A Report on the:

Market Review and Financial Analysis For the Proposed Expansion of the Dane County Exposition Center

Presented to:

Expo Expansion Committee

January 28, 1994

Presented by:

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January 28, 1994

Dane County Exposition Center
1881 Expo Mall East
Madison, Wisconsin 53713

attn: Expo Expansion Committee

We have completed the market review and financial analysis for the proposed expansion of the Dane County Exposition Center. The attached report summarizes our research, analysis and findings and is intended to assist the management of the Dane County Exposition Center in evaluating the market and financial viability of the proposed expansion.

The information contained in our report is based on estimates, assumptions and other information developed from research of the market, knowledge of the industry and other factors, including certain information that you have provided. The sources of information and bases of significant estimates and assumptions are stated in the report. Some assumptions inevitably will not materialize, and unanticipated events and circumstances may occur; therefore, actual results achieved during the analysis period will vary from those described in the report, and the variations may be material.

As in all studies of this type, the estimated results are based on competent and efficient management of the Expo Center, and assume that no significant changes in various event markets will occur beyond those set forth in this report. We have not been engaged to evaluate the effectiveness of management and we are not responsible for future marketing efforts and other management actions upon which actual results will depend. In addition, the estimates that follow assume that adequate hotel space to accommodate event attendees will be available.

The information and analyses provided are intended solely for your internal use and should not be relied upon for any other purpose. Neither our presentation material nor our report, nor any reference to our Firm, may be included or quoted in any offering circular or registration statement, prospectus, sales brochure, appraisal, loan or other agreement or document.

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

Very truly yours,

Coopers & Lybrand

COOPERS & LYBRAND

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I. Introduction

I. Introduction

The Dane County Exposition Center (Expo Center) is used for a variety of events including trade shows, public shows, spectator events, and local events including the Dane County Fair. The Expo Center's primary facility components include the Coliseum, a 10,200-seat spectator facility which offers approximately 66,000 square feet of exhibition space on various levels: the 25,000 square foot Forum, also used for exhibit space as well as food functions and other events; a 500-seat, 15,725 square foot Arena; and eight metal exhibition buildings, buildings A through E, L, M & J. Buildings D and E, each offering 21,000 square feet, are sometimes used for exhibition space.

In recent years, two analyses of market potential have been prepared addressing the need to expand the Expo Center. These studies, conducted by Laventhol & Horwath in 1988 and Ernst & Young in 1991, suggest that between 80,000 and 100,000 square feet of additional quality exhibit space was appropriate to accommodate existing and potential future events. Therefore, in order to keep up with the growing needs of existing users and to evaluate the potential of the Expo Center to attract additional events, Coopers & Lybrand was commissioned to analyze the market demand and financial performance resulting from such an expansion.

STUDY OBJECTIVES

The primary objective of this analysis was to address the market demand and financial performance of the proposed 100,000 square foot expansion of the Expo Center. The study has been divided into the following sections:

I. Introduction
II. Market Review and Analysis
III. Market Potential
IV. Financial Analysis

More specific objectives and the general methodology of Phases II through IV are as follows:

- Evaluate the local, state and regional market demand for expanded trade show facilities and Coliseum events.

- Determine the potential impact on the expanded Expo Center from the existing and planned facilities in the region.

- Analyze the demographic and economic issues and trends in the meetings and convention industry which could affect the marketability of the Expo Center.

- Determine the potential future demand for the proposed expanded Expo Center. Prepare usage estimates that could be achieved by type of event including trade shows and conventions, public shows, and spectator events.

- Prepare a financial analysis for facility operations, including estimated revenue and expenses for the operation of the proposed expanded Expo Center.

The research, analysis and related findings generated from completion of the aforementioned tasks are summarized in the body of the report.

II. Market Review and Analysis

II. Market Review and Analysis

The public assembly industry is comprised of a diverse set of markets, each operating with different motivations, facility requirements and impacts on the local area. As the competitive environment intensifies, users are becoming much more sophisticated and are demanding larger and upgraded facilities for their events.

When evaluating a host community or facility for an event, association representatives, meeting planners, and event promoters typically consider a number of market resources. This section provides an overview of the key market resources available in the Dane County area as well as an analysis of how these resources compare to other communities. The information in this section will help form the basis for the assessment of the future event market potential in Dane County and, specifically, the expansion of the Expo Center.

Market Needs

As discussed, in selecting event destinations, there are a number of factors on which event organizers will focus. These factors include specific characteristics of the conference or convention facility (exhibit, meeting, banquet space), hotel properties, airport proximity, building services and area supporting facilities. Exhibit II-1 illustrates the most significant factors in selecting event destinations, while Exhibit II-2 illustrates the most significant factors in selecting facilities (1 represents the most significant factor).

Exhibit II-1
Factors Considered Important in the Selection of a Meeting/Convention Destination

	Association Planners	Convention Planners
Availability of hotels & meeting facilities	1	1
Ease of transporting attendees to location	2	2
Distance from individual attendees	3	4
Transportation costs	4	3
Climate	5	4
Sightseeing, cultural, & other attractions	6	7
Availability of recreational facilities	7	6
Glamorous or popular image of location	8	8

Source: The Meetings Market 1992

Exhibit II-2
Factors Considered Important in the
Selection of a Facility

	Association Planners	Convention Planners
Quality of food service	1	3
Negotiable food, beverage and room rates	2	2
Number, size and quality of meeting rooms	3	1
Efficiency of billing procedures	4	5
Number, size and quality of sleeping rooms	5	4
Efficiency of check-in/check-out procedures	6	5
Meeting support services and equipment	7	5
Staff person assigned for all aspects of meeting	8	5
Previous experience dealing w/facility & staff	9	10
Proximity to airport	10	14
Convenience to other modes of transportation	11	13
Proximity to shopping, restaurants, entertainment	12	12
Number, size, and quality of suites	13	11
Availability of exhibit space	14	9
On-site recreational facilities (golf, swim, tennis)	14	14
Provision of special meeting services	16	16
Newness of facility	17	17

Source: The Meetings Market 1992

As this summary of selection criteria suggests, event planners have become increasingly demanding as to the availability and quality of facilities and amenities provided. As communities compete to capture increasing event market share and the associated economic impacts, the quality of facilities and amenities has also risen.

Throughout this analysis, square footage of exhibition space used by an event is referred to extensively. In understanding the definition of exhibit space used by trade shows and conventions, both gross and net square feet of exhibition/multi-use space are commonly referred. Net square feet relates only to the actual space occupied by exhibits. Gross square feet relates to the total space required within an exhibit hall including aisles and circulation space. The accepted industry standard is approximately one net square foot of space to two gross square feet of exhibit space (i.e., a 10,000 net square foot event requires 20,000 gross square feet of exhibit hall space). Gross or net square foot "days" refers to the square footage of space utilized, multiplied by the number of days that space is utilized.

Existing Expo Center Facilities

The existing Dane County Exposition Center was opened in 1967 and is used for a variety of events including trade shows and conventions, public shows, spectator events, and a number of local events.

The primary components of the Expo Center include the following:

- The 66,000 square foot, 10,200-seat Coliseum with 53 foot ceilings.
- The 25,000 square foot Forum divisible into 7 rooms used for exhibit space as well as food functions and other events.
- A 500-seat arena offering 15,725 square feet of additional exhibit space.
- Eight metal exhibition buildings, buildings A through E, L, M & J. Buildings D and E, each offering 21,000 square feet, are sometimes used for exhibition space.

Competitive Facilities

In this section, an analysis which presents and compares various physical characteristics and resources of seven competitive facilities and their cities throughout the region has been prepared. The facilities identified present some level of competition or comparability to the Expo Center due to factors such as geographic location, size of the metropolitan area, or size of their respective exposition facilities.

The seven competitive facilities and cities analyzed include:

- Century II Civic Center, Wichita, Kansas;
- FargoDome, Fargo, North Dakota;
- Milwaukee Exposition & Convention Center & Arena (MECCA), Milwaukee, Wisconsin;
- Minneapolis Convention Center, Minneapolis, Minnesota;
- Omaha Civic Auditorium, Omaha, Nebraska;
- St. Paul Civic Center, St. Paul, Minnesota; and
- Veterans Memorial Auditorium, Des Moines, Iowa.

In addition to these competitive regional facilities, the City of Madison is in the process of developing the Monona Terrace Convention Center in downtown Madison. However, it is understood that the downtown facility would not compete with the Expo Center, given its smaller size and marketing focus on smaller, more convention and meeting-intensive events rather than the trade show/exhibition focus of the Expo Center.

For purposes of comparison, Exhibit II-3 and II-4 illustrate relative comparisons of city-wide convention activity which is based in each of these cities in 1992, based on information provided by "Successful Meetings - Databank."

As discussed previously, event planners have placed greater demands in terms of specialized services (exhibition, meeting and ballroom space, hotel room availability, and recreational amenities) on facility operators competing for their business throughout the country. A wide variety of factors are considered by event organizers when choosing a particular destination. Resources which have been evaluated in each of the aforementioned cities include:

- Availability of quality exhibition space;
- Meeting and ballroom space;
- Hotel room availability;
- Accessibility; and
- Convention and visitor bureau budgets.

Exhibition Space

Exhibit II-5 outlines the competitive facilities surveyed by estimated prime and total exhibit space. The distinction between prime and total exhibition space relates to the quality or configuration of the space. Prime space is typically contiguous and total refers to all building space which could be potentially used for exhibits.

The level of exhibition activity has continued to increase in markets throughout the region and the country. Facilities have expanded and upgraded in order to capture market share and the associated economic impact. Due to the size, layout, ceiling heights, and relationship to ballrooms and meeting rooms, the exhibition space in the existing Dane County Expo Center does not provide the quality and functionality found in other facilities.

As presented in Exhibit II-5, the Dane County Expo Center currently ranks below most competitive facilities reviewed in terms of exhibition space. While this space can accommodate some existing events, the lack of more, higher quality and contiguous space puts the Expo Center at a competitive disadvantage. Also, it is understood that the size of the existing facility is insufficient to accommodate a number of growing existing events.

Exhibit II-3

Estimated 1993 Relative

Comparison of Convention Activity

Total City - Wide Attendance

City	National/ International	Regional	State	Total
Des Moines, Iowa	68,400	136,000	105,060	309,460
Minneapolis, Minnesota	148,485	108,550	50,975	308,010
Milwaukee, Wisconsin	151,650	8,000	47,575	207,225
St. Paul, Minnesota	1,100	4,000	186,000	191,100
Madison, Wisconsin	69,125	30,600	5,825	105,550
Wichita, Kansas	12,150	38,600	25,300	76,050
Omaha, Nebraska	4880	24700	18250	47,830
Fargo, North Dakota	1,000	1,450	7,825	10,275

Source: 1993 Directory of Conventions

Exhibit II-4

Estimated 1993 Relative

Comparison of Convention Activity

Total Events

City	National/ International	Regional	State	Total
Minneapolis, Minnesota	67	16	16	99
Des Moines, Iowa	7	7	57	71
Milwaukee, Wisconsin	26	3	13	42
Omaha, Nebraska	7	8	15	30
Wichita, Kansas	8	3	16	27
Fargo, North Dakota	1	3	14	18
Madison, Wisconsin	6	2	7	15
St. Paul, Minnesota	4	1	4	9

Source: 1993 Directory of Conventions

existing

Exhibit II-5

Comparison of Competitive Facility Exhibit Space

Facility	Prime Gross Exhibit Space	Total Gross Exhibit Space	Expansion Plans
Minneapolis Convention Center	277,200	319,000	Analysis underway
MECCA	132,000	256,000	200,000 sq. ft. prime exhibit space
Omaha Civic Auditorium	96,400	135,000	Considering expansion
Century II Civic Center	93,000	190,500	No plans at this time
FargoDome	80,000	100,000	No plans at this time
St. Paul Civic Center	73,000	168,000	Developing financing plan
Dane County Expo Center	**66,000**	**149,000**	**Analysis underway**
Des Moines Veterans Memorial	53,000	98,000	Analysis underway

Source: Major Exhibit Hall Directory

Meeting and Ballroom Space

For many event segments, the importance of providing sufficient state-of-the-art meeting and ballroom space cannot be underestimated. Event organizers have increasingly placed a premium on such space in their selection of host cities. Although events which rely largely on exhibition space, specifically trade and public shows, do not place as significant importance on such space, they do require limited meeting facilities for event organizers, delegates, exhibitors and other such purposes.

As outlined in Exhibit II-6, there is a wide disparity in available meeting space offered among facilities. The competitive facilities reviewed contain meeting space square footage ranging from 3,150 up to 52,850. It should be noted that within this wide range of availability, there are several distinct levels of space. Traditionally, facilities with low meeting space availability do not compete well for convention events, focusing more on trade and consumer related exhibition events.

As with the exhibition space, the quality and functionality of the meeting rooms is very important to the facility users. The existing meeting facilities of the Expo Center are not considered to be of the quality considered first class among convention and trade show facilities.

Exhibit II-6
Comparison of Competitive Meeting Room and Ballroom Space

Facility	Number of Meeting Rooms	Meeting Rooms Sq. Ft.	Number of Ballrooms	Ballroom Sq. Ft.	Combined Sq. Ft.
Minneapolis Convention Center/Minneapolis, Minnesota	54	52,850	1	28,000	80,850
Century II Civic Center/Wichita, Kansas	15	27,800	2	45,000 (1)	72,800
MECCA/Milwaukee Expo & Convention Center/ Milwaukee, Wisconsin	27	23,190 (2)	1	14,420	37,610
St. Paul Civic Center/St. Paul, Minnesota	17	23,590	1	13,000	36,590
Dane County Exposition Center/Madison, Wisconsin	7	23,680	0	0	23,680
Veterans Memorial Auditorium/Des Moines, Iowa	9	16,000	0	0	16,000
Omaha Civic Auditorium/Omaha, Nebraska	1	4,500	0	0	4,500
FargoDome/Fargo, North Dakota	3	3,150	0	0	3,150

Source: Major Exhibit Hall Directory 1993, Facility Brochures

(1) Exhibit Hall or Convention Hall could be used as a ballroom.

(2) Convention halls east and west divide into 27 meeting rooms.

Ballroom functions are primarily centered around large group meetings or banquet style meals. This type of space is often subdivided and used for meetings, and can also be used for exhibitions as a secondary or overflow space for the prime exhibit floor. As outlined in Exhibit II-6, four of the facilities reviewed offer no dedicated ballroom space, utilizing exhibition space and/or large meeting space for food functions (five facilities including the Dane County Exposition Center). Of the facilities with dedicated ballrooms, space ranged from 13,000 square feet at the St. Paul Civic Center to 28,000 square feet at the Minneapolis Convention Center.

Hotel Room Availability

Consistently, one of the most important aspects in attracting many trade show and convention events is the availability of hotel rooms. The trade show and convention market share captured by a given facility will not expand beyond the availability of committable hotel rooms.

As outlined in Exhibit II-7, the number of hotel rooms city-wide ranges from 1,140 in St. Paul, 875 of which are committable, to 10,880 in Kansas City of which 4,080 are committable. Based on discussions with the Convention and Visitors Bureau, Madison currently offers approximately 5,100 total city-wide rooms, approximately 3,500 of which are committable.

Exhibit II-7
Competitive Facility Hotel Rooms

Facility	City-Wide	Committable	Walking Distance
MECCA	10,880	4,080	1,850
Minneapolis Convention Center	6,670	3,840	1,900
Dane County Expo Center	**5,100**	**3,500**	**236**
Omaha Civic Auditorium	5,740	2,920	500
Des Moines Veterans Memorial	3,890	2,800	1,270
Century II Civic Center	5,100	2,000	600
FargoDome	2,680	1,680	0
St. Paul Civic Center	1,140	875	931

Source: Major Exhibit Hall Directory

The number of available hotel rooms within walking distance from the facilities ranges from no rooms in Fargo to a high of 1,900 in Minneapolis. There are currently 236 rooms, approximately 200 of which are committable, within walking distance of the Expo Center at the Sheraton, which is across John Nolan Drive. It should be noted that some existing event promoters do not consider this walking distance, but rather shuttle distance, due to heavy traffic on John Nolan Drive.

Accessibility

According to many event planners, a city's accessibility for delegates and exhibitors is a key determinant in considering the ability of a community to host their events. National and regional event planners place significant emphasis on the community's accessibility via commercial airlines.

As a measure of the relative air access, the level of direct flight service from other cities is a primary consideration. Exhibit II-8 provides an analysis of air service into the Madison area and the competitive cities. As outlined, the Madison area ranks sixth out of the competitive cities reviewed. However, good access through Chicago's O'Hare airport suggests access to the area should be suitable for most regional events.

For state and local events, automobile access is considered to be of primary importance. The Dane County Expo Center is situated at the junction of John Nolan Drive, Rimrock and Olin Avenue, providing easy access to Highway 12, Highway 18 and the Beltline. This provides for convenient access to the city for those local event attendees driving to an event since it is also along the traffic flow from the Beltline to the downtown corridor of Madison. State event attendees could enjoy easy access to Madison by using US 51, Interstate 90/94, or US 151.

Exhibit II-8
Relative Comparison of Air Service

City	Number of Cities with Direct Flights
Minneapolis/St. Paul, Minnesota	121
Milwaukee, Wisconsin	62
Omaha, Nebraska	43
Wichita, Kansas	30
Des Moines, Iowa	26
Madison, Wisconsin	**15**
Fargo, North Dakota	4

Source: Official Airlines Guide, July 1993

Convention and Visitor Bureau Budgets

In many cases, the available budget of a community's convention and visitor bureau is a relative measure of the ability of a community to market itself through travel and promotion, advertising, trade and travel shows, and other marketing mediums.

Exhibit II-9 presents a summary of the 1991 convention and visitor bureau budgets for Madison and the competitive communities reviewed. These range from a high of $2,490,000 at the Minneapolis Convention and Visitors Bureau to a low of $552,000 at the Fargo Bureau. In 1991, the Madison Bureau operated with an estimated budget of $633,000. The disparity of bureau budgets relates primarily to two factors; the size of the market, and the specific responsibility of the bureau. As these figures indicate, the Madison area's Convention and Visitors Bureau budget is below the average and median budgets of the cities listed. In order to establish itself as a regional and national convention destination, it may be necessary for Madison to increase its advertising/promotional efforts which may require increased funding.

Exhibit II-9

1991 Convention & Visitor Bureau Budgets

City	1991 CVB Budgets
Minneapolis/St. Paul, Minnesota	$2,490,000
Milwaukee, Wisconsin	2,422,000
Wichita, Kansas	1,340,000
Des Moines, Iowa	1,245,000
Omaha, Nebraska	1,140,000
St. Paul, Minnesota	873,000
Madison, Wisconsin	**633,000**
Fargo, North Dakota	552,000
Average	$1,337,000
Median	$1,245,000

Source International Association of Convention and Visitors Bureaus

Exhibit II-10 presents the room tax rates for Madison and the competitive communities reviewed. As the figures above indicate, Madison's room tax is competitive, although highest, among the cities listed. These rates suggest that Madison does not have a marketing advantage in terms of the level of the total tax on rooms.

Exhibit II-10

Room Tax Rate and Total Tax on Rooms

City	Room Rate	Total Tax on Room
Madison, Wisconsin	**7.00%**	**12.50%**
Milwaukee, Wisconsin	7.00%	12.00%
Des Moines, Iowa	7.00%	12.00%
Minneapolis, Minnesota	12.00%	12.00%
Omaha, Nebraska	5.00%	11.50%
Wichita, Kansas	6.00%	11.25%
St. Paul, Minnesota	5.00%	11.00%
Fargo, North Dakota	3.00%	9.00%

Future Marketing Issues

Effective marketing of any exhibition facility is essential in order to ensure its success. Marketing efforts by the Expo Center, the CVB, and the proposed downtown Monona Terrace Convention Center are required to be effective and are assumed in the estimates of future utilization.

The marketing activities of CVBs throughout the country are being viewed more as essential adjuncts to in-house marketing efforts. CVBs and their staffs must respond to the hotel owners and others which comprise their constituencies. While many CVBs have a staff dedicated to marketing meetings and conventions, most of these groups are smaller in size and do not require the major exhibition or meeting areas offered by a facility such as the proposed expanded Expo Center.

Understanding this situation, the Expo Center will need to work cooperatively with the CVB, depending on the Bureau to identify prospects and leads, overall marketing of the community, registration, and housing services. An expanded and renovated Expo Center which places higher emphasis on attracting trade shows will need a full marketing staff, either as part of the CVB or at the Expo Center, in order to pursue business which is compatible with its stated mission and assure the most efficient use of CVB skills and resources.

There should be a continuing dialogue between principals of the CVB and the marketing/ sales staff at the Expo Center. This relationship may be formalized through regular meetings where respective staff exchange information about prospects and other joint marketing efforts. Many facilities throughout the country schedule weekly or monthly meetings with their respective Bureaus and some are even linked to the CVB through on-line communications which display future bookings and tentative commitments.

In addition to the Expo Center marketing staff and the CVB, numerous other organizations may be involved in supporting the Expo Center, including:

- The Madison Chamber of Commerce;
- Hotel Motel Association;
- State of Wisconsin tourism;
- Dane County Regional Airport;
- Individual hotels; and
- Others.

III. Market Potential

III. Market Potential

The primary purpose of this section is to provide an independent analysis of specific potential event markets for the proposed expansion of the Dane County Exposition Center. In performing this analysis, this report focused on the event market segments which represent the primary potential for exhibition space utilization; conventions. trade shows. public or consumer shows, as well as events that may utilize the Coliseum.

In analyzing the proposed Expo Center expansion, the analysis is divided into the following sections focusing on sources of potential facility demand:

- Historic utilization,
- Additional space demand from existing events,
- Incremental/new events brought into the market, and
- Incremental Coliseum events brought into the market.

The results of the analysis of each of the potential sources of event demand is summarized throughout the remainder of this section.

Historic Utilization

In order to gain an understanding of operations at the Expo Center, the facility's recent utilization was reviewed. Based on information provided by the Expo Center's staff. the following Exhibit illustrates information regarding annual utilization which is typical of a recent year.

Exhibit III-1
Expo Center Utilization
Base Year

	Events	Utilization Days
Convention/trade shows	12	76
Public/local events	31	127
Spectator events	91	98
Total events	134	301

Based on discussions with the largest flat show event organizers currently using the Expo Center, estimates of existing exhibition space from existing users were prepared and are presented in Exhibit III-2. Over 40 trade and public show events use the Dane County Expo Center annually; however, as outlined in Exhibit III-2, the Expo Center's 18 largest users are illustrated, as provided by management of the Expo Center, since these represent the primary exhibit users that could benefit most by an expanded exhibition hall. Based on estimates of move-in, move-out and event days, these events currently use approximately 7.6 million square feet of exhibition space annually. Total usage by all exhibition events is estimated at approximately 11.3 million square feet.

Additional Space Demand From Existing Events

As an initial step in the analysis, event organizers who currently use the Expo Center were asked a variety of questions as to the suitability of the existing facility for their event, potential suggestions to improve the operation and functionality of the facility, and the level of exhibition space these events could utilize in an expanded Expo Center.

While event organizers who had held events at the Expo Center were generally satisfied with the management and operation of the facility, there were a number of comments relating to the strengths and complaints of the existing facility, and ideas related to the development of new exhibition space.

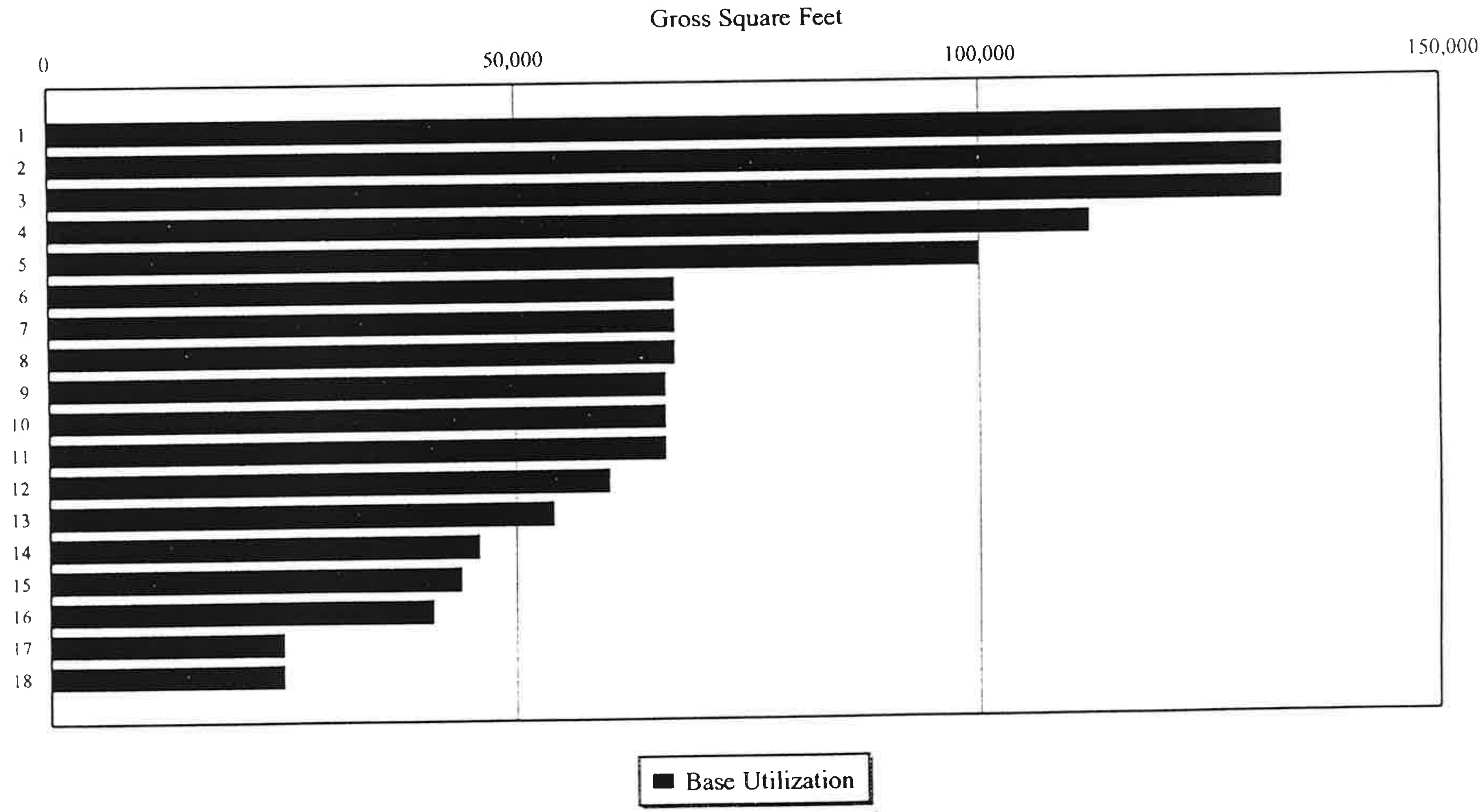
Noted Strengths

- Management and staff is accommodating, friendly and service oriented.
- Location of the Expo Center.
- Positive image of Expo Center.

Noted Complaints

- Lack of available exhibit space.
- Food service.
- Loading docks and access doors.
- Lack of hotels in the area.
- Parking fee.
- Height of ceiling.
- Price of decorating company.

Exhibit III-2
Summary of Utilization from Largest Existing Flat Floor Events



Ideas for New Development

- More exhibit space with connecting tunnels.
- More meeting rooms or seminar rooms, divisible with sound proof walls.
- Hotel on grounds.
- Sufficient loading docks.
- Sufficient utility service to booths.
- Maintain flexibility of space for various uses.
- Maintain amount of parking spaces or add additional spaces.
- More accurate billing.
- Need videotape player and large screen. copying and printing services in-house.
- Accommodations to have live radio.

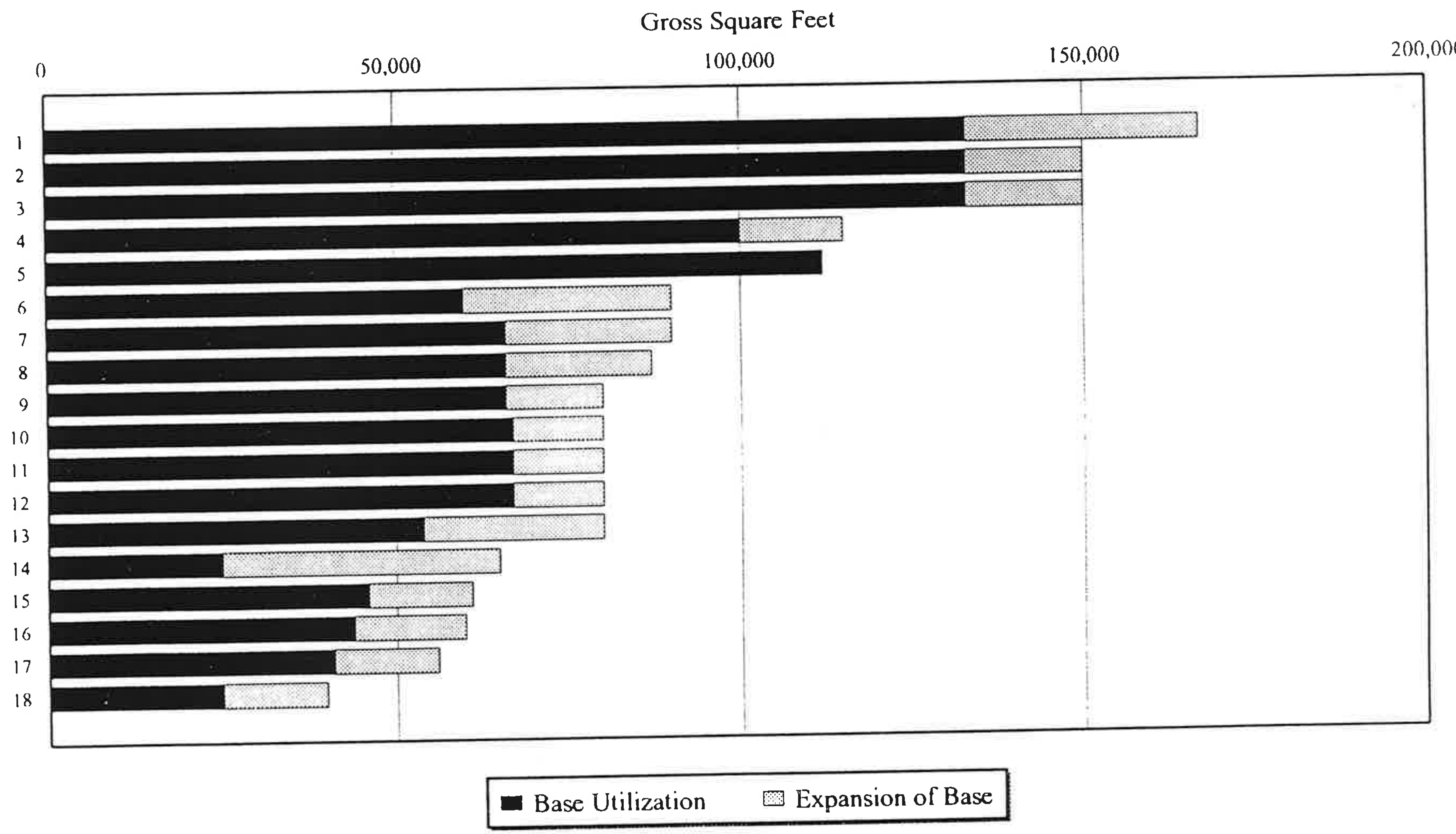
Given an expansion of the Expo Center resulting from the addition of a 100,000 square foot exhibit hall, a total of approximately 17 of 18 event organizers indicated they could increase the amount of exhibition space used. The average square footage increase for the 17 events is estimated at approximately 20,000 square feet as presented in Exhibit III-3. In total, increased space demand from existing events is estimated at approximately 2 million square feet.

Incremental/New Events Brought Into the Market

In order to analyze the potential to increase facility demand from state and regional events, a process involving discussion with facility users was utilized. These discussions are focused on the potential market support for an expanded Expo Center, and how such a facility could be positioned within this market. In quantifying the population of events, a variety of sources were used including:

- Information provided by the Expo Center;
- Successful Meetings DataBank - Directory of Conventions;
- State and Regional Associations (SRA) Directory; and
- Information developed in performing previous studies.

Exhibit III-3
Summary of Utilization from Largest Existing Flat Floor Events



These and other data base sources have been utilized in numerous public assembly facility studies throughout the country. This experience provides us with the professional background necessary to both conduct and interpret the information gained from discussions with event promoters and producers.

Throughout discussions, the event organizers identified were asked about characteristics unique to their event. Complete information was assembled regarding event characteristics such as exhibition, meeting and banquet space requirements, hotel demands, various organizer preferences, the probability of these events rotating to the Expo Center, and the desirability of utilizing a facility such as that proposed for the Expo Center expansion. Based on the response of each of the event representatives contacted, the events were either eliminated from the potential user group because of their group's rotational policies, destination preferences, lack of delegates in the area, and other related issues, or were included in the potential user group for which a complete survey was obtained.

One of the primary functions of the analysis was to estimate the potential for the Expo Center to capture these incremental events. Estimates of Expo Center event capture are based on a variety of survey results and other such factors including:

- Willingness of event organizers to utilize Coliseum space in conjunction with new dedicated exhibition space.
- Importance to event organizers of exhibition and meeting space relative to other factors such as price and food service quality.
- The availability of sufficient convention quality hotel rooms accessible to the Expo Center.

It is clear from discussions and our understanding of the industry that it is critical to offer a sufficient quality hotel room block. The use of some type of shuttle system is acceptable in some cases in order to assemble this block. Such a shuttle system would be necessary in many cases to accommodate event activity at an expanded Expo Center. While shuttling can be an acceptable option, there are numerous facilities which can offer a large block of rooms adjacent to, and in the near vicinity of their building. As a result, it would be expected that an expanded Expo Center would be at some degree of disadvantage, and could attract less than full market potential due to the existing hotel package. This could change depending on the future development of hotel space near the Expo Center.

Event Usage Estimates

Based on the specific market data outlined above, estimates of the exhibition space event levels which an expanded Expo Center with a new 100,000 square foot exhibition hall could capture have been prepared. Exhibit III-4 presents a summary of the potential increase in space demand from existing events combined with the new potential space demand from incremental events coming into the market.

As outlined in the Exhibit, a total of 19 new convention, trade show and public show events of varying sizes could be accommodated at an expanded Expo Center based on the results of the market analysis. These incremental events could generate a total of approximately 2.9 million square feet of additional exhibition space demand annually.

It should be noted that the above event estimates include only "traditional" trade and public show activity. There are a variety of other events which often utilize exhibition space which have not been included in this analysis. These include exams, lectures, workshops and other such one-day or limited duration events. While such events can represent utilization for a facility, they are not generally the prime generator of utilization percentage and are, therefore, not focused on in the analysis.

Incremental Coliseum Events Brought into the Market

A final component of potential event demand for an expanded Expo Center could be generated from additional Coliseum events. The availability of additional "stand alone" exhibition space could increase the fixed seating event utilization of the Coliseum. Several local and national/regional event promoters were contacted in order to assess the ability of the Coliseum to attract additional spectator events due to the increased available dates. Based on these discussions it appears that approximately five new events could be accommodated at the Coliseum, if the expansion were to occur.

Section Summary

In terms of square footage utilized, a total of approximately 7.6 million square feet of exhibition space demand is currently generated from the largest existing exhibition space events. An increase of approximately 2 million square feet is estimated to be generated from the expansion of existing events. An additional 2.9 million square feet could be generated from new events entering the market. Based on historical information provided by the Dane County Expo Center, and discussion with convention/trade show and public show promoters, as well as spectator event promoters, the Expo Center's utilization estimates in a stabilized year of operations have been prepared and are presented in Exhibit III-5.

Exhibit III-4
Utilization from Existing and Incremental Events

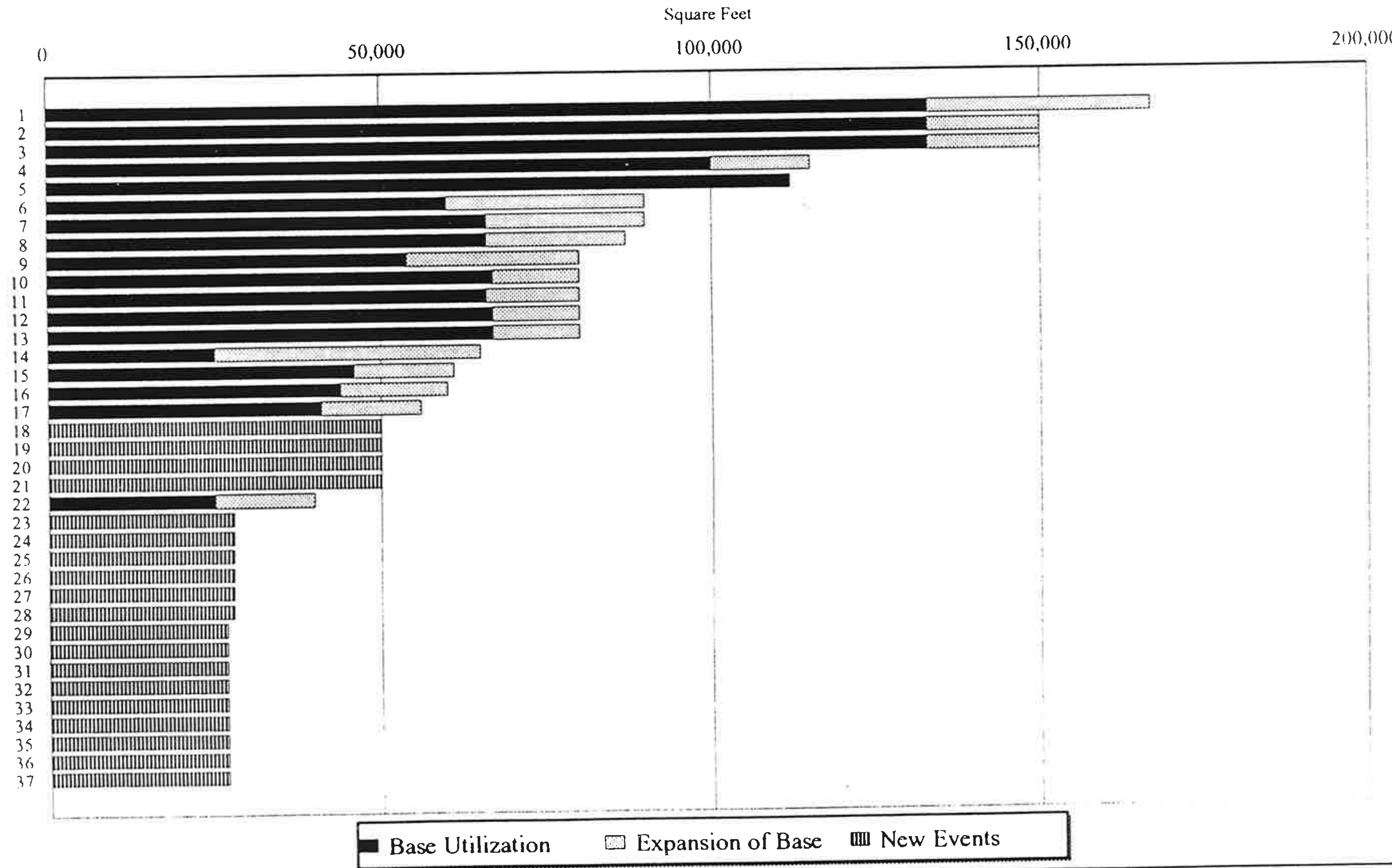


Exhibit III-5
Expanded Expo Center Utilization Estimates
Stabilized Year of Operation

	Existing	New	Total
Convention/trade shows	12	15	27
Utilization days	76	92	168
Public/local events	31	4	35
Utilization days	127	16	143
Spectator events	91	5	96
Utilization days	98	5	103
Total events	134	24	158
Total utilization days	301	113	414

Just as important as the size of the exhibition space is the quality and layout of the space, accessibility from loading docks and lobby space, and proximity to meeting rooms and banquet space. In addition, the facility should enable one exhibition to take place while another exhibition(s) in other areas are being constructed or taken down.

The exhibit space should be sub-dividable through the use of movable, sound-insulated partitions of full ceiling height. Ideally, when subdivided, each area should be self-sufficient with respect to the following:

- Internal environment control;
- Pedestrian ingress and egress from lobbies;
- Truck access from loading dock areas;
- Concession and public phone areas;
- Toilets; and
- Access to security.

It should be noted that future increases or improvements of key resources and marketing efforts could improve the desirability of the Madison area as a trade show and convention destination. As Madison's reputation as a host community develops, greater future demand for facilities than is currently estimated could follow. Therefore, facility expansion capabilities should be considered throughout the facility planning process.

As discussed previously in this report, one of the most important aspects in attracting trade shows and other events is the availability of committable convention-quality hotel rooms. The trade show and convention market share captured in any city will not expand beyond what the area hotels can accommodate. It should also be noted that hotel managers are sometimes reluctant to block off large amounts of rooms for trade shows and conventions, particularly if it might conflict with the hotels' corporate traveler business which typically pays a higher room rate.

The estimated 3,500 committable rooms in the City may be assembled into a shuttle system, helping to meet the hotel room requirements of most event organizers. It should be noted that no analysis regarding the market or financial viability of new hotel development has been performed. In addition to potential room demand generated by an expanded Expo Center, such a hotel must rely on demand from other demand sectors such as business travelers, tourist and transient sectors.

IV. Financial Analysis

The purpose of this section is to provide an analysis of the estimated future financial operating results that could be generated by the Expo Center given the development of the proposed 100.000 square foot quality exhibition hall and upgrade of meeting and ballroom space. based upon key assumptions described herein.

Since detailed facility design, configuration and cost estimates have not yet been developed, the revenue and expense assumptions used in this analysis are based primarily on information provided by Expo Center management and historical Expo Center operations, the results of the market analysis, financial results from comparable facilities, and industry trends. Since a number of key financial assumptions are based on historical operating results and attributes of the existing Expo Center facilities, the estimates contained herein assume that operating characteristics of the expanded facilities will be consistent with the Expo Center's past performance. Any changes in these assumptions could affect the future financial performance of the expanded Expo Center. and those impacts could be significant.

This presentation is designed to assist representatives the Dane County Exposition Center in assessing the financial effects of the proposed project, and cannot be considered to be a presentation of expected future results. Accordingly, this analysis of potential financial operating results may not be useful for other purposes. The assumptions disclosed herein are not all inclusive, but are those deemed to be significant; however, there will usually be differences between estimated and actual results, because events and circumstances frequently do not occur as expected, and these differences may be material.

This analysis of potential operating results presents the expected operating results for the facility as illustrated in Exhibit IV-1. The exhibit presents the operating results for the Expo Center for existing and expanded operations in a stabilized year of operations. The existing or "base" revenue and expense estimates are based on historical figures provided by Expo Center management, presented in 1993 dollars. Incremental operating revenue and expenses results from the proposed 100,000 square foot exhibit hall development and upgrade of meeting and ballroom space. Unless otherwise noted, all estimates are presented in 1993 dollars.

Facility Operating Revenue

The following is a discussion of the methodology used or provided by the Expo Center in estimating revenue from new and expanded events associated with the addition of a 100.000 square foot exhibition hall and upgraded meeting and ballroom facilities. The primary of revenue sources include facility rental, food service, parking, and event services.

Exhibit IV-1
Existing and Expanded Operating Results
Stabilized Year of Operations - 1993 Dollars

	Base	Incremental	Post Expansion
Revenue			
Exhibition related			
Rental	$586,000	$407,000	$993,000
Concessions	214,000	111,000	325,000
Parking	653,000	93,000	746,000
Event services	416,000	183,000	599,000
Total exhibition revenue	1,869,000	794,000	2,663,000
Spectator related			
Rental	490,000	34,000	524,000
Concessions/novelties	387,000	14,000	401,000
Parking	302,000	23,000	325,000
Total spectator revenue	1,179,000	71,000	1,250,000
Other revenue	297,000	135,000	432,000
Total operating revenue	3,345,000	1,000,000	4,345,000
Expenses			
Personal services	1,171,000	271,000	1,442,000
Utilities	339,000	183,000	522,000
Administrative overhead	676,000	50,000	726,000
Contractual	198,000	30,000	228,000
Parking	187,000	27,000	214,000
Other	433,000	25,000	458,000
Total operating expenses	3,004,000	586,000	3,590,000
Operating results	$341,000	$414,000	$755,000

Rental Income

Exhibition Events

Incremental rental revenue from exhibition events is attributed to a two-and-one-half cent increase (from five cents per gross square foot per day to seven and one-half cents per gross square foot per day) in the rental rate for a number of existing events which would be moving into the new exhibition hall, the expansion of existing events resulting from the availability of the new hall, and new exhibition events. Based on Expo Center management, the following is a list of existing events which would be subject to the rent increase. It is understood that management has had discussions with these events and they have agreed to the increase.

Event	Sq. Ft. Used [1]	Days of Utilization	Total Square Feet	2.5 cent Increase
World Dairy Expo	100,000	7.0	700,000	$17,500
World Beef Expo	100,000	6.0	600,000	15,000
Farm Electric Show	100,000	5.0	500,000	12,500
Midwest Horse Fair	100,000	2.5	250,000	6,250
Home Products Show	100,000	4.0	400,000	10,000
World of Wheels	100,000	4.0	400,000	10,000
Deer & Turkey Expo	100,000	4.0	400,000	10,000
Sportsman Expo	80,000	4.0	320,000	8,000
Fishing Expo	80,000	2.5	200,000	5,000
Rutabega	100,000	4.0	400,000	10,000
W E A C	80,000	3.5	280,000	7,000
Baraboo Sysco	80,000	3.0	240,000	6,000
Super Sale	50,000	3.5	175,000	4,375
R.V. Show	100,000	3.5	350,000	8,750
			5,215,000	$130,375

[1] Incremental portion of new hall

Source: Expo Center Mgmt

In addition to the revenue resulting from the expansion of existing events is based on discussions with those existing events and information provided by the Expo Center. It is our understanding that 17 trade and public/consumer shows which are currently constrained by the limited exhibition space at the Expo Center would expand into the proposed new exhibition hall. It is estimated that the total combined gross square foot days for these events is approximately 2 million square feet. At five cents per gross square foot, this results in incremental rental revenue of approximately $102,500.

Assumed actual attendance (paid attendance, less no shows) for each event is multiplied by an average spending figure per attendee. The estimates of concession and novelty revenue were generated from the Expo Center's historical average per capita for the various spectator events. These per capitas range from $1.75 to $6.50 for the existing events at the Expo Center. For incremental events a per capita concession and novelty spending to be between $3.00 and $4.00 in 1993 dollars has been assumed.

Parking Income

Parking revenue estimates are based on the event and attendance data developed in the market analysis and historic Expo Center parking revenues. In addition, the analysis assumes a per car charge of $3.00 in 1993 dollars, and an average of approximately 3 persons per car. Incremental parking revenue is estimated at approximately $93,000 for exhibition related events and $23,000 for spectator events.

Event Services Income

Event services revenue includes special services related to the operation of events at the Expo Center including equipment rental, event set-up, decorating, security, electrical, production services, and other such revenue. It is our understanding that the Expo Center has in the past, and will continue to compete with other local and regional event service companies. Based on historical information provided by the Expo Center it is estimated that event services revenue is approximately $.037 per gross square foot day. As discussed previously, the market analysis suggests that new and expanded events will account for approximately 4.95 million square feet of utilization which yields approximately $183,000 in incremental event services revenue.

Other Revenue Sources

It is our understanding, based on discussions with and information provided by Expo Center management, that a ticket surcharge for facility maintenance will be assessed on all ticketed Expo Center events, including spectator events and public shows. The surcharge, beginning in July 1994, will be $.25 for tickets which are less than or equal to $15.00 and $.50 for tickets greater than $15.00. Expo Center management projects this revenue at approximately $135,000 annually.

One of the industry-wide trends in the trade show and convention industry is the increased interest of facility management in generating operating revenue from a wide variety of sources. While these sources are not included in the analysis, they may include lobby and exhibit hall advertising, telecommunications, and various booth maintenance services. The extent to which these sources are utilized varies considerably between facilities.

Facility Operating Expenses

As with operating revenue, the following is a discussion of the methodology used in estimating expenses related to new and expanded events associated with the addition of a 100,000 square foot exhibition hall and upgraded meeting and ballroom facilities. Facility expense items include personal services, utilities, contractual services, indirect charges, parking, administrative overhead and other expenses. The following is a discussion of the methodology used in estimating these and other expenses.

Personal Services

Personal services are estimated on the basis of past Expo Center results, historical salary expenses of comparable facilities, industry standards, and include benefits and payroll taxes. Total personal services are estimated based on the assumption of both full-time and part-time rates and that part-time employees are generally employed to help service special events. Based on a 100,000 square foot exhibit hall expansion and historical personal service expenses provided by the Expo Center management, incremental personal services are estimated to be approximately $271,000. This figure includes increases in the marketing staff to market and sell the new exhibition hall as well as additional personnel to support operations of the new exhibit hall as illustrated in the following table

Five full-time positions including benefits	$156,000
Part time positions	74,000
Sales position including benefits	41,000
Total personal services	$271,000

Utilities

Based on a review of historical Expo Center data, incremental utility expenses are calculated at approximately $183,000. This primarily includes day-to-day lighting, heating, air conditioning, and other such utilities which are not charged back to events.

Administrative Overhead

The administrative overhead expense estimates for the Expo Center include repairs and maintenance expense and insurance and other overhead associated with operating the Expo

Center. It is estimated that incremental administrative overhead expense will be approximately $50,000 upon stabilization.

Contractual Services

Contractual services consist of those services necessary for the operation of the facility including laundry, printing, accounting and other financial services, and various necessary event day services. Based on information provided by the Expo Center and information from other similar facilities, contractual services are estimated to increase by approximately $30,000.

Parking

Incremental parking expense is based on Dane County Expo Center's historic parking data and approximately is estimated to be approximately $27,000. This includes part time parking staff, snow removal, and other parking related costs.

Other Operating Costs

Other operating expenses include office supplies, automobile allowances, and other expenses. Other incremental operating expenses are expected to be approximately $25,000.

Rounding

Because certain calculations within the analysis of future operating results are performed in greater accuracy than whole numbers (as presented), rounding adjustments may occur. These amounts are insignificant to the analysis.