

CONVENTION CENTER COST AND SITE REVIEW

The intent of this document is to provide additional analyses to the Mayor's Convention Center Task Force (Task Force) in support of this group's exploration of potential development strategies for introducing a convention center to the Rockford market. The document includes the following elements:

- Review of building program and estimate of probable costs
- Debt service requirements, considering capital costs only, and expression of finance capacity,
- Hotel support requirements,
- Location review and baseline analysis of potential site costs,
- Impact potential.

REVIEW OF BUILDING PROGRAM

As outlined in the Rockford Facilities Master Plan, as submitted in July 2003, the recommended building program for the proposed Rockford Convention Center is as follows:

Table 1-1

Rockford Convention Center New Facility Building Program					
Proposed Phase I		Proposed Phase II		Proposed Phase III	
Space	Net SF	Space	Net SF	Space	Net SF
Exhibition	80,000	Exhibition	150,000	Exhibition	200,000
Ballroom	15,000	Ballroom	15,000	Ballroom	30,000
Meeting	15,000	Meeting	30,000	Meeting	45,000
Total	110,000	Total	195,000	Total	275,000
Exhibit: Meeting	5.3 : 1	Exhibit: Meeting	5 : 1	Exhibit: Meeting	4.4 : 1
Required Land Area 30 Acres					
<i>Source: Johnson Consulting, Conventional Wisdom</i>					

As the table summarizes, a three phase building program is recommended. The use of a three phase program ensures a program that should suit the needs of the market for 15 to 20 years. As Rockford currently does not have a facility, it is incumbent that the contemplated facility enters the regional convention center market creating a competitive distinction for the area, both in terms of building size and at a quality level to that sets it apart.

The useable square footage for the Phase I building program is recommended to contain an 80,000 square foot exhibition hall, a 15,000 square foot ballroom, and 15,000 square feet of meeting space. The dimensions represent only the net useable

square footage of the structure, and could vary somewhat depending on budget and site characteristics. In order to protect this investment, and ensure long-term growth potential a second and third phase are also recommended to be contemplated for the facility. In order to accommodate these needs the long-term land requirement is approximately 30 acres.

Positioning and Quality

It also recommended that the building be developed at a competitive quality level, under the presumption the primary investment in the building is the functionality of its interior spaces, but that the exterior should also be compelling and contribute the emergence of unique identity for the convention center district. However, the design should not be iconic to the extent that its results in higher than necessary construction costs. This recommendation is centered on the following considerations:

- In general, there is trend toward upscaling convention facilities in the Illinois and Midwest convention center market place- Schaumburg, IL; St. Charles, MO, among other cities. There is opportunity for a moderately sized and appointed building.
- Rockford should strive to attract middle-market conventions, tradeshow, and other events that are appropriate to the quality and heritage of the market (e.g. an industrial show, unique consumer shows events, etc). For instance, conventions or meetings that typically meet in resort settings would not be a target for Rockford, but events that meet rotate to mid-sized Midwestern cities would be, as would events for which moderate hotel rates are important decision making factor.
- Rockford will be positioned as a highly accessible, extremely cost-effective location for rotating state and regional association activity. This strategy is specifically intended to exploit Rockford's position as one of the largest cities in Illinois' Northern Tier, and thus one of four regions in the state to which events should rotate (Chicagoland, Northern Tier, Central Illinois, and South Central Illinois).
- Rockford will also be marketed as part of the Chicagoland sphere, but as a cost-effective alternative to facilities that are contemplated, or under development, in areas such as Schaumburg, Naperville, and Lombard. For instance, the rack room rate in Rockford is approximately \$85, in Schaumburg or Naperville an equivalent quality room may be \$125 - \$140. For price sensitive associations, state agencies, and within the reunion market, that price differential is compelling.
- High-end or prestige conventions are not likely to consider Rockford. So, the building does not need to be developed to standards of groups that are not likely to meet in Rockford. Nonetheless, the building should be

highly functional and efficient to use and, as indicated previously, there is no requirement for iconic exterior architecture.

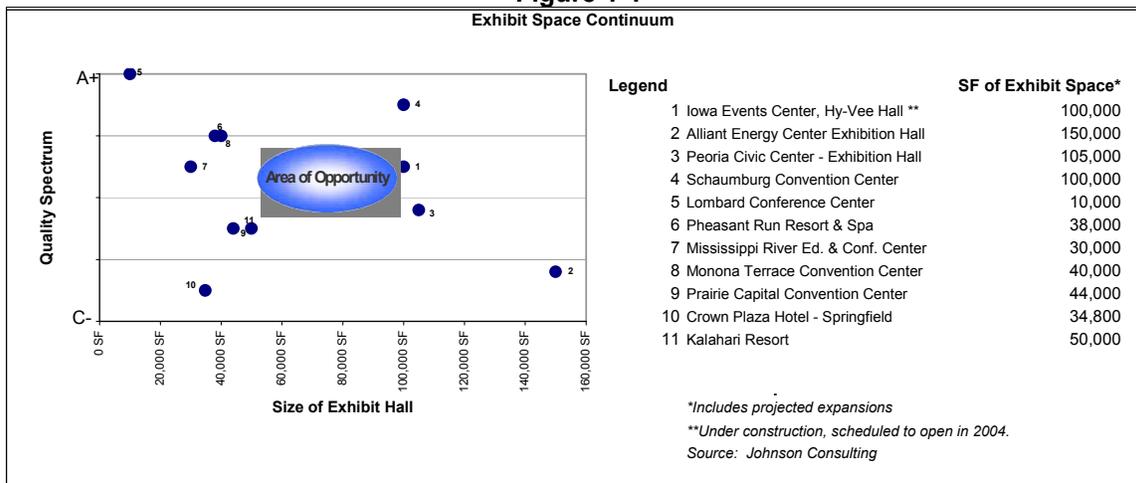
Further, without a major hometown corporation such as John Deere or Caterpillar, Rockford will not automatically capture niche demand related to the industries of high profile corporations. However, with a concentration in sectors such as skilled manufacturing and the proximity to the Chicago market, it is anticipated that in time Rockford will be able to cultivate and nurture niche events. But, it should not be expected that these events will occur on default basis, or without hard work. The table and image below show the inventory of facilities in the region, and graphically illustrates the lack of coverage of moderately sized, mid-quality facilities.

Table 1-2

Exhibit Hall Space in Comparable Regional Markets											
Facility	Location	Population	Year Exhibit Hall Opened	Initial Capital Cost (\$ million)	Primary Convention Facility				Proximate Hotel Rooms ¹	Rooms/SF of Ex. Sp.	Lead Finance Team
					Meeting Space (SF)	Exhibit Space (SF)	Ballroom (SF)	Class/Quality			
Iowa Events Center, Hy-Vee Hall ²	Des Moines, IA	198,700	2004	\$160	15,000	100,000	na	A	1,700	58.8	County/State
Alliant Energy Center Exhibition Hall	Madison, WI	208,000	1995	21.5	25,000	150,000	na	C +	519	289.0	County
Peoria Civic Center - Exhibition Hall	Peoria, IL	113,000	1982	64 ³	16,000	105,000	15,000	B +	800	131.3	City
Schaumburg Convention Center	Schaumburg, IL	75,000	2006 ²	160 ⁵	20,000	100,000	28,000	A +	1,378	72.6	City
Lombard Conference Center ⁵	Lombard, IL	42,000	2005 ²	60	10,000	10,000	30,000	A -	894	11.2	City
Pheasant Run Resort & Spa	St. Charles, IL	42,000	1963	-	26,000	38,000	12,000	A +	473	80.3	Private
Mississippi River Ed. & Conf. Center ²	Dubuque, IA	60,000	2003	23	12,000	30,000	12,300	A	528	56.8	State/City
Monona Terrace Convention Center	Madison, WI	208,000	1997	67	12,000	40,000	14,000	A +	813	49.2	City/State
Prairie Capital Convention Center	Springfield, IL	113,000	1979	-	19,800	44,000	10,500	B	na	na	-
Crown Plaza Hotel - Springfield	Springfield, IL	113,000	1997	-	4,800	34,800	15,000	C	1,026	33.9	Private
Kalahari Resort ⁴	Wisconsin Dells, WI	2,500	2000	40	40,000	50,000	17,000	B	378	132.3	Private
Average		106,836		\$62	18,236	63,800	17,089		851	91.5	

¹ The convention center hotel rooms are located within an 8-block radius of the convention center.
² Scheduled to open at this time
³ This price entails the total development cost of the Peoria Civic Center Complex.
⁴ Hotel Rooms include only those offered by the hotel.
⁵ Scheduled to open in 2006.
⁶ Includes Convention Hotel Cost.
Source: Major Exhibit Hall Directory 2002, MPoint, Johnson Consulting

Figure 1-1



As the image illustrates, there is an absence of facilities in the mid-sized range, and at the quality level recommended for Rockford. The left axis on the image represents quality as expressed through building measurement categories (A = high quality, C =

low quality). Accordingly, the gap is for a mid-sized facility with quality rating between B and A-

The absence of mid-sized properties is occurring 1) because many cities in the region that have cultivated convention industries have (or are working to) expand their current offerings and 2) rapidly developing areas such as Schaumburg have the resources to build larger properties. The convergence of these factors leaves a regional coverage deficit for events that require a price sensitive environment and 50,000 square feet of exhibit space, or more.

Based on the development of the building program outlined above, Johnson Consulting estimates a convention center in Rockford would attract approximately 78 events per year, totaling 121,000 attendees, and generating nearly 14,000 additional annual hotel room nights. The projections are summarized in Table 1-3.

Table 1-3

Rockford Public Facilities: Convention Center Projected Event Demand and Attendance			
	# of Events	# of Event Days	# of Attendees
Consumer Shows	10	50	50,000
Conventions and Trade Shows	14	70	21,000
Conferences and Meetings	12	36	14,400
Concerts and Entertainment Events	6	6	18,000
Banquets and Social Events	24	24	12,000
Other Events	12	12	6,000
Total	78	198	121,400
 Estimated Annual Room Nights			 13,698

Source: Johnson Consulting

ESTIMATE OF CAPITAL COSTS

In accordance with the building program and recommended positioning strategy, preliminary estimates of the capital costs for the Phase I building were outlined by Conventional Wisdom Corporation in July 2003. These costs were further reviewed and validated in March 2004 by Barton Malow, Inc. The estimates are summarized in Table 1-4.

Table 1-4

Rockford Convention Center Preliminary Costs Estimates for Masterplan			
	Unit	\$/Unit or %	Budget
Exhibit Hall	80,000 SF	\$160.00	\$12,800,000
Ballrooms	15,000 SF	250.00	3,750,000
Meeting Rooms	15,000 SF	100.00	1,500,000
Other	155,150 SF	varies	24,945,000
Total Construction Cost	265,150 SF	\$162.15	\$42,995,000
Professional Fees, Soft Costs		15%	6,449,000
Furniture, Fixture, and Equipment		10%	4,300,000
Project Contingency		10%	4,300,000
Total Cost			\$58,044,000

**Does not include site work or demolition*

Source: Conventional Wisdom, Barton Malow, Johnson Consulting

As the table shows, the estimated capital costs for the Phase I building program are just under \$58.1 million, exclusion of land acquisition and site preparation. A lower cost/quality could be considered, but is not encouraged.

DEBT SERVICE REQUIREMENTS

In order to review the potential funding requirements, Johnson Consulting has prepared a hypothetical estimate of the annual support requirements for a \$58.1 million convention center. The requirement estimates are summarized in Table 1-5.

Table 1-5

Hypothetical Financial Obligations \$58.1 Million Conv. Center	
Capital Costs*	\$ 58,100,000
Interest Rate	5%
Bond Term	30 years
Required Debt Coverage on Capital	120%
Annual Debt Obligation	<u>\$ 3,320,000</u>
Operations**	<u>\$ 500,000</u>
Potential Annual Obligation	<u><u>\$ 3,820,000</u></u>

**Does not include cost of issuance, site acquisition, or site preparation*

***Includes reserve for replacement, private management fee, annual deficit*

Source: Johnson Consulting

C.H. JOHNSON CONSULTING, INC.

EXPERTS IN CONVENTION, SPORT AND REAL ESTATE CONSULTING

Based on the estimated capital costs for the projects, and allowances for interest and debt service, it is reasonable to expect an annual capital obligation of approximately \$3.32 million for the convention center, without factoring in land costs or site preparation. With annual operating support included, the annual obligation could reasonably be expected to be approximately \$3.8 million.

Potential Finance Options

Using this debt/operating obligation as a baseline, Johnson Consulting reviewed potential revenues that could potentially be realized through the use four taxing options that are frequently used to finance public assembly facilities - sales tax; meals tax; hotel tax, and Tax Increment Finance (TIF). *These figures are presented as a representation of capacity based on data available from the State of Illinois Department of Revenue. Actual collections within the County may vary from those reported below based on categories of goods that may be exempt for taxation.* These sources do not represent the total universe of options that could be used to finance a project in Rockford.

The collections associated from a single penny of sales, meals, and hotel/motel taxes are summarized in Table 1-6.

Table 1-6

Capacity of Potential Funding from Increased Tax Rates					
	Current Tax Rate	Tax Revenues in County (2002)	Current Business Volume in County (2002)	Increased Rate Change	Potential Additional Revenues
Sales Tax (County-wide)	1.00%	\$28,078,234	\$2,807,823,409	1.00%	\$28,078,000
<i>Excluding: Prepared Meals Tax (County-wide)</i>	1.00%	\$3,002,994	\$300,299,396	1.00%	(\$3,003,000)
<i>Excluding: Drugs/ Pharmaceutical</i>	1.00%	\$3,999,633	\$399,963,327	1.00%	(\$4,000,000)
<i>Excluding: Licensed Vehicles</i>	1.00%		\$0	1.00%	-
Sales Tax total			\$3,508,086,132		\$35,081,000
Hotel/ Motel Tax					
County, outside Rockford	5.00%	\$90,011	\$1,800,223	1.00%	\$18,000
City of Rockford	6.00%	\$1,685,572	\$28,092,875	1.00%	\$281,000
City of South Beloit *	4.00%	\$65,600	\$1,640,000	1.00%	\$16,000
City of Cherry Valley *	6.00%	\$32,000	\$533,333	1.00%	\$5,000
Hotel/Motel Tax total			\$29,893,098		\$320,000

* Based on FY 03/04 collections

Source: IL State Department of Revenues, Winnebago County, City of Rockford, Johnson Consulting

As shown in the table, according data from the Illinois Department of Revenue, based on 2002 collections an additional 1.0 percent sales tax levy in Winnebago County is equivalent to approximately \$28 million in revenues per year. The figure reflects that certain categories of goods are exempt under the most recent sales tax change (which is funding the public safety program/county corrections project). If excluded categories are added, the figure is approximately \$35 million per year. *In addition, the collections represented above are county-wide collections, the proportion of the sale taxes collected by the City is not highlighted.*

On its own, this source presents a robust enough vehicle to finance the convention center project, as well as the proposed downtown projects. And, while more precise projections are required, it is reasonable to expect that using even a portion of the values presented could support in excess of \$100 million in bonds over a five to 10-year horizon, contingent of interest rates, credit rating, and other variables. *Please note, however, these figures are meant to be a representation of capacity, not actual bond amounts, and should not be interpreted as such.*

As an extra penny was recently tapped for to support public safety programs and a new corrections facility, at the broadest level this solution is not readily achievable, unless a redirection of resources is put in place. Such an action would likely require additional voter approval, as well support from the County. However, it may be a option worthy of additional investigation in light of the fact sales tax collections within the County are reportedly trending up, which indicates there may be excess capacity of \$5 million or more, per year above the projections used in support of the bond referendum.

Identification of this resource, however, should not be perceived as a recommendation, only as source for additional discussion. Nonetheless, if sustained this positive differential may represent a resource that could be used for other projects without asking voters to levy new taxes, and instead asking them to redirect dollars to other projects. While fraught with political challenges, a redirection of resources is a potential vehicle. Perhaps, this vehicle becomes more palatable and is established as a district that surrounds the contemplated development area, thus limiting the tax jurisdiction area.

Outside of the sales tax, there are also the following vehicles, each with its own advantages/disadvantages:

- A one percent change in the hotel/ motel tax will generate approximately \$320,000 per year, based on joint city/count collections. This also presumes the inclusion of Cherry Valley and South Beloit, both of which currently collect the tax. With a single percent, this source is not nearly robust enough to meet the obligations. However, if the change in rate is increased to three percent or greater, it becomes possible for this source to be a meaningful part of the finance menu.
- Another potential option is a meals tax (illustrated in the shaded area of table 1-6 above). This tax is already collected as part of the general sales tax, but if viewed as an independent source the execution of a dedicated 1.0 percent tax on prepared meals/liquor on a county-wide basis results in approximately \$3 million, based on current collections. While it may be challenging to implement this vehicle on a county-wide basis, if done at a city- or district-based level, the potential contribution could still be significant. Prepared meals taxes are enabled in Illinois, and have been used in Chicago to support McCormick Place and Navy Pier. Liquor taxes have been used in states such as Michigan and Georgia to fund convention centers and stadiums.

- Another option (which is not shown) is an **admissions tax** on entertainment tickets and programming. This would require linking the Convention Center project with the MetroCentre and Davis Park, as these venues have more ticketed events, and revenue potential. This vehicle (as well as the meals tax) is enabled under State of Illinois law and has been essential to the development of projects in Chicago (McCormick Place, Navy Pier, United Center), Rosemont (Donald T. Stephens Convention Center, Rosemont Theatre, and All State Arena), and Peoria (Peoria Civic Center). In the case of Peoria, the hotel, meals and admissions tax are rolled directly into a single revenue stream, which is collectively referred to as the hotel/ restaurant/ amusement tax (HRA).
- **Tax Increment Financing** - Tax increment financings (“TIFs”) are based on the incremental property tax value of the ancillary economic development projects that are triggered by a major new facility. The tax base of a defined area (the TIF District) surrounding the project is frozen and any increases in the future tax base are used to repay TIF bonds. In a few instances, such financings have become problematic in light of the default experience of similar bonds in Colorado and California. Depending on the size and scope of the TIF District, this concept may be useful as a means of offsetting a portion of the future debt service on convention center bonds or providing an additional back-stop for another primary revenue source.

A TIF strategy may also be used to support ancillary hotel development. A very robust TIF is being used in Coralville, Iowa. Its robustness stems from the sales tax component of the TIF, generated by a proximate shopping mall. However, most TIFs are property tax based, which in a small market does not yield a large level of revenue. Adding a sales tax element to a TIF substantially increases its potential yield.

The table below estimates the TIF potential on \$10 million in incremental value, based on current property tax valuations in Winnebago County.

Table 1-7

Potential Property Tax Revenues from a Hypothetical TIF District in Downtown Rockford	
Development Value	\$10,000,000
x Property Tax Rate (per \$1000 of value)	10.767
= Property Tax Amount	\$107,670
<i>Source: Winnebago County Assessor, Johnson Consulting</i>	

As the table shows, for each ten million in incremental property value generated through redevelopment or investment, approximately \$107,000 in TIF potential exists. As the potential value of a convention center district over a 20-year horizon is significant, this source represents another potential finance menu addition.

In addition to the options outlined above, potential vehicles used in other markets include:

- **State** grants and programs – projects such as Navy Pier and McCormick Place were developed with the support of the State of Illinois through numerous programs, including Build Illinois. The updated sports authority legislation now under consideration in Springfield could be one option in this regard.
- **Federal** infrastructure grants and programs – resources are often available to provide support for particular aspects of major building projects, such as site clean up or road work. All avenues should be investigated to determine eligibility for programs, especially as site considerations advance.

Finance Approach Examples

1985 McCormick Place Expansion, Chicago, Illinois

McCormick Place is owned and operated by the Metropolitan Pier and Exposition Authority. The governor of Illinois and the mayor of Chicago appoint the Authority's board members. The governor, with approval of the mayor, selects the Board Chair.

The 1985 expansion of McCormick Place, which required \$312 million in funding, was financed by two sources: 1) the State increased the sales tax on soft drinks and issued \$60 million in bonds backed by the State sales tax, and 2) State tax revenue bonds supported by a dedicated state hotel tax, which provided \$252 million.

The total McCormick Place expansion required \$987 million in funding that included several infrastructure improvements. The city's and the state's share of infrastructure costs totaled approximately \$187 million. State general obligation bonds were issued and provided the underlying credit for the bonds. However, repayment of the bonds was supported by a mix of local taxes levied by the Authority, including a hotel tax, a restaurant tax levied on a special district within Chicago, an airport access fee, and a car rental tax.

Myriad Convention Center, Oklahoma City, Oklahoma

The citizens of Oklahoma City voted to approve and extend a one-cent sales tax to support a collection of public recreation, entertainment, educational and cultural facilities known as Oklahoma City's Metropolitan Area Projects (MAPS). A five and one-half year, one-cent sales tax will fund the \$346-million MAPS initiative. The City is expanding and upgrading its Myriad Convention Center with a new 25,000-square foot ballroom, 21 new meeting rooms, new registration and pre-function areas, and a renovated exhibit hall. The City is also constructing a new downtown arena directly across the street from the Myriad Convention Center. The arena is scheduled to be completed in December 2001 and will have a seating capacity of 20,000.

The MAPS program also includes a new downtown minor league baseball stadium, a renovated Civic Center Music Hall, a canal in the Bricktown redevelopment area, a seven-mile development of the North Canadian River including three dams, State Fairgrounds improvements, a new downtown Library Learning Center, and a rubber-tired trolley transit system. The stadium, Bricktown Canal, Myriad, State Fairgrounds, and trolley projects are complete. The arena, music hall, and riverfront development projects are currently under construction, with the Library Learning Center scheduled to begin construction this year. The MAPS program has generated additional private investment in downtown Oklahoma City, including the recently completed Renaissance Hotel (311 rooms) adjacent to the Myriad, and a proposed theater, restaurant, and retail complex, to be located one block east of the Myriad in Oklahoma City's historic Bricktown entertainment and restaurant district.

DEVELOPMENT AREAS

Given the land needs, locating the facility presents considerable challenges. At the request of the Task Force, Johnson Consulting worked with City of Rockford to look at potential clusters of land in four general areas. Potential sites were then identified in each area. However, the sites selected are intended to be representative only, and do not comprise the total universe of sites that could be considered.

- Downtown
- Tollway - East State and I-90
- Suburban/Northeast - Bell School Road and I-90, and
- Fairview - Fairview and East State.

For each area, analysis was conducted on the following factors:

- Hotel support or needs,
- Impact Potential,
- Land acquisition costs, and
- Demolition costs.

Hotel Requirements

The number of hotel rooms required to meet the needs of a facility of this size would require substantial additional investment if targeted for either downtown or suburban areas. Table 1-8 shows the hotel inventory that is required to support the facility from inception, and what should evolve near the center over time. Some of these rooms could exist, depending on the site selected, but a cluster of this size should be targeted using zoning policies, tax strategies, and community initiatives.

Table 1-8

Rockford Hotel Inventory							
Site Area	Intersection	Ex Hall Size (SF)	Room Block Requirements		Existing Inventory		Needs (Gap) / Surplus
			Minimum Room Requirement*	Target Room Requirement**	1 mile	2 mile	
Downtown	Wyman & N. Chestnut	80,000	400	533	106	117	(416)
East State & I-90	East State & 1-90				1,891	1,891	1,358
Suburban - Bell School & 1-90	East Riverside & Bell School				55	55	(478)
Fairview	Farview & East State				211	346	(187)

*One Rm/200 sf
 **One Rm/150 sf
 Source: Johnson Consulting

As the table shows, the existing concentration of proximate hotel rooms along the East State Street/I-90 corridor is the only area in which the existing inventory of hotel rooms exists. Within the Fairview area, approximately half the targeted room needs are currently fulfilled (although modernization of properties would be necessary). However, this gap in inventory is partially mitigated by the fact that this area enjoys a ready connection to the East State/I-90 concentration. Conversely, both the Bell School and downtown locations would require immediate investment to the meet hotel needs. The cost of the required additional investment could add up to \$40 million to the overall price of development.

To target this number of rooms in the downtown or suburban area is unrealistic unless some major event, such as gaming, a major corporate relocation, a Metra train connection, or other event(s) occurs that would reposition these areas.

Development Area One: Downtown Rockford

Within the broadly defined context of downtown, four potential sites were identified. Table 1-9 summarizes acquisition and other potential costs for each site. A narrative description of each site follows.

Table 1-9

Potential Convention Center Site Area: Downtown								
Site	Tract	Acres	Acquisition Cost/ Acre	Est. Cost for Tract	Potential 30 Acre Cost	Max Acre Cost Acq.	Demo Cost/ Tract	Demo Max Acreage
Location 1: Creekside	1	18.6	\$500,000	\$9,300,000			\$1,220,700	
	1a	1.3	500,000	650,000			85,300	
	1b	4.9	500,000	2,450,000			321,600	
	Subtotal	24.8		12,400,000		\$12,400,000	1,627,600	\$1,627,600
Location 2: Railyards	2	18.0*	\$200,000	\$3,600,000		\$3,600,000	\$590,670	\$590,670
Location 3: W. A. Whitney	3	18.2	\$300,000	\$5,460,000			\$1,590,000	
	3a	0.9	100,000	90,000			75,600	
Subtotal		19.1		5,550,000		\$6,360,000	1,665,600	\$1,665,600
Location 4: Barber Coleman**	4	21.3	\$200,000	\$4,260,000			\$1,397,900	
	4a	10.5	150,000	1,575,000			689,100	
	Subtotal		31.8		\$5,835,000	\$5,835,000	\$2,087,000	\$2,087,000
Total Downtown Area		93.7						

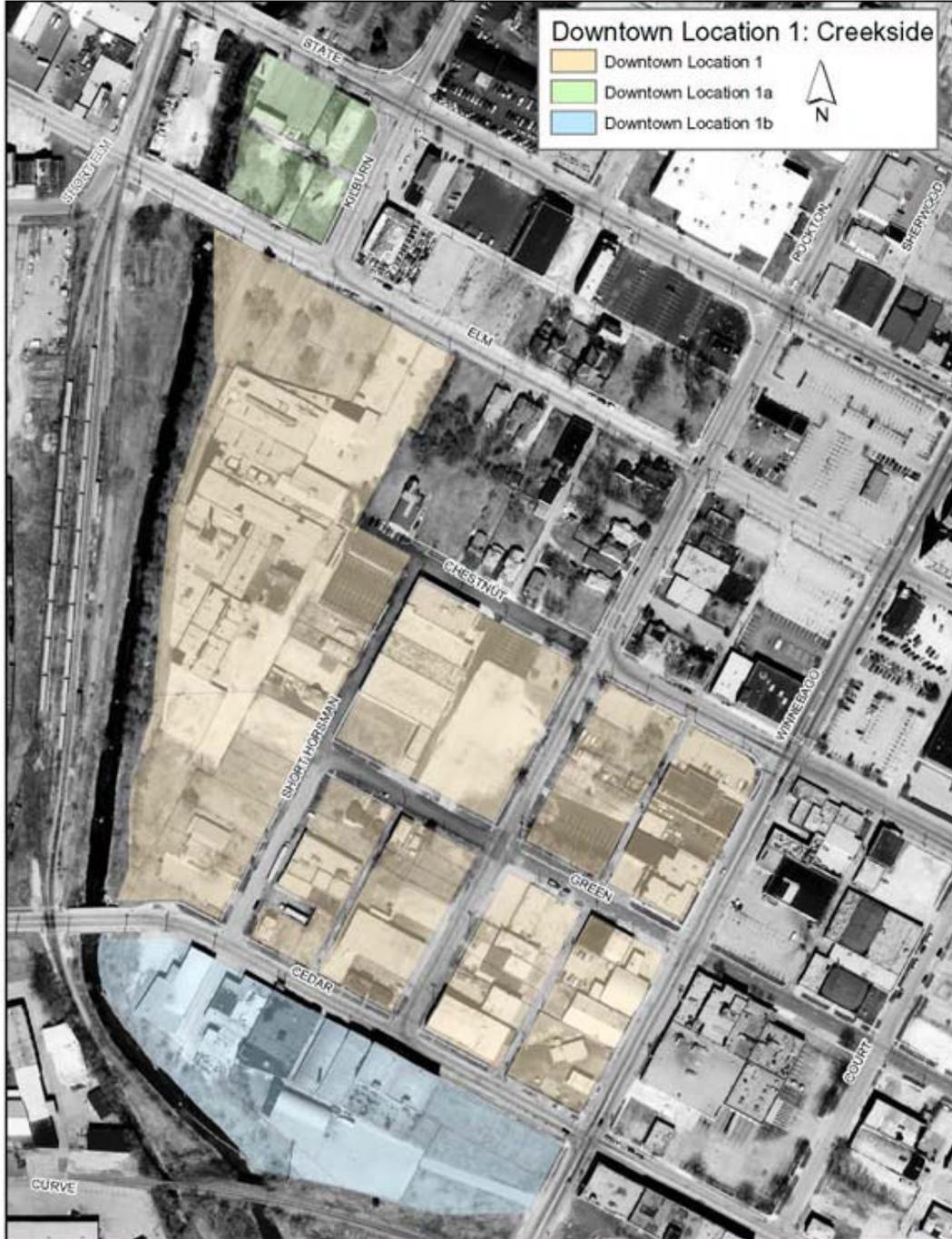
**Estimated from GIS, not parcel acreage.*

***19 acres currently under City ownership
Source: City of Rockford*

As the table indicates, there are approximately 94 acres spread amongst the four identified downtown sites. The estimated cost to assemble the sites to achieve the required acreage ranges from \$12.4 for Creekside to \$3.6 for the Railyards. Demolition and other costs, add a minimum of \$500,000 and maximum of \$6 million. In addition, it should be noted that 10-acres of the Barber Colman are under City ownership.

Downtown Site 1: Creekside - This site includes 4 city blocks and a crescent shaped manufacturing facility along the North Branch of Kent Creek. The primary area is bounded by Chestnut Street and Elm St. on the north, Cedar St. on the south, Winnebago St. on the east and Kent Creek on the west. Public streets inside this area would be vacated, to produce an 18.6-Acre site. Areas 1a and 1b could be added as surface parking or other related uses, but the adjacent streets must be kept open to traffic because they are major streets. Acquisition costs are expected to be similar to those for the Federal Courthouse site at \$500,000/ Acre and demolition costs are also expected to be similar because of the similar mixture of industrial, commercial, residential and vacant lots. Demolition costs are expected to be \$65,560 per acre for a total of \$1,220,700 for the primary site, \$85,300 for site 1a and \$321,000 for site 1b.

Figure 1-2



Downtown Site 2: Rail yards - The site lying between South Main St. (Illinois Rte 2) on the east, the Illinois Rail Net line on the north, the Winnebago St. viaduct on the west, and the Canadian National line on the south is the primary site in this area. This site is approximately 18 Acres, though it may be possible to add additional acreage to the north or west for surface parking. Acquisition costs are difficult to estimate, but are expected to be similar to industrial land. Although a few structures remain on this site, many were removed during the past 10 years. Demolition costs are expected to be approximately half as much as those for the Courthouse, on a per acre basis.

Figure 1-3



Downtown Site 3: WA Whitney - This site lies between N. Main St. on the west, the Rock River on the east, Kent Creek on the South and the Illinois Rail Net line on the north. The area north of the Illinois Rail Net Line, site 3a, could be added for

parking. Acquisition costs are based on a 50% sample of current assessed values. The primary site is heavily developed with industrial uses and structures, and would be expected to cost approximately one third more on a per acre basis to demolish compared to the Courthouse site.

Figure 1-4



Downtown Site 4: Barber Colman Village - This site, which is partially owned by the City, lies between South Main St. on the west, the Canadian National Railway on the east, Morgan St. on the north, and Lane St. on the South. The existing commercial structures along S. Main St. are not included nor is the Grays IGA at the south end of the site. Site 4a, across the CN line could be used for support uses or parking. Acquisition costs are based on the privately owned property and the Courthouse

costs per acre. Demolition costs per acre would be similar to the Courthouse costs unless some of the existing structures were adaptively re-used.

Figure 1-5



Development Area Two: Tollway, East State and I-90

Proximate to the greatest concentration of hotels, two sites were identified in the East State and I-90 area. Table 1-10 summarizes acquisition and other potential costs for each site. A narrative description of each site follows.

Table 1-10

Potential Convention Center Site								
Area: Tollway								
Site	Tract	Acres	Acquisition Cost/ Acre	Est. Cost for Tract	Potential 30 Acre Cost	Max Acre Cost Acq.	Demo Cost/ Tract	Demo Max Acreage
E State & I-90 Location 1	1	54.0*	\$108,900	\$5,880,600	\$3,267,000	na	na	na
E State & I-90 Location 2: Kerasotes	2	41.0	\$108,900	\$4,464,900	\$3,267,000	na	na	na
Total Tollway Area		95.0				na	na	na

**Estimated from GIS, not parcel acreage.
Source: City of Rockford*

As the table indicates, there are approximately 95 acres divided between the two identified East State/I-90 sites. The estimated cost to assemble the sites to achieve the required acreage ranges is approximately \$3.3 million. As each of these areas is currently undeveloped, no demolition costs would be required, but substantial infrastructure needs would add significantly to development costs. As no existing development would require repositioning, these sites are not TIF eligible.

East State/I-90 Site 1: Lyford Rd/Showplace Dr. - This site is bounded by East State St. on the south, Lyford Rd. on the west, and Showplace Dr. on the west. The bank on the southeast corner would be excluded. No demolition is required.

Figure 1-6



East State St./I-90 site 2: University Drive - This site is the remaining acreage of the Kerasotes Theatre site, and it is bounded by properties to the east and west located within the Village of Cherry Valley. Elliot Golf Course lies to the south, and East State St. is the northern border.

Figure 1-7



Development Area Three: Suburban/Northeast, Bell School Road and I-90

Proximate to a rapidly developing area of Winnebago County, two sites were identified in suburban areas. While these sites offer visibility, they would require new hotel development, and would position the convention center at the edge of the

city, which would not allow for the greatest capture of future development, or near term economic activity. More pointedly stated, placing the center in this area would ensure that spillover benefits flow to areas such as Cherry Valley, regardless of whether or not they participate in financing the facility.

Table 1-11 summarizes acquisition and other potential costs for each site. A narrative description of each site follows.

Table 1-11

Potential Convention Center Site Area: Suburban								
Site	Tract	Acres	Acquisition Cost/ Acre	Est. Cost for Tract	Potential 30 Acre Cost	Max Acre Cost Acq.	Demo Cost/ Tract	Demo Max Acreage
Northeast Location 1	1	63.8	\$65,000	\$4,147,000	\$1,950,000	na	na	na
Northeast Location 2	2	60.5	\$45,000	\$2,722,500	\$1,950,000	na	na	na
Total Suburban Area		124.3						

Source: City of Rockford

As the table indicates, there are approximately 124 acres spread amongst the two identified suburban sites. The estimated cost to assemble either of the sites is about \$1.95 million. No demolition is required, but complete installation of infrastructure would add to development costs. These sites are not TIF eligible.

Northeast Site 1: Brown Property - This property is bounded by I-90 on the east, Riverside Blvd. on the north and a residential subdivision on the west. There is a need to extend Bell School Rd. through this site. This is a greenfield site with access to City water and sanitary sewer.

Figure 1-8



Northeast Site 2: Lyford Farm - This site is bounded by I-90 on the west, Spring Creek Rd on the south, Spring Brook Rd. on the north and future Lyford Rd. extension on the east, which is needed to provide access to the I-90/ Riverside Blvd. Interchange. This is a greenfield site with access to sanitary sewer and city water at the north end of the site.

Figure 1-9



Development Area Four: Fairview

Two sites were identified in this area, which represents the greatest opportunity for repositioning and re-asserting the link between downtown and the East Side. Currently populated with small commercial spaces, this is an area that is expected to be increasingly at risk in coming years if current retail trends toward bigger boxes and more parking continue. As such, the small structures in this area will require some infusion of redevelopment, or will become vacant. Further, as this area is positioned close enough to the retail corridor to the east, and the cultural facilities in downtown, it also holds promise as an area that could circulate patrons for the benefit of both these clusters of existing activity. The lack of hotels in this area would require investment, over time. Additional advantages to this area are the existing infrastructure and the potential for TIF eligibility. Table 1-10 summarizes acquisition and other potential costs for each site. A narrative description of each site follows.

Table 1-12

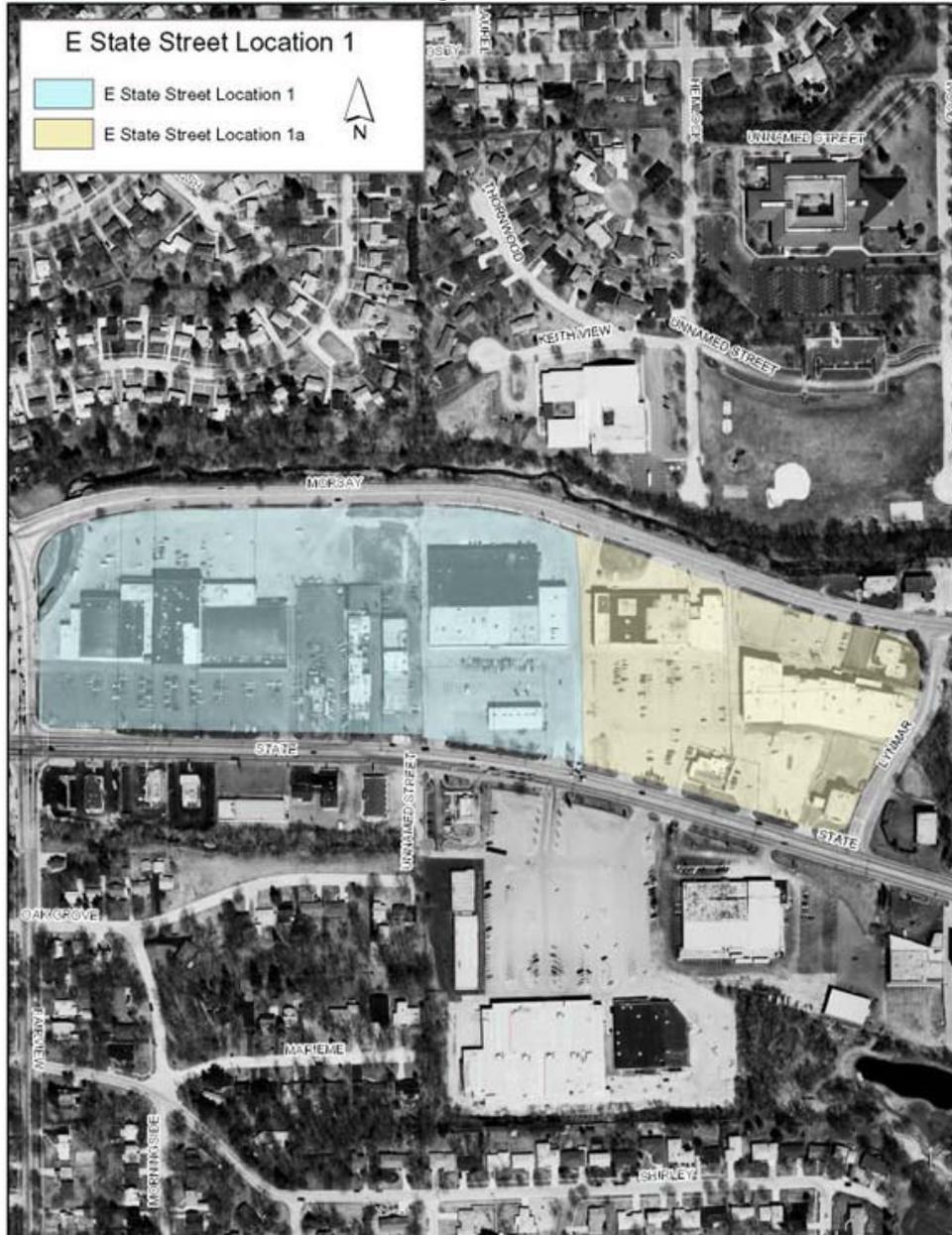
Potential Convention Center Site Area: Fairview								
Site	Tract	Acres	Acquisition Cost/ Acre	Est. Cost for Tract	Potential 30 Acre Cost	Max Acre Cost Acq.	Demo Cost/ Tract	Demo Max Acreage
E State & Alpine Location 1	1	17.0	\$500,000	\$8,500,000			\$1,114,520	
	1a	9.6	500,000	4,800,000			629,376	
	Subtotal	26.6		\$13,300,000		\$13,300,000	\$1,743,896	\$1,743,896
E State & Alpine Location 2: Jewel	2	18.6	\$400,000	\$9,300,000			\$1,219,416	
	2a	5.4*	400,000	2,700,000			354,024	
	2b	3.2	200,000	640,000			0	
	Subtotal	27.2		\$12,640,000		\$12,640,000	\$1,573,440	\$1,573,440
Total Fairview Area		53.8						

**Estimated from GIS, not parcel acreage.
Source: City of Rockford*

As the table indicates, there are approximately 54 acres spread amongst the two identified Fairview sites. The estimated cost to assemble either of the sites is about \$13 million. Demolition would add an addition \$1.6 to \$1.7 million.

East State St. near Alpine Site 1: North side - This site is bounded by East State St. on the South, Morsay Dr. on the north, Fairview Blvd on the west and Lynmar Ct. on the east (expanded site). This site is fully developed with commercial retail and office space, some of which are located in big box commercial buildings that have been converted from their original single-use design. Acquisition costs are derived directly from the property assessments. Because of the extensive surface parking areas balancing the large commercial structures, demolition costs are expected to be similar to those of the Federal Courthouse site on a per acre basis.

Figure 1-10



Impact Potential and Maturity Timeline

Based on our experience, we estimate the following impacts depending on site area chosen:

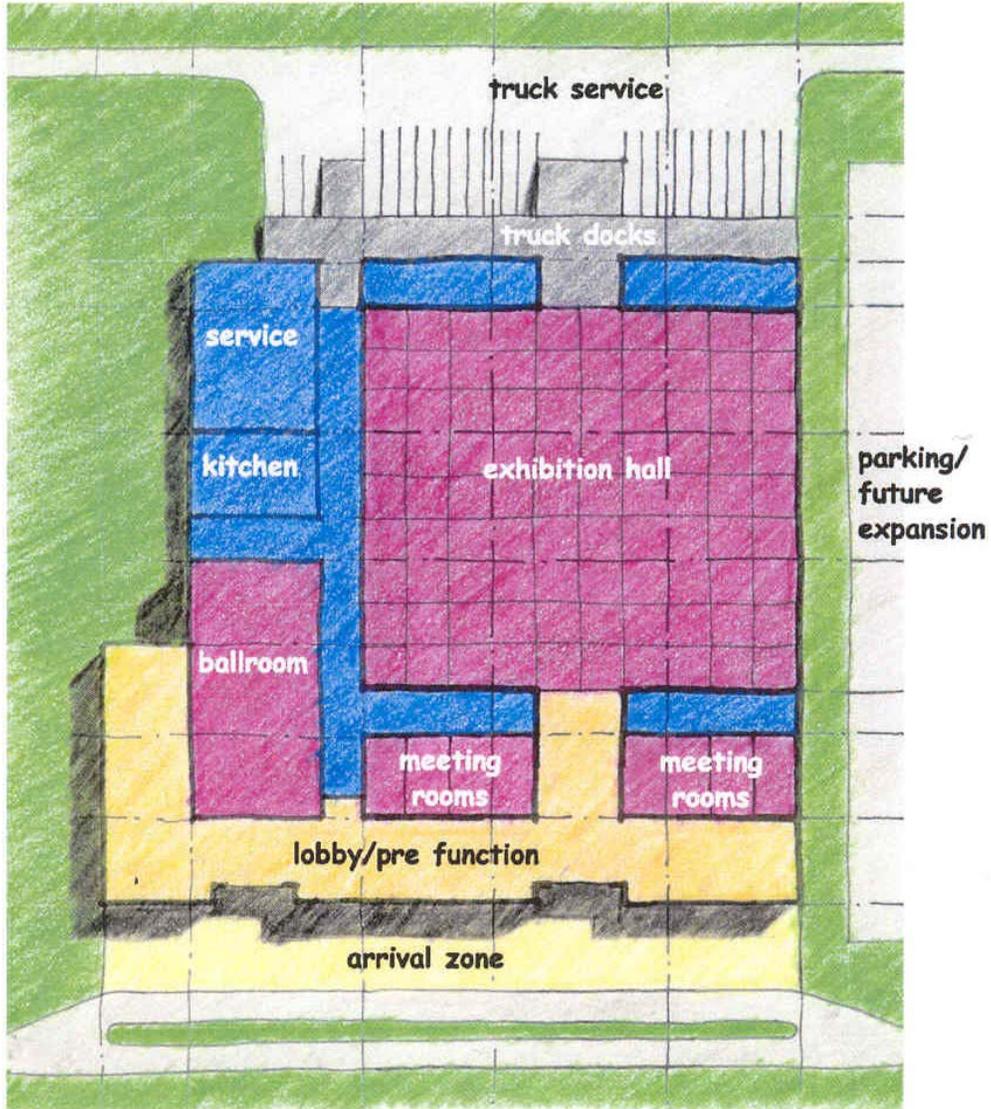
- If the facility went into downtown, economic impacts would be reduced by 20% and it would take 15 years for the area to mature.
- If the facility went in at East State and I-90, the economic impacts would exceed projections by 10%, and operating stabilization (when consistency in event demand occurs) would take only five years.
- If the facility were located at Fairview it would achieve projected economic impacts, and take 5 to 7 years to mature.
- If the facility went into the suburban area, economic impacts would be off by 15 percent, maturity would take five to seven years, and impacts would leak into neighboring towns, even if the City of Rockford leads the investment.

Appendices

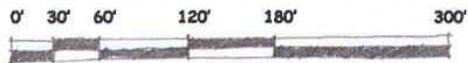
The following information appears in the appendices:

- The Phase I base building diagram for the Rockford Convention Center, as prepared by Conventional Wisdom Corp.
- The base building diagrams for the Rockford Convention Center at total build out, as prepared by Conventional Wisdom Corp.
- Exterior photographs of the South Towne Exposition Center in Sandy, UT, which provides an illustration of the design standard/quality level recommended for the Rockford Convention Center.
- Positioning tables presented in landscape format.

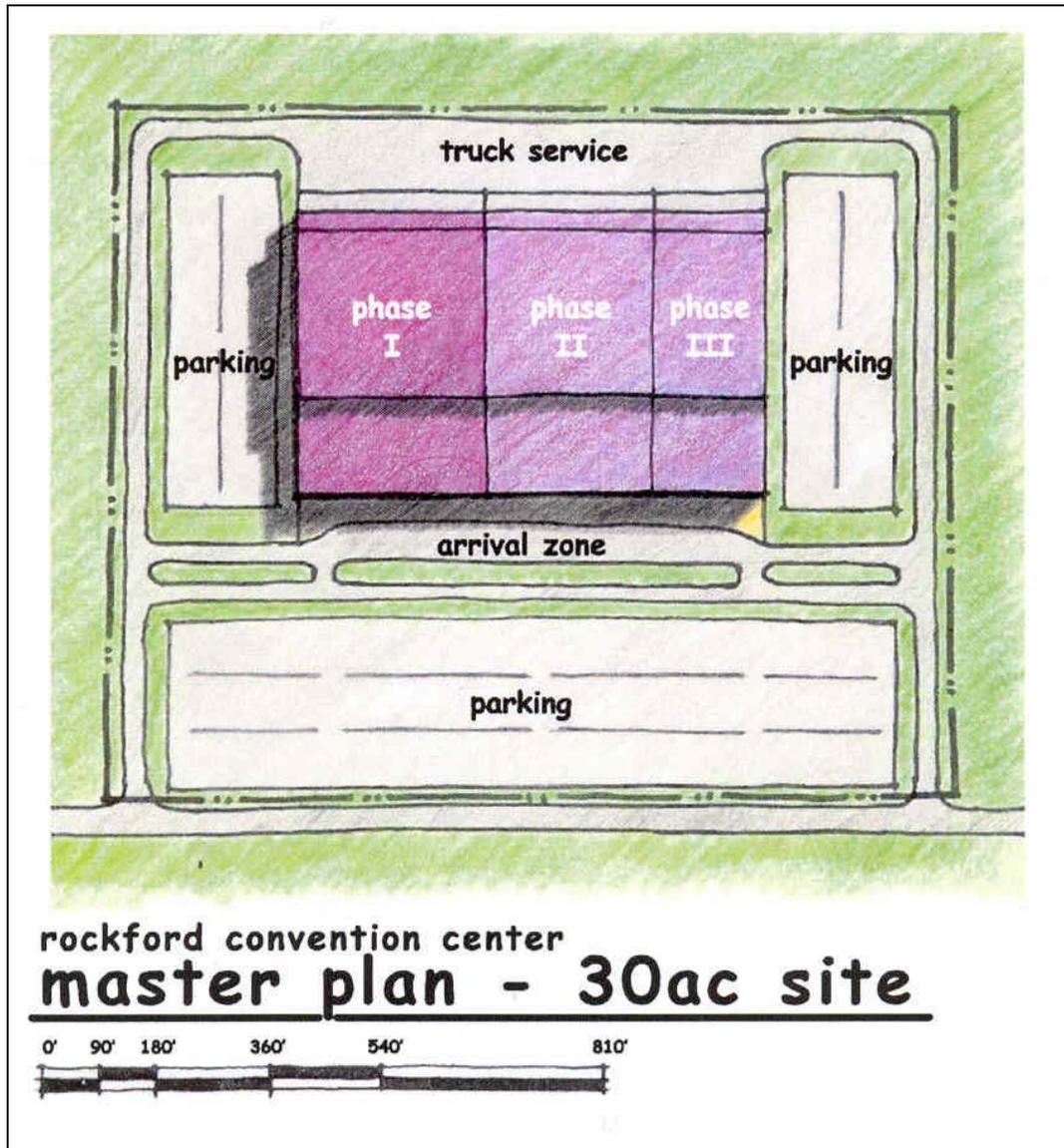
Phase I Based Building Program



rockford convention center
model plan - phase I



Base Building Program at Total Build Out

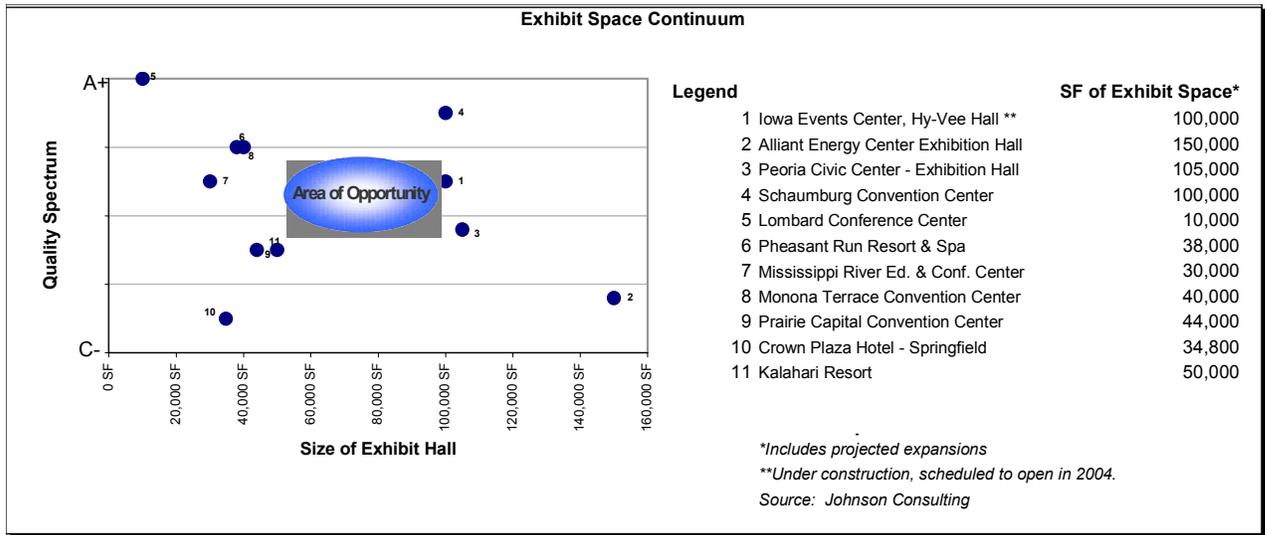


Suggested Quality Standard, Exterior Images - South Towne Expo Ctr.



C.H. JOHNSON CONSULTING, INC.

EXPERTS IN CONVENTION, SPORT AND REAL ESTATE CONSULTING



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Exhibit Hall Space in Comparable Regional Markets											
Facility	Location	Population	Year Exhibit Hall Opened	Initial Capital Cost (\$ million)	Primary Convention Facility				Proximate Hotel Rooms ¹	Rooms/SF of Ex. Sp.	Lead Finance Team
					Meeting Space (SF)	Exhibit Space (SF)	Ballroom (SF)	Class/Quality			
Iowa Events Center, Hy-Vee Hall ²	Des Moines, IA	198,700	2004	\$160	15,000	100,000	na	A	1,700	58.8	County/State
Alliant Energy Center Exhibition Hall	Madison, WI	208,000	1995	21.5	25,000	150,000	na	C +	519	289.0	County
Peoria Civic Center - Exhibition Hall	Peoria, IL	113,000	1982	64 ³	16,000	105,000	15,000	B +	800	131.3	City
Schaumburg Convention Center	Schaumburg, IL	75,000	2006 ²	160 ⁶	20,000	100,000	28,000	A +	1,378	72.6	City
Lombard Conference Center ⁵	Lombard, IL	42,000	2005 ²	60	10,000	10,000	30,000	A -	894	11.2	City
Pheasant Run Resort & Spa	St. Charles, IL	42,000	1963	-	26,000	38,000	12,000	A +	473	80.3	Private
Mississippi River Ed. & Conf. Center ²	Dubuque, IA	60,000	2003	23	12,000	30,000	12,300	A	528	56.8	State/City
Monona Terrace Convention Center	Madison, WI	208,000	1997	67	12,000	40,000	14,000	A +	813	49.2	City/State
Prairie Capital Convention Center	Springfield, IL	113,000	1979	-	19,800	44,000	10,500	B	na	na	-
Crown Plaza Hotel - Springfield	Springfield, IL	113,000	1997	-	4,800	34,800	15,000	C	1,026	33.9	Private
Kalahari Resort ⁴	Wisconsin Dells, WI	2,500	2000	40	40,000	50,000	17,000	B	378	132.3	Private
Average		106,836		\$62	18,236	63,800	17,089		851	91.5	

¹ The convention center hotel rooms are located within an 8-block radius of the convention center.
² Scheduled to open at this time
³ This price entails the total development cost of the Peoria Civic Center Complex.
⁴ Hotel Rooms include only those offered by the hotel.
⁵ Scheduled to open in 2006.
⁶ Includes Convention Hotel Cost.
Source: Major Exhibit Hall Directory 2002, MPoint, Johnson Consulting