planes passing overhead that startle visitors. The problem with the racetrack is that the noise problem is infrequent enough to become an irritant when it occurs. The infrequency of racing contributes to the negative impacts of the racetrack on nearby residents. Ironically, if racing was a constant, daily occurrence, its impact on neighbors would probably be less.

Noise from the racetrack can be mitigated somewhat by requiring special muffling equipment on race vehicles. It can also be mitigated somewhat by planting dense vegetation between the raceway and surrounding residences. In both cases, however, the mitigation will only be partial. The physics of racing is such that even if the cars were powered by electric motors, there would still be substantial noise generated from the race itself, not to mention the noise of the crowd.

It is our view that given the current racing schedule (whether increased or decreased by a small number of races is irrelevant), noise from motorsports will continue to have a negative impact on the residents nearest the Fairgrounds as long as the raceway continues to operate.

Fairgrounds Access improvements

As they anticipate significant redevelopment, both Scenarios 3A and 3B offer some opportunities for improvements to access to the fairgrounds site. These potential improvements are somewhat limited by the inherent limitations of the street grid surrounding the site more than by the constraints of the site itself.

Both Scenario 3A and Scenario 3B anticipate a second western approach from Benton Avenue as well as the current main entrance from Wedgewood. Having two western entrances can help reduce congestion on surrounding streets. An additional western entry point off of Bransford will help to relieve congestion at the two major west entry points.

Also, because of the development limitations imposed by the floodway, both options add a significant "throat" to the approach from the northeast off of 4th Avenue/Nolensville. This throat will also help to relieve congestion on 4th Avenue, although peak arrival periods will still see backups onto the public roads.

The primary difference between the two schemes is that Scenario 3B also anticipates a new major public entrance to the southeast, along Craighead Road. This additional entrance would help to relieve congestion at the other entrances by diluting the traffic attempting to access the other points of entry. This effect would also help with exiting the site after major events. For this reason, Scenario 3B has a distinct advantage over Scenario 3A from a traffic perspective.

Public Space Comparison

Both Scenarios 3A and 3B anticipate the creation of a major outdoor public space, intended for use as a fair midway as well as for other public functions, such as the outdoor exhibits at the Flea Market. The configuration of these public spaces is different in the two options.

The public space in Scenario 3A is a crooked T-shape, with a major node where the Wedgewood Avenue and 4th Avenue entrance roads meet. The public space terminates at the Creative Arts building, which anchors the high end of the new midway. Extensive re-grading is anticipated to create a consistent slope from the low end at the northeast point of the open space to the entry to the Creative Arts building.

The public space in Scenario 3B is roughly V-shaped, with its apex at the entrance to a new main arena. The arms of the V point toward the 4th Street and Seminole Avenue entrances to the fairgrounds, respectively. A broad midway between the main arena and the new main exhibit building gives a focal point to the Fairgrounds.

The main difference in the two schemes is the freedom that not having the racetrack affords Scenario 3B. The public space in Scenario 3B is more open, wider, and more concentrated than in Scenario 3A because of the dimensional relief of not having to deal with the racetrack. As a consequence, it is reasonable to state that the public space in Scenario 3B could be more useful for public events other than fairs and flea markets, because it affords a larger, more concentrated central area. This opens up a wider range of possible uses than the public space in Scenario 3A, which, though it will work well for the Fair and Flea Market, is more limited in its other potential uses.

Cost Estimation Methods and Issues

Cost estimates for this report were developed from industry data and averages from similar related projects from around the country. The conceptual, order-of-magnitude nature of this report precludes the development of detailed cost estimates as would be expected for an actual construction project. The cost estimates included herein are compatible with the nature and scope of this master plan effort.

It is recognized that the aggregated cost estimates for the Scenarios 3 and 4 total to substantial sums. Given that fairgrounds buildings are typically fairly inexpensive construction, one might wonder why this is so. There are a few factors influencing the cost that would tend to make our estimates higher than what might be considered "typical" fairgrounds construction:

- Construction in the center of Nashville will tend to be more costly than construction in rural areas where most fairgrounds are located;
- Nashvilleans will have higher architectural expectations for the Fairgrounds than would be the case for most county fair developments;
- Building code and regulatory requirements will be more stringent for this project than is typically the case at fairgrounds;
- Healthy project contingencies are included to accommodate the level of detail in the estimates; and
- Costs for major development projects as anticipated in scenarios 3 and 4 invariably trend upward; there is no benefit to the community to projecting low-range estimates.

While it is recommended to develop more detailed cost estimates prior to the development of any of the scenarios shown in this master plan, our team is confident that the costs shown represent a reasonable estimate of the order-of-magnitude costs to be expected from such undertakings. Although construction cost escalation has been very low in recent years, escalation should be expected if a significant time passes from the completion of this master plan to the commencement of a development project

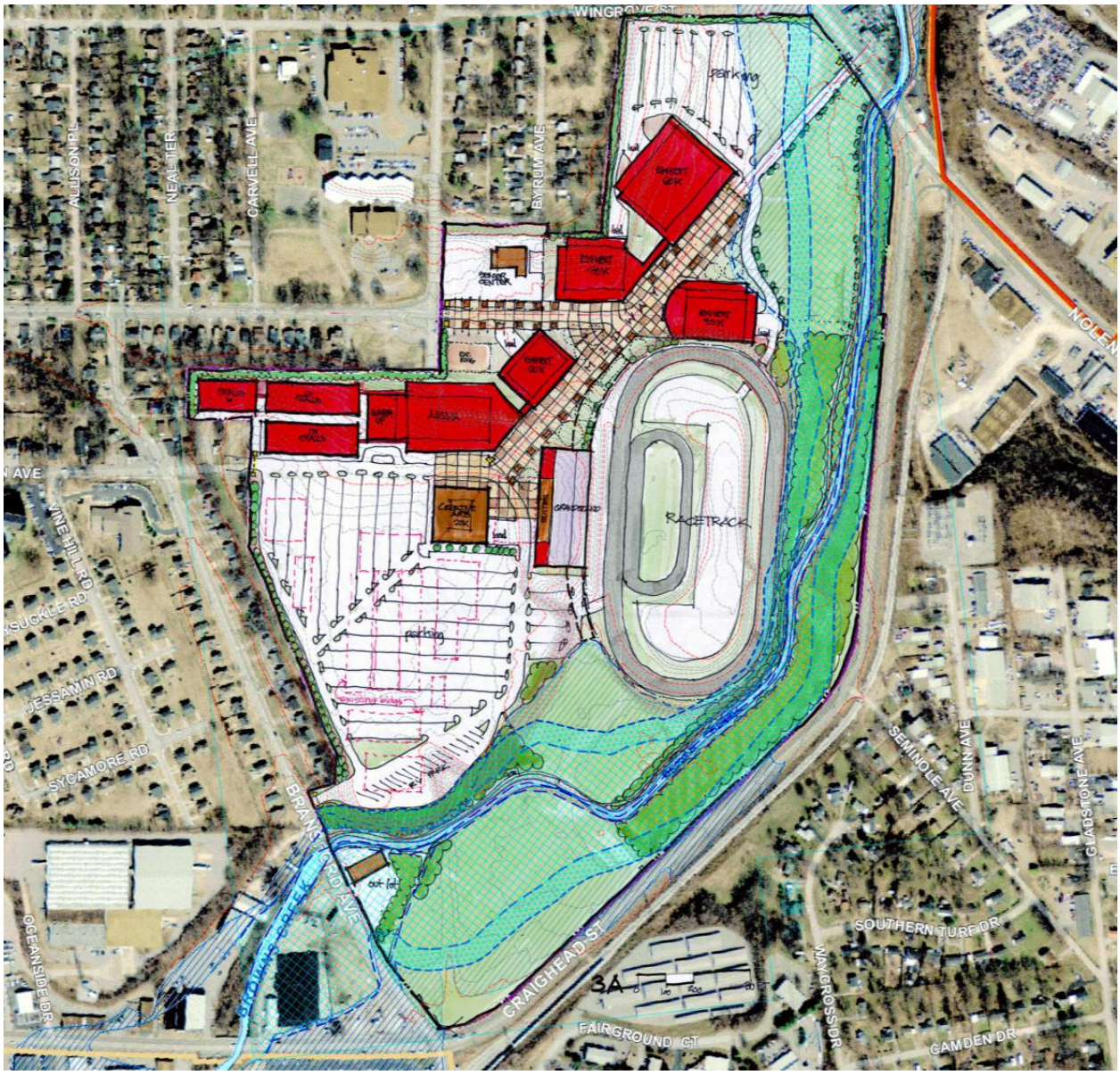
Grading and earthwork is included in the proposed estimates of probable construction cost. Although not broken out as a line item, earthwork is included as an embedded cost in each of the site and building construction cost estimates.

Pursuant to the facility assessment conducted by VSG (and discussed earlier in this report), the following key recommendations are forwarded for consideration concerning physical and operational issues pertaining to Scenario 3.

Operational

1. Review current operational practices and compare to best practices for public assembly facilities. See Appendix B for a list of areas for consideration. Utilizing best practices will provide a high level of consistent service, reduced liability, improved safety & security, and improved chances of repeat visitors, both attendees as well as users.
2. Review overall management structure in order to consider options that remove operations from under Metro government. This could include, but not be limited to, rolling operations under the authority governing Bridgestone Arena or the Music City Center, or hiring a contract manager. This will allow for greater flexibility in human resources, foodservice provider selection, marketing and booking efforts, and overall decision making that will positively affect the financial and public relations success of the fairgrounds.
3. Ensure the Tennessee State Fair producers have proper insurance for their property stored permanently on site.

Scenario 3A: Fairgrounds Redevelopment at Current Site, Keep Racetrack



Scenario 3A anticipates a substantial redevelopment of the current Fairgrounds site. Significantly, this option assumes that the existing speedway is preserved and enhanced with improved spectator amenities. New fairgrounds facilities are developed along a new midway that forms an angled T shape along the axes of Wedgewood and Walsh Roads. New facilities are developed outside the footprint of existing structures so that fairgrounds operations can continue during construction. The sites of existing structures become parking in the final redevelopment.

Scenario 3A provides approximately 80 percent of the market-supportable program due to space limitations. Because all facilities are scaled similarly, this would still make for a very functional

fairgrounds campus, just at a smaller size than could be constructed on a greenfield site. This option provides a total of 160,000 square feet of exhibit space in a total of five buildings.

A new indoor arena is shown south of Wedgewood which would have a 45,000-square-foot dirt floor and seating for approximately 3,500 spectators. Connected to the arena would be approximately 440 enclosed stalls for livestock, along with an enclosed 15,000 square foot warm-up ring. This option includes RV parking for a limited number of RVs (35 to 50).

The Creative Arts building is preserved in this scheme as a vestige of the original Fairgrounds structures, and would be renovated for use as exhibition space. It also serves as the terminus of the new midway, which would slope gradually down from Creative Arts to the floodplain elevation along Walsh Drive. During fair periods, the midway would be a pedestrian zone during public hours, providing a large area for pedestrians to circulate between buildings and attractions without interference from automobile traffic.

The following exhibit presents an order-of-magnitude opinion of probable cost for the hard and soft construction costs related to Scenario 3A.

Scenario 3A

Order-of-Magnitude Probable Cost: **$ 150,000,000**

Redevelopment of existing fairgrounds with existing racetrack in place

Structures									**$ 100,000,000**	
	Qty		NSF	GSF Factor	GSF	Cost/SF		Cost	Extended	Note
	1	Exhibit Hall 1	63,000	40,950	103,950	$ 180	$	18,711,000	$ 18,711,000	column free
	1	Exhibit Hall 2	32,400	21,060	53,460	$ 175	$	9,355,500	$ 9,355,500	column free
	3	Exhbit Hall 3	21,600	14,040	35,640	$ 170	$	6,058,800	$ 18,176,400	column free
	1	Arena	78,600	39,300	117,900	$ 200	$	23,580,000	$ 23,580,000	3,500 seats, dirt floor
	1	Warm-up/Show Ring	45,000	11,250	56,250	$ 150	$	8,437,500	$ 8,437,500	column free
	3	Stall Barn	20,400	12,240	32,640	$ 110	$	3,590,400	$ 10,771,200	10' x 12' stalls typical
	1	Racetrack suites	30,400	15,200	45,600	$ 250	$	11,400,000	$ 11,400,000	addition
					445,440	GSF				
Site Development									**$ 21,000,000**	
	Qty		NSF	GSF Factor	GSF	Cost/SF		Cost	Extended	Note
	41	RV pad	1,000	330	1,330	$ 10	$	13,300	$ 545,300	
	2920	Paved Parking	200	120	320	$ 7	$	2,080	$ 6,073,600	
	780	Turf Parking	200	120	320	$ 5	$	1,600	$ 1,248,000	
	1	Midway	187,000	-	187,000	$ 13	$	2,337,500	$ 2,337,500	
	2250	LF Other Roads & Paving	30	-	30	$ 7	$	195	$ 438,750	
	1	Offsite improvements	1	-	1	$ -	$	8,000,000	$ 8,000,000	
	1	Utility infrastructure	1	-	1	$ -	$	2,100,000	$ 2,100,000	
Project Costs									**$ 29,000,000**	
	Qty		NSF	GSF Factor	GSF	Cost/SF		Cost	Extended	Note
	5%	FF&E					$	100,000,000	$ 5,000,000	
	8%	Fees					$	121,000,000	$ 9,680,000	
	1%	Testing					$	121,000,000	$ 1,210,000	
	1	Demolition	200,000	-	200,000	$ 2	$	400,000	$ 400,000	
	10%	Project Contingency					$	126,000,000	$ 12,600,000	

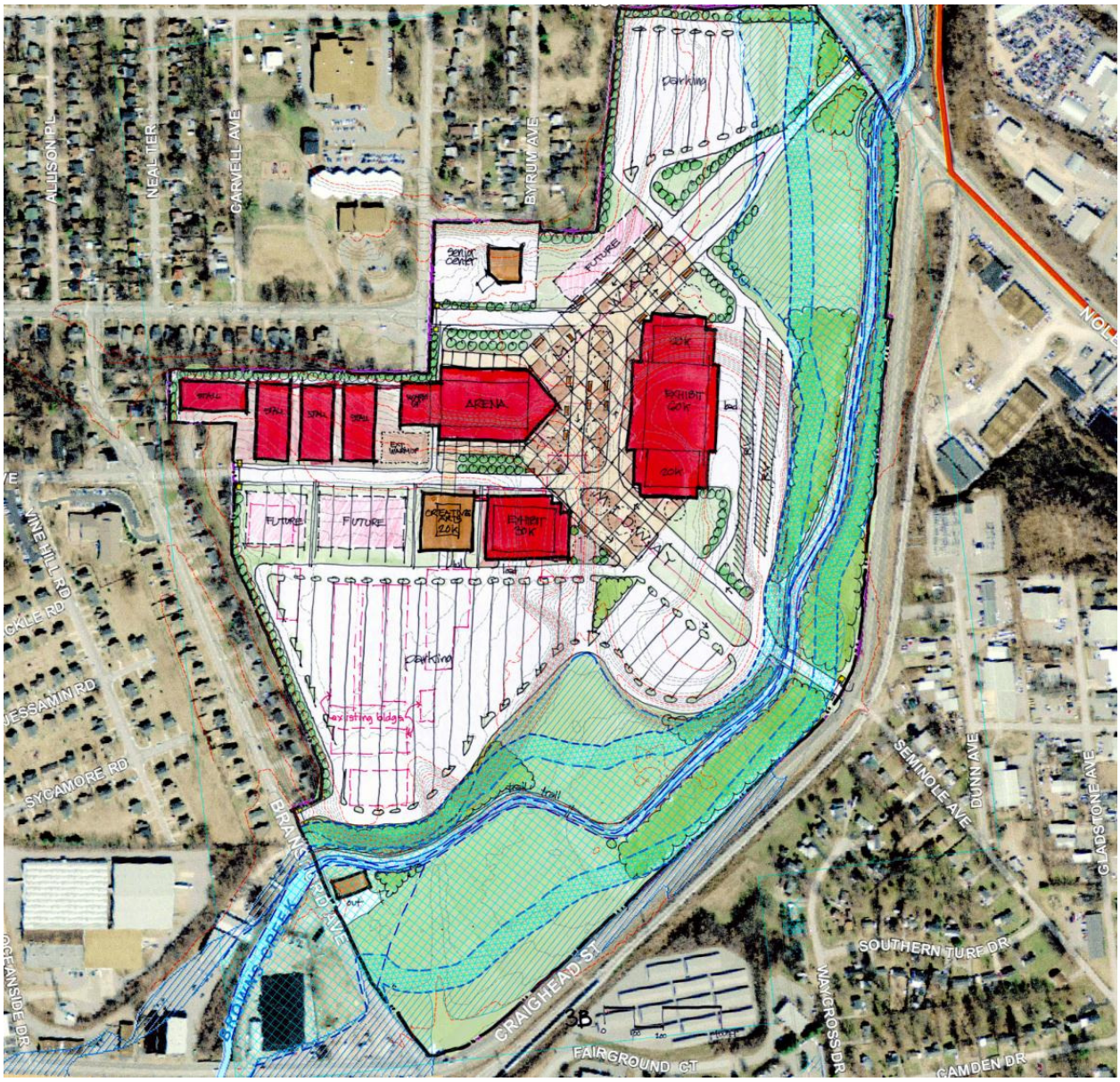
As shown, total order-of-magnitude hard and soft construction costs associated with Scenario 3A is estimated at approximately $150.0 million. This estimated figure includes approximately $100.0 million in hard construction costs related to physical structures, $21.0 million in site development costs and $29.0 million in assumed soft project costs.

The non-development of much of the Brown's Creek floodplain will create a large open space amenity in the neighborhood. Development of this amenity may be limited to natural vegetation, or may allow for the creation of play fields or other low-intensity uses, but in either case, the open space will be a benefit to the community, as well as providing improved storm-water management for the Fairgrounds.

Relocation of the stall barns to the northwest corner of the site will invite objections to the presence of livestock near homes on the south side of Wedgewood, although this proximity would be no more than currently exists to the homes along the east side of Bransford. This objection could be mitigated somewhat through the use of dense perimeter landscaping using evergreen trees to provide both a barrier and a filter, along with vigorous sanitation procedures in the barns, but it is unlikely that any mitigation will eliminate animal odors entirely when the stall barns are fully occupied. Another mitigation strategy would be to acquire the homes on the south side of Wedgewood and the east side of Bransford to create a larger buffer for the Fairgrounds.

Traffic impacts on Scenario 3A will be limited to increased volumes due to projected increased activity levels at the Fairgrounds. The number and arrangement of entrances in this option is essentially the same as exists now. Access and parking control during large events could result in automobile queuing on residential streets. This impact is best mitigated by a highly efficient parking payment scheme which might involve prepayment, remote scanning, or other technologies to speed entrance to the Fairgrounds. Funds are included in the project budget for offsite traffic improvements such as enhanced traffic signals and or added turn lanes.

Scenario 3B: Fairgrounds Redevelopment at Current Site, Remove Racetrack



Scenario 3B envisions redevelopment of the Fairgrounds site without the speedway. This allows for a more flexible plan for the new buildings. In this case, approximately 75 percent of the market supportable program is shown provided, although this percentage could be adjusted without dramatically impacting the concept.

The plan is organized around the new arena, which seats 4,000 and is connected to a series of stall barns and a warm-up ring. The arena sits at the apex of a V-shaped midway which extends northeast to the Walsh Road entrance and southeast to a new entrance aligned with Seminole Avenue. As with Scenario

3A, the decision whether to leave the midway roads open to traffic during non-fair periods is an operational decision to be made by the City.

Exhibit space in Scenario 3B is concentrated in a new exhibit building in the location of the current speedway. This building comprises three of the programmed exhibit spaces under one roof, to create a 100,000-square-foot contiguous exhibit space. Additional exhibit space is created next to the Creative Arts Building, which is restored.

Scenario 3B contains three sites for future expansion. This expansion could be additional exhibition or livestock buildings, or a new hotel or other commercial use. An RV park accommodates 75 to 100 RVs east of the new exhibition building. Formally, Scenario 3B is more organized than Scenario 3A and presents a more compelling prospect to the community.

The following exhibit presents an order-of-magnitude opinion of probable cost for the hard and soft construction costs related to Scenario 3B.

Scenario 3B

Order-of-Magnitude Probable Cost: **$ 143,000,000**

Redevelopment of existing fairgrounds without current racetrack

	Qty		NSF	GSF Factor	GSF	Cost/SF	Cost	Extended	Note
Structures								**$ 89,000,000**	
	1	Exhibit Hall 1	63,000	40,950	103,950	$ 180	$ 18,711,000	$ 18,711,000	column free
	1	Exhibit Hall 2	32,400	21,060	53,460	$ 175	$ 9,355,500	$ 9,355,500	column free
	3	Exhbit Hall 3	21,600	14,040	35,640	$ 170	$ 6,058,800	$ 18,176,400	column free
	1	Arena	78,600	39,300	117,900	$ 200	$ 23,580,000	$ 23,580,000	3,500 seats, dirt floor
	1	Warm-up/Show Ring	45,000	11,250	56,250	$ 150	$ 8,437,500	$ 8,437,500	column free
	4	Stall Barn	15,000	9,000	24,000	$ 110	$ 2,640,000	$ 10,560,000	10' x 12' stalls typical
					391,200	GSF			
Site Development								**$ 26,000,000**	
	Qty		NSF	GSF Factor	GSF	Cost/SF	Cost	Extended	Note
	100	RV pad	1,000	330	1,330	$ 10	$ 13,300	$ 1,330,000	
	3150	Paved Parking	200	120	320	$ 7	$ 2,080	$ 6,552,000	
	1050	Turf Parking	200	120	320	$ 5	$ 1,600	$ 1,680,000	
	1	Midway	250,000	-	250,000	$ 13	$ 3,125,000	$ 3,125,000	
	4450	LF Other Roads & Paving	30	-	30	$ 7	$ 195	$ 867,750	
	1	Offsite improvements	1	-	1	$ -	$ 10,000,000	$ 10,000,000	
	1	Utility infrastructure	1	-	1	$ -	$ 2,700,000	$ 2,700,000	
Project Costs								**$ 28,000,000**	
	Qty		NSF	GSF Factor	GSF	Cost/SF	Cost	Extended	Note
	5%	FF&E					$ 89,000,000	$ 4,450,000	
	8%	Fees					$ 115,000,000	$ 9,200,000	
	1%	Testing					$ 115,000,000	$ 1,150,000	
	1	Demolition	500,000	-	500,000	$ 2	$ 1,000,000	$ 1,000,000	incl. racetrack
	10%	Project Contingency					$ 119,450,000	$ 11,945,000	

As shown, total order-of-magnitude hard and soft construction costs associated with Scenario 3B is estimated at approximately $143.0 million. This estimated figure includes approximately $89.0 million in hard construction costs related to physical structures, $26.0 million in site development costs and $28.0 million in assumed soft project costs.

The non-development of the Brown's Creek floodway will create an open space amenity in the neighborhood. Development of this amenity may be limited to natural vegetation, or may allow for the creation of play fields or other low-intensity uses, but in either case, the open space will be a benefit to the community.

Scenario 3B has similar neighborhood impacts to Scenario 3A. Relocation of the stall barns to the northwest corner of the site will invite residents along the south side of Wedgewood to anticipate objections to the presence of livestock near their homes, although this proximity would be no greater than currently exists to the homes along the east side of Bransford. This objection could be mitigated somewhat through the use of dense perimeter landscaping of evergreen trees to provide both a barrier and a filter, along with vigorous sanitation procedures in the barns, but it is unlikely that any mitigation will eliminate animal odors entirely when the stall barns are fully occupied. Another mitigation strategy would be to acquire the homes on the south side of Wedgewood and the east side of Bransford to create a larger buffer for the Fairgrounds.

Traffic impacts are similar to Scenario 3A except as described below. Funds are included in the project budget for offsite traffic improvements such as improved traffic signals and/or additional turn lanes on major approach routes. Longer throats for vehicle queues on site will help to mitigate traffic backups onto residential streets during periods of increased attendance, but will not eliminate them during peak periods.

The proposed Fairgrounds entrance at Seminole Avenue could impact the neighborhood southeast of the Fairgrounds to some degree. However, as most turning traffic will either be into the Fairgrounds or onto Craighead, we view these impacts to be minimal. The intersection of Seminole and Craighead should receive traffic signals, which would improve access for the neighborhood to the southeast.

Scenario 4: Fairgrounds Redevelopment at "Greenfield" Site

Scenario 4 assumes the acquisition of a hypothetical greenfield site of approximately 340 acres in rural Davidson County. Governing assumptions are that at least one arterial roadway connected to the interstate highway system abuts at least one side of the property. The land is assumed to be rolling hills typical of Middle Tennessee, which will require substantial re-grading to create parking areas and building pads. For this reason, a site utilization factor of about 50 percent is assumed (that is, the site area needs to be 200 percent of the planned program).

It should be noted that the site for Scenario 4 is hypothetical, not any particular parcel or parcels of land in Davidson County. An actual site selection process would follow the decision to relocate the Fairgrounds to a greenfield site. This study explores that option only hypothetically.

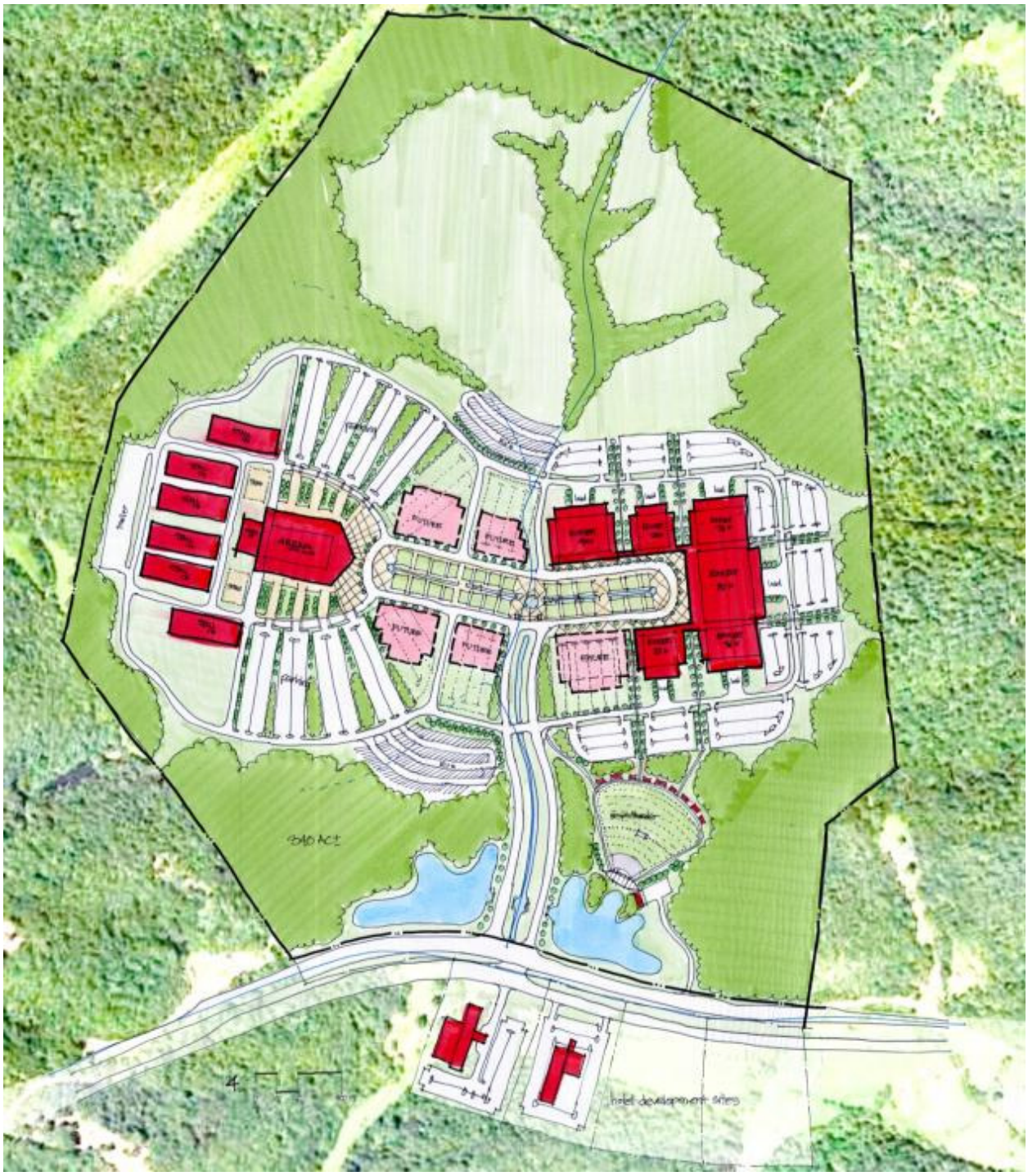
There are two scenarios put forth for Scenario 4, one without and one with a speedway suitable for a small NASCAR race.

Pursuant to the facility assessment conducted by VSG (and discussed earlier in this report), the following key recommendations are forwarded for consideration concerning physical and operational issues pertaining to Scenario 4.

Operational

1. Review current operational practices and compare to best practices for public assembly facilities. See Appendix B for a list of areas for consideration. Utilizing best practices will provide a high level of consistent service, reduced liability, improved safety & security, and improved chances of repeat visitors, both attendees as well as users.
2. Review overall management structure in order to consider options that remove operations from under Metro government. This could include, but not be limited to, rolling operations under the authority governing Bridgestone Arena or the Music City Center, or hiring a contract manager. This will allow for greater flexibility in human resources, foodservice provider selection, marketing and booking efforts, and overall decision making that will positively affect the financial and public relations success of the fairgrounds.
3. Ensure the Tennessee State Fair producers have proper insurance for their property stored permanently on site.

Scenario 4A: Fairgrounds Redevelopment at "Greenfield" Site, No Racetrack



Scenario 4A assumes the development of the greenfield site without a speedway. A major entry drive from the arterial roadway leads to both a perimeter (loop) road and a center loop around the midway. The center loop may be restricted during fair periods, but otherwise would be open to traffic. Small retention ponds flank the entry, which may also include a water feature in its center median.

Parking is dispersed to a number of small lots surrounding exhibition and livestock buildings. An optional amphitheater is shown, taking advantage of the sloping site to provide outdoor performance space for large entertainment events. Parking and hookups for from 100 to 200 RVs is provided, as is a separate lot for the storage of livestock trailers behind the stall barns. Parking areas are limited in size to promote best practices with respect to storm water drainage, and to allow for grading between parking lots to accommodate a sloping site.

The Fairgrounds itself is divided into two zones at either end of a central midway that connects them. One zone is comprised of an arena and associated livestock buildings. The arena has seating for up to 5,000 spectators, a 45,000-square-foot dirt floor, and access to an enclosed warm-up ring. Covered access is provided to 1,000 stalls in enclosed barns nearby.

The other end of the midway terminates in a large exhibition complex, with a total of six buildings providing 220,000 square feet of exhibit space, or 100 percent of the market supportable program. These buildings are all connected with covered or enclosed walkways so that the entire component of exhibit space can be made available, if desired, to a single show.

Connecting the two zones is a large midway with ample space for outdoor exhibits, rides, games, and temporary concessions. This midway would become the primary pedestrian zone during the Fair. Space is provided along the midway for future building sites, either for livestock or exhibition buildings or other uses that may be desired.

Land adjacent to the new fairgrounds will be desirable for commercial development including hotels and restaurants. The likelihood of such development occurring depends on other nearby uses and traffic volumes to sustain those new business operations when the Fairgrounds is not in use.

The following exhibit presents an order-of-magnitude opinion of probable cost for the hard and soft construction costs related to Scenario 4A.

Scenario 4A

Order-of-Magnitude Probable Cost: **$ 230,000,000**

Greenfield development on hypothetical site

Structures — **$ 119,000,000**

Qty		NSF	GSF Factor	GSF	Cost/SF	Cost	Extended	Note
1	Exhibit Hall 1	79,200	51,480	130,680	$ 180	$ 23,522,400	$ 23,522,400	column free
1	Exhibit Hall 2	40,500	26,325	66,825	$ 175	$ 11,694,375	$ 11,694,375	column free
4	Exhbit Hall 3	21,600	14,040	35,640	$ 170	$ 6,058,800	$ 24,235,200	column free
1	Arena	91,200	54,720	145,920	$ 200	$ 29,184,000	$ 29,184,000	5,500 seats, dirt floor
1	Warm-up/Show Ring	45,000	11,250	56,250	$ 150	$ 8,437,500	$ 8,437,500	column free
6	Stall Barn	20,400	12,240	32,640	$ 110	$ 3,590,400	$ 21,542,400	10' x 12' stalls typical
				467,955	GSF			

Site Development — **$ 69,000,000**

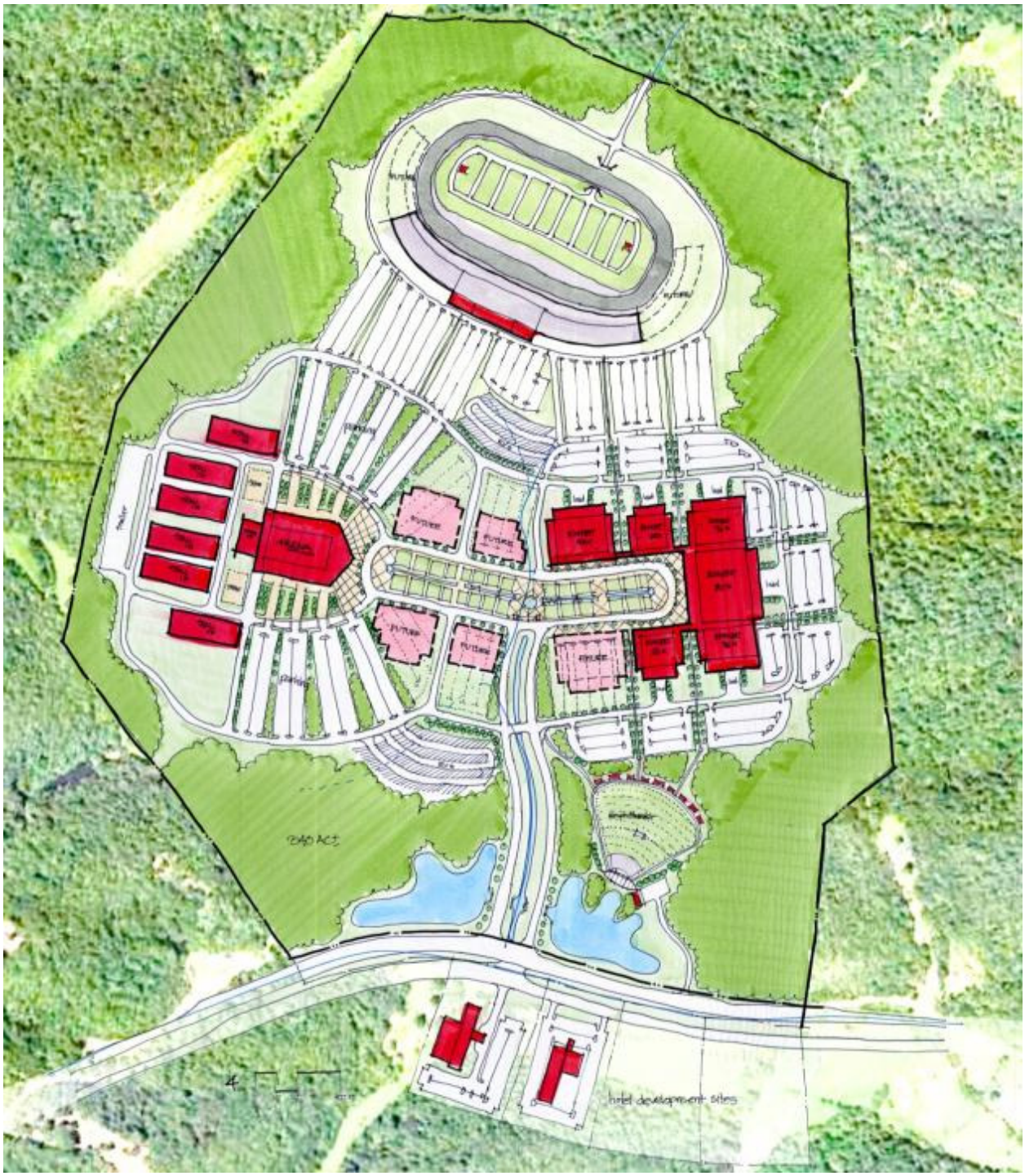
Qty		NSF	GSF Factor	GSF	Cost/SF	Cost	Extended	Note
340	Acres Land Acquisition				per acre	$ 7,500	$ 2,550,000	
133	Acres General Grading				per acre	$ 5,000	$ 665,000	
5	Utility extensions	3,700	LF		$ 400	$ 1,480,000	$ 7,400,000	
150	RV pad	1,000	330	1,330	$ 10	$ 13,300	$ 1,995,000	
3390	Paved Parking	200	120	320	$ 7	$ 2,080	$ 7,051,200	
1580	Turf Parking	200	120	320	$ 5	$ 1,600	$ 2,528,000	
1	Midway	280,000	-	280,000	$ 13	$ 3,500,000	$ 3,500,000	
19300	LF Other Roads & Paving	30	-	30	$ 7	$ 195	$ 3,763,500	
1	Amphitheater	13,000	capacity		$ 1,800	$ 23,400,000	$ 23,400,000	incl. ancillary structures
6400	LF Trail	10	-	10	$ 15	$ 150	$ 960,000	
1	Park Development	145,000	-	145,000	$ 2	$ 290,000	$ 290,000	
1	Offsite improvements	1	-	1	$ -	$ 15,000,000	$ 15,000,000	

Project Costs — **$ 42,000,000**

Qty		NSF	GSF Factor	GSF	Cost/SF	Cost	Extended	Note
5%	FF&E					$ 119,000,000	$ 5,950,000	
8%	Fees					$ 188,000,000	$ 15,040,000	
1%	Testing					$ 188,000,000	$ 1,880,000	
0	Demolition	-	-	-	$ 2	$ -	$ -	assume vacant land
10%	Project Contingency					$ 193,950,000	$ 19,395,000	

As shown, total order-of-magnitude hard and soft construction costs associated with Scenario 4A is estimated at approximately $230.0 million. This estimated figure includes approximately $119.0 million in hard construction costs related to physical structures, $69.0 million in hypothetical site acquisition and development costs, and $42.0 million in assumed soft project costs.

Scenario 4B: Fairgrounds Redevelopment at "Greenfield" Site, With New Racetrack



The fairgrounds portion of Scenario 4B is substantially similar to Scenario 4A. Please see the description of Scenario 4A for details of that concept.

The distinctive feature of Scenario 4B is the addition of a 5/8- to 7/8-mile motorsport track at the rear of the site. This requires substantial additional development, while still keeping the overall site development below 50 percent of the land area. A loop road encloses the raceway and provides access to parking, pits, and services.

The raceway is modeled on one of the smaller racetracks currently in the Sprint Cup division of NASCAR. If built, it would be at the lower end of current Sprint Cup track capacities. Capability exists, however, to expand the seating capacity substantially if desired. Expanding seating capacity would of course require additional parking to be developed as well, either by taking the total site development over 50 percent, or by introducing structured parking.

The following exhibit presents an order-of-magnitude opinion of probable cost for the hard and soft construction costs related to Scenario 4B.

Scenario 4B

Order-of-Magnitude Probable Cost: **$ 333,000,000**

Greenfield development with racetrack on hypothetical site

Structures									**$ 119,000,000**	
	Qty		NSF	GSF Factor	GSF	Cost/SF		Cost	Extended	Note
	1	Exhibit Hall 1	79,200	51,480	130,680	$ 180	$	23,522,400	$ 23,522,400	column free
	1	Exhibit Hall 2	40,500	26,325	66,825	$ 175	$	11,694,375	$ 11,694,375	column free
	4	Exhbit Hall 3	21,600	14,040	35,640	$ 170	$	6,058,800	$ 24,235,200	column free
	1	Arena	91,200	54,720	145,920	$ 200	$	29,184,000	$ 29,184,000	5,500 seats, dirt floor
	1	Warm-up/Show Ring	45,000	11,250	56,250	$ 150	$	8,437,500	$ 8,437,500	column free
	6	Stall Barn	20,400	12,240	32,640	$ 110	$	3,590,400	$ 21,542,400	10' x 12' stalls typical
					467,955	GSF				
Site Development									**$ 155,000,000**	
	Qty		NSF	GSF Factor	GSF	Cost/SF		Cost	Extended	Note
	340	Acres Land Acquisition				per acre	$	7,500	$ 2,550,000	
	195	Acres General Grading				per acre	$	5,000	$ 975,000	
	5	Utility extensions	4,950	LF		$ 400	$	1,980,000	$ 9,900,000	
	250	RV pad	1,000	330	1,330	$ 10	$	13,300	$ 3,325,000	
	5190	Paved Parking	200	120	320	$ 7	$	2,080	$ 10,795,200	
	3080	Turf Parking	200	120	320	$ 5	$	1,600	$ 4,928,000	
	1	Midway	280,000	-	280,000	$ 13	$	3,500,000	$ 3,500,000	
	24950	LF Other Roads & Paving	30	-	30	$ 7	$	195	$ 4,865,250	
	1	Amphitheater	13,000	capacity		$ 1,800	$	23,400,000	$ 23,400,000	incl. ancillary structures
	6400	LF Trail	10	-	10	$ 15	$	150	$ 960,000	
	1	Park Development	145,000	-	145,000	$ 2	$	290,000	$ 290,000	
	1	0.875 Mile Racetrack					$	70,000,000	$ 70,000,000	incl. ancillary structures
	1	Offsite improvements	1	-	1	$ -	$	20,000,000	$ 20,000,000	
Project Costs									**$ 59,000,000**	
	Qty		NSF	GSF Factor	GSF	Cost/SF		Cost	Extended	Note
	5%	FF&E					$	119,000,000	$ 5,950,000	
	8%	Fees					$	274,000,000	$ 21,920,000	
	1%	Testing					$	274,000,000	$ 2,740,000	
	0	Demolition	-	-	-	$ 2	$	-	$ -	assume vacant land
	10%	Project Contingency					$	279,950,000	$ 27,995,000	

As shown, total order-of-magnitude hard and soft construction costs associated with Scenario 4B is estimated at approximately $333.0 million. This estimated figure includes approximately $119.0 million in hard construction costs related to physical structures, $155.0 million in hypothetical site acquisition and development costs (including costs related to the racetrack), and $59.0 million in assumed soft project costs.

6. Economic Impact Analysis

To further comparatively evaluate the identified Fairgrounds development scenarios, additional analysis was conducted with regard to quantifiable benefits and costs. For purposes of this exercise, only directly-attributable estimated annual economic benefits and costs have been considered and quantified. We have also presented some discussion herein of potential non-quantifiable or intangible benefits and issues that will likely also be important to consider during decision-making concerning the Fairgrounds and its potential redevelopment and/or relocation.

Economic Impact Concepts and Methods

The ability of a public assembly facility, like a fairgrounds complex, to generate new spending and associated economic and tax impacts in a community is often one of the primary determinants regarding a decision to invest in the development and operation of such a facility. Beyond generating new visitation and associated spending in local communities, fairgrounds also benefit a community (and the entire state in the case of a state fairgrounds, as an example) in other important ways, such as providing a venue for annual fairs and other events and activities attended by community members.

The purpose of this section is to provide an analysis of the economic impacts that are generated by the existing TSF and for each of the analyzed development scenarios concerning redevelopment and/or relocation, based on key assumptions described herein.

The annual operations of a major fairgrounds complex typically provide significant benefits to an area. Typically, and for purposes of this report, quantifiable effects are characterized in terms of *economic impacts*. *Economic impacts* are conveyed through measures of direct spending, total output, personal earnings and employment. These specific terms are defined later in this section. *Fiscal impacts* denote changes in tax revenues. Based on the applicable area tax rates, the fiscal benefits associated with this project have also been estimated.

The impact of a fairgrounds complex is maximized when out-of-town attendees, exhibitors and/or attendee guests spend money in a community while attending a complex event. This spending by out-of-town attendees represents new money to the community hosting the event. This new money then creates multiplier effects as the initial spending is circulated throughout the local economy.

It is important to note that spending estimates associated with the TSF under the various scenarios only represent spending that is estimated to be *new* to the community (net new spending), directly attributable to the operation (and existence) of the TSF. The analysis does not consider any assumed displaced spending within the community. For purposes of this analysis, "community" is referring to Nashville/Davidson County.

The characteristics of economic impact effects are generally discussed in terms of their *direct, indirect and induced effects* on the area economy:

- **Direct effects** consist principally of initial purchases made by delegates or attendees at an event who have arrived from out-of-town. This spending typically takes place in local hotels, restaurants, retail establishments and other such businesses. An example of direct spending is when an out-of-town event attendee pays a local hotel for overnight lodging accommodations.
- **Indirect effects** consist of the re-spending of the initial or direct expenditures. An example of indirect spending is when a restaurant purchases additional food and dining supplies as a result of new dining expenditures through increased patronage. A certain portion of these incremental supply expenditures occurs within the local community (i.e., "indirect spending," the type of which is quantified under this analysis), while another portion leaves the local economy (i.e., "leakage").
- **Induced effects** consist of the positive changes in employment and earnings collections generated by changes in population associated with the direct and indirect expenditures. Induced impacts typically reflect changes in spending from households as household income increases due to additional production (direct and indirect spending). For instance, more income for employees in a local economy will lead to new household spending at the grocery store, clothing store, entertainment options, etc.

The re-spending of dollars in an economy is estimated by using economic multipliers and applying them to the amount of direct, or initial spending. The *multiplier effect* is estimated in this analysis using a regional economic forecasting model provided by the Minnesota IMPLAN Group, Inc., a private economic modeling company. The IMPLAN system uses an input-output matrix with specific data for multipliers based on regional business patterns from across the country. Financial information for the matrix of multipliers is collected from various sources that include, but are not limited to, the U.S. Department of Labor, as well as state sales and tax reports. The system uses this data to determine the economic independence of specific geographic regions as well as the interdependence that exists between industries in those regions. The systems provide total industry output, personal earnings and employment data for approximately 520 industry groups.

For purposes of this analysis, results of the economic impact analyses are measured in terms of the following categories:

- **Total output** represents the total direct, indirect and induced spending effects generated by the project. This calculation measures the total dollar change in output that occurs in the local economy for each dollar of output delivered to final demand.
- **Personal earnings** represents the wages and salaries earned by employees of businesses associated with or impacted by the project. In other words, the multiplier measures the total dollar change in earnings of households employed by the affected industries for each additional dollar of output delivered to final demand.
- **Employment** represents the number of full- and part-time jobs. The employment multiplier measures the total change in the number of jobs in the local economy for each additional $1.0 million of output delivered to final demand.

The initial spending of new dollars into an economy begins a series in which the dollars are cycled through the economy. The re-spending of the dollars is estimated by using the economic multipliers discussed above and applying them to the amount of direct, or initial, spending. The multiplier illustrates that spending in a defined economy will lead to additional spending until that dollar has completed its cycle through leakage. Leakage represents the portion of a dollar spent in areas outside the designated economy.

In addition to the economic impacts generated by a public assembly facility throughout the area, the public sector also realizes a generation of tax revenues. Based on the assumptions established earlier, the primary fiscal impacts generated by the operation of the TSF under the various development scenarios have been quantified. Based on calculations of direct spending, the resulting effects on tax collections have been calculated. Tax revenues are based on existing tax rates. Changes in these rates will have an impact on the resulting tax collections.

The tax impacts have been calculated based on the existing tax rates applied to direct spending in their respective industries. There are a variety of other public sector fiscal impacts that could be generated by the annual operations of the TSF (i.e., increased property valuations and therefore property tax collections, business license fees, increased taxes from spin-off developments, etc.); however, due to the difficulty in accurately assessing these impacts, they have not been quantified in this analysis. For indirect spending estimates, sales tax sources have been quantified by applying a percentage of historical tax collections to the respective gross state product (GSP).

One of the primary sources of direct spending involves attracting event attendees from outside the local area to make purchases in area hotels, restaurants and retail establishments. The analysis of direct spending related to TSF activity begins with estimating the number of event attendees that could be attracted to Nashville/Davidson County. These estimates are based on the event attendance and event-day information developed through the market analysis.

Estimates of average daily spending on a per visitor basis were applied to estimates of existing and potential future event activity at the TSF under the various scenarios, based on the results of the overall market analysis. Adjustments were applied to estimated attendance levels for existing and potential future event activity at the TSF to segregate estimated levels of potential *out-of-town* event attendance directly as a result of the existing TSF and that relating to a redeveloped and/or relocated fairgrounds complex.

Analysis of Quantifiable Economic Impacts

As an initial step in the analysis of economic impacts, annual event levels were estimated for a state fairgrounds complex in Nashville/Davidson County under the various development scenarios (as outlined in the previous chapter). Additionally, estimates are also provided throughout this analysis regarding the existing TSF. Other than the "Current" scenario, Scenarios 1 through 4B all assume annual figures "upon stabilization", which would represent a case several years after construction completion and initiation of operations. Generally, for planning purposes, this would represent a case at least five years from the present time.

Exhibit 1
Summary of Number of Events by Scenario
(estimated annual levels, upon stabilization)

Event Type	Current	SCENARIO 1 "As Is", No Physical Changes	SCENARIO 2 Op. Changes, Limited Physical	SCENARIO 3A Redevelop. @ Current Site, w/ Racetrack	SCENARIO 3B Redevelop. @ Current Site, NO Racetrack	SCENARIO 4A Redevelop. @ Greenfield Site NO Racetrack	SCENARIO 4B Redevelop. @ Greenfield Site w/ Racetrack
State Fair	1	1	1	1	1	1	1
Racing	7	7	12	12	0	0	32
Flea Market	12	12	12	12	12	12	12
Public Show	48	40	45	55	60	40	40
Animal Event	10	8	12	27	30	35	35
Mtgs/Banquets	36	30	40	65	70	60	60
Entertainment	8	5	10	17	20	15	15
Other	120	100	130	100	110	60	60
Total	242	203	262	289	303	223	255

As shown in the exhibit, the existing TSF accommodates approximately 240 events. Other than Scenario 1, total event levels are estimated to increase for each of the scenarios. Under Scenario 1, event levels are estimated to drop slightly over current levels, as it is assumed to occur at least five years into the future, and no significant physical facility improvements, nor operational enhancements will be undertaken. This reflects an assumed decrease in marketability, competiveness and functionality of the TSF product.

Under Scenario 2, it is assumed that limited physical facility improvements will be undertaken, while enhancements in key operational aspects of the Fairgrounds, including best practices optimization of marketing strategies, policies, procedures, rates, discounting, etc. will be implemented. This also assumes that the number of annual racing days is increased to 12 (over the current 10), which the market research and interviews completed for this study supports as sustainable at the current TSF location under stable and effective racing promoter stewardship.

The difference between Scenarios 3A and 3B involves the inclusion/exclusion of the racetrack. As shown under Scenario 3B, the removal of the racetrack is estimated to somewhat improve the complex's layout and functionality (and therefore marketability), in addition to freeing up 12 weekend dates. Some of these freed up weekend dates are assumed to attract new event activity that would not be possible under Scenario 3A due to race dates that would make the Fairgrounds less attractive to a prospective event that could occur on the grounds concurrently (i.e., due to noise, patron and parking congestion, etc.).

There is variation in the number of estimated events by scenario that also relates to the location of the redeveloped fairgrounds. The current TSF location is located much closer to the core of Nashville's population than any likely other site for a greenfield site location in the County. This central location tends to be more highly desired by certain events, such as public/consumer shows and certain entertainment events like concerts. Therefore, the estimated number of public/consumer shows, for instance, is assumed to be lower in Scenario 4 than Scenario 3.

Under Scenario 4B, the concept includes a new state-of-the-industry racetrack (as outlined in the previous chapter) that would not have artificial imposed limitations on the annual number of race days. Based on an analysis of the number and types of races at comparable racetracks throughout the country and interviews with various racing promoters, it has been estimated that 32 races could be reasonably accommodated at a new racetrack at a green field site. This would be assumed to include a mix of Friday Night-type races along with some ARCA and NASCAR-sponsored races. This level of race days is near the mid-point of comparable racetracks assessed through research.

Exhibit 2 presents a summary of the total annual attendance estimated for each of the scenarios.

Exhibit 2
Summary of Estimated Total Attendance
(estimated annual levels, upon stabilization)

Event Type	Current	SCENARIO 1 "As Is", No Physical Changes	SCENARIO 2 Op. Changes, Limited Physical	SCENARIO 3A Redevelop. @ Current Site, w/ Racetrack	SCENARIO 3B Redevelop. @ Current Site, NO Racetrack	SCENARIO 4A Redevelop. @ Greenfield Site NO Racetrack	SCENARIO 4B Redevelop. @ Greenfield Site w/ Racetrack
State Fair	100,000	100,000	150,000	225,000	250,000	300,000	300,000
Racing	35,000	35,000	72,000	90,000	0	0	255,000
Flea Market	72,000	72,000	72,000	91,200	96,000	48,000	48,000
Public Show	79,200	66,000	74,250	121,000	151,800	132,000	132,000
Animal Event	9,000	7,200	10,800	44,550	54,000	105,000	105,000
Mtgs/Banquets	7,200	6,000	8,000	13,000	14,000	12,000	12,000
Entertainment	18,000	7,500	15,000	38,250	30,000	33,750	33,750
Other	19,800	16,500	21,450	55,000	60,500	49,500	49,500
Total	340,200	310,200	423,500	678,000	656,300	680,250	935,250

As shown in the exhibit, total annual attendance is estimated to nearly double over existing levels under both Scenario 3A and 3B.

Additional analyses were completed to estimate the percentage of attendees by event type that are estimated to represent "non-local" attendance (i.e., attendees that do not reside in Nashville/Davidson County). A fairly large portion of this non-local attendance reflects "drive-in" or "day-tripper" visitation (i.e., visitors that do not require overnight hotel accommodations). Unique daily spending figures broken down by industry segment (hotel, restaurant, retail, entertainment, transit, car rental and miscellaneous) were applied to non-local attendance. The sum of this direct spending by event type by scenario is shown below in Exhibit 3.

Exhibit 3
Summary of Estimated Annual Direct Spending
(dollars in millions, 2012$, upon stabilization)

Event Type	Current	SCENARIO 1 "As Is", No Physical Changes	SCENARIO 2 Op. Changes, Limited Physical	SCENARIO 3A Redevelop. @ Current Site, w/ Racetrack	SCENARIO 3B Redevelop. @ Current Site, NO Racetrack	SCENARIO 4A Redevelop. @ Greenfield Site NO Racetrack	SCENARIO 4B Redevelop. @ Greenfield Site w/ Racetrack
State Fair	$2.7	$2.7	$4.1	$6.1	$6.8	$8.1	$8.1
Racing	0.9	0.9	1.8	2.3	0.0	0.0	6.4
Flea Market	1.2	1.2	1.2	1.6	1.7	0.8	0.8
Public Show	1.2	1.0	1.1	1.8	2.3	2.0	2.0
Animal Event	0.3	0.3	0.4	1.7	2.0	3.9	3.9
Mtgs/Banquets	0.1	0.1	0.1	0.2	0.2	0.2	0.2
Entertainment	0.4	0.2	0.3	0.8	0.7	0.7	0.7
Other	0.4	0.3	0.4	1.0	1.1	0.9	0.9
Total	$7.2	$6.7	$9.5	$15.5	$14.7	$16.7	$23.1

As shown, it is estimated that the current TSF generates $7.2 million annually in direct spending within Nashville/Davidson County by non-local event attendees. In future years under a "do nothing" Scenario 1, total direct spending is anticipated to drop to approximately $6.7 million. This rate of decrease could be expected to continue if no redevelopment, relocation or investment in significant facility improvement occurs with the TSF.

Direct spending is estimated to approximately double under redevelopment Scenarios 3A and 3B, while Scenario 4B is estimated to generate approximately three times the TSF's existing direct visitor spending within Nashville/Davidson County.

It is important to recognize that this exercise focuses on quantifiable spending by fairgrounds attendees and exhibitors that do not reside in Nashville/Davidson County. Then, other adjustments are applied to consider visitors that represent "drive-in" visitors that spend a partial day in the area (versus those overnight guests that are spending higher amounts locally over longer amounts of time).

For instance, the Nashville Flea Market has been an integral tenant of the TSF for many years. Its impact on the financial operations of the TSF and the economic impact in Nashville/Davidson County are significant. As it is with all the events analyzed, economic impact estimates associated with the Flea Market represent only "net new" impacts to Nashville/Davidson County. Estimates were made with respect to the percentage of all attendees that reside in Davidson County. Any spending related to these residents were not considered in the economic impact estimates, as this spending is assumed to be "displaced" spending that would have otherwise occurred in the local community for other purposes. It is understood that a large percentage of exhibitors/vendors at the Flea Market are non-locals; however, a significant percentage of Flea Market attendees are believed to be residents of Nashville/Davidson County and therefore are not reflected in the calculation of economic impact (as any money spent within Nashville/Davidson County by them is considered "displaced spending" that would have otherwise been spent locally for other purposes).

This direct spending (or initial spending of new dollars into an economy) begins a series in which the dollars are cycled through the economy. The re-spending of the dollars is estimated by using economic multipliers specific to Davidson County and applying them to the amount of direct spending. The multiplier illustrates that spending in a defined economy will lead to additional spending until that dollar has completed its cycle through leakage. Leakage represents the portion of a dollar spent in areas outside the designated economy. Total output is a representation of the sum of total direct spending, indirect and induced spending. This added economic activity in the local economy impacts growth in personal income (earnings) by local workers and employment in terms of new full and part-time jobs.

Exhibit 4 presents a summary of the estimated annual economic impacts associated with the operation of a state fairgrounds in Nashville/Davidson County under the development scenarios analyzed.

Exhibit 4
Summary of Estimated Annual Economic Impacts
(dollars in millions, 2012$, upon stabilization)

Event Type	Current Fairgrounds	SCENARIO 1 "As Is", No Physical Changes	SCENARIO 2 Op. Changes, Limited Physical	SCENARIO 3A Redevelop. @ Current Site, w/ Racetrack	SCENARIO 3B Redevelop. @ Current Site, NO Racetrack	SCENARIO 4A Redevelop. @ Greenfield Site NO Racetrack	SCENARIO 4B Redevelop. @ Greenfield Site w/ Racetrack
Direct Spending	$7.2	$6.7	$9.5	$15.5	$14.7	$16.7	$23.1
Indirect/Induced	$4.9	$4.5	$6.4	$10.4	$9.9	$11.3	$15.5
Total Output	$12.1	$11.1	$15.9	$25.9	$24.7	$28.0	$38.6
Personal Earnings	$5.9	$5.4	$7.7	$12.5	$11.9	$13.5	$18.7
Employment (full & part-time jobs)	151	139	198	323	308	349	482

It is estimated that the current TSF generates approximately $12.1 million in annual economic output (direct, indirect and induced visitor spending) in Nashville/Davidson County. This economic activity supports approximately 151 full and part-time jobs throughout the local economy and $5.9 million in personal earnings (income).

As with the increases among the scenarios with direct spending, the other economic impact metrics see a similar order-of-magnitude increase through Scenario 4B which is estimated to generate approximately $38.6 million in annual economic output (direct, indirect and induced visitor spending) in Nashville/Davidson County. This economic activity supports approximately 482 full and part-time jobs throughout the local economy and $18.7 million in personal earnings (income).

The new direct, indirect and induced spending occurring within Nashville/Davidson County in turn generates new tax revenues. An analysis was conducted of the estimated fiscal (tax) impacts within Nashville/Davidson County. To be consistent with methodology employed throughout this analysis, only tax revenue generated by new spending that is directly attributable to the operation of the Fairgrounds (spending that would not have otherwise have occurred in the local economy) has been considered. While a wide variety of public sector taxes and fees could theoretically be impacted by a redeveloped Fairgrounds, only a select set of Metro Government taxes were considered (as they are believed to be most directly impacted by added Fairgrounds activity), including:

- 2.25% Sales Tax
- 6.00% Hotel Tax
- $2.50 Hotel Occupancy Tax
- 1.00% Rental Vehicle Surcharge
- $2.00 Contracted Vehicle Tax

Exhibit 5 presents a summary of the estimated annual fiscal (tax) impacts associated with the operation of a state fairgrounds in Nashville/Davidson County under the development scenarios analyzed.

Exhibit 5
Summary of Estimated Annual Fiscal (Tax) Impacts
(dollars in millions, 2012$, upon stabilization)

Tax Revenue	Current Fairgrounds	SCENARIO 1 "As Is", No Physical Changes	SCENARIO 2 Op. Changes, Limited Physical	SCENARIO 3A Redevelop. @ Current Site, w/ Racetrack	SCENARIO 3B Redevelop. @ Current Site, NO Racetrack	SCENARIO 4A Redevelop. @ Greenfield Site NO Racetrack	SCENARIO 4B Redevelop. @ Greenfield Site w/ Racetrack
Local Sales Tax	$261,415	$240,483	$342,602	$559,413	$532,797	$604,286	$834,603
Local Hotel Taxes	114,659	105,478	150,268	245,363	233,689	331,306	420,974
Local Vehicle Rental Taxes	3,184	2,929	4,172	8,516	8,111	9,199	12,706
Total Local Taxes	$379,258	$348,890	$497,043	$813,292	$774,597	$944,791	$1,268,282

As shown in the exhibit on the previous page, it is estimated that the current TSF generates approximately $380,000 annually in total Metro Government tax revenues via taxable spending by non-local event attendees. In future years under a "do nothing" Scenario 1, total local tax revenues are anticipated to drop to approximately $350,000. This rate of decrease could be expected to continue if no redevelopment, relocation or investment in significant facility improvement occurs with the TSF.

Direct spending is estimated to approximately double under redevelopment Scenarios 3A and 3B, while Scenario 4B is estimated to generate approximately three times the TSF's existing direct visitor spending within Nashville/Davidson County.

Cost Analysis

It was necessary to next generate estimates of potential annual costs associated with each of the fairgrounds development scenarios considered in the Master Plan. In general, the primary annual costs considered included assumed debt service related to construction costs (facility and site) and ongoing operating deficits (both of which will likely have to borne in their entireties by the public sector).

Exhibit 6 presents a top line summary of the estimated order-of-magnitude construction costs associated with each of the redevelopment and relocation scenarios, as provided in further detail in the previous chapter.

Exhibit 6
Summary of Estimated Order-of-Magnitude Construction Costs
(in 2012 dollars)

	SCENARIO 3A Redevelop. @ Current Site, w/ Racetrack	SCENARIO 3B Redevelop. @ Current Site, NO Racetrack	SCENARIO 4A Redevelop. @ Greenfield Site NO Racetrack	SCENARIO 4B Redevelop. @ Greenfield Site w/ Racetrack
Structures	$100.0	$89.0	$119.0	$119.0
Site Development	21.0	26.0	69.0	155.0
Project Costs	29.0	28.0	42.0	59.0
Total Probable Cost	$150.0	$143.0	$230.0	$333.0

As shown, total potential construction costs are estimated to range between $143 million and $333 million depending on the redevelopment/relocation scenario.

In addition to construction costs, a financial operating analysis was conducted and changes in annual operating deficit have been estimated by scenario. As shown earlier in this report, the TSF presently operates at an approximate $300,000 annual deficit. It is believed that some within the local community have mistakenly believed that the TSF operates in perpetuity in a self-sustaining manner. Recently, the TSF has been using capital reserve funds to absorb these operating deficits. This type of deficit is consistent with the average of a comparably-sized fairgrounds complex elsewhere throughout the country.

The financial analysis by scenario suggests that with the higher event and attendance loads, operating revenues will increase for each scenario. Similarly, with larger and higher quality facilities under redeveloped and relocated scenarios, fixed and variable operating costs are estimated to rise to a level that will likely lead to a modest increase in the annual operating deficit that will need to be borne by the public sector (Metro government). Specifically, under Scenarios 1, 3A and 3B, the annual operating deficits are estimated to climb slightly to approximately $400,000. Scenarios 4A and 4B operating deficits have been estimated at approximately $700,000 and $800,000, respectively. Based on a large sample of comparable facility financial operating data reviewed for this study effort and for other similar research efforts, these types of operating deficits are consistent with other comparable facilities of similar size, scope and event mix and loads.

Cost / Benefit Analysis and Conclusions

The purpose of this section is to present the quantified findings presented within this chapter in terms of a concise comparison of costs and benefits by fairgrounds development scenario.

Overall Cost / Benefit

Exhibit 7, on the following page, presents a summary comparison of key estimated annual costs to Metro Government and benefits to the local Nashville/Davidson County economy associated with a redeveloped/relocated fairgrounds by scenario. Benefits have been presented in terms of annual total output (a sum of direct, indirect and induced visitor spending) in Nashville/Davidson County, as well as incremental Metro Government tax revenue associated with each scenario. Costs have been presented in terms of an estimated annual debt service amount related to the total estimated construction cost figures per redevelopment/relocated scenario, as well as the annual operating subsidy that has been estimated for each. Specifically, the hypothetical debt for each scenario is assumed to be defeased over a term of 30 years at a 3.0 percent annual interest rate. Additionally, while not consisting of a full redevelopment scenario, a relatively modest amount of annual debt service is assumed under Scenario 2 ($800,000) to cover limited improvements to the existing TSF over and beyond the base minimum repairs and maintenance.

Exhibit 7
Summary of Estimated Annual Metro Government Costs and Nashville/Davidson County Benefits
(dollars in millions, 2012 dollars, annualized, upon stabilization)

	Current	SCENARIO 1 "As Is", No Physical Changes	SCENARIO 2 Op. Changes, Limited Physical	SCENARIO 3A Redevelop. @ Current Site, w/ Racetrack	SCENARIO 3B Redevelop. @ Current Site, NO Racetrack	SCENARIO 4A Redevelop. @ Greenfield Site NO Racetrack	SCENARIO 4B Redevelop. @ Greenfield Site w/ Racetrack
Annual Costs to Metro Government:							
Const. Debt Service	$0.0	$0.0	$0.8	$7.7	$7.3	$11.7	$17.0
Operating Deficit	$0.3	$0.4	$0.3	$0.4	$0.4	$0.7	$0.8
Total	$0.3	$0.4	$1.0	$8.1	$7.7	$12.4	$17.7
Annual Incremental Tax Revenue to Metro Government:							
Total	$0.4	$0.3	$0.5	$0.8	$0.8	$0.9	$1.3
Annual Economic Output:							
Direct Spending	$7.2	$6.7	$9.5	$15.5	$14.7	$16.7	$23.1
Indirect/Induced	$4.9	$4.5	$6.4	$10.4	$9.9	$11.3	$15.5
Total	$12.1	$11.1	$15.9	$25.9	$24.7	$28.0	$38.6
Annual Employment Impacts:							
Full & Part-time Jobs	151	139	198	323	308	349	482
Personal Earnings	$5.9	$5.4	$7.7	$12.5	$11.9	$13.5	$18.7

As shown, total annual costs to Metro Government for Scenarios 1 and 2 are estimated at approximately $400,000 and $1.0 million, respectively. For the Scenario 3 redevelopment at the current site, total annual costs to Metro Government are estimated to range between $7.7 million and $8.1 million. Annual costs related to Scenario 4 relocation options range between $12.4 million and $17.7 million.

It is estimated that the current TSF generates approximately $12.1 million in annual economic output (direct, indirect and induced visitor spending) in Nashville/Davidson County. This economic activity supports approximately 151 full and part-time jobs throughout the local economy and $5.9 million in personal earnings (income). Total direct Metro Government tax revenues generated annual approximate $400,000.

These costs and benefits increase over the scenarios through Scenario 4B which is estimated to generate approximately $38.6 million in annual economic output in Nashville/Davidson County. This economic activity supports approximately 482 full and part-time jobs throughout the local economy and $18.7 million in personal earnings (income), along with $1.3 million in new annual Metro Government tax revenue.

Non-quantifiable Benefits and Considerations

The effects of attracting attendees, exhibitors and event participants to the Tennessee State Fairgrounds and the Nashville/Davidson County area impacts numerous industries and enhances economic activity throughout the community. Primary visitor industries, including hotels, restaurants, retail, local transportation, and related industries benefit directly from the TSF. Indirect effects can benefit various support industries, including the wholesale, distribution, manufacturing, and other industries. These direct and indirect benefits will increase under each of the redevelopment and/or relocation scenarios analyzed herein. Conversely, it is estimated that these benefits realized in Nashville/Davidson County will continue to diminish over time without significant investment in the fairgrounds—either at the existing site or a new greenfield relocation site.

In addition to the more quantifiable benefits of the TSF and potential redevelopment and/or relocation scenarios, certain potential benefits cannot be quantifiably estimated. These intangible impacts can arguably be more relevant and important than the quantifiable impacts associated with public sector investment in the project. Potential qualitative benefits and important intangible issues relevant to the TSF and potential redevelopment and/or relocation scenarios include, but are not limited to:

- Historical and Cultural Heritage Issues – The Tennessee State Fairgrounds at the current site has a long, rich history and the facility and its events and visitors have made an important contribution to the Nashville community's fabric and history. Many generations of families and citizens have enjoyed events, activities and races at the Fairgrounds and Raceway. Like with any important public assembly venue with such a long history in a locale and community, the Fairgrounds has established strong roots and meaning in Nashville. These issues are important and cannot be quantified.

- Quality of Life and Community Good – There are a number of other intangible benefits of having a prominent event facility like the TSF in a community that have not been quantified, including: quality of life, community reputation and image, local gathering point, recreation use and advertising opportunities for local business. Further, the current location of the TSF is presently much more centrally-located within the city's population core than other comparable fairgrounds complexes around the country. This location has important benefits to Nashville residents in terms of convenience and ease of access—likely greater for many residents than a new greenfield location might provide.

- Incremental Visitation – New visitors are estimated to be attracted to the Nashville/Davidson County area because of certain new events at a redeveloped or relocated fairgrounds. These attendees, in turn, may elect to return to the area later with their families, etc. for a vacation after visiting the area for the first time. These impacts have not been quantified.

- Spin-Off Development – New retail/business tend to invariably sprout up near prominent event facilities spurred by the operations and activities associated with the event facility, representing additions to the local tax base. Event facilities are increasingly being viewed by communities across the country as important anchors of larger revitalization projects. It is believed that a relocated fairgrounds could serve as a critical anchor at a larger greenfield site and location, which could also involve other private sector investment for the site or area. These impacts have not been quantified.

Conclusions

The Phase 1 Master Plan outlined herein presented the results of detailed analyses of existing facility assessment, market demand, comparable fairgrounds benchmarking, industry best practices, market supportable programming, scenario concept planning, and cost/benefit issues.

The following key conclusions have been reached:

1. The best practices model for a state fairgrounds complex does not include a paved motorsports racetrack.

2. If Scenario 3 is pursued, the cost/benefit analysis conducted indicates little difference between scenarios with or without racetrack; however, if race dates cannot be increased up to a sustained 12 dates per annum under a situation with stable and effective contracted race promoter, Scenario 3B (without the racetrack) is preferred.

3. If Scenario 4 is pursued, the cost/benefit analysis indicates a preference for Scenario 4A (without the racetrack).

4. Non-quantifiable benefits are normally considered in decision-making relating to these types of issues.

7. Business Planning and Funding Issues

The purpose of this section is to discuss business planning and funding issues related to the TSF, focusing on key governance, management and funding aspects.

Governance/Management Analysis

Throughout the public assembly industry, there are a wide variety of management structures that are in place, each with specific strengths and weaknesses and in many cases tied to unique characteristics of the community. As a part of this analysis, management structure alternatives for a new/redeveloped TSF are evaluated from a general industry perspective.

Public assembly facility management takes place at two levels: providing overall direction for the facility and day-to-day management. Day-to-day management of facilities under both controlling models is typically provided by a direct employee or a private firm.

Operational Oversight and Control

Typically, overall direction for a facility such as the TSF is provided through a municipal department (i.e., Metro). An alternate "controlling entity" model used throughout the industry is an Authority. An independent authority is established (typically headed by an appointed or elected board of directors) to oversee and/or set policy concerning the event facility.

Facility operational control within a municipal government (city/county) is typically accomplished either by creating a separate department that is responsible for facility management or by designating facility management the responsibility of a department which already exists within the government. Often, a city or county government will already have other existing public assembly facilities such as arenas, stadiums or theatres under their control prior to the development of a new public assembly facility. In these cases, the governmental departments currently overseeing the other public assembly facilities could control a new/redeveloped event center or other event facility/complex as well.

An advantage of government management pertains to the ability to maintain control of all aspects of facility operations. Within this structure, the management's primary responsibility is to the municipal government and the facility. The ability to combine the purchase of goods and services with other governmental departments provides an advantage in maximizing purchasing power and rate structures. In addition, the ability to use governmental employees from other departments when needed can be advantageous. Further, assuming day-to-day management of the facility is also handled internally, the need to pay additional fees to a management contractor is not required.

A number of potential disadvantages can be associated with the management of the facility within a governmental department. The primary disadvantages relate to the additional burden placed on governmental departments and the additional level of bureaucracy sometimes required to facilitate building operating decisions. The decisions which are made regarding the operation of a facility may be slowed due to the nature of the particular governmental department in terms of requirements for approvals and other regulations and procedures. When competing with other facilities and markets for potential events, this aspect can sometimes hinder a public assembly facility's ability to effectively compete.

Day-to-Day Management

The quality and experience of the day-to-day management team assigned to a public assembly facility can also have a significant influence on the operational performance of the facility. Most public assembly facility operations resemble two basic management alternatives with respect to their direct day-to-day management: internal management (municipal government employees) or private/contract management (private management firms specializing in public assembly facility management, such as Global Spectrum, who was hired by the City of Salina to manage the operations of the Bicentennial Center).

Internal Management

Under the internal management alternative, the event facility is operated based on an annual budget which is approved by the controlling entity (i.e., government department) that owns the venue. The daily operations of the facility are handled by a municipal department. Typically, the department head is an experienced facility manager. However, in some communities the department head is a government employee that previously had responsibilities with the public sector in other capacities.

Under internal management and through the budgeting process, revenues and expenses are estimated and funds are appropriated for the operations of the facility by the controlling entity. Under this management option, the municipality is responsible for funding or identifying another source for covering any shortfall in facility operations and is responsible for the ongoing capital maintenance of the facility. Further, the facility is staffed by municipal employees who are assigned to the venue, and in turn, operate the facility under municipal guidelines in terms of personnel, purchasing, operations, accounting and human resources.

Some of the primary advantages and disadvantages of this facility management option are set forth below:

Advantages

- Ability of the controlling entity to maintain direct control over the operational focus of the facility as opposed to a management firm which is controlled through a contract.
- The finance, marketing, human resource and other departments setup by a private management firm may duplicate those of the controlling entity.
- There could be a potential costs savings related to not having to pay a private management fee.

Disadvantages

- Possibility of internal bureaucracies slowing the responsiveness and/or lessening the effectiveness of facility management.

It is important to note that some publicly-run facilities are operated just as efficiently as those managed by private operators if the right manager can be obtained.

Private Management

Intense and increasing levels of competition among facilities coupled with increased pressure from governmental entities for the facilities to break even has forced many governments to attempt changes in the fundamental process of managing public assembly facilities. As a result, a number of facilities across the country have day-to-day operations contracted to a private management company. This is more limited within the fairgrounds, exposition and/or dirt-oriented event facility industry, but is becoming increasingly prevalent.

The private management company is typically an agent of the hiring body (either a municipal department or an Authority). The firm is usually compensated with a flat annual fee plus incentive payments designed to reward the contractor for producing desired results. Incentives could be based on achieving specific revenue goals, attendance, events, room night generation, quality standards, or other targets. Operating contracts usually stipulate that operating budgets must be submitted by the management company to the governing body of the facility for approval. The governing body is responsible for providing the funds necessary to operate the facility.

Further, there are many financial variations and implications to the relationship created between the owner, generally a public entity, and a private management group. Financially, the biggest question for both parties is the management fee, incentive, or lease structure established. All of these things are contingent on a number of factors including, but not limited to:

- Length of contract.
- Type of contract (contract management versus privatization).
- Primary event focus (if the owner requires many dates dedicated to local non-profits or civic groups, this has a negative impact on the operator's ability to generate income).
- Facility age.
- Facility size.
- Market demographics and demand.
- Competition in the marketplace.

Under most types of private management, the operations of the facility are contracted to a management company. However, the facility owner still maintains responsibility for funding the operations of the facility and for any operating shortfall that may occur. Therefore, as with the internal management alternative, the facility will continue to operate based on an annual operating budget approved by the facility owner. Furthermore, under contracted management, the facility owner will continue to maintain responsibility for ongoing capital maintenance at the facility. The primary difference between internal management and contracted management is that under contracted management, the management company staffs the facility and is responsible for purchasing, marketing, accounting, booking events, and human resources.

Some of the primary advantages and disadvantages of the private management option are set forth below:

Advantages

- Potential for facility employees to work for the management company instead of the municipality or other public entity.
- There may be less potential for decisions based on political opinions or influence with private management.
- Potential for the contracted management firm to "route" certain business among its facilities under contract (which is much more prevalent with concerts, family shows and other touring events than events such as equestrian, tradeshow, consumer show, meetings and other such events.)

Disadvantages

- Private/contract firms require management fees.
- The financial operating incentives of a private management firm may not be consistent with the goal of attracting economic impact-generating events.

Throughout the country, the majority of fairgrounds event complexes, such as an envisioned new/redeveloped TSF, do not contract with a third-party private management firm. While an experienced contracted management firm can bring substantial expertise to the operations of a facility and can often realize gains in facility performance, a management fee will need to be paid to the firm. In some communities, it is believed that the "net gain" in facility performance (via event attraction and facility financial performance) through contracting management is positive, while in others the net benefits are not as substantial or at least not definitive. In many cases, the decision whether to operate/manage an event venue publicly or privately is ultimately determined largely by the public sector owner's appetite for assuming all aspects of the management responsibility (overall and day-to-day) rather than simply overseeing a contract.

In terms of qualified "third party" public assembly facility private management firms, effectively only three prominent firms of note exist in the country—SMG, Global Spectrum (chosen management company for the Bicentennial Center), and VenuWorks (presented in order of the number of event facility management contracts each presently holds with municipal clients).

Virtually all third party management contracts include both a base (or fixed) fee plus incentive fee paid to the contracted firm for services rendered. If the event venue is publicly-financed, under federal law, the incentive fee cannot exceed the base fee. These fees must be paid each year (representing the contract premium for management services, while all other expenses (including salaries of all private management staff) will also be paid by the facility owner. Therefore, in performing a cost/benefit relating to contracted management, these fees must be weighed along with the expected financial operating benefit the contracted firms are expected to "bring to the table" versus public sector options.

Therefore, the base and incentive management fees paid to a contracted third party management firm would represent an additional expense (or simply, a "premium" paid to the private firm) that would be an additional responsibility of Metro. The theory underlying "contracted management" is that it places managerial and operational control of a public sector-owned asset in the hands of an experienced and

efficient private sector company. Therefore, in order for such an arrangement to prove advantageous to the public sector owner of the event venue, the private sector manager will have to provide an incremental financial benefit in excess of the contracted management fee it is charging for services, and that the public sector owner has a motivation, or interest, to remove itself from "day-to-day" managerial oversight of the asset.

Exhibit 1 presents a summary of the comparable state fairgrounds complexes reviewed earlier and the specific management type under which they operate.

Exhibit 1
Comparable State Fairgrounds Management Models

Facility	City, ST	Management Type
Arkansas State Fair Complex	Little Rock, AR	Private
Illinois State Fairgrounds	Springfield, IL	State
Indiana State Fairgrounds	Indianapolis, IN	State
Iowa State Fairgrounds	Des Moines, IA	State
Kansas State Fairgrounds	Hutchinson, KS	State
Kentucky Expo Center	Louisville, KY	State
Mississippi Fair Complex	Jackson, MI	State
North Carolina State Fairgrounds	Raleigh, NC	State
Ohio Expo Center	Columbus, OH	State
Oklahoma State Fair Park	Oklahoma City, OK	City
South Carolina State Fairgrounds	Columbia, SC	Private
Wisconsin State Fair Park	Milwaukee, WI	State
Nashville Expo Center	**Nashville, TN**	**Metro**

As presented, nearly all of the state fairgrounds reviewed are operated by a State-run agency, and only Oklahoma's state fair and the Tennessee State Fair complex are managed by a local municipality. The two privately operated venues (the Arkansas State Fair and the South Carolina State Fairgrounds) are operated by a 501(c) non-profit organization. Typically, this type of organization is primarily focused on operating the annual state fair and only those year-round events that help fund the operation of the state fair in order to ensure annual profitability. As such, they tend to lack the focus of a public assembly facility geared towards accommodating economic impact generating events and in providing an inexpensive location for local meetings and events. Furthermore, in terms of private ownership and management of fairs, Universal Fairs is an organization that promotes and produces a variety of shows, expos and fairs throughout the country, including the Georgia State Fair and the Virginia State Fair.

Recommendation

Given the importance of non-Fair events at the TSF relative to the Fair itself (in terms of attendance and facility revenue contribution) presently, and that estimated for a redeveloped or relocated fairgrounds (in which case this disparity would be further exacerbated), it is believed that the current ownership and management structure (through Metro government) is the most appropriate model in Nashville/Davidson County. If the Tennessee State Fair was in the top tier of attended state fairs in the country, or if the fairgrounds complex itself fell outside of the municipal boundaries of one of the state's largest cities (like

many state fairground complexes around the country that are located outside large city boundaries or in smaller cities), there would be a stronger case for considering ownership and management under models different than Metro (municipal), such as State governance.

Funding Alternatives Analysis

The purpose of this section is to provide a summary of the sources of funding that have been used within the public assembly facility industries and to discuss their potential for use in the possible development of a redeveloped or relocated TSF. The intent of the analysis is not to produce a financing plan for facility development, but rather to discuss certain financing vehicles, as well as public and private revenue sources that could be utilized to fund the project.

Typical Public Sector Funding Sources

While there are a variety of public sector funding vehicles and revenue sources that have been used in the financing of public assembly facility projects in communities throughout the country, a large percentage are owned by the public sector and had original or expansion construction funding provided through municipal capital project funding (i.e., transfers from a municipality's General Fund or Capital Projects Fund, etc.) or through the issuance of General Obligation or Revenue bonds. Types of financing/funding vehicles that are commonly used in public assembly projects throughout the country include:

- General Obligation Bonds
- Revenue Bonds
- Tax Increment Financing (TIF)
- Pay-As-You-Go Financing
- Certificates of Participation
- State/Federal Assistance
- Private/Public Equity and Grants

Under situations where bonds have been issued, debt service is often supported by local tax revenue, which has tended to include the following:

- Hotel/motel taxes
- Sales and use taxes
- Property taxes
- Restaurant/food and beverage taxes
- Auto rental/taxicab taxes/fees
- Sin taxes (alcohol, cigarette, etc.)
- Admissions/entertainment taxes

There are several industries and geographic areas that could benefit directly and indirectly as a result of activity generated by a redeveloped TSF. For example, the hotel/motel industry is directly affected by the room nights, room revenue and other hotel spending, while the restaurant, retail and other industries (especially those located proximate to the new location) also stand to benefit directly by the dollars spent by event attendees. Indirect beneficiaries of this spending may include businesses and individuals that

support the industries discussed previously, in addition to the "spin-off" impacts on sales, income and employment. Geographically, these direct and indirect impacts may be realized within close proximity to the development, countywide and statewide.

Potential Private Sector Participation and Other Revenue Sources

In recent years, a growing number of communities have explored ways in which the private sector can participate in reducing the overall funding burden borne by the public sector. This participation has taken the form of:

- Naming rights and sponsorships
- Upfront service provider fees and facility component build-outs
- Exclusive facility use agreements
- Private donations of capital and/or land

Each of these opportunities for private sector participation in funding the facility should be evaluated. Given the potential costs for construction and the annual costs to operate, such private sector participation may be a necessary component of a successful project.

Naming Rights and Sponsorships

Naming rights and other unique sponsorships have been increasingly used in the public assembly industry in recent years. Naming rights agreements typically consist of a local corporation paying a fee upfront and/or over a series of consecutive years in exchange for the use of their company's name for the entire complex or various components of it. Naming rights agreements are much more prevalent with professional sports facilities than with other event facilities such as event centers. This is primarily attributable to typically much greater exposure potential at professional sports facilities (i.e., national broadcast coverage of events, exposure through other forms of media, millions of annual spectators, etc.).

However, a small number of event centers in small to mid-sized markets have sold naming rights for the entire facility or components of it. These transactions tend to succeed to the extent target companies can identify long-term benefits. These benefits can include: a revenue return, visual exposure for the sponsor, the opportunity to act as a good community partner, access to the attendees at the facility, sponsorship opportunities with events at the facility and other tangible benefits.

Upfront Service Provider Fees and Facility Component Build-outs

Much of the recent private sector participation in public assembly facility funding has taken the form of up-front capital in exchange for guaranteed exclusive operating rights. For instance, a food service operator may contribute a portion of the costs of constructing the kitchen facilities or providing kitchen equipment in exchange for the right to provide food service in the building (or facility complex).

These provider fees can also include other in-house services, such as: (1) electrical, (2) utilities/environmental control, (3) internet and communications, (4) virtual meetings/satellite, (5) audiovisual, (6) security systems, (7) entertainment; and other such items.

Public assembly facility projects in recent years have increasingly seen private participation in the form of build-outs of various building components. For instance, several communities have partnered with one or more telecommunications firms whereby, in exchange for various advertising and sponsorship opportunities with the project, the firms installed the telecommunications systems (i.e., fiber optic and copper-based wiring, wireless components, equipment, etc.) at their own expense. In addition, the partnering firms may also receive revenue rights as facility users use the technology. Other private sector firms have provided similar build-outs in exchange for other unique opportunities at the facility, such as an exclusive area within the event facility that is used as a test area or showcase for the firm's products or services.

Exclusive Facility Use Agreements

In certain communities, there may be major corporations or institutions that are heavy users of the event facility. It may be possible to identify these users prior to facility development and negotiate up front funding in exchange for guaranteed use of the facility during certain times of the year. Such corporations or institutions may also be involved in the actual design of the event facility to help ensure that their facility needs are addressed.

Private Donations of Capital

Certain communities have succeeded in historical fundraising efforts for various public projects. In these instances, a few high-profile, community-oriented wealthy individuals have provided private donations of capital to help defray public sector development costs.

Fundraising efforts tend to be more successful with event facilities that provide a benefit to a community that is more difficult to monetarily quantify and are often viewed as "quality of life" benefit to the community (i.e., performing arts centers, fairgrounds complexes, etc.). Local capital campaigns (many times via the establishment of a dedicated endowment fund) can be integral to establishing seed money and demonstrating local interest in a project. The relatively large population of residents and corporations in Nashville, as well as the number of wealthy individuals/families that make it their home, will likely provide opportunities for a capital campaign. As such, attempts should be made to identify seed money of this nature if a determination to pursue a new/redeveloped (especially one that would act as the new home to the Tennessee State Fair) is made.

APPENDIX A:
EVALUATION OF PHYSICAL CONDITION OF EXISTING STRUCTURES – ADDITIONAL INFORMATION

Name	Agriculture Building
Size (sq. ft.)	21,372
Conditioned	Yes
Open Span	Yes
Floor Composition	Concrete
Wall Composition	CMU
Seating	None
Observations	HVAC units 10 years old
	(1) 20T unit in middle and (2) 10T units at ends
	In 2005 the staff added ceiling power, replaced existing outlets with grounded outlets, installed new lights and new ceiling tiles
	Connects direclty to Garden Café, which Ovations operates and at times subcontracts to another, local caterer.
	CMU wall are in fair condition but need painting, doors are in poor condition
	Former concession stand is now storage
	Restrooms are in fair condition
	HVAC ductwork needs repainting
	Adjacent storage room is full of State Fair items

Name	Annex
Size (sq. ft.)	5,460
Conditioned	Yes
Open Span	90%; columns along sides
Floor Composition	Concrete
Wall Composition	CMU
Seating	None
Observations	This is a former alley that existed between CARTS and Exhibitor Building.
	Significant use as a pass through between CARTS and Exhibitor Building
	Roof has sagged and it was determined that space cannot be occupied due to structural deficiencies. This may cause problems for regular vendors whose location now receives less traffic during events.
	Overall condition of space appeared good, with exception of roof-related issues
	Doors are in poor condition

Name	Banquet Hall
Size (sq. ft.)	10,502
Conditioned	Yes
Open Span	Yes
Floor Composition	Concrete
Wall Composition	Wood paneling (painted) with moulding
Seating	None
Observations	3 hang-down heaters
	Restrooms are in good condition
	Storage space exists between Banquet Hall and Agriculture Building

Name	Creative Arts Building (CARTS)
Size (sq. ft.)	28,830
Conditioned	Yes
Open Span	50%; many columns throughout
Floor Composition	Concrete
Wall Composition	CMU (painted)
Seating	None
Observations	Eight (8) 10T HVAC units: 5 for heat/AC and 3 AC only
	1 hang down heater
	There are six (6) separate breaker panels to control lights
	Switch gear is original and parts discontinued; available fuses are limited and expensive; to date there are been no problem with switchgear
	Additional power has been added over the years for vendor booths
	There is an ajdacent "art" room whose walls consiste of black pegboard. From this room one could access the Annex (but not currently, due to structural deficiencies)
	Space has 2 dressing rooms (no RR), 2 offices, concession stand, and storage
	Doors are in poor condition
	Walls are combination of CMU and poured-in-place concerete; all are painted. Wall need to be repainted.

Name	Exhibitors Building
Size (sq. ft.)	17,325
Conditioned	Yes
Open Span	Yes
Floor Composition	Concrete
Wall Composition	CMU (painted)
Seating	None
Observations	Has (2) 5T air and (2) 7.5T air units
	Was a former skating rink
	Flooring is in poor condition - numerous patches and spalling
	Lights and ceiling tiles have been replaced by staff
	Has a small concessions stand; 80% of equipment owned by fairgrounds
	Restrooms are in good condition, but flooring is stained

Name	Sports Arena
Size (sq. ft.)	11,024
Conditioned	Yes
Open Span	Yes
Floor Composition	Concrete
Wall Composition	CMU
Seating	Upper level is permanent tiered benches
Observations	2 of 4 HVAC units are functional; heat is gas fired
	One HVAC unit feeds Ovations offices, and it runs 24/7.
	Roof was sealed 10 yrs ago
	Lights turned on/off by breakers
	2001 bathrooms renovated to meet ADA; all restrooms are in fair condition
	In concessions there is no cooking (only nachos, hot dog rollers, drinks)
	During flea market, air/heat is on during load ins/outs. With all doors open, cannot condition the space properly
	Fire extinguishers are checked annualy by a service (but not monthly by anyone)
	As part of the arena are Ovations foodservice office/storage, flea market vendor registration areas, operations offices.
	The offices need to be painted.
	The arena floor has large cracks in the concrete

Name	Vaughn Building
Size (sq. ft.)	21,012
Conditioned	Yes
Open Span	95%; some columns along walls
Floor Composition	Concrete
Wall Composition	CMU (painted)
Seating	None
Observations	Overall in fair to good condition
	30 gal hot water heater for restroom sinks
	HVAC consits of 2 older units and 2 units that are approximatley 5 years old
	Building kept at 78-80 degrees when not occupied
	Fire pump is tested annually by company called TKO
	Air curtains run all the time and do nothing for keeping the space conditioned when all doors are being used
	Concession area had new hot water heater installed in November 2012
	Doors are in poor condition; locks do not work
	Exhaust system in concession is inspected annually
	Wood used in construction is rotting in places

Name	Wilson Hall
Size (sq. ft.)	5,394
Conditioned	Yes
Open Span	Yes
Floor Composition	Polyurethane
Wall Composition	Painted paneling
Seating	None
Observations	Has both fluorescent tube lighting as well as incandescent, dimmable fixtures
	Has 2 HVAC units - one is broken and the other runs at 100%
	Room was remodeled around 2003 by fairgrounds staff
	Roof is metal; outside contractor will patch when leaks identified
	Lights are turned on/off by breakers
	Original breakers, Federal Pacific, are difficult to find now
	Doors are in good condition, however the hardware is not.

Name	Show Arena
Size (sq. ft.)	
Conditioned	None
Open Span	Yes
Floor Composition	Concrete
Wall Composition	Metal panel
Seating	Wooden bleacher seating on concrete precast
Observations	PA needs some work
	Wiring is externally mounted, but was designed for interior use
	Renovation in last 12 years or so that added wheelchair seating/ramp
	There are large fans at each end to faciliate air movement
	Metal walls need painting and cleaning
	CMU block underneath wheelchari seating is loose

Name	Sheds 2 and 3
Size (sq. ft.)	
Conditioned	No
Open Span	No
Floor Composition	Dirt and concrete
Wall Composition	n/a
Seating	None
Observations	Roof has tremendous amount of oxidation
	Water distribution system is drained every year
	There is oxidation on light fixtures as well as structural steel
	Metal that is painted is in dire need of repainting
	Observed CMU walls have cracks
	Gutters are damaged and rusting

Name	Shed 4
Size (sq. ft.)	
Conditioned	No
Open Span	No
Floor Composition	Concrete
Wall Composition	n/a
Seating	None
Observations	Roof has tremendous amount of oxidation
	All painted surfaces need repainting
	There is oxidation on light fixtures as well as structural steel
	There are restroom/shower trailers adjacent to shed; they are in good condition
	Old CMU block restrooms are not used and are in poor condition

Name	Shed 5
Size (sq. ft.)	
Conditioned	No
Open Span	No
Floor Composition	Concrete
Wall Composition	n/a
Seating	None
Observations	Roof has tremendous amount of oxidation
	All painted surfaces need repainting
	Wood construction portions have dilapidated
	CMU construction portions are deteriorating
	Behind this barn are large storage sheds that contain mostly State Fair items

Name	Rabbit Barn
Size (sq. ft.)	
Conditioned	No; ceiling fans and large fan at end
Open Span	Yes
Floor Composition	Concrete (ranges from a few inches to over a foot)
Wall Composition	Metal panel
Seating	No
Observations	Used for flea market, Fair and Christmas Village
	Floor has lots of cracks and spalling

Name	Volunteer Village
Size (sq. ft.)	n/a
Conditioned	Wall units in concession stand
Open Span	No
Floor Composition	Dirt/wood
Wall Composition	Wood
Seating	n/a
Observations	Concession stand was not organized, fire extinguisher had not been inspected since 2007, and grease was left in a fryer.
	Awning over end unit had fallen and remaining support structure was in danger of falling.
	Parts of timber fencing were broken

Name	Pulling Shed
Size (sq. ft.)	
Conditioned	No
Open Span	Yes
Floor Composition	Dirt
Wall Composition	n/a
Seating	None
Observations	Has PA, lights and water supply
	Structural steel exhibit oxidation

APPENDIX B:
INDUSTRY BEST PRACTICES LISTING OF OPERATIONAL SCOPE

Administration

- ADA Policies
  - Braille maps
  - Brochure of seating and services
  - Map of seating
  - TDD units
- Fairgrounds Rules & Policies

  (see A-Z guide)
- Human Resources
  - Clock in/out procedures
  - Employee policies/manual
  - Job descriptions
  - Job fair plan
  - New hire checklist
  - Org chart
  - Solicitation procedures
- Manager On Duty
  - Procedures
  - MOD form
- Offices
  - Badging/biometrics
  - Cleaning
  - Dept storage spaces
  - Employee entrance
  - Information Technology
  - Office equipment maintenance/replacement
  - Recycling and trash collection
  - Security
  - Shipping and receiving policies – mail room
  - Vendor drop-off/pickup
  - Work orders
- Booking/Event Programming
  - Booking policies and procedures
  - Booking software
  - Calendar control
  - Contract management
  - Rental fee structure
  - Rental license Agreement
- Staffing
  - Full time org chart
  - Hiring procedures
  - Solicitation

Box Office

- Box Office Procedures
  - Access
  - Employee ticket requests
  - Group sales meeting/ticket handoff locations
  - Hours of operation
  - On-sale procedures
  - Security
    - Silent alarms
  - Staff attire
  - Staff training
  - Settlements
  - Vault access

Event Services

- Alcohol Plan
  - Ejection policy
  - Food service operator plan
  - Policy on purchase/ consumption
  - Signage
  - Tips
  - Training
- Break Policies
- Communications
  - Radio distribution
  - Procedures
- Event Management
  - Event announcements
  - Venue Guide
- Event Employee Check-In
- Exterior Signage (prohibited items)
- Forms
  - Lost child release form
  - Employee accident report
  - Event incident report
  - Patron service issue form
- Gate Operations Plan
  - Bag and article search procedures/diagram
  - Pat down procedures
  - Queuing procedure
  - Staffing
- Give-A-Way Policy
- Guest Services Program
- Public A-Z Guide
- Smoking Area Determination
- Stagehand Provider/Contract

Finance

- Budget
  - Annual operating
- General Procedures
  - Accounts payable
  - Accounts receivable
  - Cash handling
  - Contract management
  - Licenses/permits
  - Payroll processing
  - Petty cash
  - Recordkeeping
- Insurance Requirements
  - Maintained by building
    - Auto
    - Crime
    - D&O liability
    - GL
    - Property
    - Reporting a loss
    - Umbrella
    - Workers compensation
  - Required of users
    - Auto
    - GL
    - Umbrella
    - Workers compensation
    - Required of vendors
- Purchasing Procedures
  - LEED
- Risk Management
  - Loss prevention program
  - Policies and procedures
  - Snow/ice removal plan

Housekeeping

- Blood Borne Pathogen
- Contract for Purchase of PT/TP/Handsoap
- Fixtures and Equipment
  - Budget
  - List
- General Procedures and Operating Plan
- LEED Compliant
- Paper and Supply
- Vendor/Storage/Security
- Recycling Plan
  - Identify recyclable materials
  - Identify type and placements of containers
  - Identify haul away service
- Scope of Work
- Sustainable Initiatives Plan
- TP/PT/Handsoap Dispenser Installation

Operations & Engineering

- Asset Management/ Maintenance Program
  - Aware Manager/ABI
  - City inventory/asset management program
  - Coordinate delivery
  - Event inventory control
  - Furniture, fixtures and equipment
  - Identify needs and storage capability
  - Information input (who and how?)
  - Lamping schedule
  - Lost and found
  - Preventive maintenance program
  - Purchasing procedures
  - Receiving and securing packages
  - Supplies and spare parts
  - Tagging procedure
  - Tool/vehicle checkout procedures
  - Work order procedures
- Certificate of Occupancy
- Contractor Access – post building turnover
- Development and Receiving of Building Manuals/Procedures
  - Attic stock storage and access
  - Blood borne pathogen

- procedures
- Blueprint dry storage/ electronic storage/CAD program
- Develop shut-off list for emergencies
- Engineering operations
- Evacuation and emergency procedure
- First Aid
- LEED initiatives and procedures/recycling procedures
- Major building equipment
- MSDS/right-to-know
- Purchasing procedures
- Scoreboard/hoist operation
- Scoreboard/scoring systems
- Sound system
- Telephone systems
- Vendor rules and regulations

- FF&E Receiving, Storage and Security
- Freight Elevator Usage
- Ingress Procedures – tenant, event staff, patrons
- Loading Dock Management
- Maintenance
- Parts and Supply Lists by Department
- Punch List
- Staffing
- Sustainability Initiatives
- Temporary Certificate of Occupancy
- Tool List, Storage and Sign-Out
- Vending Agreements
- Vertical Transportation Procedures
- Warrantees

Parking & Traffic

- Daily Parking Procedures
- Limo/Bus Drop Off and Parking
- Parking Garage Management
- Parking Plan
- Personal Vehicle Drop Off and Parking
- Police
- Public Transportation Info
- Staff/Subcontractor/Tenant Parking - Non-Event Day
- Staff/Subcontractor/Tenant Parking - Event Day
- Tailgate Plan

Safety & Security

- Building Security – Tour Scan Program
- Command Post Regulations
- Credentialing Program
- Develop Relationship with DHS and FBI
- Disaster Response and Recovery
- Event Security Info
- Fire Alarm Panel Procedures
- First Responder Training
- Hazardous Materials Storage
- Incident Card Creation (Emergency Procedure and Map)
- Incident Command System Locations
- Interim Security During Final Closeout With Contractors
- Keys/Access Control
  - Access card distribution
  - Cabinet locations/access
  - Checkout procedures
  - Credentials
  - Design of credential
  - Key distribution and control
  - Key schedule/levels of security
  - Policies and procedures
  - Responsibility for distribution
- Life Safety Plan
- Manager on Duty Program
- Police and Fire Dept. Interaction
- Post Orders Book-Creation and Training
- Radio Procedures
- Risk Management
- Tabletop Exercise
- VISAT

Sales & Marketing

- Marketing
  - Media policies
  - Merchandise
    - Employee apparel
    - SWAG purchase
  - Show advertising
    - Establish relationships with local media
    - Rate cards
  - Venue advertising
    - Preopening
      - IAVM/IAFE
      - Local newspaper
      - On hold message system
      - Venues Today
      - Website
- Sales
  - Venue rate sheet

Selection of Vendors/ Service Level Agreements

- Ambulance Service
- Armored Car
- Boiler System
- Box Office Alarm Monitoring
- Building Control Systems
- Change-over Staffing Agreement
- Contracted Services
- Decorator
- Electrical/Lamp Supplier
- Emergency Generator
- Exterminator
- Fire Alarm
- Fire Panel Monitoring
- Fire Systems Pumps/Sprinkler
- Forklifts and Service Vehicles
- Grease Disposal
- HVAC Controls
- HVAC Parts and Filters
- Industrial Gases
- Landscaping
- Lighting Controls
- Parking Operator
- POS
- Propane Vendor
- Radio / Mobile - Lease / Repair
- Recycling
- Roof / Glass Cleaning
- Roof Maintenance
- Sprinkler/Fire Pump System
- Stagehands
- Telephone / Data / Cable
- Uniform / Laundering
- Vertical Transportation
- Waste Removal Agreement
- Water Treatment
- Window Washing

Training Programs

- Audio System
- Blood Borne Pathogen Training
- Building Management System
- Card Access Systems
- CATV System and TV Units
- CPR Training
- Customer Service Training
- Emergency Evacuation and Emergency Control Measures
  - Bomb Threat
  - Fire
  - Gas Leak
  - Hail
  - Hurricane
  - Severe Weather
    - Lightning
    - Tornado
- Emergency Procedures for Elevators
- Event delay/cancel procedures
- First Aid Training
- Fire Alarm System
- Fork Lift Training and Certification
- HVAC Systems and Controls
- Lighting Systems and Controls
- Portable Staging/Risers
- Radio Etiquette
- Safety Training
- Sport-Specific Equipment
- Spotlights
- Telephone Systems