

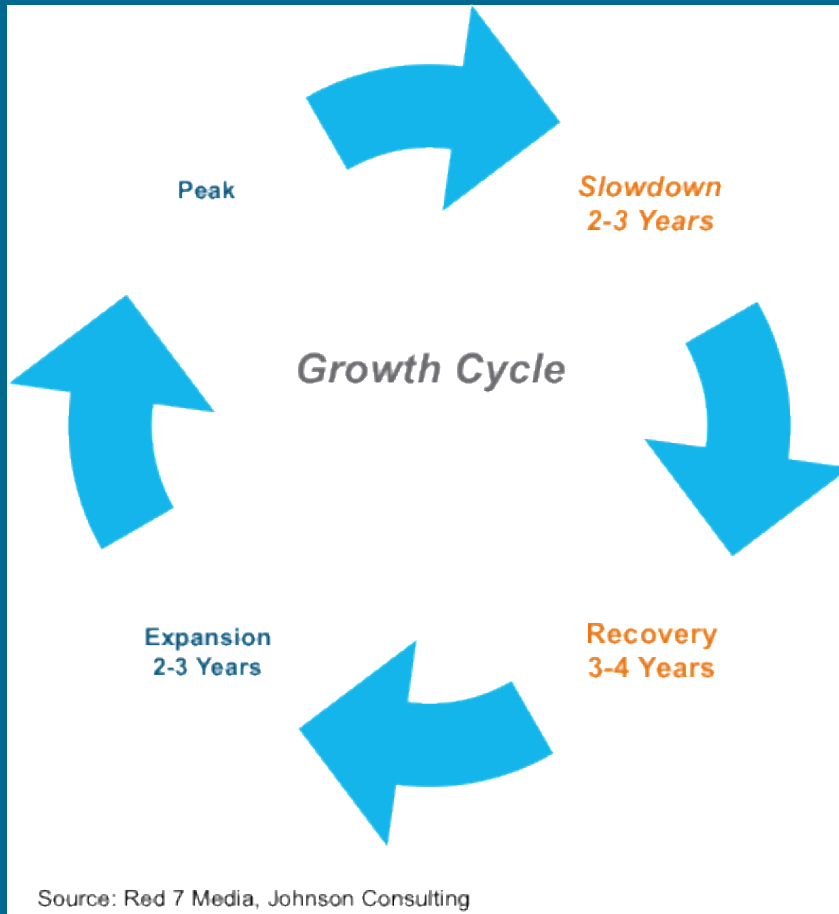


South Padre Island Convention Centre Feasibility Study Update South Padre Island, TX

Presented By:
Charles H. Johnson IV, Johnson Consulting
April 17, 2013

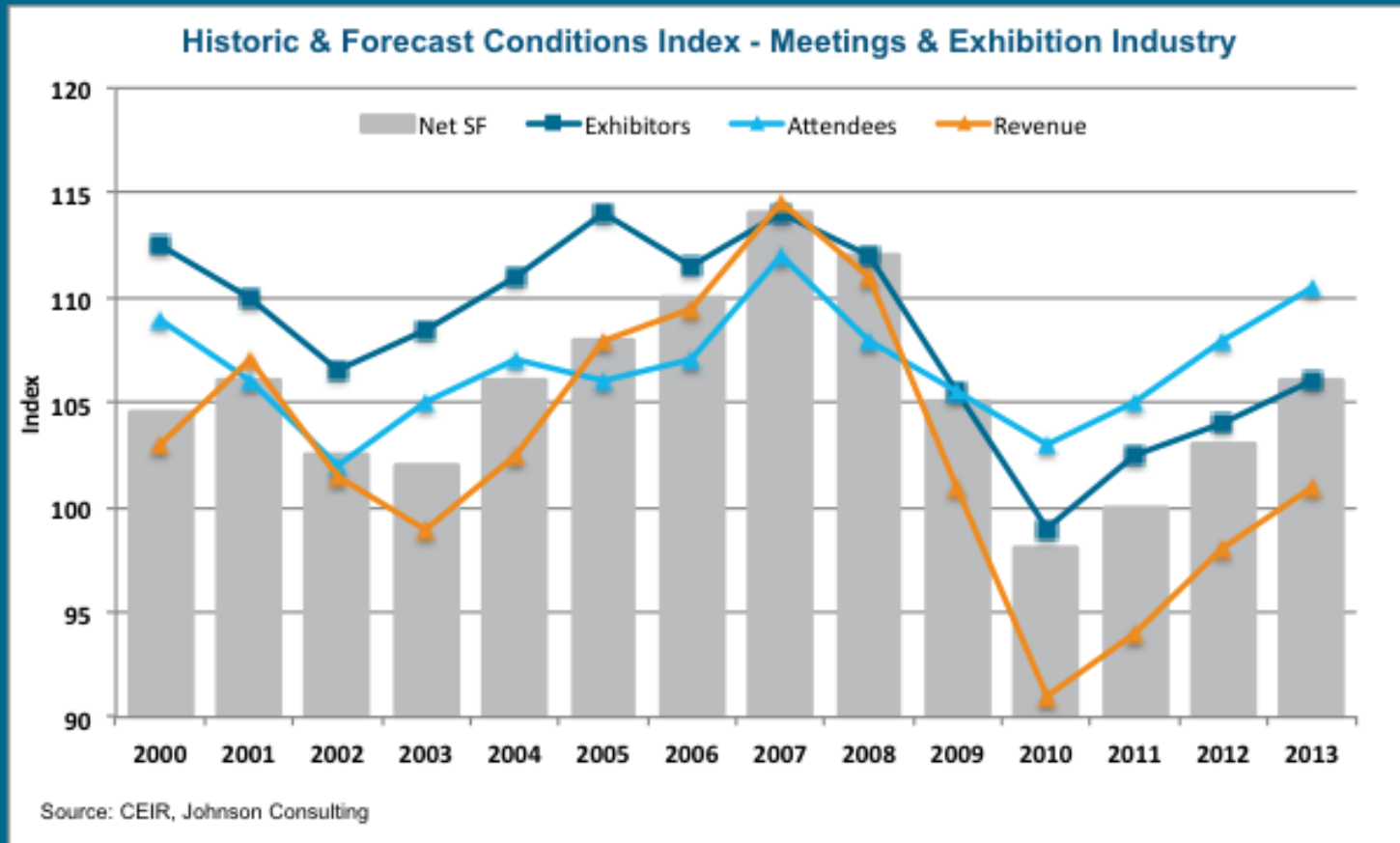


Industry Trends



- Basis for meetings and tradeshow has never changed - most efficient way to sell product and communicate ideas.
- Internet has not supplanted need for meetings - it has created wiser attendees and makes meetings more valuable.
- Face to face exchange is essential.
- Texas is one of the nation's largest state association markets.

Industry Trends



Historic Demand

South Padre Island Convention Centre
Demand Schedule (FY 2004 - FY 2012)

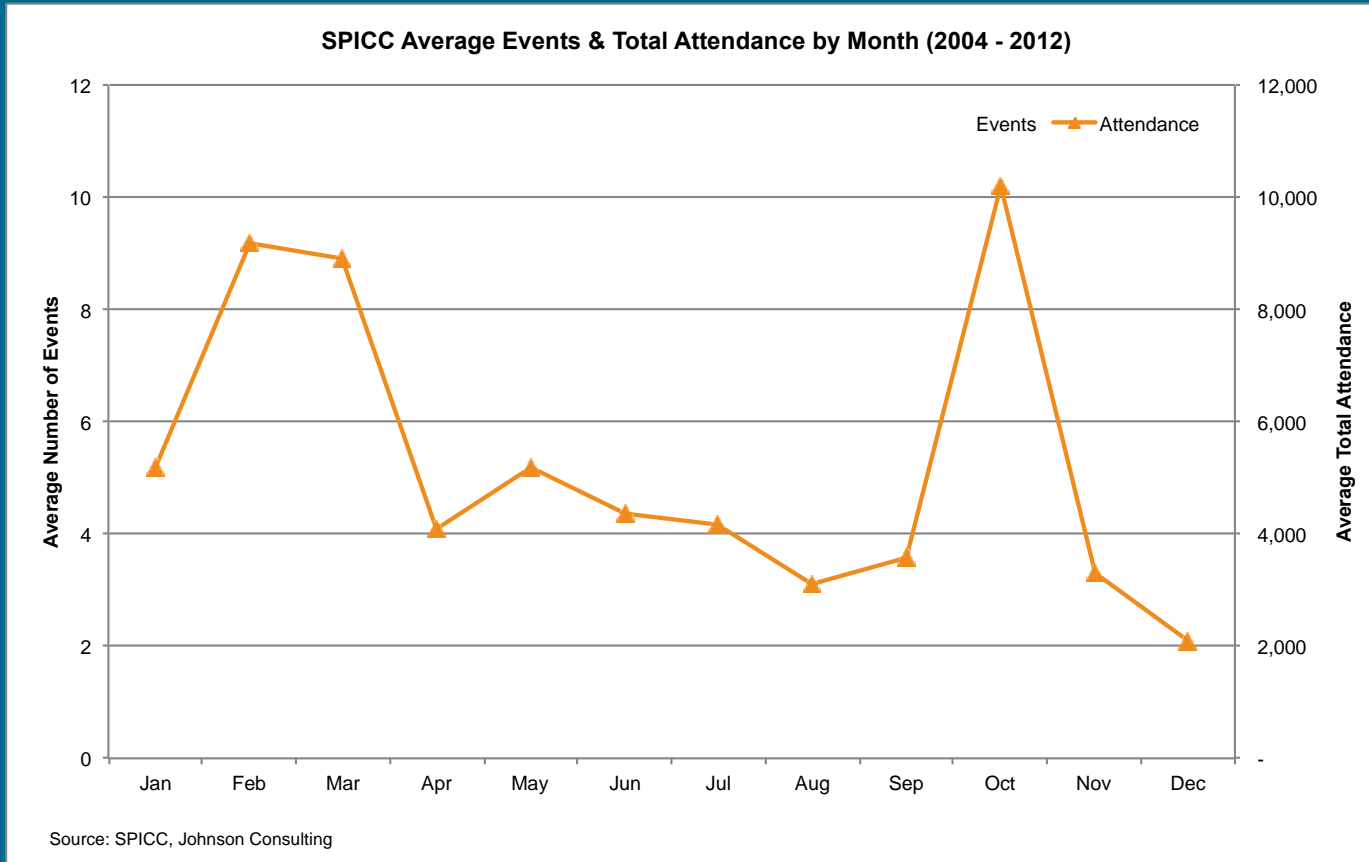
Event Type	2004	2005	2006	2007	2008	2009	2010	2011	2012	Total
Conventions	23	33	30	37	34	37	23	25	22	264
Meetings	0	25	33	34	24	24	13	0	6	159
Box Office	2	2	1	3	5	2	0	0	0	15
Trade Shows	6	7	8	4	6	5	2	1	3	42
Functions	0	1	0	0	0	0	0	0	0	1
Special Events	13	12	12	18	3	3	28	21	22	132
Sports	12	15	19	16	13	20	17	12	13	137
Total Events	56	95	103	112	85	91	83	59	66	750
Total Attendance	58,525	69,575	67,850	61,760	50,550	56,200	78,500	55,200	65,975	564,135

Source: SPICC, Johnson Consulting



Experts in Convention, Hospitality,
Sport and Real Estate Consulting.

Seasonality of Demand



Facility Program

Existing Facility:

- Exhibit Hall: 22,500 SF
- Meeting Space: 11,692 SF

2005 Facility Recommendations:

- Exhibit Hall: 30,000 SF
- Ballroom: 12,000 SF
- Meeting Space: 17,000 SF

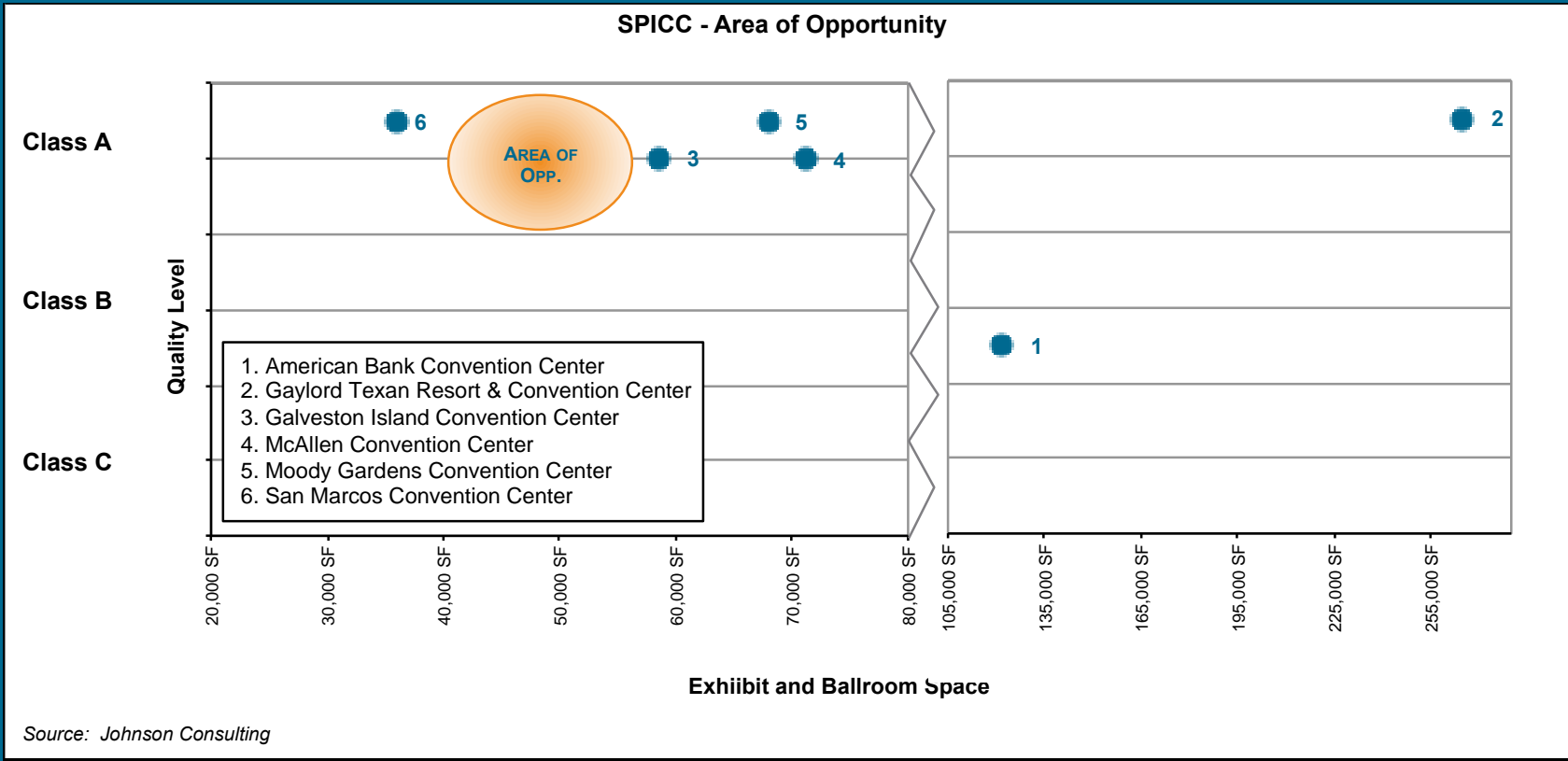
Current Facility Recommendations:

- Exhibit Hall: 40,500 SF
- Ballroom: 10,000 SF
- Meeting Rooms: 11,692 SF

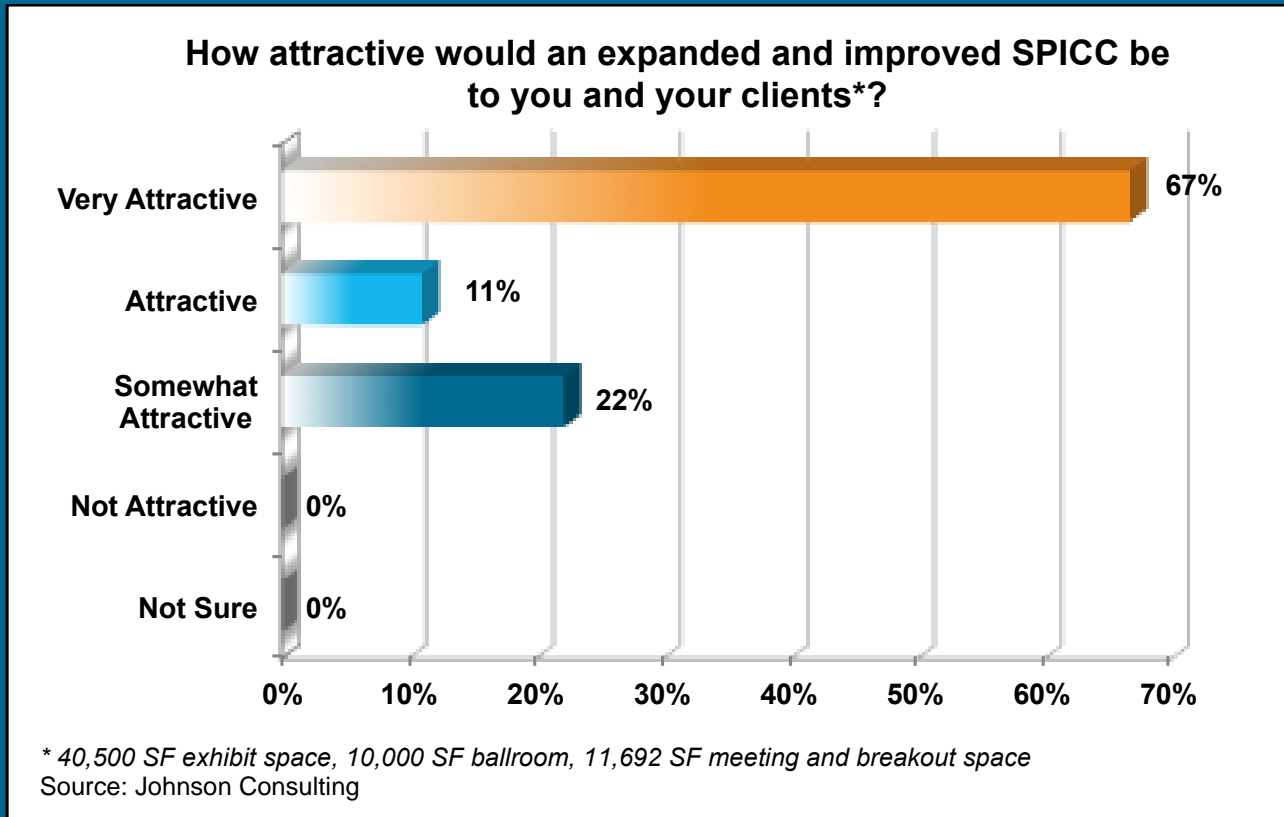
Current Facility Recommendations



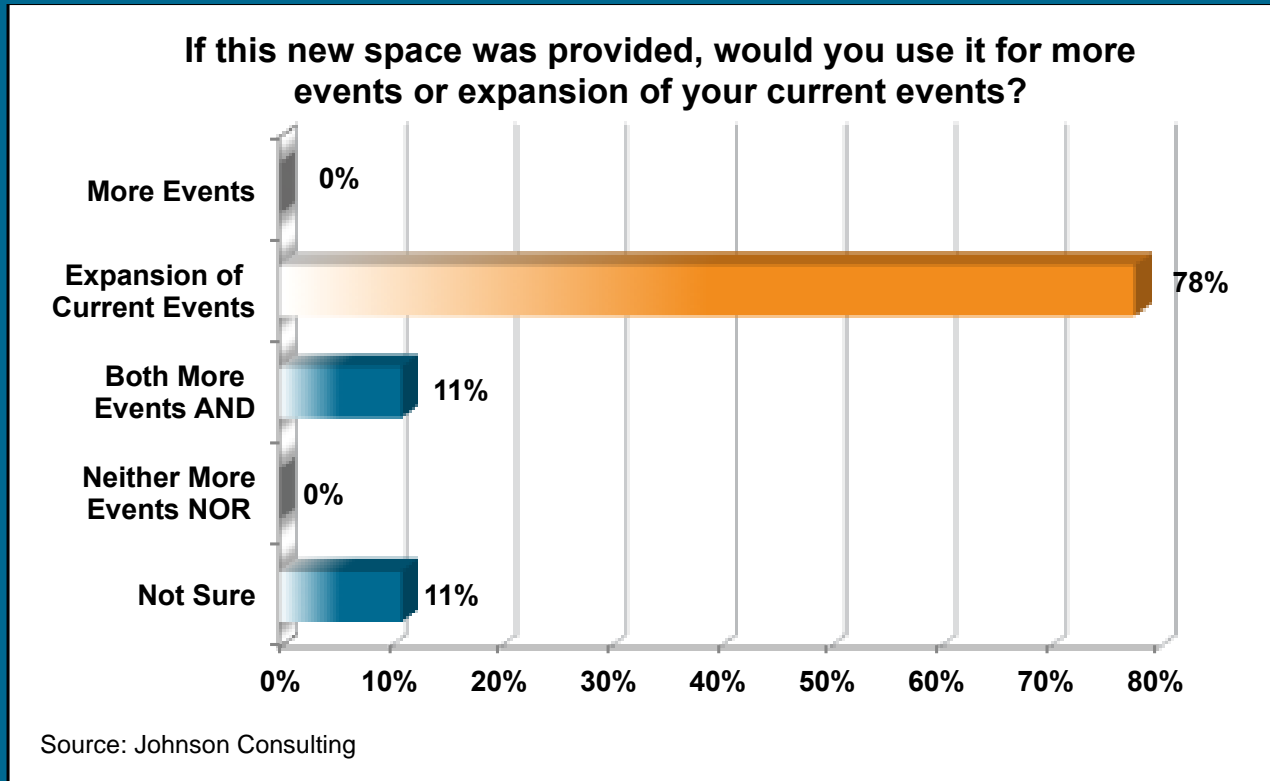
Area of Opportunity



Survey Results



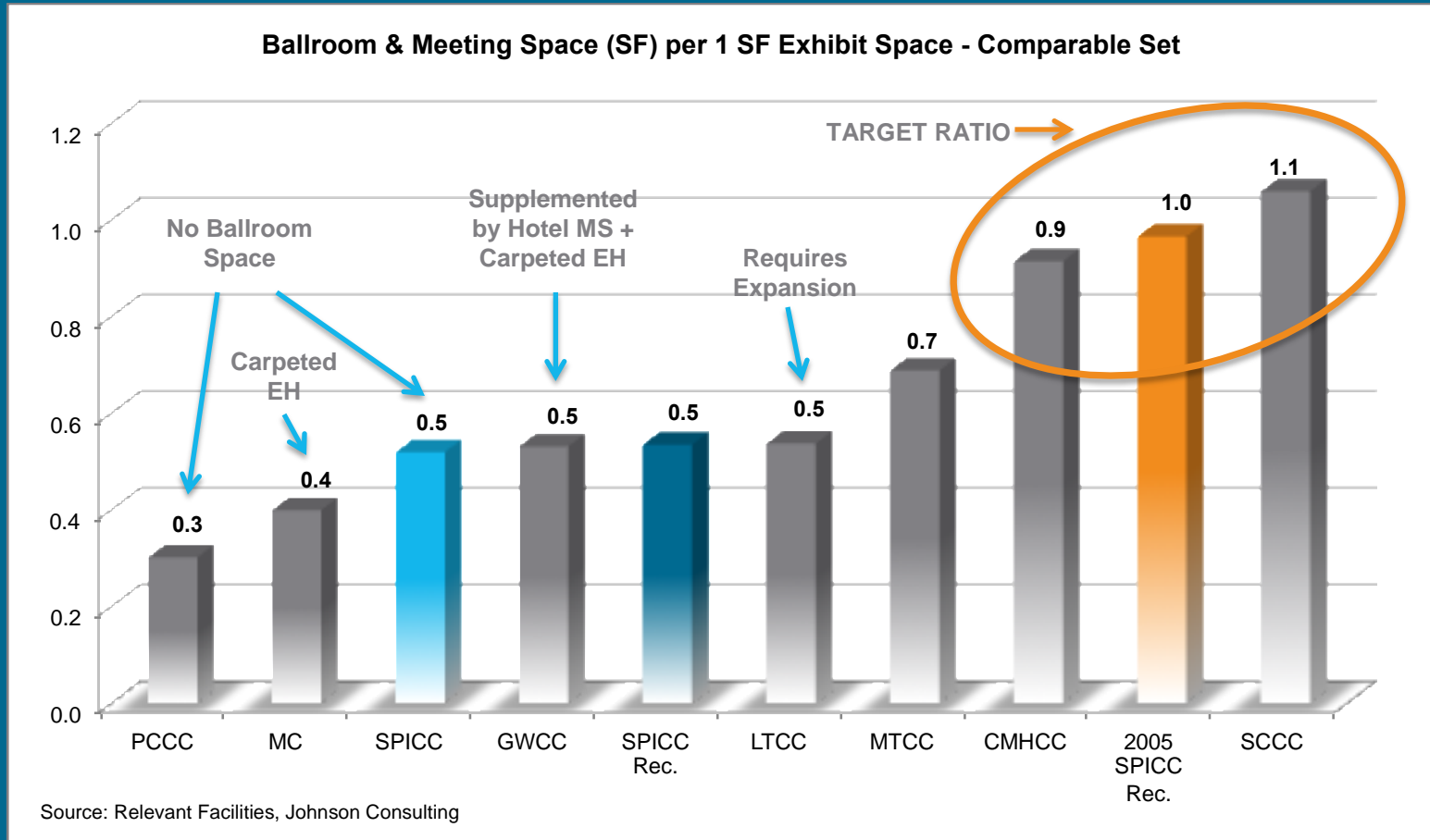
Survey Results



Key Issues Identified by Survey Respondents

- SPICC staff are extremely **professional, accommodating and helpful**.
- **Shortage of parking spaces** is a major issue, with the problem exacerbated by parking space being used for storage.
- **Technology enhancements** are required (Wi-Fi, PA system, etc.)
- **Load in/ load out is sometimes difficult** because space is used for storage.
- Flying into South Padre Island can be challenging, but exhibitors and attendees find the **destination to be highly desirable**.

Exhibit to Ballroom & Meeting Space Ratios



Facility Program Recommendations

- Current recommendations should allow for **additional meeting space**.
- One hall division should allow for use as meeting / general session/ banquet space – carpeted space.
- Headquarters hotel (\pm 250 rooms) could address meeting space shortage by offering 13,000-17,000 SF.
- May be lag in hotel development.
- SPICC lobby space should be designed to be sufficiently wide enough to accommodate **food service events** – critical if additional meeting space is not provided.

Carpeted Exhibit Halls = Increased Flexibility



Grand Wayne Convention Center:

- Exhibit Hall: 48,480 SF



Meydenbauer Center:

- Exhibit Hall: 36,000 SF

Projected Events

Current & Projected Events at Expanded SPICC											
Event Type	2012 (Actual)*	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Exhibit Events											
Conventions/ Trade Shows	25	27	28	29	30	31	31	31	31	31	31
Consumer Shows/ Specialty Shows	3	4	5	6	7	8	8	8	8	8	8
Sub-total Exhibit Events	28	31	33	35	37	39	39	39	39	39	39
Cultural and Social Events											
Meetings	6	8	9	10	11	12	12	12	12	12	12
Banquets/ Seminars	5	18	24	30	36	42	42	42	42	42	42
Entertainment/ Sports Events	15	18	19	20	21	22	22	22	22	22	22
Other	12	10	11	12	13	14	14	14	14	14	14
Sub-total Cultural and Social Events	38	54	63	72	81	90	90	90	90	90	90
Total	66	85	96	107	118	129	129	129	129	129	129

* SPICC's Special Events dispersed across Specialty Shows, Seminars, Entertainment, and Other event categories.

Source: Johnson Consulting

Projected Attendance

Current & Projected Attendance at Expanded SPICC											
Event Type	2012 (Estimated)*	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Exhibit Events											
Conventions/ Trade Shows	31,800	42,600	43,200	45,000	47,800	50,700	51,800	52,800	53,900	55,000	56,000
Consumer Shows/ Specialty Shows	6,600	9,600	11,800	17,000	17,300	19,900	20,300	20,800	21,200	21,600	22,100
Sub-total Exhibit Events	38,400	52,200	55,000	62,000	65,100	70,600	72,100	73,600	75,100	76,600	78,100
Cultural and Social Events											
Meetings	1,800	2,400	2,700	3,000	3,400	3,800	4,000	4,100	4,200	4,300	4,400
Banquets/ Seminars	1,600	7,200	9,600	12,000	14,800	17,600	18,100	18,500	18,900	19,300	19,700
Entertainment/ Sports Events	20,500	28,400	30,200	32,000	34,600	37,200	38,000	38,800	39,600	40,400	41,200
Other	3,600	2,000	2,200	2,400	2,600	2,800	2,800	2,800	2,800	2,800	2,800
Sub-total Cultural and Social Events	27,500	40,000	44,700	49,400	55,400	61,400	62,900	64,200	65,500	66,800	68,100
Total	65,900	92,200	99,700	111,400	120,500	132,000	135,000	137,800	140,600	143,400	146,200

* SPICC's Special Events dispersed across Specialty Shows, Seminars, Entertainment, and Other event categories.

Source: Johnson Consulting

Operating Projection

Expanded SPICC - Pro Forma Operating Statement of Revenue and Expenses (Inflated Dollars)

	2012 (Actual)	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Convention Center Fund Revenue											
Rental Fees	\$174,075	\$372,700	\$393,320	\$434,280	\$488,349	\$533,456	\$546,777	\$557,654	\$568,828	\$580,167	\$591,727
Net Food and Beverage	16,360	206,550	222,220	244,848	271,586	301,473	315,646	330,339	345,569	361,366	377,737
Equipment Rental	1,949	74,540	80,631	91,253	105,180	117,767	123,726	129,341	135,232	141,375	147,797
Event Services	645	1,491	1,613	1,825	2,104	2,355	2,475	2,587	2,705	2,828	2,956
Advertising Revenue	-	6,750	6,919	7,092	7,269	7,451	7,637	7,828	8,024	8,224	8,430
Other Revenue	-	50,000	50,000	51,250	52,531	53,845	55,191	56,570	57,985	59,434	60,920
Sub-Total Operating Revenue	\$193,028	\$712,031	\$754,702	\$830,548	\$927,019	\$1,016,346	\$1,051,451	\$1,084,319	\$1,118,341	\$1,153,394	\$1,189,567
Hotel/Motel Fund Revenue											
Ticket Sales	\$9,448	\$9,684	\$9,926	\$10,174	\$10,429	\$10,690	\$10,957	\$11,231	\$11,511	\$11,799	\$12,094
Event Fees	24,853	\$25,474	\$26,111	\$26,764	\$27,433	\$28,119	\$28,822	\$29,542	\$30,281	\$31,038	\$31,814
Sub-Total Operating Revenue	\$34,301	\$35,158	\$36,037	\$36,938	\$37,862	\$38,808	\$39,779	\$40,773	\$41,792	\$42,837	\$43,908
Total Operating Revenue	\$227,329	\$747,189	\$790,739	\$867,486	\$964,881	\$1,055,155	\$1,091,229	\$1,125,092	\$1,160,133	\$1,196,231	\$1,233,475
Supporting Revenues											
Hotel/ Motel Occupancy Tax	\$2,049,804	\$2,101,049	\$2,153,576	\$2,207,415	\$2,262,600	\$2,319,165	\$2,377,145	\$2,436,573	\$2,497,487	\$2,559,925	\$2,623,923
Other Non-Property Taxes	11,076	\$11,353	\$11,637	\$11,928	\$12,226	\$12,532	\$12,845	\$13,166	\$13,495	\$13,832	\$14,178
Grant Revenue	22,118	\$22,671	\$23,238	\$23,819	\$24,414	\$25,025	\$25,650	\$26,292	\$26,949	\$27,623	\$28,313
Miscellaneous Revenue	8,120	\$8,323	\$8,531	\$8,745	\$8,963	\$9,187	\$9,417	\$9,652	\$9,894	\$10,141	\$10,395
Sub-Total Supporting Revenue	\$2,091,119	\$2,143,397	\$2,196,982	\$2,251,906	\$2,308,204	\$2,365,909	\$2,425,057	\$2,485,683	\$2,547,825	\$2,611,521	\$2,676,809
Total Revenue	\$2,318,448	\$2,890,586	\$2,987,721	\$3,119,393	\$3,273,085	\$3,421,064	\$3,516,286	\$3,610,775	\$3,707,959	\$3,807,752	\$3,910,284
Expenses											
Personnel Services	\$430,796	648,750	664,969	681,593	698,633	716,099	734,001	752,351	771,160	790,439	810,200
Goods and Supplies	34,831	37,270	40,315	45,627	52,590	58,884	61,863	64,671	67,616	70,688	73,899
Repairs and Maintenance	302,791	310,000	317,750	325,694	333,836	342,182	350,737	359,505	368,493	377,705	387,148
Miscellaneous Services	537,459	585,000	599,625	614,616	629,981	645,731	661,874	678,421	695,381	712,766	730,585
Other Expenses	44,264	21,490	22,110	22,843	23,638	24,436	25,098	25,784	26,474	27,198	27,937
Total Expenses	\$1,350,140	\$1,602,510	\$1,644,769	\$1,690,371	\$1,738,678	\$1,787,331	\$1,833,572	\$1,880,731	\$1,929,123	\$1,978,795	\$2,029,768
Net Income (Deficit)	\$968,308	\$1,288,076	\$1,342,952	\$1,429,021	\$1,534,407	\$1,633,733	\$1,682,714	\$1,730,044	\$1,778,836	\$1,828,957	\$1,880,516
Reserve for Replacement	\$426,069	\$436,721	\$447,639	\$458,830	\$470,300	\$482,058	\$494,109	\$506,462	\$519,124	\$532,102	\$545,404
Net Income (Deficit) Before Debt Service	\$542,239	\$851,355	\$895,313	\$970,192	\$1,064,107	\$1,151,675	\$1,188,604	\$1,223,582	\$1,259,712	\$1,296,855	\$1,335,112

Source: Johnson Consulting

Questions & Next Steps