

Market Assessment, Financial Feasibility and Economic Impact Analysis for Relocating the Arkansas State Fairgrounds

Prepared for:
The Arkansas State Livestock Association

February 2011



ARKANSAS STATE FAIR & FAIRGROUNDS**TABLE OF CONTENTS**

**ARKANSAS STATE FAIR AND FAIRGROUNDS
MARKET, FINANCIAL AND ECONOMIC STUDY FOR
RELOCATED FAIR AND FAIRGROUNDS
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ARKANSAS STATE FAIR & FAIRGROUNDS**PROJECT DESCRIPTION****PROJECT DESCRIPTION****BACKGROUND AND OBJECTIVES**

This report was prepared for the Arkansas Livestock Show Association (the ALSA), operator of the annual Arkansas State Fair and the Arkansas State Fairgrounds (the Fair and Fairgrounds) by Markin Consulting. It details the results of our market analysis and financial and economic impact assessment to determine the potential market support and feasibility for relocating the Fair & Fairgrounds to a site in the eastern portion of Pulaski County (the Proposed Site).

The objectives of our study were to:

- Research, assess and identify minimum facilities and support amenities that both (1) provide for current and future staging of the Arkansas State Fair and (2) maximize year-round usage of event facilities at the Proposed Site
- Analyze the financial operating potential for the recommended facilities at the Proposed Site
- Prepare estimates of the economic impacts associated with the operation of the recommended facilities and events involving non-local participants and promoters

APPROACH

Markin Consulting, in conducting the market demand analysis, financial impact assessment and economic impact analysis of relocating the Fair & Fairgrounds, performed the following work steps:

- Interviewed ALSA Board members, management and staff to gather relevant facts concerning the historical and prospective operations of the Fair and facility uses at the Fairgrounds and future needs for expanded programming, participation and attendance of the Arkansas State Fair
- Reviewed historical financial and operating results of the ALSA, including trends in attendance, ticket sales, competitive entries, parking programming, sponsorships, staffing and other major profit/cost centers of the ALSA operations
- Interviewed management and staff about preferences/needs to efficiently operate the Arkansas State Fair, as well as to expand the programming of and participation in the Arkansas State Fair
- Toured prospective sites and surrounding areas in eastern Pulaski County to assess location factors and their impacts on potential events, activities and facility demand
- Researched and analyzed the impact of demographic and economic trends of Pulaski County and surrounding counties on potential demand for event facilities
- Researched and assessed the quality and quantity of community resources (lodging, retail outlet, restaurants, attractions, etc.) in proximity to the Proposed Site that would appeal to, and support, potential users of new event facilities at that site
- Identified, researched and assessed facilities that would be considered competition for events and activities of new event facilities at the Proposed Site

ARKANSAS STATE FAIR & FAIRGROUNDS**PROJECT DESCRIPTION**

- Developed estimates of potential uses of event facilities at the Proposed Site and recommended specific facility components necessary to successfully attract and retain the identified target markets (the Recommended Facilities)
- Developed estimates of revenues and expenses associated with operating Recommended Facilities at the Proposed Site
- Prepared estimates of the economic impacts resulting from operating the Recommended Facilities at the Proposed Site

CONDITIONS OF THE STUDY

This report is to be used for future facility planning by the Arkansas Livestock Show Association only. It is not to be used for any other purpose. This report may not be referred to or included in any prospectus, or as a part of any offering or representation made in connection with the sale of securities to the public.

Although we believe that the information and assumptions set forth in this report constitute a reasonable basis for the estimates of usage, the achievement of any estimate may be affected by fluctuating economic conditions and the occurrence of other future events that cannot be anticipated. Therefore, the actual results achieved will vary from the estimates and such variations may be material.

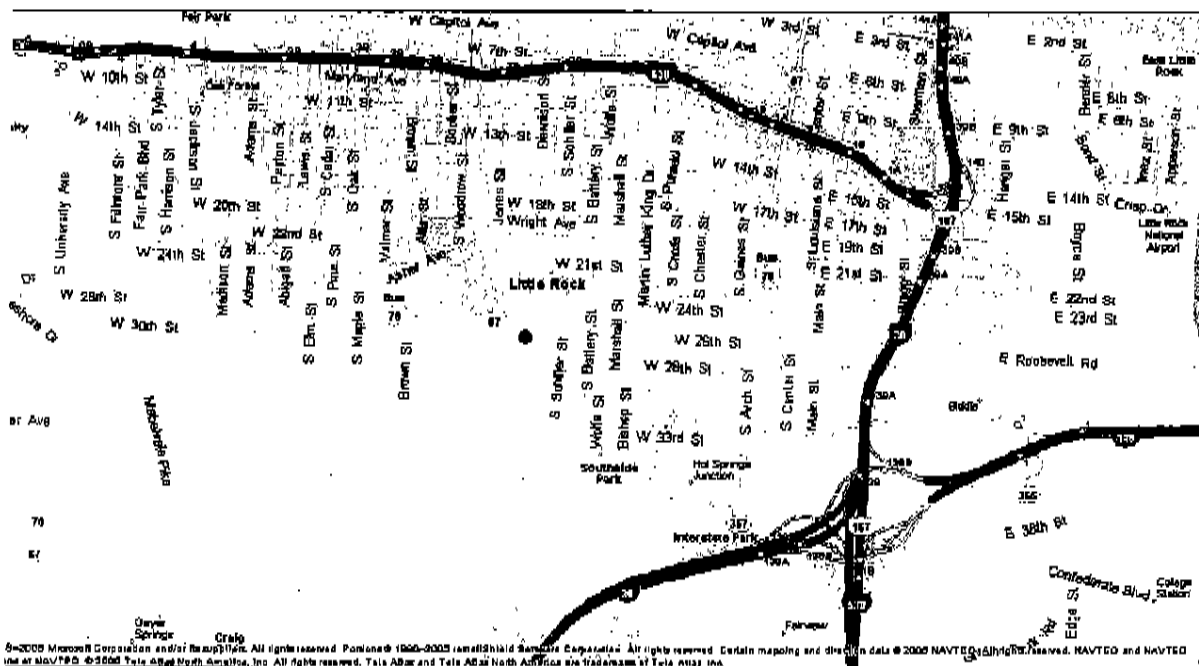
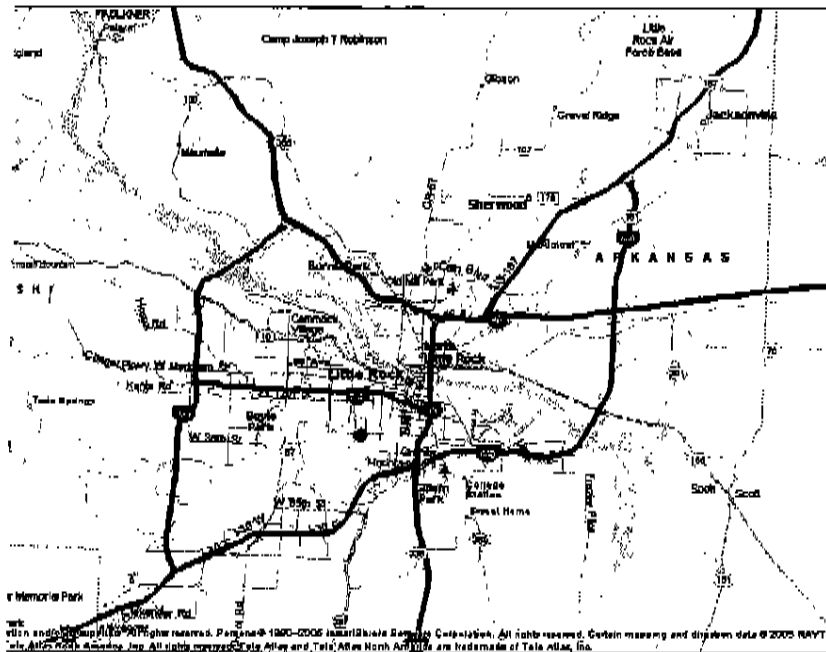
The terms of our engagement are that we have no responsibility to update this report or to revise the estimates because of event and transactions occurring subsequent to the date of this report.

ARKANSAS STATE FAIR & FAIRGROUNDS

CURRENT FAIRGROUNDS

CURRENT ARKANSAS STATE FAIRGROUNDS

The ALSA operates event facilities that are owned by the State of Arkansas, known as the Arkansas State Fairgrounds, located at 2600 Howard Street in Little Rock, Arkansas (the Fairgrounds). The Fairgrounds consist of approximately 148 acres of land wedged between residential areas and an active railroad track and wooded wetlands area. The maps below show the location of the current Fairgrounds (red dot) in relationship to the greater Little Rock area and the surrounding land uses.



ARKANSAS STATE FAIR & FAIRGROUNDS**CURRENT FAIRGROUNDS****FACILITIES AND STRUCTURES**

The aerial below presents the layout of the current Fairgrounds site and major buildings, structures and parking areas (the layout is oriented with North to the right).



As shown in the above aerial, the current Fairgrounds is bordered on the north and east by residential housing and to the west and south by an active railroad and wooded and wetland areas.

The buildings and structures of the current Fairgrounds includes a 7,175-seat arena building (Barton Coliseum), numerous exhibition buildings, livestock and equestrian structures, RV sites, permanent dining and concession facilities, maintenance and office buildings, parking lots and a large paved area for siting of the carnival during the annual Arkansas State Fair.

ARKANSAS STATE FAIR & FAIRGROUNDS**CURRENT FAIRGROUNDS**

The tables below present the approximate square footages, by specific building or structure and by space type.

**Arkansas State Fairgrounds
Building Square Footages**

Building	Square Footages
Barton Coliseum (1)	28,800 sq. ft.
Hall of Industry	34,506 sq. ft.
Arts and Crafts Building	9,971 sq. ft.
Arkansas Building	9,746 sq. ft.
Farm and Ranch Building	4,290 sq. ft.
Office Building	4,725 sq. ft.
Other	14,210 sq. ft.
Equestrian Center	28,800 sq. ft.
Cattle Barns	75,000 sq. ft.
Horse Barns	30,340 sq. ft.
Swine Barn	44,800 sq. ft.
Starr Barn	11,000 sq. ft.
Dairy Goat/Pony Barn	15,000 sq. ft.
Sheep Barn	12,250 sq. ft.
Riding Arena	9,600 sq. ft.

(1) Size of arena floor only

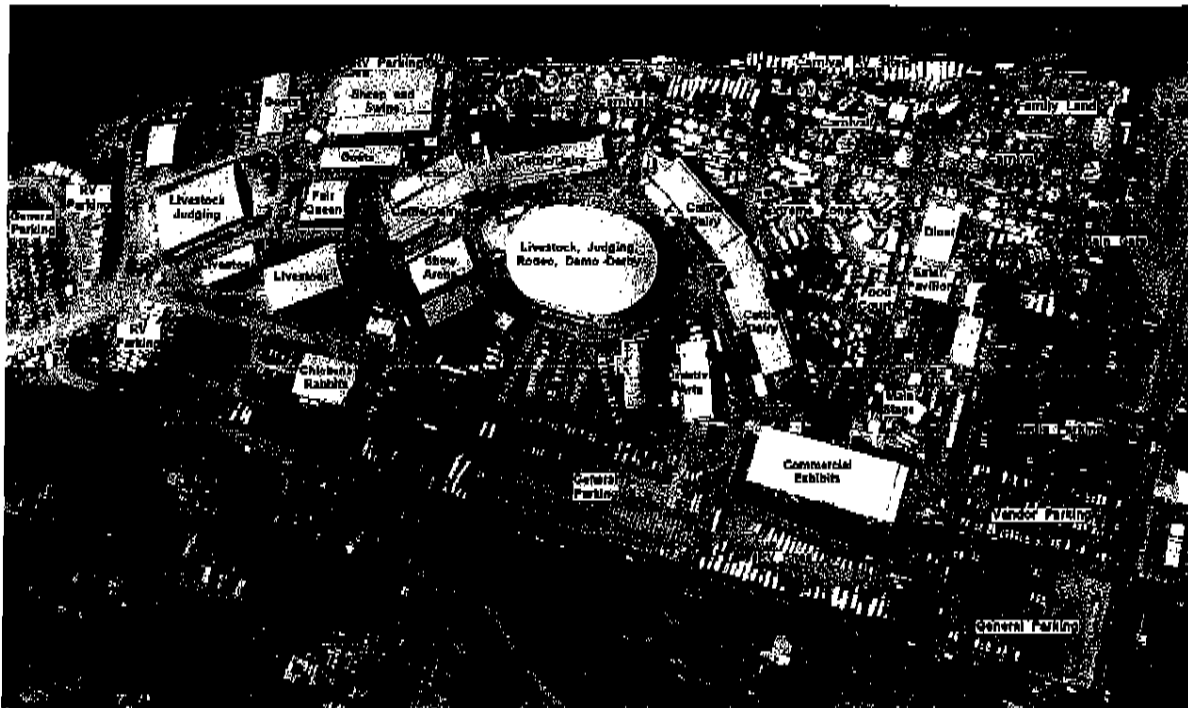
**Arkansas State Fairgrounds
Building Square Footages**

Building	Square Footages
Exhibition Space (1)	87,313 sq. ft.
Equestrian Space	68,740 sq. ft.
Livestock Space	158,050 sq. ft.
Office Space	4,725 sq. ft.
Other	14,210 sq. ft.
Total	333,038 sq. ft.

(1) Includes size of arena floor only

ARKANSAS STATE FAIR & FAIRGROUNDS**CURRENT FAIRGROUNDS****ANNUAL ARKANSAS STATE FAIR FACILITY USES**

During the annual Arkansas State Fair, the Fairgrounds are used for specific programming, events and activities as shown in the following aerial.



In addition to the space shown above, additional parking is located to the north of the Fairgrounds, across Roosevelt Road (to the right of the grounds in the aerial above) and the ALSA rents approximately 4 to 5 acres of off-site space for trailer parking.

The aerial below shows the adjacent parking across Roosevelt Road in the lower right of the picture.



ARKANSAS STATE FAIR & FAIRGROUNDS**CURRENT FAIRGROUNDS**

Using an overhead aerial photo of the Fairgrounds and based on our site visit to the 2010 Arkansas State Fair and input from staff and facility records, below is a summary of the programming uses, type of space and approximate sizes to stage the annual Fair at the current site.

2010 Arkansas State Fair**Fair Programming and Space Uses**

Programming	Type of Space	Approximate Size
Ambassadors	Indoor	4,300 square feet
Arts and Crafts Exhibits	Indoor	10,000 square feet
Carnival	Outside	350,000 to 400,000 square feet
Commercial Exhibits	Indoor	35,000 square feet
Commercial Exhibits	Outside	Varies
Competitive Livestock		
Cattle/Dairy Stalling	Indoor	75,000 to 80,000 square feet
Judging - Cattle/Dairy	Coliseum Floor	25,000 to 28,000 square feet
Judging - Small Animal	Equestrian Center	15,000 to 20,000 square feet
Small Animal Housing	Indoor	80,000 to 85,000 square feet
Additional Small Animal Housing	Horse Barns	20,000 to 30,000 square feet
Entertainment		
Main Stage and Seating	Outside	15,000 square feet
Grounds Entertainment	Outside	100,000 to 120,000 square feet
Fair Queen/Talent Show	Indoor	10,000 square feet
Food Service	Indoor/Covered	10,000 square feet
Food Vendors	Outside	70,000 to 80,000 square feet
Parking	Outside	1,200,000 square feet
RV Spaces	Outside	About 250

In addition to the above spaces, the site also accommodates pedestrian and traffic circulation with the site, office space, gates, safety office, information, a small museum, maintenance and other uses.

ARKANSAS STATE FAIR & FAIRGROUNDS

CURRENT FAIRGROUNDS

INTERIM EVENT FACILITY USES

IN recent years, the ALSA has seen declines in use of the current Fairground facilities, especially in the area of horse shows, sporting events and training activities. Interviews with some past users of the Fairgrounds and input from management and staff identified two principal reasons for the decline – aging facilities and the high cost of facilities.

The tables below present a summary of events held at the Fairgrounds, by month, for the calendar years 2007 to 2010, as reported by the ALSA.

Arkansas State Fairgrounds
Event Usage, 2007-2010

Month	2007		2008		2009		2010	
	Number of Events	Number of Event Days	Number of Events	Number of Event Days	Number of Events	Number of Event Days	Number of Events	Number of Event Days
January	6	17	4	10	5	8	3	6
February	13	19	11	16	6	11	7	14
March	6	10	7	14	13	29	7	10
April	8	18	6	12	8	14	5	8
May	9	17	12	24	11	17	8	10
June	7	15	6	13	6	9	7	8
July	8	16	2	3	10	26	6	7
August	9	16	8	15	5	7	6	9
September	12	20	7	14	6	19	7	19
October	4	5	1	1	2	3	4	6
November	9	14	9	17	7	9	11	16
December	2	8	5	8	3	3	1	1
Total	98	175	78	147	82	155	72	114

Source: Arkansas Livestock Show Association

Arkansas State Fairgrounds
Event Usage, 2007-2010

Month	2007		2008		2009		2009	
	Number of Events	Number of Event Days	Number of Events	Number of Event Days	Number of Events	Number of Event Days	Number of Events	Number of Event Days
January	6.1%	9.7%	5.1%	6.8%	6.1%	5.2%	4.2%	5.3%
February	13.3%	10.9%	14.1%	10.9%	7.3%	7.1%	9.7%	12.3%
March	6.1%	5.7%	9.0%	9.5%	15.9%	18.7%	9.7%	8.8%
April	8.2%	10.3%	7.7%	8.2%	9.8%	9.0%	6.9%	7.0%
May	9.2%	9.7%	15.4%	16.3%	13.4%	11.0%	11.1%	8.8%
June	7.1%	8.6%	7.7%	8.8%	7.3%	5.8%	9.7%	7.0%
July	8.2%	9.1%	2.6%	2.0%	12.2%	16.8%	8.3%	6.1%
August	9.2%	9.1%	10.3%	10.2%	6.1%	4.5%	8.3%	7.9%
September	12.2%	11.4%	9.0%	9.5%	7.3%	12.3%	9.7%	16.7%
October	4.1%	2.9%	1.3%	0.7%	2.4%	1.9%	5.6%	5.3%
November	9.2%	8.0%	11.5%	11.6%	8.5%	5.8%	15.3%	14.0%
December	7.1%	4.6%	6.4%	5.4%	3.7%	1.9%	1.4%	0.9%
Total	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%

Source: Arkansas Livestock Show Association

ARKANSAS STATE FAIR & FAIRGROUNDS**CURRENT FAIRGROUNDS**

The tables below present a recap of the number of non-Fair events and event days, by event type, for the years 2007 to 2010.

Arkansas State Fairgrounds
Number of Events by Type, 2007-2010

Event Type	2007	2008	2009	2010
Animal Show	1	1	1	1
Auto/Motorcycle Event	2	3	3	1
Consumer/Public Show	20	14	17	16
Fundraiser	1	3	1	1
Horse Event	6	4	3	2
Livestock Shows	3	3	1	2
Meeting	4	1	2	1
Reception/Banquet	5	2	2	3
Spectator Event	10	3	7	6
Sporting Event	3	3	2	0
Testing	6	8	8	8
Training	25	20	19	14
Youth	0	1	2	0
Other	<u>12</u>	<u>12</u>	<u>14</u>	<u>17</u>
Total	<u>98</u>	<u>78</u>	<u>82</u>	<u>72</u>

Source: Arkansas Livestock Show Association

Arkansas State Fairgrounds
Number of Event Days by Type, 2007-2010

Event Type	2007	2008	2009	2010
Animal Show	2	3	2	2
Auto/Motorcycle Event	4	7	7	2
Consumer/Public Show	38	36	39	32
Fundraiser	1	3	1	1
Horse Event	16	12	14	4
Livestock Shows	7	8	3	5
Meeting	4	2	3	1
Reception/Banquet	5	2	2	3
Spectator Event	21	5	8	7
Sporting Event	3	4	2	0
Testing	10	17	10	13
Training	50	35	46	25
Youth	0	1	2	0
Other	<u>14</u>	<u>12</u>	<u>16</u>	<u>19</u>
Total	<u>175</u>	<u>147</u>	<u>155</u>	<u>114</u>

Source: Arkansas Livestock Show Association

ARKANSAS STATE FAIR & FAIRGROUNDS**CURRENT FAIRGROUNDS**

The table below presents a recap of the number of non-Fair events, by building or space used for the years 2007 to 2010.

Arkansas State Fairgrounds
Recap of Number of Events, by Building(s) Used, 2007 to 2010

Year	Coliseum	Hall of Industry	Arkansas Building	Arts and Crafts	Equestrian Center
2007	21	26	12	11	5
2008	12	31	9	9	4
2009	7	33	4	17	4
2010	7	30	3	15	3

Year	Starr Barn	Farm & Ranch	Entire Complex	Livestock Buildings	Grounds
2007	2	6	4	8	24
2008	0	6	4	4	14
2009	0	4	6	1	22
2010	0	14	3	2	9

Source: Arkansas Livestock Show Association

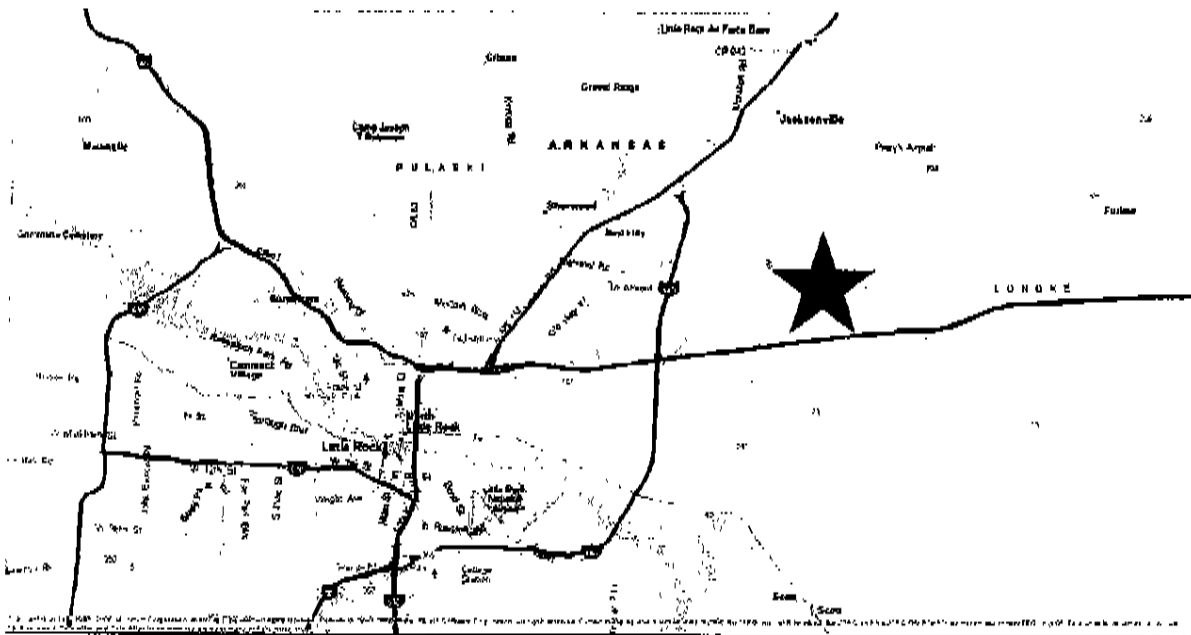
In recent years, the Coliseum use has been reduced by 67% since 2007 when 21 events were held in the Coliseum. The Arkansas Building use has also declined significantly since 2007. The Hall of Industry has been consistently used each year, as has the Arts and Crafts Building. In 2010 the Farm and Ranch Building was rented by a significantly higher number of users than in the previous 3 years – mostly with governmental uses (e.g., Little Rock Police Department, Pulaski County activities and Arkansas State Police training).

ARKANSAS STATE FAIR & FAIRGROUNDS**FACTORS AFFECTING DEMAND FOR EVENT FACILITIES****FACTORS AFFECTING DEMAND FOR EVENT FACILITIES**

The demand for event facilities is affected by a number of factors – location, demographic and economic trends, community resources and competitive and comparable facilities. This section presents an overview of these factors in relation to the Proposed Site.

SITE LOCATION ASSESSMENT

ALSA management representatives have identified a general area in east Pulaski County as the possible site for relocating the Arkansas State Fair and Fairgrounds, situated north of Interstate 40 and east of Interstate 440. Though there are numerous sites in this general area, for purposes of our analysis, we have used the general site area shown in the below map for purposes of the market assessment and financial feasibility analysis – referred to as the Proposed Site.

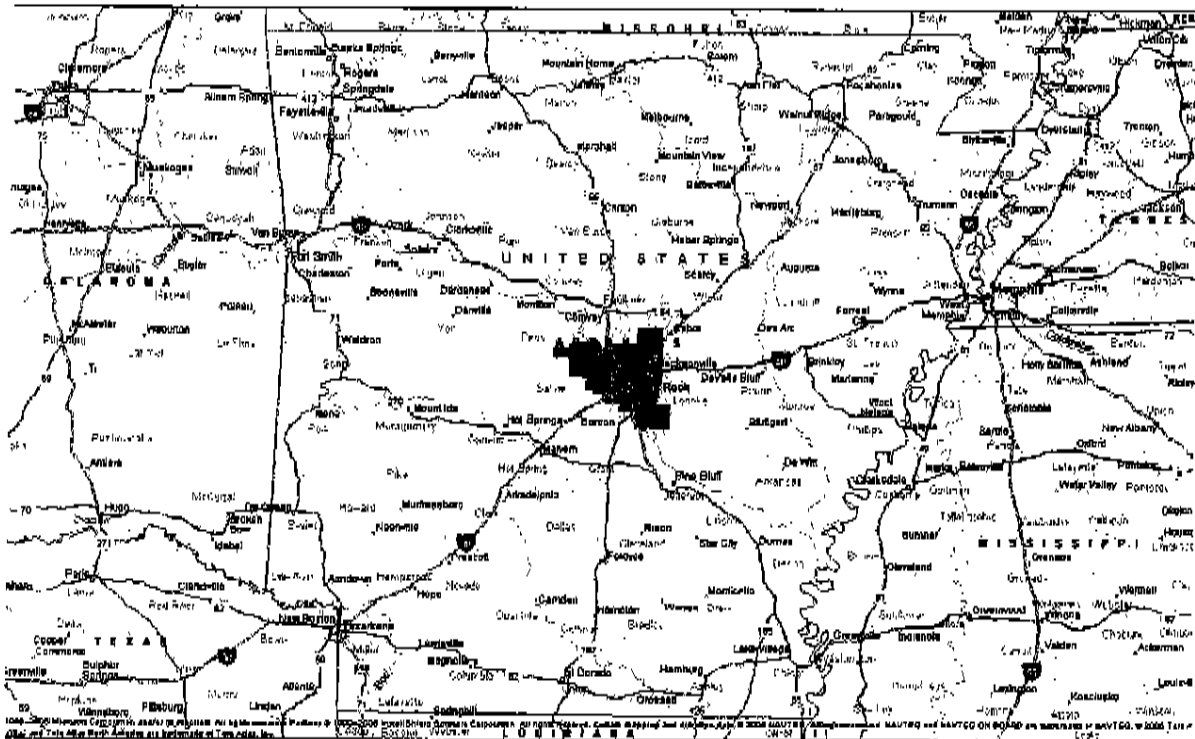


It should be noted that the results of our analysis would generally be applicable to any number of sites between I-40 and Jacksonville and I-440 and the Pulaski County line.

ARKANSAS STATE FAIR & FAIRGROUNDS

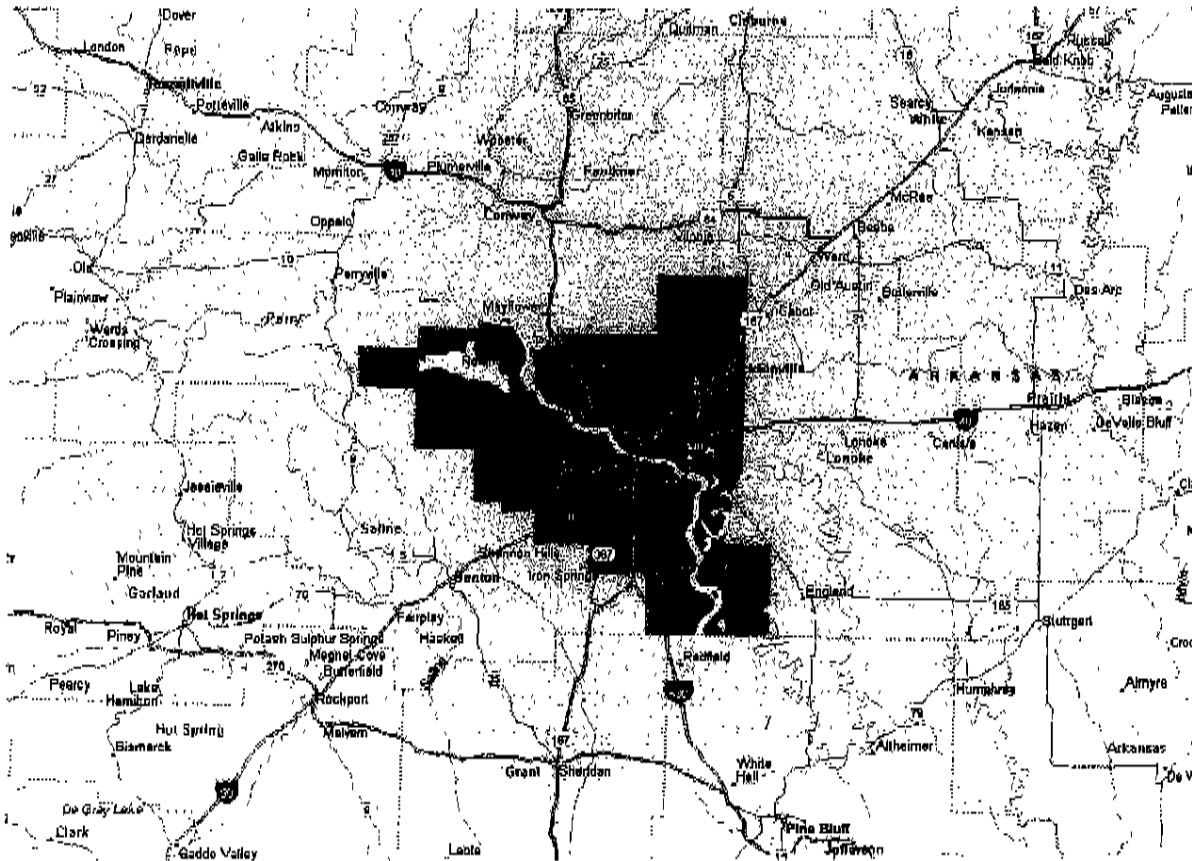
FACTORS AFFECTING DEMAND FOR EVENT FACILITIES

Pulaski County is located in the center of Arkansas and made up of various cities, including Little Rock, North Little Rock, Jacksonville, Sherwood, Maumelle, Gibson, Gravel Ridge, McAlmont, Wrightsville and Sweet Home.



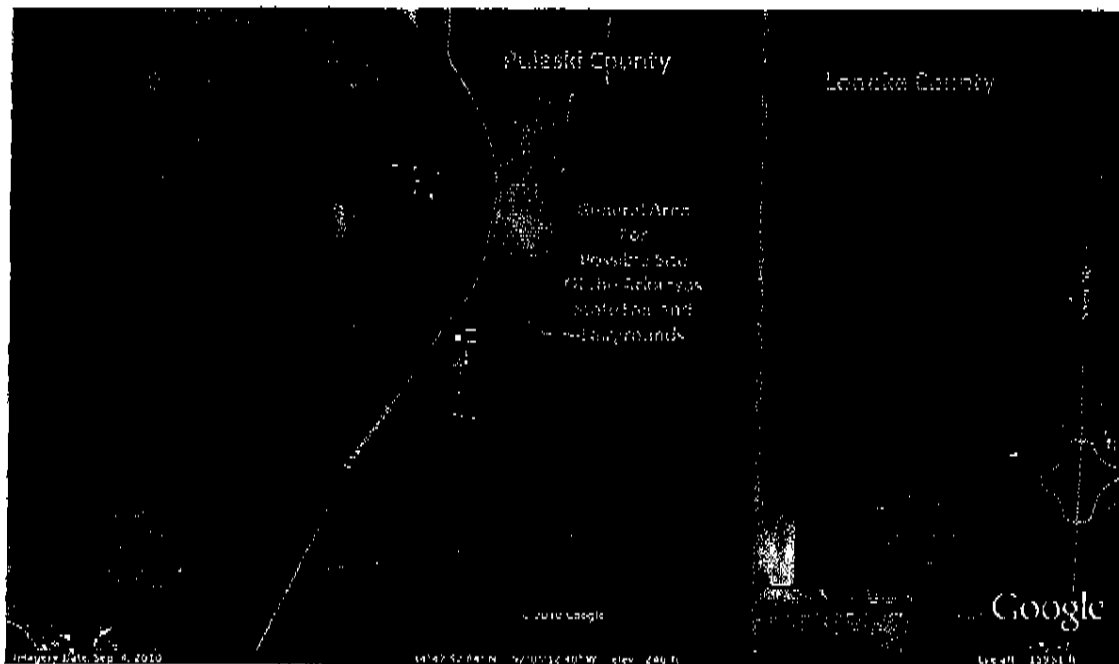
ARKANSAS STATE FAIR & FAIRGROUNDS**FACTORS AFFECTING DEMAND FOR EVENT FACILITIES**

Regional access to the Pulaski County is via Interstate 40 from the east and west, Interstate 30 from the southwest, Interstate 530 from the south, and State Highway 67 from the northwest. A number of State Highways connect to the Interstate system in Arkansas that feed into Pulaski County

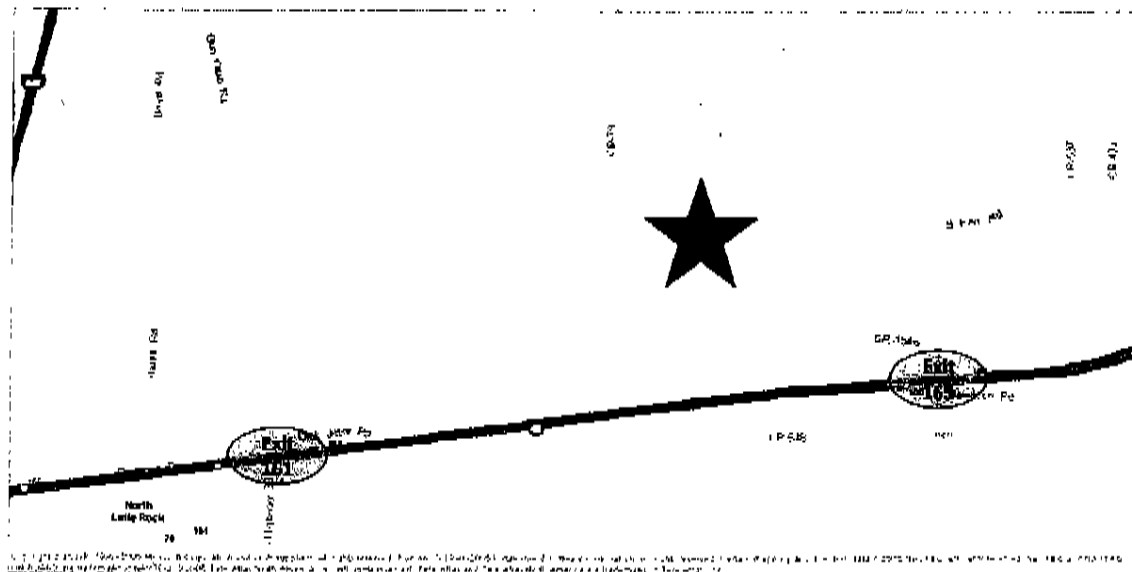


ARKANSAS STATE FAIR & FAIRGROUNDS**FACTORS AFFECTING DEMAND FOR EVENT FACILITIES**

The aerial below presents a closer view of the area for the Proposed Site.



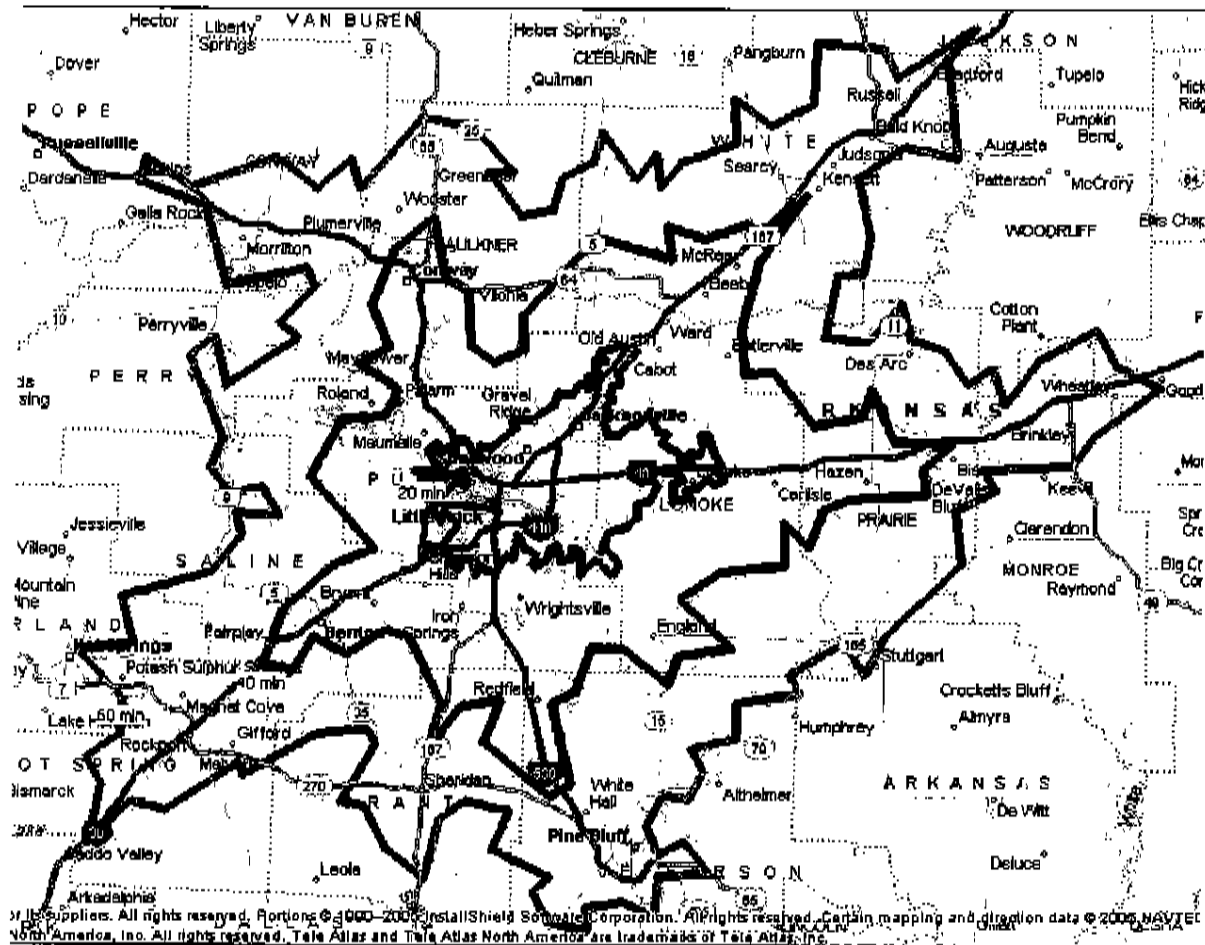
Currently, the Proposed Site is accessed via one of two existing exits along Interstate 40 – Exit 161 at I-40 and Highway 391 and then via E. Valentine Road or Exit 165 at I-40 and Kerr Road and then via Wayne Lane. These exits in relation to the Proposed Site are shown in the map below.



According to 2009 data on traffic counts prepared by the Arkansas Department of Transportation, about 36,000 to 39,000 vehicles travel past the Proposed Site on a daily basis, compared with about 12,000 vehicles per day that pass the current Fairgrounds site along Roosevelt Road in Little Rock.

ARKANSAS STATE FAIR & FAIRGROUNDS**FACTORS AFFECTING DEMAND FOR EVENT FACILITIES**

The map below shows various drive-time distances in relation to the Proposed Site. The blue line represents a 20-minute drive time. The red and green lines represent 40-minute and 60-minute drive times, respectively.



Mileage distances to the Proposed Site from other cities within the State of Arkansas are presented in the following table.

Proposed Site Mileage Distance	
City	Mileage
Little Rock	13
Benton	33
Conway	35
Pine Bluff	52
Hot Springs	63
West Memphis	118
Jonesboro	126
Texarkana	152
Fort Smith	161
Fayetteville	193

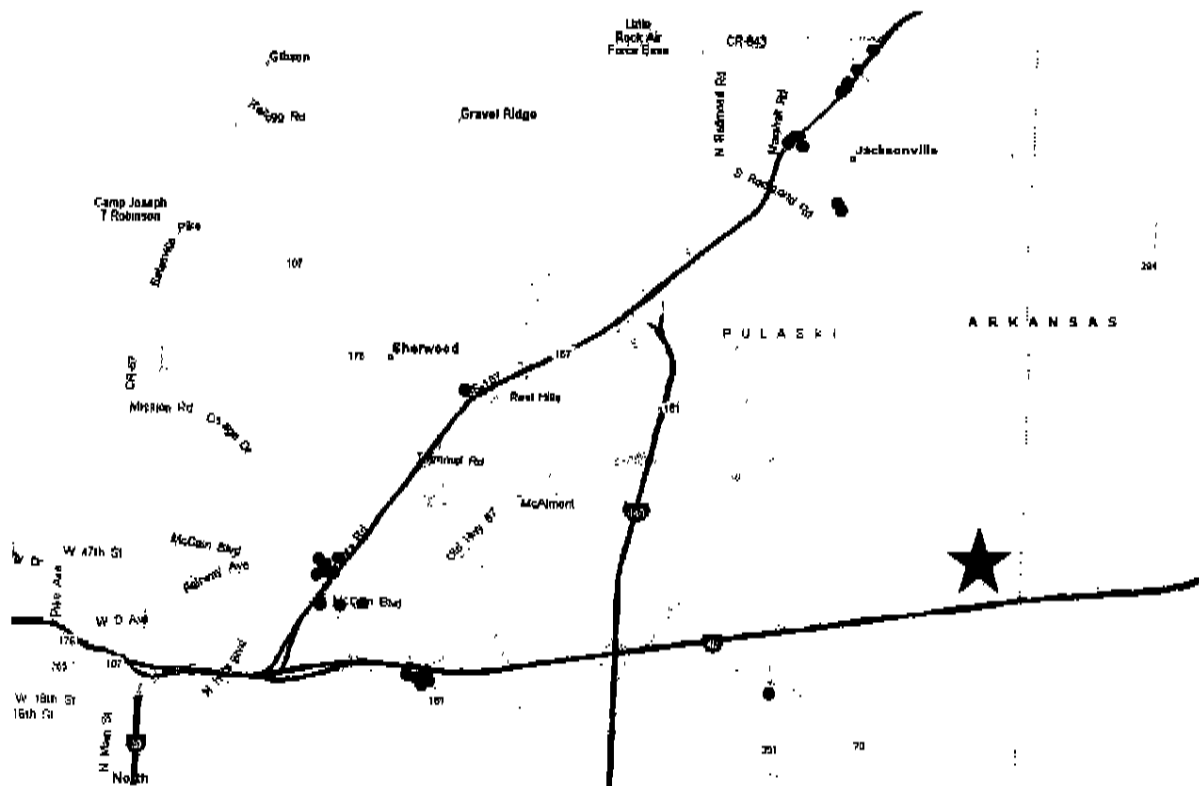
ARKANSAS STATE FAIR & FAIRGROUNDS**FACTORS AFFECTING DEMAND FOR EVENT FACILITIES****COMMUNITY RESOURCES**

Community resources to support visitors to events and activities are key considerations when evaluating the demand for event facilities. Factors such as availability of lodging, restaurants and retail, as well as other area attractions can be a determining factor in whether event promoters view an event facility as desirable to stage an event.

Lodging

According to the North Little Rock and Little Rock Convention and Visitors Bureaus and the City of Jacksonville, there are almost 8,500 lodging rooms scattered throughout Greater Little Rock metropolitan area. The Proposed Site, situate east of Little Rock and North Little Rock and south of Jacksonville, is just under 10 miles from the nearest concentration of lodging facilities, located near the I-40 and Highway 161 intersection, as shown in the map below.

Proposed Site in Relation to Lodging Facilities



The hotels along I-40 and Highway 167 are with a 10 to 15 minute drive to access.

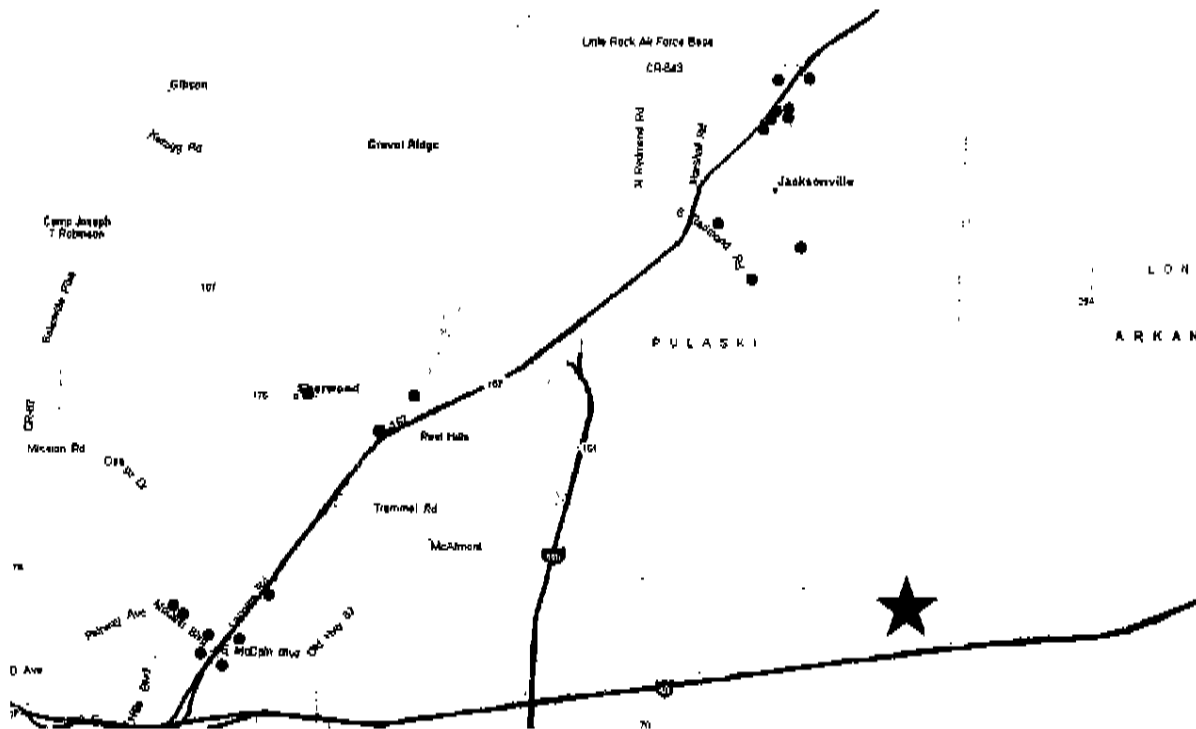
The Proposed Site is distant from most concentrations of food and beverage outlets, as shown in the map below; though the food and beverage establishments are also concentrated near lodging which is a benefit to visitors.

The map shows the Little Rock, Arkansas area. Key features include:

- Highways:** Major roads are depicted with route numbers such as 1, 10, 15, 20, 25, 30, 35, 40, 45, 50, 55, 60, 65, 70, 75, 80, 85, 90, 95, 100, 105, 110, 115, 120, 125, 130, 135, 140, 145, 150, 155, 160, 165, 170, 175, 180, 185, 190, 195, 200, 205, 210, 215, 220, 225, 230, 235, 240, 245, 250, 255, 260, 265, 270, 275, 280, 285, 290, 295, 300, 305, 310, 315, 320, 325, 330, 335, 340, 345, 350, 355, 360, 365, 370, 375, 380, 385, 390, 395, 400, 405, 410, 415, 420, 425, 430, 435, 440, 445, 450, 455, 460, 465, 470, 475, 480, 485, 490, 495, 500, 505, 510, 515, 520, 525, 530, 535, 540, 545, 550, 555, 560, 565, 570, 575, 580, 585, 590, 595, 600, 605, 610, 615, 620, 625, 630, 635, 640, 645, 650, 655, 660, 665, 670, 675, 680, 685, 690, 695, 700, 705, 710, 715, 720, 725, 730, 735, 740, 745, 750, 755, 760, 765, 770, 775, 780, 785, 790, 795, 800, 805, 810, 815, 820, 825, 830, 835, 840, 845, 850, 855, 860, 865, 870, 875, 880, 885, 890, 895, 900, 905, 910, 915, 920, 925, 930, 935, 940, 945, 950, 955, 960, 965, 970, 975, 980, 985, 990, 995, 1000.
- Landmarks:** Little Rock Air Force Base, Camp Robinson, and various streets like Main St and Broadway St are labeled.
- Star:** A large star is placed in the lower right quadrant of the map, indicating a specific location.

ARKANSAS STATE FAIR & FAIRGROUNDS**FACTORS AFFECTING DEMAND FOR EVENT FACILITIES****Retail**

The nearest retail outlets, such as department stores, Wal-Mart, Target, Kohl's, and other retail shopping is the McCain Mall area (intersection of US 167 and Mc Cain Blvd) and in the Jacksonville area, as shown in the map below.

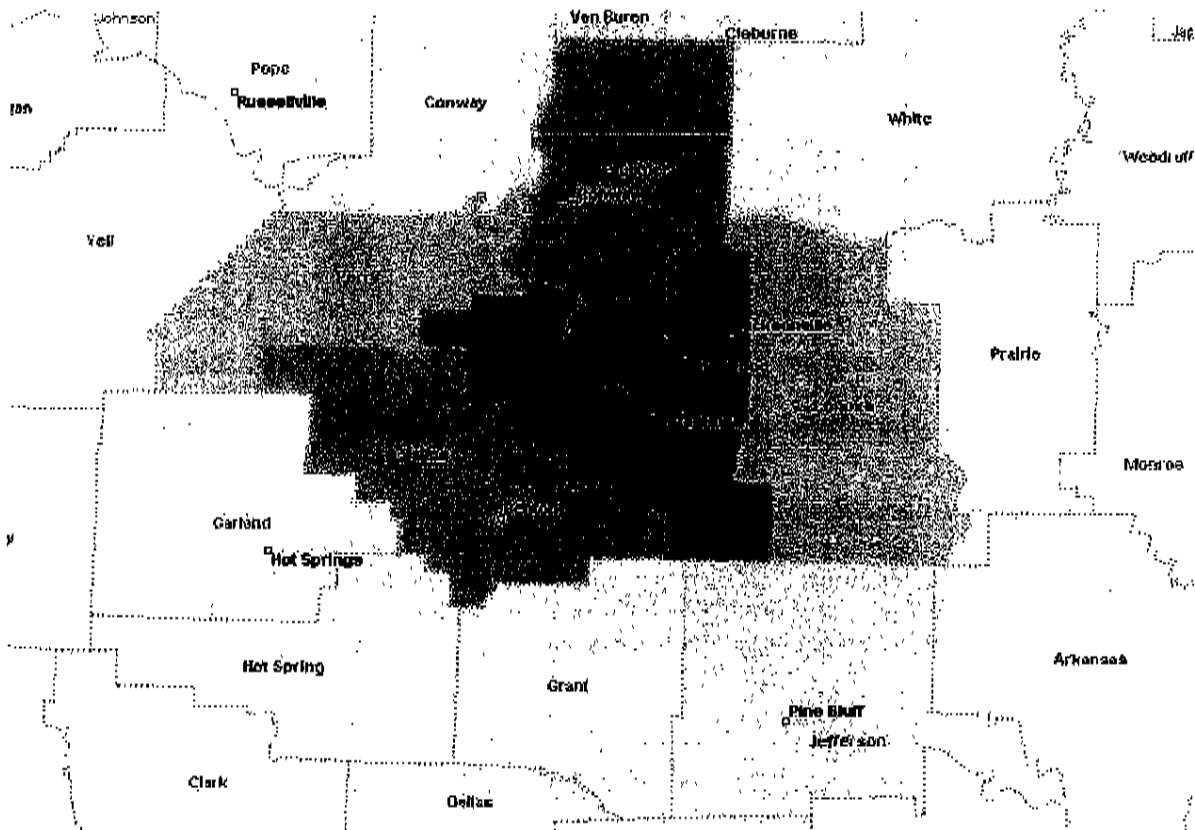
Proposed Site in Proximity to Retail Outlets**Recreational Attractions**

The Greater Little Rock area has a number of cultural attractions, including the William J Clinton Presidential Library, Old State House, riverboat cruises, golf courses, art galleries, museums and others that appeal to visitors to the area. Little Rock is also in close proximity to the Ozarks, Delta and other regions in the State of Arkansas.

ARKANSAS STATE FAIR & FAIRGROUNDS**FACTORS AFFECTING DEMAND FOR EVENT FACILITIES****DEMOGRAPHIC AND ECONOMIC TRENDS**

The economic and demographic trends of the Proposed Site's market area can have an impact on the nature and number of events and activities that can be successfully staged at the Proposed Site. These trends include population changes, employment, income levels and similar factors.

For purposes of our analysis, Pulaski County is considered the Primary Market Area and the Counties of Faulkner, Grant, Jefferson, Lonoke, Perry and Saline are considered the Secondary Market Area for drawing local patrons/participation to events and activities at the Proposed Site.

Counties in Market Area

ARKANSAS STATE FAIR & FAIRGROUNDS

FACTORS AFFECTING DEMAND FOR EVENT FACILITIES

Population Trends

A review of the historical and projected population of the counties within the Little Rock MSA reveals a strong overall growth trend. Pulaski County is the most populated county within the market area, followed by Faulkner County. As shown in the table below, Pulaski County's population increased from 349,662 in 1990 to 373,969 in 2005 – a 6.9 percent increase. Faulkner County, however, experienced a 69.3 percent growth rate between 1990 and 2005.

Table 1

Arkansas State Fairgrounds Historical and Projected Population, 1990 to 2030						
Market Area	Historical			Projected		
	1990	2000	2005	2010	2020	2030
<u>Primary Market</u>						
Pulaski County	349,662	361,474	373,969	386,024	415,511	451,494
<u>Secondary Market</u>						
Faulkner County	60,006	86,014	101,620	117,723	156,068	207,382
Grant County	13,947	15,464	17,722	18,946	21,498	24,527
Jefferson County	85,486	84,278	84,278	85,577	93,543	96,586
Lonoke County	39,267	52,828	60,297	67,759	84,088	102,805
Perry County	7,969	10,209	11,446	12,682	15,277	18,284
Saline County	<u>64,184</u>	<u>83,529</u>	<u>93,398</u>	<u>103,041</u>	<u>123,001</u>	<u>145,403</u>
Total Secondary Market	<u>270,859</u>	<u>333,322</u>	<u>368,761</u>	<u>405,728</u>	<u>493,475</u>	<u>594,987</u>
Total Market Area	<u>620,521</u>	<u>694,796</u>	<u>742,730</u>	<u>791,752</u>	<u>908,986</u>	<u>1,046,481</u>
State of Arkansas	2,350,734	2,673,400	2,883,159	3,088,481	3,577,247	4,180,497

Source: U.S. Census Bureau, State of Arkansas

As shown in Table 1, according to the population projections prepared by the State of Arkansas, the population of Pulaski County is expected to be just under 390,000 people in 2010; growing to around 450,000 by 2030 – an additional 65,000 people. In contrast, the remainder of the market area is projected to increase from about 405,000 in 2010 to almost 595,000 in 2030 – an additional 190,000 people. Table 2 shows the historical and projected percentage changes in the market area populations.

Table 2

Arkansas State Fairgrounds Market Area Percentage Change				
County	1990 - 2000	2000 - 2010	2010 - 2020	2020 - 2030
Pulaski County	3.4%	6.8%	7.6%	8.7%
Faulkner County	43.3%	36.9%	32.6%	32.9%
Grant County	18.0%	15.1%	13.5%	14.1%
Jefferson County	-1.4%	1.5%	9.3%	3.3%
Lonoke County	34.5%	28.3%	24.1%	22.3%
Perry County	28.1%	24.2%	20.5%	19.7%
Saline County	<u>30.1%</u>	<u>23.4%</u>	<u>19.4%</u>	<u>18.2%</u>
Total Market Area	<u>12.0%</u>	<u>14.0%</u>	<u>14.8%</u>	<u>15.1%</u>

Source: U.S. Census Bureau, State of Arkansas, Markin Consulting

As illustrated in the above table, Pulaski County is projected to be the second slowest growing county.

ARKANSAS STATE FAIR & FAIRGROUNDS**FACTORS AFFECTING DEMAND FOR EVENT FACILITIES**

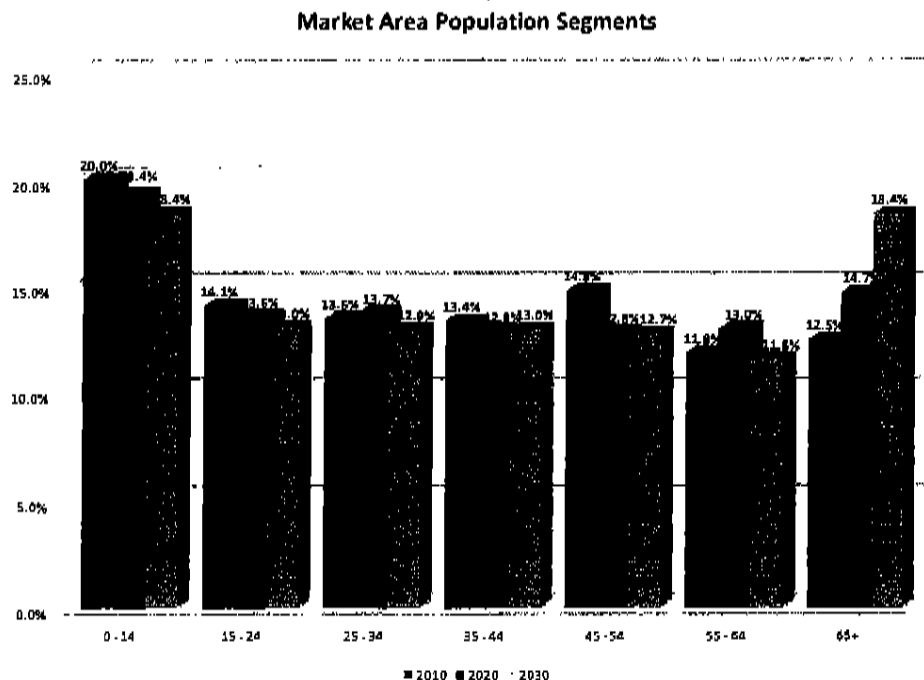
When comparing the Proposed Site with the current location of the Fairgrounds, according to data provided by Claritas, Inc., the 2010 and 2015 estimates of the population within a 5 mile, 5 to 15 mile and 15 to 30 mile radius indicate a relatively close match in total population within a 30 mile radius. The population within 5 miles of the Proposed Site is about 1/8th of the current site's population within 5 miles.

Table 3

Radius	Current Site Population			Proposed Site Population		
	2010	2015	Percent Change	2010	2015	Percent Change
0 - 5 miles	127,196	126,027	-0.92%	17,429	17,838	2.35%
5 - 15 miles	270,564	281,715	4.12%	286,794	291,143	1.52%
15 - 30 miles	<u>251,843</u>	<u>273,735</u>	<u>8.69%</u>	<u>327,728</u>	<u>353,487</u>	<u>7.86%</u>
Total	<u>649,603</u>	<u>681,477</u>	<u>4.91%</u>	<u>631,951</u>	<u>662,468</u>	<u>4.83%</u>

Age Trends

Chart 1 shows the age distribution percentages of the resident population of the Proposed Site's market area, according to projections prepared by the University of Arkansas at Little Rock for 201, 2020 and 2030.

Chart 1

Mirroring the national trend in age segments, the market area population is expected to shift significantly in the older age categories in 2030, with slight decreases in the younger age segments (ages 0 to 14).

ARKANSAS STATE FAIR & FAIRGROUNDS**FACTORS AFFECTING DEMAND FOR EVENT FACILITIES****Income Trends****Personal Income**

To better assess the trends in personal income for the general population of the market area, total personal income, as measured by salaries and wages, was analyzed and assessed.

As shown in Table 4, total personal income for the total market area in 2008 was just under \$29 billion, a 54.4 percent increase from 2000. Pulaski County accounted for almost 60 percent of the total personal income of the market in 2000 and 2008. The per capita income for Pulaski County in 2008 was \$44,065 – higher than any of the other counties in the market area – followed by Saline County at \$36,221.

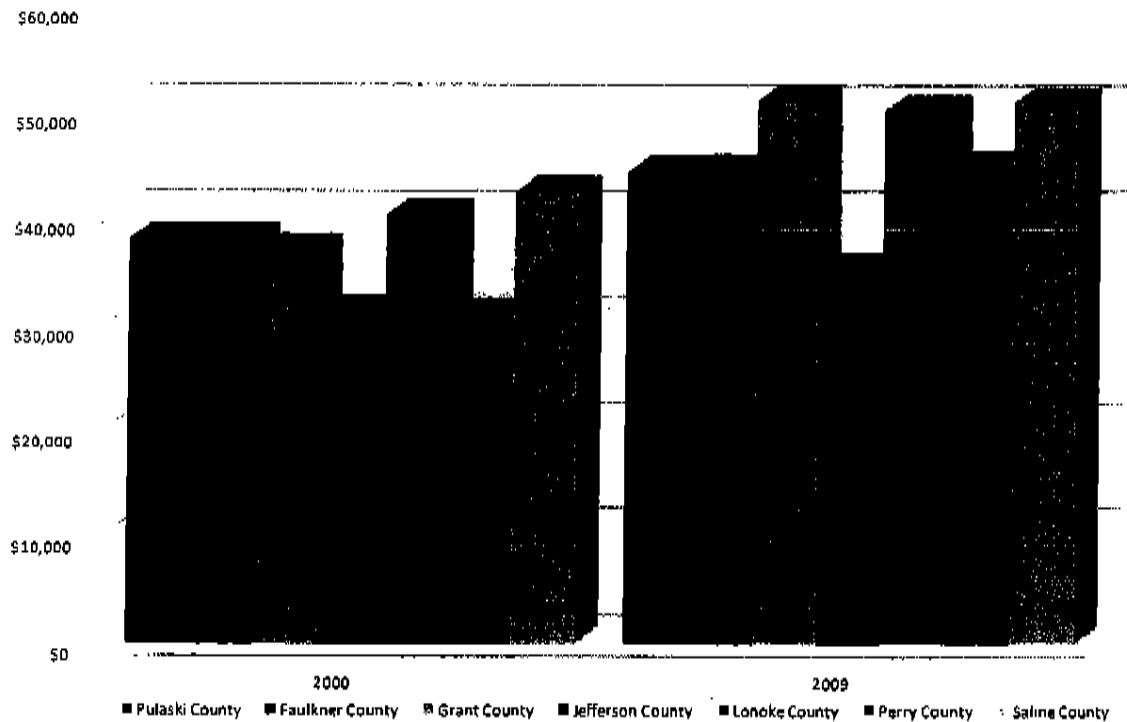
Table 4

Arkansas State Fairgrounds Total Personal Income and Per Capita Income 2000 - 2008						
Market Area	Total Personal Incomes			Per Capita Incomes		
	2000	2008	2000 - 2008	2000	2008	2000 - 2008
<u>Primary Market</u>						
Pulaski County	\$11,100,867	\$16,662,818	50.1%	\$30,710	\$44,065	43.5%
<u>Secondary Market</u>						
Faulkner County	1,977,204	3,326,828	68.3%	22,987	31,008	34.9%
Grant County	373,091	556,587	49.2%	22,661	31,368	38.4%
Jefferson County	1,699,972	2,297,764	35.2%	20,171	29,043	44.0%
Lonoke County	1,219,165	1,998,144	63.9%	23,078	30,631	32.7%
Perry County	208,682	303,397	45.4%	20,441	29,465	44.1%
Saline County	<u>1,982,728</u>	<u>3,521,105</u>	<u>77.6%</u>	<u>23,737</u>	<u>36,221</u>	<u>52.6%</u>
Total Secondary Market	<u>7,460,841</u>	<u>12,003,825</u>	<u>60.9%</u>	<u>22,383</u>	<u>32,552</u>	<u>45.4%</u>
Total Market	<u>\$18,561,707</u>	<u>\$28,666,643</u>	<u>54.4%</u>	<u>\$26,715</u>	<u>\$38,596</u>	<u>44.5%</u>
State of Arkansas	560,467,596	\$92,505,191	53.0%	\$22,577	\$32,257	42.9%

Source: Bureau of Economic Analysis

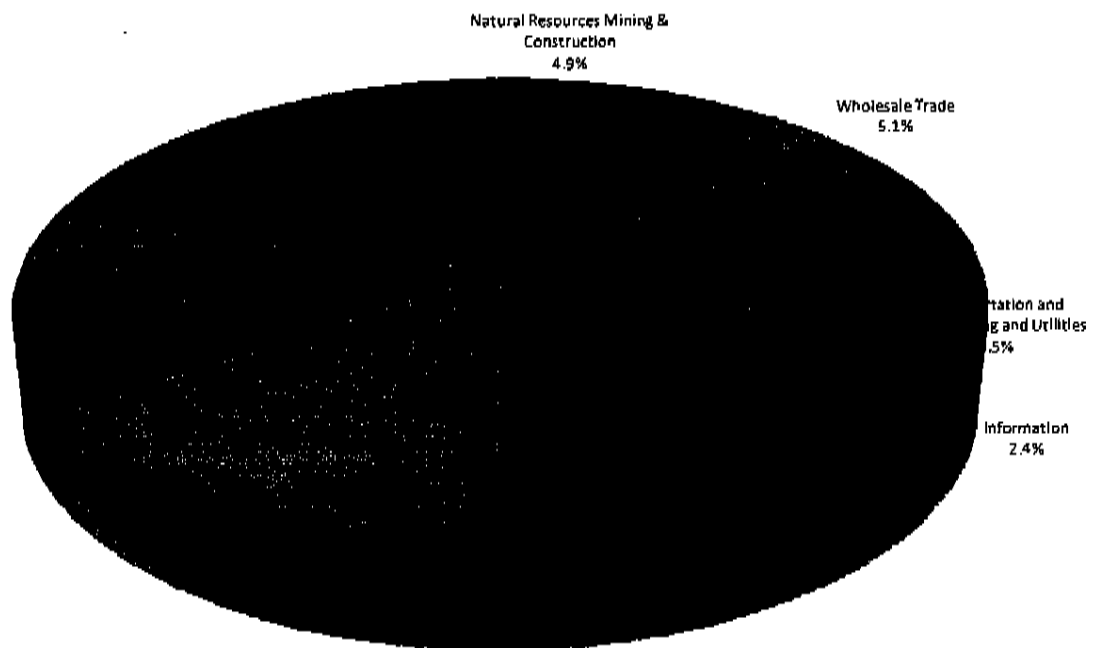
ARKANSAS STATE FAIR & FAIRGROUNDS**FACTORS AFFECTING DEMAND FOR EVENT FACILITIES****Median Household Income**

As shown in Chart 2 below, in 2000 and 2009, the median household income for Pulaski County was about average for all counties in the market area at \$38,300 and \$44,370, respectively.

Chart 2**Median Household Income Trends**

Business and Employment TrendsIndustries and Employers

Pulaski County is home to over 12,000 business establishments, as well as city, county, state and federal governments and agencies. The chart below presents a percentage breakdown of the 2010 employers, by industry, in Pulaski County.

Chart 3**Covered Employment by Industry for Pulaski County - 2010**

As shown in Chart 3, the government is the most predominant employer in Pulaski County, followed by education and health services, professional and business services and retail trade. Government is high because of the presence of State Government offices in Little Rock. Education and health services employers include UALR, University of Arkansas for Medical Sciences, Baptist Health School of Nursing, Baptist Health Medical Center, St. Vincent Health System and numerous other education and health companies.

ARKANSAS STATE FAIR & FAIRGROUNDS

FACTORS AFFECTING DEMAND FOR EVENT FACILITIES

Labor Force Statistics

Because of the well-balanced economic base of the Little Rock MSA, the labor force and number of person employed have remained fairly level over the past 4 years, despite suffering the effects of the national recession that began at the end of 2008. While the unemployment rate of the Little Rock MSA was at its highest in April 2010, it still is significantly less than the average for the State of Arkansas (7.5%) and the United States (9.5%).

Table 5

Arkansas State Fairgrounds					
Civilian Labor Force, 2006 - April 2010					
Market Area	2006	2007	2008	2009	Apr 2010
<u>Little Rock MSA</u>					
Civilian labor force	336,025	340,150	344,550	344,350	341,100
Employment	320,300	325,000	329,100	323,025	318,400
Unemployment	15,725	15,150	15,450	21,325	22,700
Unemployment rate	4.7%	4.5%	4.5%	6.2%	6.7%
<u>State of Arkansas</u>					
Civilian labor force	1,360,100	1,367,300	1,376,200	1,370,400	1,365,900
Employment	1,288,900	1,296,500	1,304,500	1,270,800	1,263,700
Unemployment	71,200	70,800	71,700	99,600	102,200
Unemployment rate	5.2%	5.2%	5.2%	7.3%	7.5%
<u>United States</u>					
Civilian labor force	151,428,000	153,124,000	154,287,000	154,142,000	153,911,000
Employment	144,427,000	146,047,000	145,362,000	139,877,000	139,302,000
Unemployment	7,001,000	7,077,000	8,925,000	14,265,000	14,609,000
Unemployment rate	4.6%	4.6%	5.8%	9.3%	9.5%

Source: Bureau of Labor Statistics

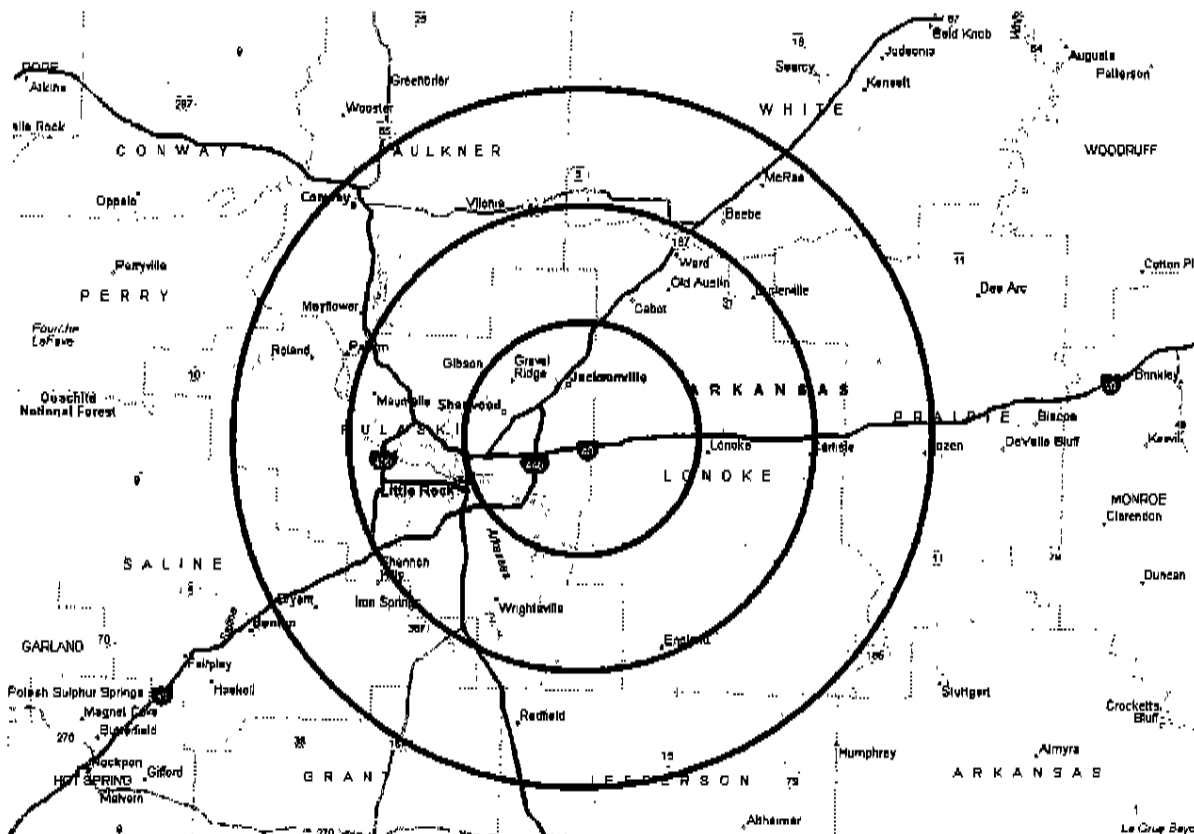
ARKANSAS STATE FAIR & FAIRGROUNDS

FACTORS AFFECTING DEMAND FOR EVENT FACILITIES

Household Cluster Analysis

In addition to analyzing population trends within the Proposed Site's market area, a look at the socio-economic make-up of households can reveal much about the general propensity of those households with regard to spending habits, media, activities and interests. This data can reveal possible events and activities at event facilities that may appeal to the households.

To assess the socio-economic trends of households related to the Proposed Site, we obtained and reviewed PRIZM NE¹ cluster reports for households with 10, 20 and 30 miles of the Proposed Site. Below is a map that shows the radii of 0 to 10 miles, 10 to 20 and 20 to 30 miles from the Proposed Site.



¹ Prepared by Claritas, Inc., 2010

ARKANSAS STATE FAIR & FAIRGROUNDS

FACTORS AFFECTING DEMAND FOR EVENT FACILITIES

In 2010, there were about 51,275 households with a 10-mile radius of the Proposed Site, about 124,000 households within 10 to 20 miles of the site and another 68,000 households within 20 to 30 miles of the site. The table below shows the estimated number of households, by cluster type, and related populations for these radii totals.

Table 6

Arkansas State Fairgrounds						
PRIZM NE Household Cluster Analysis - Proposed Site						
Cluster	0 to 10 Miles		10 to 20 Miles		20 to 30 Miles	
	Number of HH	Percent	Number of HH	Percent	Number of HH	Percent
Second City Society	5,511	10.75%	10,534	8.54%	1,042	1.53%
City Centers	12,670	24.71%	25,274	20.48%	3,470	5.11%
Micro-City Blues	9,557	18.64%	15,339	12.43%	5,181	7.62%
Elite Suburbs	389	0.76%	1,555	1.26%	0	0.00%
The Affluentials	2,490	4.86%	4,195	3.40%	0	0.00%
Middleburgs	2,356	4.59%	6,337	5.14%	0	0.00%
Inner Suburbs	1,178	2.30%	12,415	10.06%	0	0.00%
Landed Gentry	1,552	3.03%	9,686	7.85%	8,132	11.97%
Country Comfort	2,825	5.51%	14,050	11.39%	16,245	23.90%
Middle America	4,571	8.91%	12,960	10.50%	19,735	29.04%
Rustic Living	8,176	15.95%	11,052	8.96%	14,158	20.83%
	<u>51,275</u>	<u>100.00%</u>	<u>123,397</u>	<u>100.00%</u>	<u>67,963</u>	<u>100.00%</u>

Households within 30 Miles of the Round Rock Site

- The largest cluster is the City Centers, representing 17.7 percent of the households (41,414) households within 30 miles of the Proposed Site. This social group consists of a mix of Americans—old and young, homeowners and renters, families and singles—who've settled in the nation's satellite cities. What they share is a middle-class status, some college educations and a lifestyle heavy on leisure and recreation. The members of City Centers tend to be big fans of home-centered activities: computer surfing, video renting, TV viewing and playing games and musical instruments. Outside their homes, they go to movies, museums and bowling alleys at high rates. Median household income for this group ranges from \$40,000 to \$50,000.
- The next largest cluster within 30 miles of the Proposed Site is the Middle America, accounting for just over 37,000 households (15.4 percent). The six segments in Middle America are filled with middle-class homeowners living in small towns and remote exurbs. Typically found in scenic settings throughout the nation's heartland, Middle Americans tend to be white, high school educated, living as couples or larger families, and ranging in age from under 25 to over 65. Like many residents of remote communities, these conservative consumers tend to prefer traditional rural pursuits: fishing, hunting, making crafts, antique collecting, watching television and meeting at civic and veterans clubs for recreation and companionship. Friday nights are for celebrating high school sports. Median household income for this cluster is about \$44,000.

ARKANSAS STATE FAIR & FAIRGROUNDS**FACTORS AFFECTING DEMAND FOR EVENT FACILITIES**

- About 13.7 percent of the household in this radius are referred to as Rustic Living. The six segments in Rustic America represent the nation's most isolated towns and rural villages. As a group, this group has relatively modest incomes, low educational levels, aging homes and blue-collar occupations. Many of the residents, a mix of young singles and seniors, are unmarried, and they've watched scores of their neighbors migrate to the city. In their remote communities, these consumers spend their leisure time in such traditional small-town activities as fishing and hunting, attending social activities at the local church and veterans club, enjoying country music and car racing. Household incomes for this cluster range in the lower \$30,000s.
- The next largest cluster within 30 miles of the Proposed is called Country Comfort, representing 13.6% of the households (about 33,100) in this radius. The segments in Country Comfort are filled with predominantly white, middle-class homeowners. These households tend to be married couples, between the ages of 25 and 54, with or without children. They enjoy comfortable upscale lifestyles, exhibiting high indices for barbecuing, bar-hopping and playing golf as well as home-based activities such as gardening, woodworking and crafts. Reflecting their rural, family environment, they prefer trucks, SUVs and minivans to cars. Average household incomes run in the mid \$50k.
- The fifth largest cluster within 30 miles of the Proposed Site is Micro-City Blues, representing 12.4 percent of the households (about 30,100 households). Micro-City Blues was created via the predominantly downscale residents living in the affordable housing found throughout the nation's smaller cities. A diverse social group, it contains a mix of old and young, singles and widowers, whites, African-Americans and Hispanics. Most of the workers hold blue-collar jobs—hence the name—and their marketplace behaviors reflect the segments' varied lifestyles. This is one of the few social groups where consumers have a high index for video games and bingo, aerobic exercise and fishing, BET and the Country Music Network. The household income of this cluster ranges from the low \$20,000 to about \$28,000.

ARKANSAS STATE FAIR & FAIRGROUNDS**FACTORS AFFECTING DEMAND FOR EVENT FACILITIES****COMPETITIVE FACILITIES ASSESSMENT**

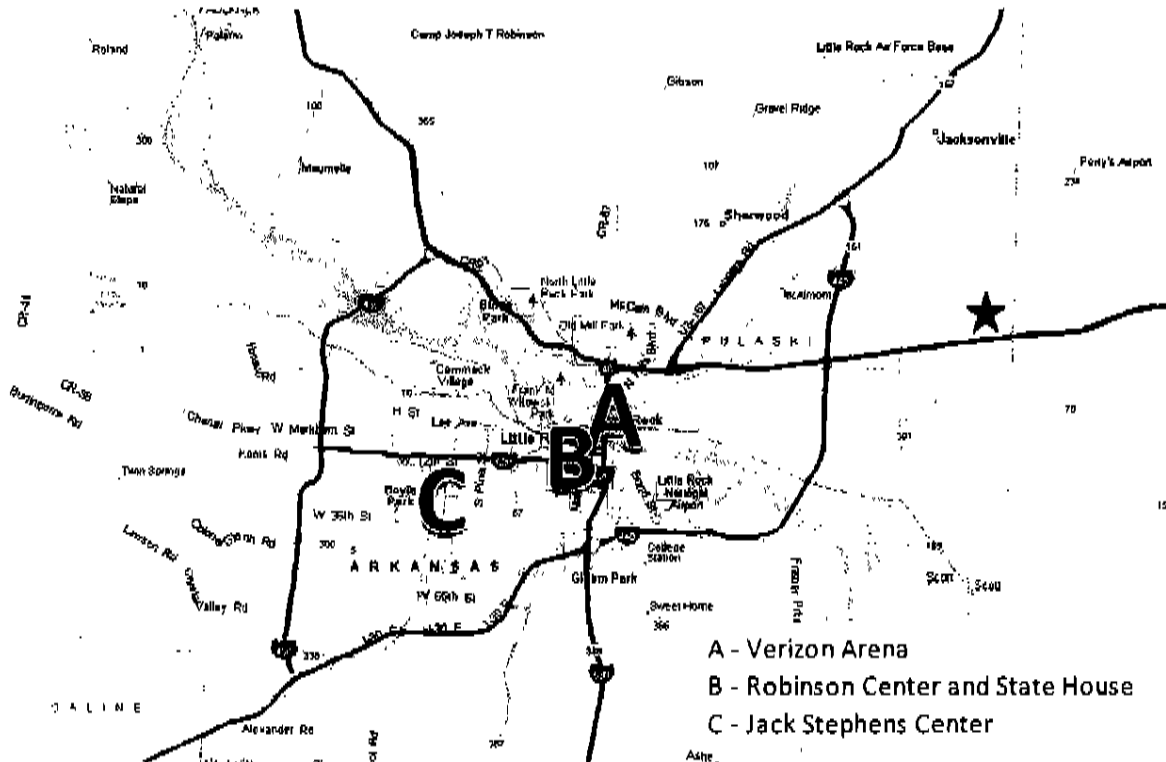
To further assess the demand potential for event facilities at the Proposed Site, it is necessary to understand the nature and operation of competitive event facilities and their potential impact on relocated Arkansas State Fair & Fairgrounds.

This section presents an overview of local, regional and national event facilities that are considered competitive with new event facilities at the Proposed Site. During the course of our study, we identified a number of facility types as competition with event facilities at the Proposed Site:

- Local Event Facilities
- Regional Event Facilities
- Regional Horse Show Facilities
- National RV Rally Facilities

Local Event Facilities

A review of the local market area revealed four principal competitive/comparable event facilities with potential new facilities at the Proposed Site – Verizon Arena, Jack Stephens Center, Statehouse Convention Center and Robinson Center. Below is a map showing the location of these facilities in relation to the Proposed Site.



Following is an overview of these facilities.

ARKANSAS STATE FAIR & FAIRGROUNDS**FACTORS AFFECTING DEMAND FOR EVENT FACILITIES****Verizon Arena**

Verizon Arena is an 18,000-seat arena facility located in North Little Rock, Arkansas. Owned and operated by the Pulaski County Multipurpose Civic Center Facilities Board, Verizon Arena opened in 1999 at a construction cost of about \$80 million. The arena was financed with a combination of state, county, city and private funding sources.

In addition to being the home to the Arkansas Diamonds of the Indoor Football League, this arena hosts concerts, family shows and sporting events. The table below presents a recap of the ticketed events at Verizon Arena for the years 2006 to 2010.

**Table 7**

Arkansas State Fairgrounds
Recap of Ticketed Events At Verizon Arena

Event Type	Number of Events				
	2006	2007	2008	2009	2010
Concert	22	16	18	24	24
Conference	0	0	2	0	0
Family Show	10	10	6	2	4
Sporting Event	<u>1</u>	<u>0</u>	<u>2</u>	<u>1</u>	<u>1</u>
Total	<u>33</u>	<u>26</u>	<u>28</u>	<u>27</u>	<u>29</u>

Source: PollstarPro

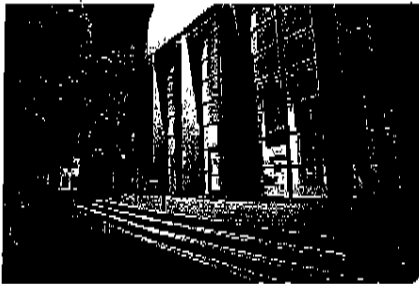
Table 8 presents the number of events, performances, average number of tickets sold and average ticket prices for concerts and spectator events held at Verizon Arena in 2006 to 2010

Table 8

Verizon Arena
Historical Concert/Spectator Event Results, 2006 - 2010

	2006	2007	2008	2009	2010
Number of concerts/spectator events	<u>20</u>	<u>21</u>	<u>20</u>	<u>26</u>	<u>22</u>
Number of performances	<u>30</u>	<u>34</u>	<u>30</u>	<u>28</u>	<u>34</u>
Average number of tickets sold	<u>6,427</u>	<u>6,160</u>	<u>6,274</u>	<u>7,732</u>	<u>6,555</u>
Average ticket price	<u>\$48.27</u>	<u>\$43.70</u>	<u>\$48.01</u>	<u>\$42.75</u>	<u>\$40.37</u>

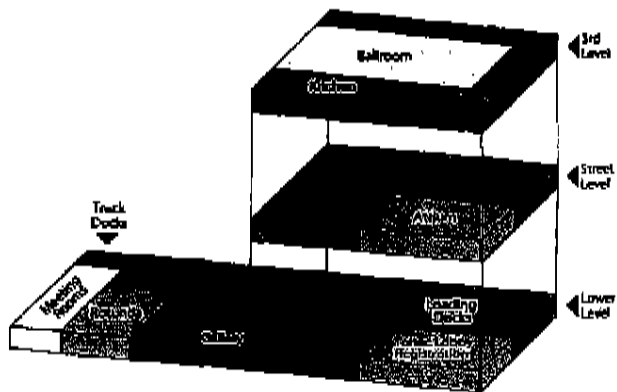
Source: Pollstar

ARKANSAS STATE FAIR & FAIRGROUNDS**FACTORS AFFECTING DEMAND FOR EVENT FACILITIES****Statehouse Convention Center and Robinson Center**

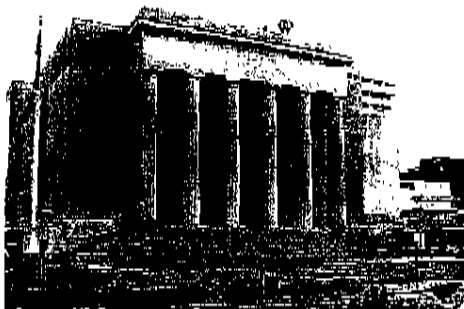
Located in downtown Little Rock, along the river front area, the Statehouse Convention center is a mid-sized convention and exhibition facility, with a variety of spaces for use for conventions and conferences, trade shows, banquets, fund raisers, receptions and community events. This facility consists of the following component spaces.

- Governors Halls – 82,892 square feet
- Wally Allen Ballroom – 18,362 square feet
- Meeting Rooms – 7,000 square feet
- Atrium – 4,784 square feet
- Rotunda – 7,278 square feet
- Toltec and Lobby – 4,600 square feet

Events held at the Statehouse Convention Center include the annual Arkansas Marine Expo, Arkansas RV Show, Arkansas Flower and Garden Show and a variety of state and regional conventions and conferences.

**Robinson Center**

The Robinson Center is a Little Rock owned performance center and exhibition hall. Located in close proximity to the Statehouse Convention Center, Robinson Center consists of a 2,600-seat proscenium arch hall used for a variety of live musical performances. This facility also has 7 meeting rooms and a 15,000 square foot exhibit hall that can accommodate 60, 10x10 booths. Events at this facility include traveling Broadway Shows, the Arkansas Symphony Orchestra, performing artists and other activities.



ARKANSAS STATE FAIR & FAIRGROUNDS

FACTORS AFFECTING DEMAND FOR EVENT FACILITIES

Below is a comparison of exhibition and meeting spaces for the current Arkansas State Fairgrounds and the Statehouse Convention Center and Robinson Center.

Facility	Square Ft.	Dimensions	Booths	Ceiling Height	Climate Controlled	Span Space	Daily Rate	Concession Areas	Kitchen Type
Arkansas State Fairgrounds									
Hall of Industry	34,506	220 x 120	135	14'	Yes	Columns	\$1,000	Yes	None
Farm Bureau	9,971	160 x 62	22	8'	Heat Only	Clear	\$375	None	None
Arkansas Building	9,971	N/A	22	12'	Heat Only	Columns	\$375	None	None
Farm and Ranch	4,290	N/A	N/A	11'	Heat Only	Clear	\$375	None	None
Statehouse Convention Center									
Ballroom A	9,856	112 x 88	N/A	25	Yes	Clear	\$1,600	None	None
Ballroom B	4,020	67 x 60	N/A	25	Yes	Clear	\$800	None	None
Ballroom C	3,468	67 x 51	N/A	25	Yes	Clear	\$800	None	None
Ballroom ABC	18,480	166 x 112	N/A	25	Yes	Clear	\$1,800	None	None
Governors Hall I	18,994	216 x 87	93	29	Yes	Columns	\$1,800	None	None
Governors Hall II	20,273	216 x 93	114	29	Yes	Clear	\$1,800	None	None
Governors Hall III	19,877	216 x 91	95	29	Yes	Columns	\$1,800	None	None
Governors Hall IV	20,352	192 x 106	96	20	Yes	Clear	\$1,800	None	None
Robinson Center									
Exhibition Hall	14,867	128 x 117	N/A	24	Yes	Columns	\$1,500	None	None

Source: updated 11/11/10

Facility	Square Feet	Daily Rate	Rate Per Sq. Ft.
Arkansas State Fairgrounds			
Hall of Industry	34,506	\$1,000	\$0.029
Farm Bureau	9,971	\$375	\$0.038
Arkansas Building	9,971	\$375	\$0.038
Farm and Ranch	4,290	\$375	\$0.087
Statehouse Convention Center			
Ballroom A	9,856	\$1,600	\$0.162
Ballroom B	4,020	\$800	\$0.199
Ballroom C	3,468	\$800	\$0.231
Ballroom ABC	18,480	\$1,800	\$0.097
Governors Hall I	18,994	\$1,800	\$0.095
Governors Hall II	20,273	\$1,800	\$0.089
Governors Hall III	19,877	\$1,800	\$0.091
Governors Hall IV	20,352	\$1,800	\$0.088
Robinson Center			
Exhibition Hall	14,867	\$1,500	\$0.101

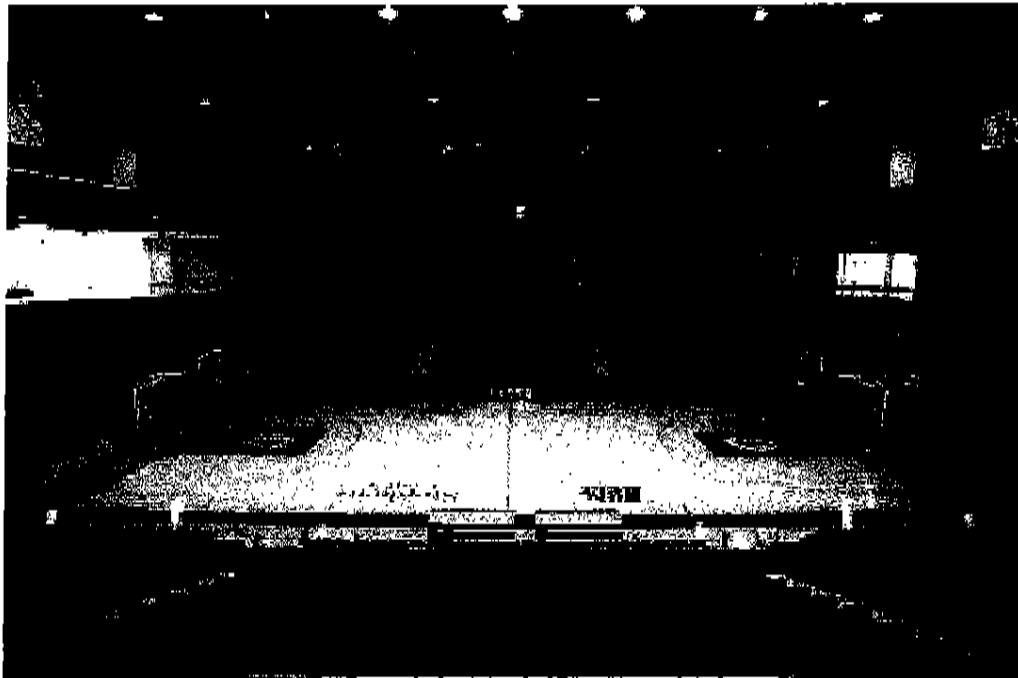
ARKANSAS STATE FAIR & FAIRGROUNDS**FACTORS AFFECTING DEMAND FOR EVENT FACILITIES****Jack Stephens Center**

Located on the campus of the University of Arkansas at Little Rock (UALR), the Jack Stephens Center is a 5,600-seat college sports arena that opened in 2005. Funded by a gift from Jackson T. Stephens, this \$25 million facility is home to the UALR Trojans sports.

This 150,000 square foot building consists of the main 5,600-seat arena, 12 luxury boxes, video scoreboard, dressing and locker rooms, full-court practice gym, an academic support center complete with 23 computer terminals, a first-class weight room, an athletic training room, locker rooms for basketball and volleyball, and a NIKE team store



In addition to housing the UALR Department of Athletics, the Jack Stephens Center is used for various non-athletic events and functions. The Legends Room, Derek Fisher court, the main concourse, and even the main event floor, have hosted several events since the inaugural year of the arena.



ARKANSAS STATE FAIR & FAIRGROUNDS

FACTORS AFFECTING DEMAND FOR EVENT FACILITIES

Comparable Arena Markets

To assist in evaluating the general market support for an improved/expanded arena at the Proposed Site, we analyzed the number of arenas, maximum number of concert seats and the average concert/spectator event ticket sales in comparable markets, based on relative MSA populations. The table below shows how the Little Rock market area compares with 14 other market areas (7 larger and 7 smaller than the Little Rock MSA).

Table 9

MSA	State	Population	Arenas	Max. Seats	Major League Team	Average Ticket Sales
Baton Rouge	LA	786,947	1	12,000	None	3,326
Grand Rapids-Wyoming	MI	778,009	1	13,184	AHL	6,807
El Paso	TX	751,296	2	17,472	NCAA, IFL	6,574/4,377
Columbia	SC	744,730	1	18,000	NCAA	5,410
Greensboro	NC	714,765	1	23,500	NCAA	9,308
Knoxville	TN	699,247	2	21,000	NCAA	8,583/3,803
Springfield	MA	698,903	1	8,477	NBA Dev.	4,124
Little Rock	AR	655,353	3	30,775	NBA, NHL	4,124
Stockton	CA	674,860	1	11,800	ECHL	7,122
Toledo	OH	672,220	1	10,000	ECHL	4,752
Syracuse	NY	646,084	1	8,000	AHL	3,062
Greenville	SC	639,617	1	15,951	SIFL	4,873
Colorado Springs	CO	626,227	1	9,000	NCAA	3,947
Wichita	KS	612,683	2	28,006	NCAA, CHL	7,554/6,386
Boise/Nampa	ID	606,376	3	30,920	ECHL	4,903/2,108

In conducting this analysis, we noted the following:

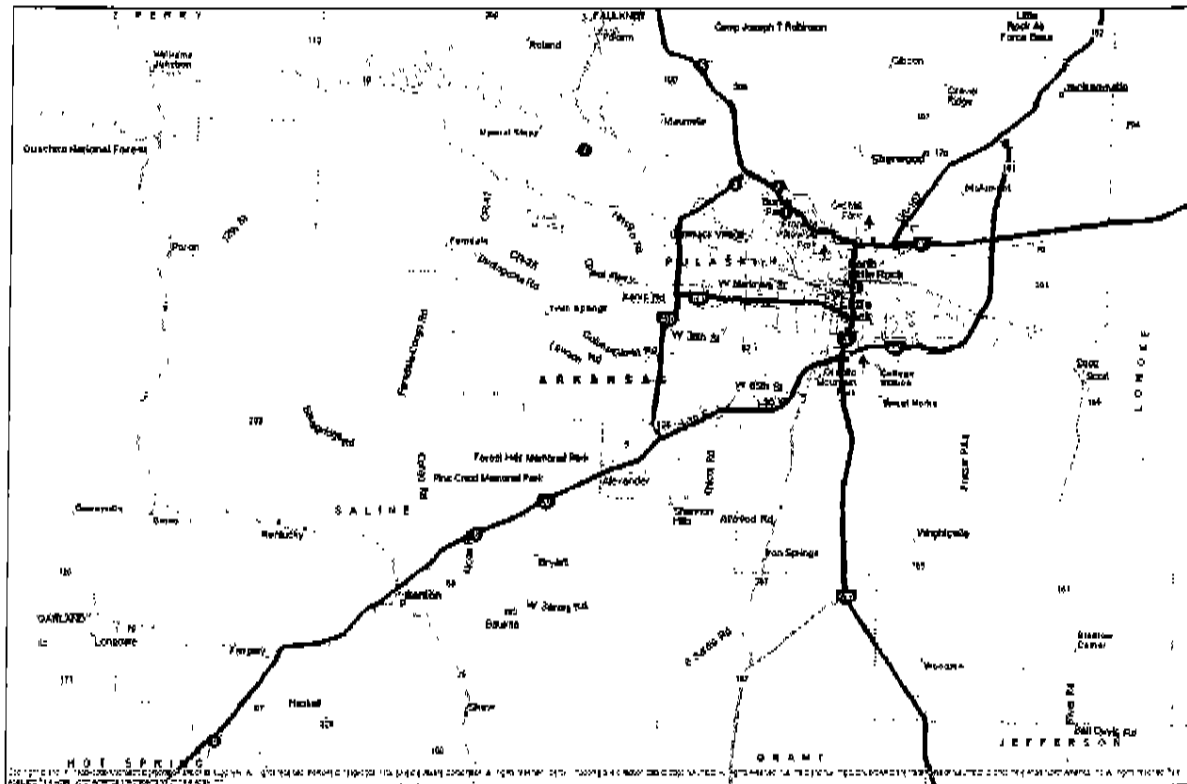
- The Little Rock market area had the most arenas (3) of all market areas, except for the Boise/Nampa area
- The Little Rock market area had the second highest number of concert seating (30,775) of all market areas

ARKANSAS STATE FAIR & FAIRGROUNDS

FACTORS AFFECTING DEMAND FOR EVENT FACILITIES

Local RV Facilities

There are a number of publically and privately owned RV parks in the central region of Arkansas, shown in the map below.



The table below provides additional information about each of these facilities, including number of sites, amenities, rates and other aspects.

Table 10

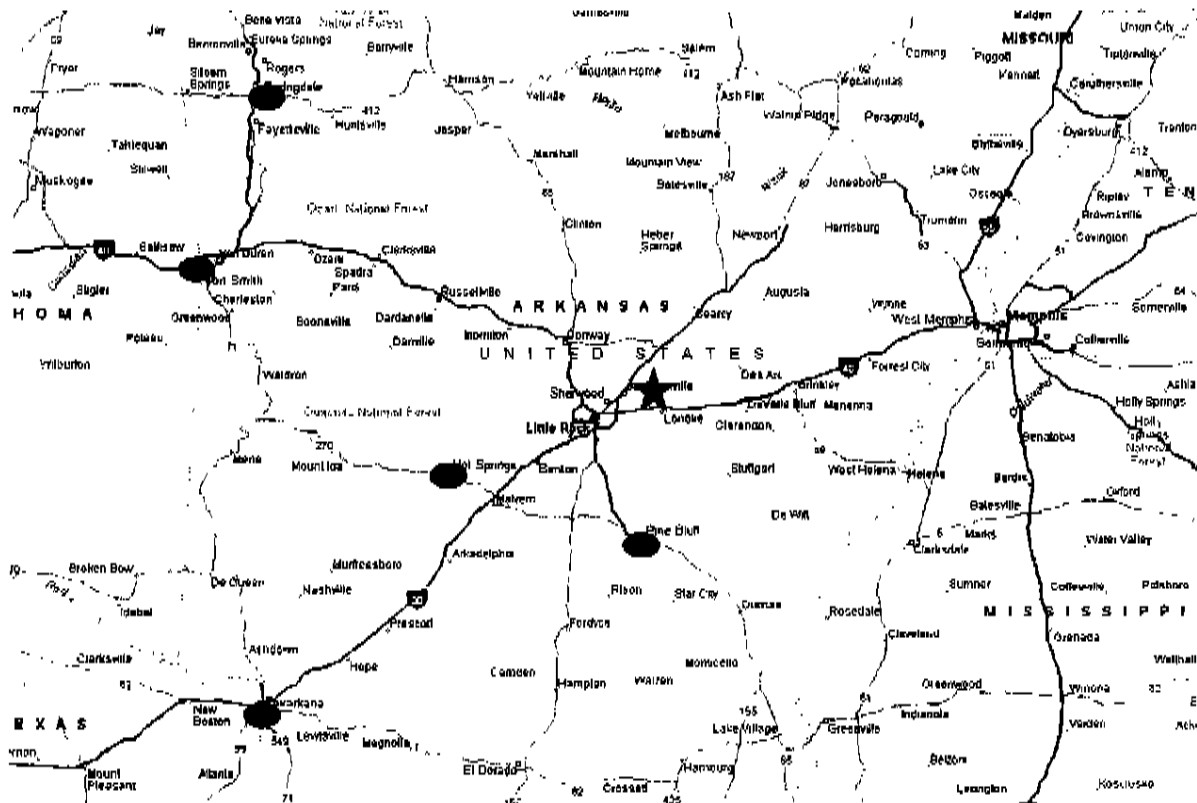
Map Key	RV Park Name	Location	Ownership	RV Spots	Hook-Ups	Amps	Rates	Cable TV	Dump Station	Internet	Laundry	Playground	Pool	Rest Rooms	Showers
1	Burns Park Campground	North Little Rock, AR	Public	38	WE	30/50	\$16	X	X	X	X	X	X	X	X
2	Crystal Hill RV Park	North Little Rock, AR	Private	28	F,WE	30/50	\$23-\$27	X	X	X	X	X	X	X	X
3	Downtown Riverside RV Park	North Little Rock, AR	Public	69	F,WE	50	\$18+	X	X	X	X	X	X	X	X
4	KOA North Little Rock	North Little Rock, AR	Private	89	F,WE	50	\$32-\$38	X	X	X	X	X	X	X	X
5	Trails End RV Park	North Little Rock, AR	Private	50	F,WE	30/50	\$28-\$30	X	X	X	X	X	X	X	X
6	I-30 Travel Park	Benton, AR	Private	134	F	30/50	\$20-\$21	X	X	X	X	X	X	X	X
7	JB's RV Park and Campground	Benton, AR	Private	43	F,WE	50	\$19-\$21	X	X	X	X	X	X	X	X
8	Maumelle Park (COE)	Little Rock, AR	Public	129	WE	30/50	\$24-\$27	X	X	X	X	X	X	X	X

Hook-Ups F = Full, WE = Water and Electric, E = Electric

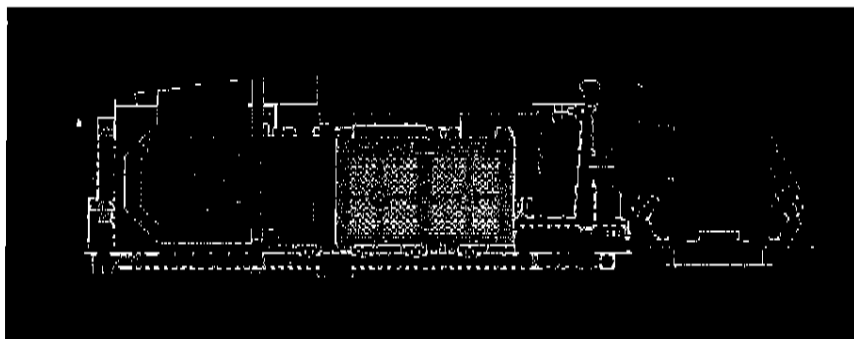
Nightly rates for these parks range from \$16 to \$38, depending on ownership, amenities and location of the park.

ARKANSAS STATE FAIR & FAIRGROUNDS**FACTORS AFFECTING DEMAND FOR EVENT FACILITIES****Regional Event Facilities**

A number of regional event facilities were identified and researched to assess competitive nature with event facilities at the Proposed Site.

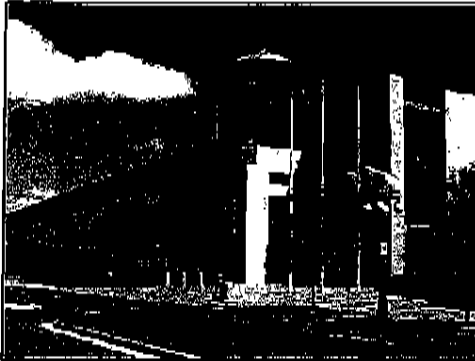
**Hot Springs Convention Center and Summit Arena**

The Hot Springs convention Center and Summit Arena, located in Hot Springs, Arkansas, is a multi-function event facility that can accommodate concerts, sporting events, consumer shows, trade shows, spectator events, conventions and conferences, banquets, receptions and community events.



ARKANSAS STATE FAIR & FAIRGROUNDS**FACTORS AFFECTING DEMAND FOR EVENT FACILITIES**

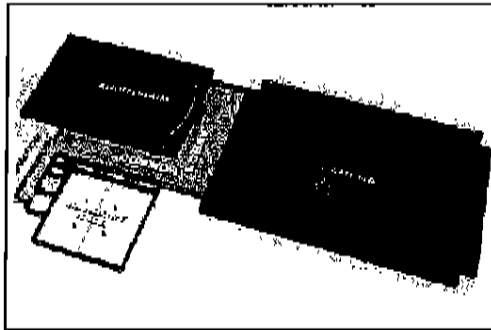
Summit Arena is a 6,000-seat arena facility that can accommodate concerts and other spectator events. Examples of events at this arena include Arkansas High School Basketball Tournaments, regional



basketball tournaments, motorcycle and auto shows and similar events. The Exhibit Hall area consists of 72,000 square feet of space that is dividable into 4 separate halls. The Exhibit Hall can accommodate more than 400 10x10 booths or 5,250 persons in banquet style seating. The convention Center also has 15 meeting rooms ranging in size from 345 square feet to 16,000 square feet. Events in the Exhibit Hall include an annual Home and Outdoor Show, Boat and RV Show, AR State Pokémon Championship, dog shows and similar events.

Pine Bluff Convention Center

The Pine Bluff Convention Center is a 90,000 square foot convention and conference facility with an attached 200-room hotel. This facility consists of an arena, auditorium/theater and meeting room/banquet space. The arena is a 104'x221' structure with seating for 7,620 people. It can accommodate 150, 8'x10' booths or 1,616 people for banquet seating. The arena can host exhibitions trade shows, banquets, meetings, concerts, circuses, rodeos, motocross and sporting events.



The auditorium has 1,900 permanent seats with a stage that can accommodate general sessions, theatrical productions, films, recitals, presentations and ceremonies. The banquet hall is 14,400 square feet and can be divided into 4 separate

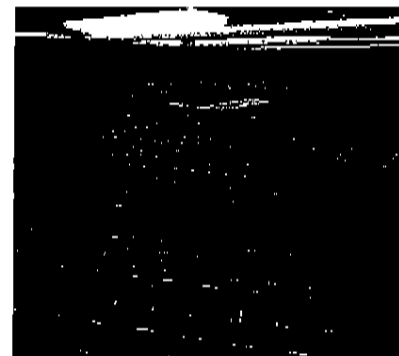
Fort Smith Convention Center

The Fort Smith Convention Center is a 145,000 Square foot facility consisting of a 1,331-seat performing arts center and 40,000 square feet of exhibit space, eight meeting rooms, commercial kitchen and pre-function areas.

**Northwest Arkansas Convention Center**

Located in Springdale, Arkansas, the Northwest Arkansas Convention Center is a regional conference and meeting facility. This facility has about 50,000-square feet of exhibition and meeting space.

The convention center is part of the Holiday Inn in Springdale, Arkansas.



ARKANSAS STATE FAIR & FAIRGROUNDS

FACTORS AFFECTING DEMAND FOR EVENT FACILITIES

Regional Horse Show Facilities

A number of horse show facilities were researched to assess their competitive impact to new event facilities at the Proposed Site. The table below presents a summary of some of the key aspects of these horse facilities.

Table 11

Arkansas State Fairgrounds Key Aspects of Regional Horse Event Facilities					
Facility Description	Key Rodgers Fort Smith, AR	4 States Fairgrounds Texarkana, AR	Tunica Tunica, MS	Mississippi State Fairgrounds Jackson, MS	Expo Square Tulsa, OK
Indoor arena	1	1	1	1	1
Indoor ring size	130 x 210	108 x 300	150 x 350	120 x 260	150 x 350
Floor surface	Dirt	Dirt over concrete	Dirt	Dirt	Dirt
Seating capacity	7,000-14,000	9,974	up to 5,000	2,500	2,750
Concession stands	Yes		Yes		Yes
Heated	No	Yes	Yes	yes	Yes
Air conditioning	No	Yes	Yes	yes	Yes
Covered arena	None	1	None	None	1
Outdoor arena	1	None	None	None	None
Stalls	345	400	605	N/A	2,028

Key Rodgers Park and 4 States Fairgrounds are two of Arkansas' larger horse event facilities with arena seating of at least 10,000 people. Major horse events held in these two facilities include futurities, rodeos, Arkansas High School Rodeo, USTRC, barrel racing, cowboy mounted shooting, cutting horse, college rodeos, breed shows and clinics.

In addition to the two Arkansas facilities shown in the table above, other facilities that are the site of horse events/shows include Hestand Stadium (Pin Bluff), White County Fairgrounds (Searcy) and Saline County Fairgrounds (Benton). The Tunica Expo Center, Mississippi State Fairgrounds and Expo Square all host a number of larger regional and national horse shows.

National RV Rally Sites

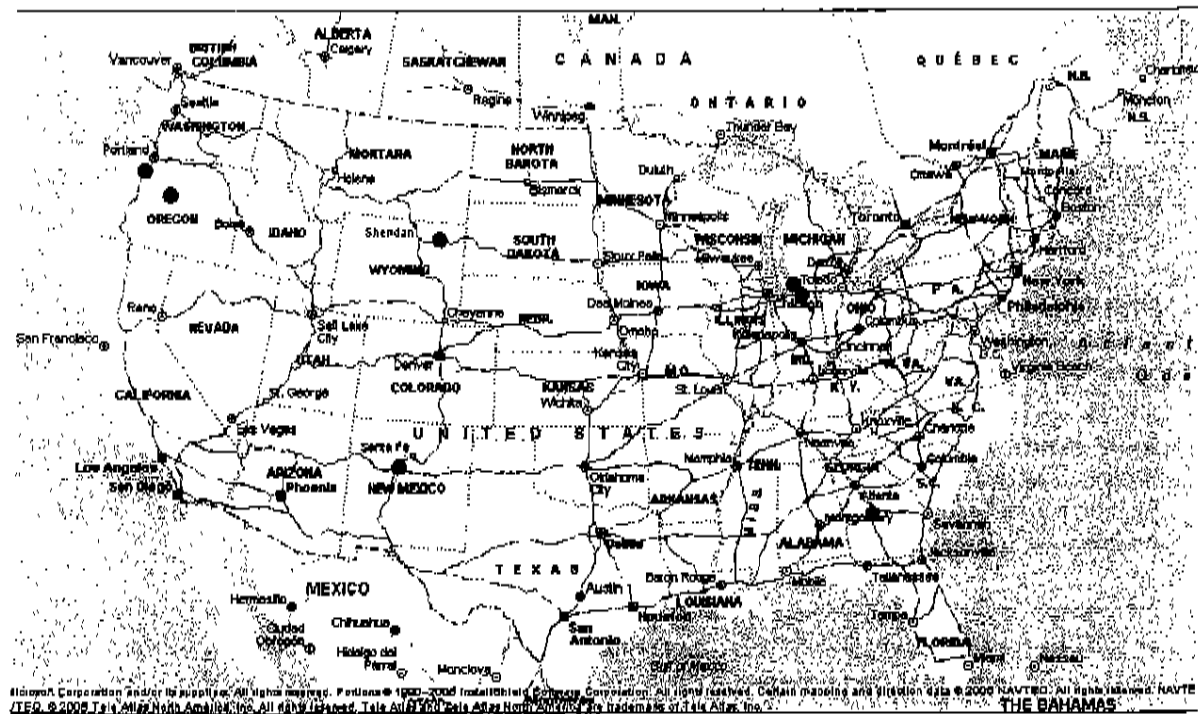
Management of the ASLA expressed strong interest in marketing the event facilities to regional and national RV rallies. We identified and researched the following facilities that would be competitive venues for these types of RV rallies:

- Georgia National Fairgrounds, Perry, GA
- Berrien Springs Youth Fairgrounds, Berrien Springs, MI
- Elkhart County Fairgrounds, Goshen, IN
- New Mexico State Fairgrounds, Albuquerque, NM
- CAM-PLEX Multi-Event Facilities, Gillette, WY
- Deschutes County Fairgrounds, Redmond, OR
- Oregon State Fair & Fairgrounds, Salem, OR

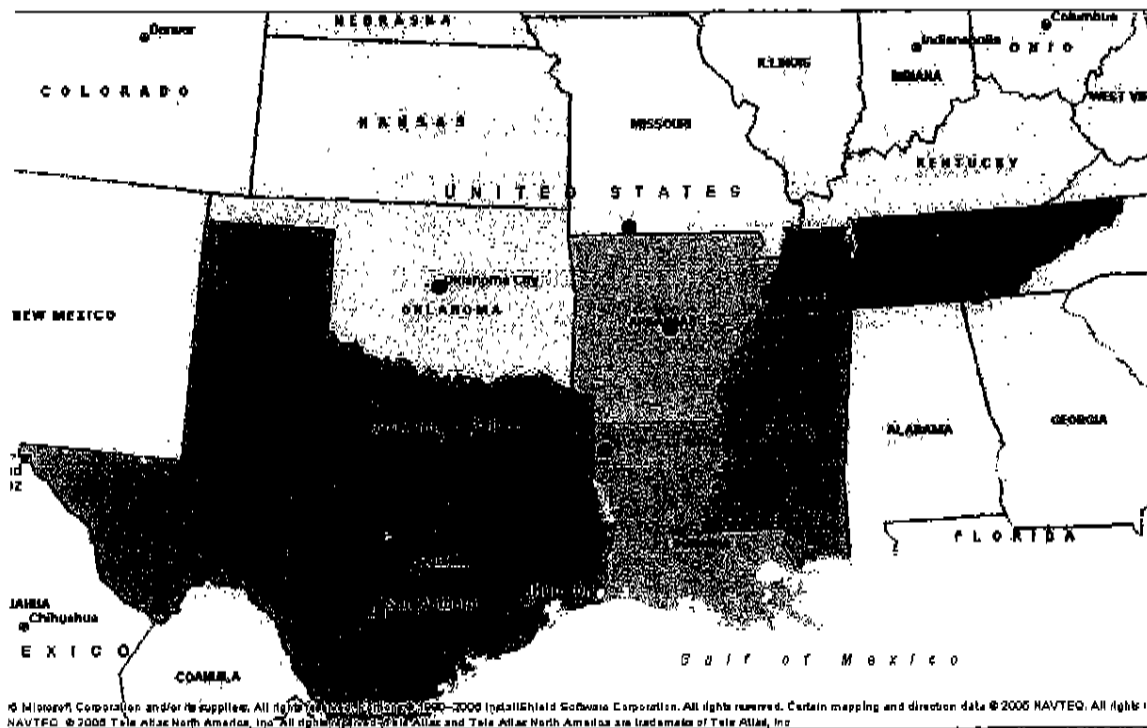
The map on the next page shows the location of these venues.

ARKANSAS STATE FAIR & FAIRGROUNDS

FACTORS AFFECTING DEMAND FOR EVENT FACILITIES



On a regional Basis, there are a number of venues that host regional RV rallies, including the Downtown Riverside RV Park in North Little Rock; Shreveport, LA; Chattanooga, TN; Branson, MO and Oklahoma City, OK, as shown in the map below.



ARKANSAS STATE FAIR & FAIRGROUNDS**FACTORS AFFECTING DEMAND FOR EVENT FACILITIES****Horse Show Restrictions**

Each type of horse show is governed by a sanctioning body. The two major sanctioning bodies are the United States Equestrian Federation (USEF) and the American Quarter Horse Association (AQHA). Competitions governed by the USEF include dressage, driving, endurance riding, eventing, hunt seat equitation, hunter, jumper, reining, roadster, saddle seat equitation, vaulting, and western riding competition including equitation, western pleasure, reining, trail, and related events.

The USEF also governs breed shows held in the United States for the Andalusian, Lusitano, Arabian, half-Arabian, Anglo-Arabian, Connemara, Friesian, Hackney, Morgan, American Saddlebred, National Show Horse, Paso Fino, Shetland, and Welsh breeds.

Other governing bodies include American Paint Horse Association (APHA), Appaloosa Horse Club (ApHC), National Cutting Horse Association (NCHA), National Reined Cow Horse Association (NRCHA), National Reining Horse Association (NRHA), Palomino Horse Breeders of America (PHBA), United States Team Penning Association (USTPA) and United States Team Roping Championships (USTRC).

All of these governing bodies have specific rules, requirements and restrictions related to moving an existing or creating a new event. Most governing bodies consider moving an existing event the same as creating a new event. One of the factors impacting the ability to stage horse shows at the Proposed Event Facilities is the "mileage restriction" (the minimum distances shows can be held at the same time) clause of the show approval process of each governing body. Below is a listing of the mileage restrictions for the major governing horse show bodies.

<u>Governing Body</u>	<u>Mileage Restriction</u>
United States Equestrian Federation	50 miles to 250 miles (radius), depending on show rating
American Quarter Horse Association	150 driving miles
Appaloosa Horse Club	150 mile radius
American Paint Horse Association	250 driving miles
National Reined Cow Horse Association	300 mile radius
National Reining Horse Association	500 mile radius
Palomino Horse Breeders of America	350 mile radius
United States Team Roping Championships	None, case by case
United States Team Penning Association	None, case by case
National Cutting Horse Association	500 miles to 800 miles (driving)

ARKANSAS STATE FAIR & FAIRGROUNDS**FACTORS AFFECTING DEMAND FOR EVENT FACILITIES****Impact of Competitive Facilities on Event Potential at the Proposed Site**

The existing competitive arenas, exhibition facilities and equine/livestock facilities are determined to have the following impacts on market demand/support for event facilities at the Proposed Site.

Local Facilities

- Though Verizon Arena has long been the dominant venue for concerts and spectator events, about half of those events would be better suited in a mid-sized arena facility at the Proposed Site.
- Some high school activities held at the Jack Stephens Center at UALR and Summit Arena in Hot Springs could be attracted to an arena facility at the Proposed Site.
- The Statehouse Convention Center is small and cramped for their larger consumer and trade shows. Parking and service access is also difficult.

Regional Event Facilities

- The State of Arkansas is lacking a major, larger multi-use event facility that could serve as an attractor for out-of-state events and activities – a facility that could be suited for the Proposed Site.

Regional Horse Show Facilities

- There is no large, central horse show complex in the State of Arkansas that could serve the larger state horse shows and events.
- On a regional basis, Expo Square is a major competitor for regional horse shows, as is the Mississippi State Fairgrounds and Tunica Expo Center.
- With new and modern horse show facilities, the Fairgrounds at the Proposed Site could be successful in attracting more state and regional horse shows and events.

ARKANSAS STATE FAIR & FAIRGROUNDS**EVENT POTENTIAL****EVENT POTENTIAL**

This section presents the results of interviews and surveys of potential users of event facilities at the Proposed Site. The purpose of interviewing potential users is to ascertain the level of interest of various organizations in using event facilities at the Proposed Site and identifying the types of facilities and services required for the event, the frequency of the event(s) and time of year for the event(s).

To augment the assessment of factors affecting demand for event facilities at the Proposed Site, we performed the following work tasks:

- Conducted interviews/surveys of users of the existing Arkansas State Fairgrounds about (1) their level of interest in moving their event to the Proposed Site and (2) the type and size of facilities needed for their event.
- Conducted interviews and surveys of event promoters of consumer and public shows held at other venues in the Little Rock area to identify potential events that would move from where they are currently held.
- Conducted surveys of local businesses to identify needs of off-site meeting, training and banquet facilities.
- Conducted interviews/surveys of Arkansas-based horse clubs and associations to identify potential new horse shows and event that could be held at the Proposed Site.
- Surveyed regional and national RV rally organizers to identify interest in the Little Rock area as a venue for their rally, specific facility needs and general selection process.

The remainder of this section presents the results of these interviews and surveys.

CURRENT ASF INTERIM EVENT USERS

During the course of our study, the following event organizers were involved in the interview process to ascertain their interest in relocating their event to the Proposed Site and facility needs.

ABATE Motorcycle Show	Depression Glass Show
ACT Testing	Duck, Duck Goose Sale
AR Gun Show	Edgefest
AR Kennel Club	Meritor WABCO Ride-n-Drive
Arkansas State 4-H Horse Show	Regional 4-H Horse Show
Aroma Senses Merchandise Sale	RK Gun Show
Baptist School of Nursing	Super Stop Co-Op Trade Show
Big Buck Classic	UAMS Graduation
Buchanan's Flea Market	

All of the events listed above would move to the Proposed Site, except for Buchanan's Flea Market and Arkansas State 4-H Horse Show.

ARKANSAS STATE FAIR & FAIRGROUNDS**EVENT POTENTIAL****INTERVIEWS OF OTHER EVENT PROMOTERS**

We conducted surveys and interviews of other event promoters in the Little Rock area, including Denton & Griffey Attractions (Arkansas RV Show and Arkansas Marine Expo) and Arkansas Flower and Garden Show. Based on these interviews and surveys, there is strong interest in relocating to new event facilities at the Proposed Site, with a need for at least 150,000 square feet of show space.

SURVEYS OF THE LOCAL BUSINESS COMMUNITY

Markin Consulting coordinated the administration of an e-mail survey to North Little Rock area businesses by the North Little Rock Chamber of Commerce. Chamber members were directed to our website to complete and submit an on-line survey of their off-site facility needs. Below is a summary of the survey results.

- 42 surveys were returned, indicating that their organization/business holds an event(s) requiring meeting, exhibition, training or conference space
- Based on the survey responses, 17 of the 42 respondents indicated they need space and were willing to move to the Fairgrounds location. Another 8 indicated they weren't interested in moving their event to the Proposed Site and the remaining 17 gave no answer to that question.
- For the groups willing to move to the new Fairgrounds at the Proposed Site, their use represents the potential for more than 30 events days per year.

INTERVIEWS/SURVEYS OF ARKANSAS HORSE CLUBS

Horse clubs and associations that were interviewed/surveyed included the following:

[REDACTED]

Arkansas Appaloosa Horse Club
Arkansas Arabian Horse Club
Arkansas Morgan Horse
Arkansas Barrel Racing Association
Arkansas Missouri Fox Trotting
Arkansas ChuckWagon Racing Association
Arkansas Draft Horse And Mule Association
Arkansas Dressage Society, Inc.
Arkansas Mini Horse Society
Arkansas Paint Horse Club
Arkansas Quarter Horse Association
Arkansas Reining Horse Association
Arkansas Valley Horse Show Association
Greater Arkansas Hunter Jumper Association
[REDACTED]

We received comments and input from the Arkansas Rodeo Association, Arkansas Quarter Horse Association, Arkansas Dressage Society, Arkansas Appaloosa Horse Club, Arkansas Morgan Horse and Arkansas Arabian Horse Club.

ARKANSAS STATE FAIR & FAIRGROUNDS**EVENT POTENTIAL****REGIONAL AND NATIONAL RV RALLY ORGANIZER SURVEYS/INTERVIEWS**

During the course of our study, we conducted interviews and surveys of 18 national and regional RV rally organizers to gather input about their interest in staging an RV rally at the Proposed Site and minimum facilities needed for their rally. The organizations that were surveyed were:

American Coach Association	Good Sam Club
Bounders of America	Hitchhikers of America
Bounders United	Holiday Rambler RV Club
Country Coach International	Jayco RV Club
Escapees RV Club	Monaco International RV Club
Family Campers & Rver's	Newmar Country Club
Fleetwood RV Club	SMART Travel Club
FMCA	Starcraft RV Club
Foretravel Motorcoach	Wally Byam Caravan Club

Below is a summary of some of the responses from interested organizations regarding their event, size, facility needs and other factors.

Location	West, Central, East	AR Region	Rotates	Rotates	Southern States	East/West	Oregon/KY
Number of rigs	3,500 - 5,000	700 - 900	1,000	800 - 1,000	400 - 500	600 - 800	Up to 6,000
Indoor space	100,000 sf	30,000 - 50,000 sf	40,000 - 50,000 sf	30,000 - 50,000 sf	20,000 - 30,000 sf	25,000 - 30,000 sf	120,000 sf
Outdoor space	1,000,000 sf	Varies	Varies	Various	Grass game area	Various	750,000 sf
General/Ent. Space	6,000 to 10,000	1,500	2,000	2,000	1,000	1,200 to 1,500	8,000 - 14,000
Seminar rooms	2 - 1,000 cap. 4 - 600 cap. 4 - 100 cap. Boardroom	8 - 50 cap. 2 craft - 100 cap.	2 - 250 cap. 6 - 150 cap	3 - 1,500 sf 2 - 25 cap.	Included in indoor space	Varies	2 - 750 cap. 4 - 500 cap. 4 - 150 cap. Boardroom
Banquet space	N/A	Bf for 1,200	Bf, Din	Up to 200 cap.	Up to 500 cap.	Up to 800	N/A
Lodging rooms	1,600 w/in 30 miles	N/A	N/A	N/A	N/A	N/A	1,500+
Utilities	Elec/water access	Elec/water access	Elec, water acces	Elec, water acces	Elec, water acces	Elec, water acces	Elec, water acces
Dump/Pumper	X	X	X	X	X	X	X
Out-of-State Dealer	Yes	Yes	Yes	Yes	Yes	Yes	Yes

One of the key requirements is the ability for out-of-state RV dealers to attend the rallies as a vendor and sell units. Arkansas legislation does not currently allow this for RV rallies, but it does for motorcycle rallies. Legislative changes would need to be made to accommodate this requirement in order to attract these rallies.

We also interviewed a representative of the FamCamp at the Little Rock Air Force Base who indicated strong support for a permanent RV park at the Proposed Site that could be used by military personnel and families.

ARKANSAS STATE FAIR & FAIRGROUNDS**EVENT POTENTIAL****EVENT POTENTIAL**

This section presents the estimated impacts of relocating the Fair and Fairgrounds to the Proposed Site. For the annual Arkansas State Fair, the greatest impact will be for attendance and participation in the Fair. For year-round events and activities, opportunities exist not only for events held at the current site of the Arkansas State Fairgrounds relocating to the Proposed Site, but also for new events that could be attracted to use facilities at the Proposed Site.

FAIR ATTENDANCE AND PARTICIPATION POTENTIAL

A number of factors will both positively and negatively affect attendance and participation in the annual Arkansas State Fair by relocating to the Proposed Site:

- The Fair at the Proposed Site will be a “destination” event much more than it is now, requiring patrons to drive or use a shuttle system to get to the grounds. Consequently, the Fair will experience a decline in the number of “walk-up” attendees who reside in the neighborhood surrounding the current site.
- According to management of the ASLA, the neighborhood surrounding the current Fairgrounds is an unsafe area, causing Fair patrons from outside of the immediate area to limit their attendance to daylight hours. A review of crime data compiled by NeighborhoodScout.com, an on-line community rating service, confirmed this assessment, with a reported safety rating of 4 on a scale of 1 to 100 (with 100 being the safest). Little Rock police department statistics also confirmed that the area has a high propensity for violent and property crimes. Other national organizations have also ranked the Little Rock city proper as a high crime community.

By moving the Fair and Fairgrounds to an unincorporated portion of Pulaski County, the annual Fair will be situated in a very safe area and is expected to generate a higher attendance and participation trend for the Fair, with a distinctly different overall demographic.

- Having more indoor and outdoor space for the Fair will also have a positive impact on attendance and participation trends.

On the basis of historical and potential attendance and participation trends, it is expected that the annual Arkansas State Fair could experience between a 30 percent and 50 percent increase in paid attendance over current levels. With additional space for commercial exhibitors, it is expected that the number of commercial exhibitors could increase by at least 50 percent over current levels.

ARKANSAS STATE FAIR & FAIRGROUNDS**EVENT POTENTIAL****YEAR-ROUND EVENT POTENTIAL**

The following pages present our estimates of the number, size and frequency of year-round events and activities that could be attracted to use event facilities at the Proposed Site. These estimates are based on the surveys and interviews of current and potential users, competitive factors (locally, regionally and nationally), demographic and economic trends and location characteristics.

For purposes of the event potential for year-round events, we have organized the estimates by facility type – arena, exhibition space, horse show facilities and RV rally facilities. In most cases, a low and high scenario has been presented with the difference being in the number of events.

Arena Event Potential

Though Verizon Arena is host to virtually all concerts and spectator events in the Little Rock area, a review of the genres of concerts and types of spectator events held at Verizon Arena over the past 5 years, coupled with the socio-demographics of the Proposed Site's market area, indicates the potential for an arena facility at the Proposed Site for mid-sized concerts with country/western, Christian and classic rock genre, as well as spectator events, indoor motor-sports, touring events, rodeos/equestrian events, and other events. Below are the estimated uses of an arena facility at the Proposed Site.

Arkansas State Fairgrounds			
Arena Event Potential at the Proposed Site - Low Scenario			
Event Type	Event Days/ Performances	Average Paid Attendance	Average Ticket Price
Concerts	12	4,500	\$35.00
Family Shows	2	3,500	\$15.00
Touring Events	2	3,500	\$15.00
Motor Sports	2	2,500	\$18.00
Rodeos/Equestrian	2	2,500	\$15.00
Religious Events	1	N/A	N/A
Graduations	2	N/A	N/A
Other Events	2	3,000	\$20.00
Subtotal	25		

Arkansas State Fairgrounds			
Arena Event Potential at the Proposed Site - Low Scenario			
Event Type	Event Days/ Performances	Average Paid Attendance	Average Ticket Price
Concerts	14	4,500	\$35.00
Family Shows	4	3,500	\$15.00
Touring Events	3	3,500	\$15.00
Motor Sports	3	2,500	\$18.00
Rodeos/Equestrian	3	2,500	\$15.00
Religious Events	2	N/A	N/A
Graduations	2	N/A	N/A
Other Events	4	3,000	\$20.00
Subtotal	35		

ARKANSAS STATE FAIR & FAIRGROUNDS

EVENT POTENTIAL

Exhibition Space Event Potential

Below is a summary of the potential exhibition space events at the Proposed Site for the Arkansas State Fairgrounds

Exhibit Building Uses	Number of Events	Average		Total Use		Total Event Days	Square Footage	Total SF		Ave. Attendance	Total Attendance
		Event Days	M/MO	Days	Event Days			M/MO			
Current Users											
ABATE Motorcycle Show	1.00	2.00	1.00	3.00	2.00	35,000	70,000	35,000	800	800	800
ACT Testing	6.00	1.00	0.00	6.00	6.00	30,000	180,000	0	N/A	N/A	N/A
Big Buck Classic	1.00	3.00	2.00	5.00	3.00	175,000	525,000	350,000	6,000	6,000	6,000
Circus	2.00	1.00	1.00	4.00	2.00	75,000	150,000	150,000	N/A	N/A	N/A
Depression Glass Show	1.00	2.00	2.00	4.00	2.00	40,000	80,000	80,000	1,000	1,000	1,000
Dog Show	2.00	2.00	1.00	6.00	4.00	50,000	200,000	100,000	500	500	1,000
Duck, Duck, Goose	2.00	3.00	2.00	10.00	6.00	40,000	240,000	160,000	800	800	1,600
Gun Shows	5.00	2.00	1.00	15.00	10.00	35,000	350,000	175,000	3,000	3,000	15,000
Hispanic Encounter	1.00	1.00	1.00	2.00	1.00	40,000	40,000	40,000	1,500	1,500	1,500
NCEES Testing	2.00	2.50	1.00	7.00	5.00	35,000	175,000	70,000	N/A	N/A	N/A
Cheerleading and Dance	2.00	1.00	0.00	2.00	2.00	50,000	100,000	0	2,000	2,000	4,000
Other	6.00	1.00	0.00	6.00	6.00	10,000	60,000	0	N/A	N/A	N/A
Private Trade/Industry Use	2.00	2.00	1.00	5.00	4.00	50,000	200,000	100,000	N/A	N/A	N/A
	33.00			76.00	53.00		2,370,000	1,260,000			30,900

Exhibit Building Uses	Number of		Average		Total Use		Total	Square	Total SF		Avg.	Total
	Events	Event Days	M/MO	Days	Event Days	Footage			Event Days	M/MO		
New Events												
AR Flower & Garden Show	1.00	3.00	2.00	5.00	3.00	75,000	225,000	150,000	3,500	3,500		
Arkansas Marine Show	1.00	3.00	2.00	5.00	3.00	150,000	450,000	300,000	7,500	7,500		
Arkansas RV Show	1.00	3.00	2.00	5.00	3.00	150,000	450,000	300,000	7,500	7,500		
Arts and Crafts Show	2.00	2.00	1.00	6.00	4.00	20,000	80,000	40,000	1,500	3,000		
Business Training/Meetings	36.00	1.50	0.00	54.00	54.00	8,000	432,000	0	N/A	N/A		
Christmas Craft Show	2.00	3.00	1.00	8.00	6.00	30,000	180,000	60,000	2,500	5,000		
Electronics Show	1.00	2.00	1.00	3.00	2.00	25,000	50,000	25,000	1,000	1,000		
Food and Wine Festival	1.00	2.00	1.50	3.50	2.00	40,000	80,000	60,000	2,000	2,000		
Scrapbooking Show	1.00	2.00	1.00	3.00	2.00	25,000	50,000	25,000	1,000	1,000		
Other consumer shows	4.00	2.00	1.00	12.00	8.00	25,000	200,000	100,000	1,000	4,000		
Small Animal Shows	3.00	2.50	1.00	10.50	7.50	50,000	375,000	150,000	1,200	3,600		
Trade & Industry Shows	4.00	3.00	1.00	16.00	12.00	50,000	600,000	200,000	N/A	N/A		
	57.00			131.00	106.50		3,172,000	1,410,000		38,100		

ARKANSAS STATE FAIR & FAIRGROUNDS

EVENT POTENTIAL

Horse Show Facility Potential

Following are the estimated events and event characteristics of horse shows that could be attracted to the Proposed Site.

Arkansas State Fair Horse Show Assumptions - Low Scenario									
Rally Types	Number Per Year	No. of Days	No. of Horses	Number of Stalls Rented	Square Feet	Exhibit Space No. of Days	Total Space	Assumed Attendance Per Event	RV Space Rented Total
Southeast Regional 4-H Horse Show	1	4	325	1,300	25,000	2	50,000	1,140	4,560
AR State Horse Show	1	4	250	1,000	5,000	2	10,000	630	2,520
Multi-State Regional Shows	2	4	400	3,200	5,000	4	20,000	800	6,400
State-Based Horse Shows									
Mid/Large	2	3	175	1,050	N/A	N/A	N/A	530	3,180
Small/Mid	2	2	100	400	N/A	N/A	N/A	350	1,400
				6,950	35,000		80,000		18,050
									2,190

Arkansas State Fair Horse Show Assumptions - High Scenario									
Rally Types	Number Per Year	No. of Days	No. of Horses	Number of Stalls Rented	Square Feet	Exhibit Space No. of Days	Total Space	Assumed Attendance Per Event	RV Space Rented Total
Southeast Regional 4-H Horse Show	1	4	325	1,300	25,000	2	50,000	1,140	4,560
AR State Horse Show	1	4	250	1,000	5,000	2	10,000	630	2,520
Multi-State Regional Shows	2	4	400	3,200	5,000	4	20,000	800	6,400
State-Based Horse Shows									
Mid/Large	3	3	175	1,575	N/A	N/A	N/A	530	4,770
Small/Mid	4	2	100	800	N/A	N/A	N/A	350	2,800
				7,875	35,000		80,000		21,050
									3,150

RV Rally Facility Potential

Following are the estimated events and event characteristics of RV rallies that could be attracted to the Proposed Site.

Arkansas State Fair RV Rally Assumptions						
Rally Types	Number per Year		Number of Rigs		Amount of Exhibit Space	
	Low	High	Low	High	Low	High
State Rallies	4	6	50	75	5,000	5,000
Small/Mid Size Regional Rallies	2	4	600	800	50,000	50,000
Mid/Large Size Regional/National	1	2	2,000	2,500	150,000	150,000
					270,000	530,000

ARKANSAS STATE FAIR & FAIRGROUNDS

FACILITY RECOMMENDATIONS

FACILITY RECOMMENDATIONS

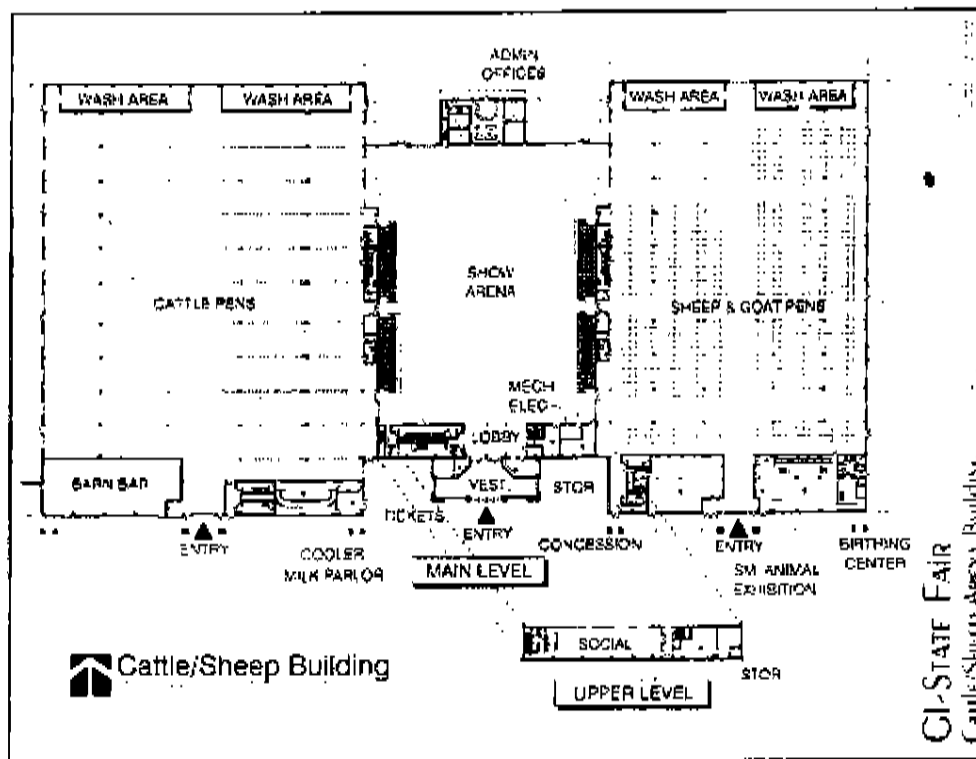
This section presents the recommended minimum facilities (the Recommended Facilities) to successfully stage the Arkansas State Fair at the Proposed Site and to attract and retain the year-round events and activities, presented in the previous section, to the Proposed Site. ***These recommendations are for the first phase of a potentially multi-phase development.***

EQUINE AND LIVESTOCK FACILITIES

The equestrian and livestock facility recommendations will accommodate the potential year-round horse shows and growth of the competitive exhibits of the annual Arkansas State Fair. These recommended facilities are:

- Cattle/Dairy Barn, 80,000 to 100,000 square feet, with milking parlor, wash areas, show office
- Sheep and Goat Barn – 60,000 square feet of pen area plus attached show judging rings
- Swine Barn – 60,000 square feet of penning plus attached judging rings
- Show arena – 150' x 300', climate controlled with limited seating (60,000 sq.ft.)
- Outside covered arena and one open arena

These livestock buildings should be multi-purpose with removable pens and stalls/ties so they can be used for stalling horses for horse shows (year-round use) as well as housing livestock during the Fair. These sizes above can accommodate the required stalling of horses for the potential horse shows. For purposes of illustration and assumption for the feasibility analysis, facilities similar to the new livestock facilities at the Nebraska State Fair are recommended, as shown in the layout below.



ARKANSAS STATE FAIR & FAIRGROUNDS**FACILITY RECOMMENDATIONS****ARENA FACILITY**

To accommodate indoor concerts during the annual Arkansas State Fair, as well as year-round potential for concerts, spectator events and other uses, the following characteristics of an indoor arena are recommended:

- Indoor, climate-controlled
- 5,000 fixed seats
- 125' x 240' arena floor
- Can seat another 1,500 on the floor
- Concrete floor
- Concession areas
- Restrooms
- Box office and ticket windows
- State-of-the-art video display
- Located in close proximity to the equestrian/livestock barns

EXHIBITION BUILDING

It is recommended that a single, large exhibition building be located adjacent/connected to the arena facility, with the following characteristics:

- Main exhibition building – 100,000 square feet, dividable into 3 sections, with concessions, office, wireless internet, storage, rest rooms, public foyer, kitchen (warming)
- 6,000 to 8,000 square feet of meeting space, dividable into 6 – 10 meeting rooms

It is recommended that the siting of this building provide for adjacent land that can be used for expansion of the exhibition space as the market dictates.

RV FACILITIES

To accommodate both needs during the annual Fair and year-round events and activities (RV rallies and transient use), the following RV facilities are recommended:

- Year-round RV park with between 100 and 150 sites, with full-hookups (30 & 50 amps), laundry, playground, dump station, cable, wireless internet access
- Area for 2,000 to 2,500 RV's, with some areas close to core of grounds for Fair use
- Posts to serve 6 to 8 units with 30 amp service and water
- Exterior access from core of grounds

ARKANSAS STATE FAIR & FAIRGROUNDS**FACILITY RECOMMENDATIONS****OTHER FACILITIES, STRUCTURES AND SPACES**

Other facilities, structures and spaces needed for both the annual Arkansas State Fair and year-round events and activities are as follows:

Carnival Area

- 8 to 10 acres
- Underground utility access
- Mix of asphalt and grass areas

Food Court

- Mix of permanent structures and outdoor vendor space (100,000 square feet of space)

Outside Commercial Exhibit Space

- 30,000 to 40,000 of outdoor space to be set under tent or in same area

Outdoor Entertainment (Grounds)

- 100,000+ square feet of area for various entertainment activities

Administration Office

- | | |
|-------------------------------|----------------------------|
| ▪ 8,000 to 10,000 square feet | ▪ Break room |
| ▪ Board room | ▪ Lobby and reception area |
| ▪ Restrooms | |

Maintenance Building/Shop

- | | |
|-------------|---------------------|
| ▪ Office | ▪ Bays for vehicles |
| ▪ Shop area | ▪ Outdoor yard |

Storage Building(s)

- Both enclosed and covered storage areas

Parking

- Up to 35 acres of parking, spread around the core of the grounds
- Trailer parking, 5 to 6 acres

FINANCIAL ANALYSIS

This section of the report presents an analysis of the potential operating potential for the Recommended Facilities at the Proposed Site. The assumptions used in the financial analysis are based on the results of the assessment of demand factors presented earlier in the report, industry trends, knowledge of the event market industry and financial results of comparable facilities.

This analysis is intended to be used for assessing the potential financial operating results of the Recommended Facilities and should not be used for any other purpose. Although we believe that the information and assumptions set forth in this report constitute a reasonable basis for the estimates of usage and financial potential, the achievement of any estimate may be affected by fluctuating economic conditions and the occurrence of other future events that cannot be anticipated. Therefore, the actual results achieved will vary from the estimates and such variations may be material.

We have presented the financial analysis using two scenarios – a low scenario and a high scenario, in terms of the number of events and activities. The low scenario represents the base amount of events and activities and the high scenario represents a best case scenario in which management is able to attract more events. All financial estimates are presented in 2010 dollars.

FAIR REVENUE ASSUMPTIONS

To estimate the revenue potential for relocating the Arkansas State Fair to the Proposed Site, we have used recent historical data from the 2009 and 2010 Fairs to prepare estimates of Fair revenues. Adjustments have been made for attendance assumptions, increases in commercial exhibitor space, growth in parking income and other aspects of the Fair.

Paid Attendance

The current site of the annual Arkansas State Fair hampers paid attendance due to both the accessibility of the site and the general concerns of safety in the neighborhoods surrounding the site. We believe that by relocating the Fair to the proposed site, paid attendance could increase by 30 percent to 50 percent over 2010 levels. All other ticket pricing is assumed to be the same as in 2010.

The estimated increases in paid attendance, and resulting gate ticket revenue, over levels of the 2010 Fair are presented on the following page.

ARKANSAS STATE FAIR & FAIRGROUNDS

FINANCIAL ANALYSIS

Table 12

Gate Admlssions	2010 Base	Assumed Increase in Ticket Sales	
		30%	50%
<u>Ticket Sales</u>			
Adult Gate	40,269	52,350	60,404
Child/Senior Gate	11,512	14,966	17,268
Advance Gate (2 for 1)	18,183	23,638	27,275
Demo Derby	1,433	1,863	2,150
PBR	3,956	5,143	5,934
Other - \$2 off	2,552	3,318	3,828
Family Pack (includes 2 gate tickets)	3,037	3,948	4,556
<u>Ticket Prices</u>			
Adult Gate	\$8.00	\$8.00	\$8.00
Child/Senior Gate	\$4.00	\$4.00	\$4.00
Advance Gate (2 for 1)	\$6.99	\$6.99	\$6.99
Demo Derby	\$11.00	\$11.00	\$11.00
PBR	\$17.50	\$17.50	\$17.50
Other - \$2 off	\$6.00	\$6.00	\$6.00
Family Pack (includes 2 gate tickets)	\$42.95	\$42.95	\$42.95
<u>Total Gate and Entertainment Sales</u>			
Adult Gate	\$322,200	\$418,800	\$483,200
Child/Senior Gate	46,000	59,900	69,100
Advance Gate (2 for 1)	113,500	147,500	170,200
Demo Derby	15,800	20,500	23,600
PBR	69,200	90,000	103,800
Other - \$2 off	15,300	19,900	23,000
Family Pack (includes 2 gate tickets)	<u>10,500</u>	<u>13,600</u>	<u>15,700</u>
	<u>\$592,500</u>	<u>\$770,200</u>	<u>\$888,600</u>
Gate	\$507,500	\$659,700	\$761,200
Entertainment	<u>85,000</u>	<u>110,500</u>	<u>127,400</u>
	<u>\$592,500</u>	<u>\$770,200</u>	<u>\$888,600</u>
Total Tickets Sold	<u>102,162</u>	<u>132,811</u>	<u>153,243</u>

ARKANSAS STATE FAIR & FAIRGROUNDS**FINANCIAL ANALYSIS****Parking Revenue**

Because the Fair is currently located in a dense residential neighborhood, it does not receive all the revenue potential from paid attendees as it could. In 2010, based on the number of cars parked and the total paid attendance, the average number of people per car was 5. Fairs in more "remote" locations, not surrounded by residential neighborhoods, typically can expect to see 3 people per car – which has been used to project parking revenue.

Table 13

Parking Revenue	2010 Base	Assumed Increase in Ticket Sales	
		30%	50%
Number of cars parked	20,568	44,270	51,081
Revenue per car	\$4.47	\$4.50	\$4.50
Parking Revenue	<u>\$92,004</u>	<u>\$199,216</u>	<u>\$229,865</u>

Carnival Revenue

In 2010, the per capita carnival ride sales figure was about \$14.34 (gross ride sales divided by paid attendance). For purposes of the projections, it is assumed that the per capita ride sales figure will be \$15.00.

Table 14

Carnival	2010 Base	Assumed Increase in Ticket Sales	
		30%	50%
Paid Attendance	102,162	132,811	153,243
Per Capita Carnival Rides	\$14.34	\$15.00	\$15.00
Total Gross Ride Revenues	\$1,464,522	\$1,992,159	\$2,298,645
Net to ASF	\$625,083	\$809,756	\$917,026
Food and Game Revenue	<u>\$98,550</u>	<u>\$108,750</u>	<u>\$108,750</u>
Total Carnival Revenue to ASF	<u>\$723,633</u>	<u>\$918,506</u>	<u>\$1,025,776</u>

ARKANSAS STATE FAIR & FAIRGROUNDS

FINANCIAL ANALYSIS

Food and Beer

At the 2010 Arkansas State Fair, gross food and beer per cap sales (using adult paid attendance) were \$7.26 and \$1.66, respectively. For purposes of the projections, with new concession facilities, we have assumed that per capita food and beer sales would be \$8.00 and \$1.75, respectively. During the 2008 – 2010 Fairs, the Fair received approximately 24.5 percent of gross food sales and 69.5 percent of gross beer sales. For purposes of the projections, the net percentages to the Fair are the same as 2008 to 2010.

Table 15

Concessions and Beer	2010 Base	Assumed Increase in Ticket Sales	
		30%	50%
<u>Beer</u>			
Adult Attendance	90,650	117,845	135,975
Per Cap Sales	\$1.66	\$1.75	\$1.75
Gross Beer Sales	\$150,072	\$206,229	\$237,956
Net to ASF	<u>\$104,300</u>	<u>\$143,329</u>	<u>\$165,380</u>
<u>Food Concessions</u>			
Paid Attendance	102,162	132,811	153,243
Per Cap Sales	\$7.26	\$8.00	\$8.00
Gross Food Sales	\$741,926	\$1,062,485	\$1,225,944
Net to ASF	<u>\$181,772</u>	<u>\$260,309</u>	<u>\$300,356</u>

Exhibitor Fees

It is assumed that with more indoor and outdoor space, the Fair would have between 200 and 250 commercial exhibitors. The average revenue per exhibitor is assumed to be \$850.

Table 16

Commercial Exhibits	2010 Base	Assumed Increase in Ticket Sales	
		30%	50%
Number of Exhibitors	128	200	250
Revenue per exhibitor	\$843	850	850
Exhibitor Revenue to ASF	<u>\$107,854</u>	<u>\$170,000</u>	<u>\$212,500</u>

ARKANSAS STATE FAIR & FAIRGROUNDS**FINANCIAL ANALYSIS****Camping Fees**

It is assumed that the Fair would have more campers at the relocated site – 300 to 350, up from 225 in 2010. The average revenue for campers at the new site is assumed to increase by 33.3 percent over 2010, due to the newer facilities and price adjustments.

Table 17

Camping Revenue	2010 Base	Assumed Increase in Ticket Sales	
		30%	50%
Number of camper sites	225	300	350
Average revenue per site	\$200	\$300	\$300
Camping revenue to ASF	<u>\$45,060</u>	<u>\$90,000</u>	<u>\$105,000</u>

Other Revenue

For purposes of the projections, other assumed Fair revenue sources, in the high and low scenario, are shown below.

Table 18

Revenue Source	Low Scenario	High Scenario
Competitive entry fees	<u>\$120,000</u>	<u>\$120,000</u>
Sponsorships	<u>\$350,000</u>	<u>\$450,000</u>
State premiums	<u>\$120,000</u>	<u>\$120,000</u>
Other income	<u>\$60,000</u>	<u>\$80,000</u>

ARKANSAS STATE FAIR & FAIRGROUNDS**FINANCIAL ANALYSIS****NON-FAIR REVENUE SOURCES**

For purposes of the projections, non-fair revenue sources include building and space rentals, concession revenue, parking income, RV Park income, sponsorship income and equipment rentals.

Building and Space Rentals

Building and space rentals include revenues generated from renting the arena and exhibition building, RV sites, stalls and other structures. For purposes of the projections, the following rental rate structure is recommended for the relocated Fairgrounds

- Exhibition Space - \$0.08 per square foot, ½ the rate for move-in-move-out
- Main Arena - \$3,500 per day or 8% to 12% of ticket sales, depending on event type
- Equestrian/Livestock Arena - \$1,000 per day
- Outdoor Arena – \$300 per day
- Stalls - \$20 per night
- RV sites for RV Rallies - \$20 per night
- RV sites for all other events - \$30 per night
- Livestock Barn - \$1,000 per day
- Parking fee for certain non-fair events - \$5 per vehicle

Below are detailed calculations of non-fair revenues (low and high scenario) for the relocated Arkansas State Fairgrounds.

Low Scenario

Exhibition Hall Rental Revenue								
Exhibit Rental by Event Type	Total Rented Square Feet	Move In/Out Square Feet	Basic Rental					
Current Users	2,370,000	1,260,000	\$240,000					
Potential New Exhibit Space Users	3,172,000	1,410,000	310,000					
Horse Shows	80,000	0	6,000					
RV Rallies	270,000	0	22,000					
Total	5,892,000	2,670,000	\$578,000					
			\$578,000					
Arena Rental Revenue								
Event Days/ Performances	Average Paid Attendance	Annual Paid Attendance	Average Ticket Price	Gross Ticket Sales	Facility Share		Rental Revenues	
					Percent of Gross Sales	Flat fee		
Concerts	12	4,500	\$4,000	\$35.00	1,890,000	8%	\$10,000	\$151,000
Family Shows	2	3,500	7,000	\$15.00	105,000	8%	\$5,000	10,000
Touring Events	2	3,500	7,000	\$15.00	105,000	12%	\$5,000	13,000
Motor Sports	2	2,500	5,000	\$18.00	90,000	12%	\$5,000	11,000
Rodeos/Equestrian	2	2,500	5,000	\$15.00	75,000	10%	\$5,000	10,000
Religious Events	1	N/A	N/A	N/A	0	0%	\$5,000	5,000
Graduations	2	N/A	N/A	N/A	0	0%	\$3,500	7,000
Other Events	2	3,000	6,000	\$20.00	120,000	0%	\$3,500	7,000
Subtotal	25		84,000		2,385,000			\$214,000

ARKANSAS STATE FAIR & FAIRGROUNDS

FINANCIAL ANALYSIS

Low Scenario (continued)**RV Space Rental Revenue**

Event	Event Days	Rigs/Event	Rental	
State Rallies	10	60	\$12,000	
Small/Mid Size Regional Rallies	8	700	112,000	
Mid/Large Size Regional/National	5	2,250	225,000	
Horse Shows	34	100	<u>102,000</u>	
Total RV Space Revenues			<u>\$451,000</u>	\$451,000

Arena and Stall Income Potential

	Number of <u>Events</u>	Number of <u>Event Days</u>	Total Use <u>Days</u>	Arenas <u>Used</u>	Arena <u>Income</u>
Southeast Regional 4-H Horse Show	1	4	4	Indoor, OA	\$5,200
AR State Horse Show	1	4	4	Indoor, OA	5,200
Multi-State Regional Shows	2	4	8	Indoor, OA	10,400
State-Based Horse Shows					
Mid/Large	2	3	6	Indoor, OA	7,800
Small/Mid	6	2	12	OA	3,600
Rodeos	2	1	2	Indoor	4,800
Livestock Shows	1	3	3	Indoor	<u>3,000</u>
	<u>15</u>	<u>21</u>	<u>39</u>		<u>\$40,000</u>

	Number of <u>Events</u>	Number of <u>Event Days</u>	Total Use <u>Days</u>	Average # <u>of Stalls</u>	Stall <u>Income</u>
<u>Stall Income</u>					
Southeast Regional 4-H Horse Show	1	4	4	325	\$26,000
AR State Horse Show	1	4	4	250	20,000
Multi-State Regional Shows	2	4	8	400	64,000
State-Based Horse Shows					
Mid/Large	2	3	6	175	21,000
Small/Mid	6	2	12	100	24,000
Livestock Shows	1	3	3	300	<u>3,000</u>
					<u>\$158,000</u>
					\$198,000

Concession Income Potential

<u>Event</u>	Number of <u>Use Days</u>	Total <u>Attendance</u>	Per Cap <u>Sales</u>	Total <u>Sales</u>	40% Percent <u>To Facility</u>
Current Users	76.00	30,900	\$4.00	\$ 123,600	\$30,900
Potential New Exhibit Space Users	131.00	38,100	\$5.00	190,500	57,200
Arena Events	25.00	84,000	\$5.00	420,000	126,000
Horse Shows	12.00	20,860	\$3.00	62,580	18,800
Livestock Shows	3.00	2,250	\$2.50	5,625	<u>600</u>
					<u>\$233,500</u>
					\$234,000

Parking Income Potential

<u>Parking Income</u>	
Current Users	\$50,000
Arena Events	\$140,000
Potential New Exhibit Space Users	<u>64,000</u>
	<u>\$254,000</u>

ARKANSAS STATE FAIR & FAIRGROUNDS

FINANCIAL ANALYSIS

High Scenario

Exhibition Hall Rental Revenue			
Exhibit Rental by Event Type	Total Rented Square Feet	Move In/Out Square Feet	Basic Rental
Current Users	2,370,000	1,260,000	\$240,000
Potential New Users	3,172,000	1,410,000	310,000
Horse Shows	80,000	0	6,000
RV Rallies	530,000	0	42,000
Total	6,152,000	2,670,000	\$598,000

Arena Rental Revenue							
Event Days/ Performances	Average Paid Attendance	Annual Paid Attendance	Average Ticket Price	Gross Ticket Sales	Facility Share		
					Percent of Gross Sales	Flat Fee	
Concerts	14	4,500	63,000	\$35.00	2,205,000	8%	\$10,000
Family Shows	4	3,500	14,000	\$15.00	210,000	8%	\$5,000
Touring Events	3	3,500	10,500	\$15.00	157,500	11%	\$5,000
Motor Sports	3	2,500	7,500	\$18.00	135,000	12%	\$5,000
Rodeos/Equestrian	3	2,500	7,500	\$15.00	112,500	10%	\$5,000
Religious Events	2	N/A	N/A	N/A	0	0%	\$5,000
Graduations	2	N/A	N/A	N/A	0	0%	\$3,500
Other Events	4	3,000	12,000	\$20.00	240,000	0%	\$3,500
Subtotal	35		114,500		3,060,000		

RV Space Rental Revenue			
Event	Event Days	Rigs/Event	Rental
State Rallies	12	60	\$14,400
Small/Mid Size Regional Rallies	16	700	224,000
Mid/Large Size Regional/National	10	2,250	450,000
Horse Shows	45	100	135,000
Total RV Space Revenues	83		\$823,400

Arena and Stall Income Potential					
	Number of Events	Number of Event Days	Total Use Days	Arenas Used	Arena Income
Southeast Regional 4-H Horse Show	1	4	4	Indoor, OA	\$5,200
AR State Horse Show	1	4	4	Indoor, OA	5,200
Multi State Regional Shows	2	4	8	Indoor, OA	10,400
State-Based Horse Shows					
Mid/Large	3	3	9	Indoor, OA	11,700
Small/Mid	10	2	20	OA	6,000
Rodeos	2	1	2	Indoor	4,800
Livestock Shows	2	3	6	Indoor	6,000
	21	21	53		\$49,300
Stall Income					
	Number of Events	Number of Event Days	Total Use Days	Average # of Stalls	Stall Income
Southeast Regional 4-H Horse Show	1	4	4	325	\$26,000
AR State Horse Show	1	4	4	250	20,000
Multi-State Regional Shows	2	4	8	400	64,000
State-Based Horse Shows					
Mid/Large	3	3	9	175	31,500
Small/Mid	10	2	20	100	40,000
Livestock Shows	2	3	6	300	6,000
					\$187,500
					\$237,000

Concession Income Potential					
Event	Number of Use Days	Total Attendance	Per Cap Sales	Total Sales	40% Percent To Facility
Current Users	76.00	30,900	\$4.00	\$ 123,600	\$30,900
Potential New Users	131.00	38,100	\$5.00	190,500	\$7,200
Arena Events	35.00	114,500	\$5.00	572,500	171,800
Horse Shows	17.00	25,250	\$3.00	75,750	22,700
Livestock Shows	6.00	4,500	\$2.50	11,250	3,100
				\$783,700	\$284,000

Parking Income Potential		
Parking Income		
Current Users		\$50,000
Arena Events		\$191,000
Potential New Users		64,000
		\$305,000

Total Revenue Potential - High Scenario

\$2,524,400

ARKANSAS STATE FAIR & FAIRGROUNDS**FINANCIAL ANALYSIS****RV Park Income**

It is assumed that the recommended 100 to 150 unit RV Park would be available for transient business on a year round basis. For purposes of the projections, it is assumed that the occupancy from transient business would range between 30 percent and 40 percent per year. Operating expenses have been estimated at \$10 per occupied site. Below is the detailed calculation of net revenue potential for a 125 unit RV Park at the relocated site.

Table 19

Arkansas State Fairgrounds RV Park Revenue Potential		
	Assumptions	
Number of RV Sites	125	125
Assumed annual occupancy	30%	40%
Assumed nightly rate	\$25	\$25
Revenue potential	\$342,188	\$456,250
Estimated operating expense per RV stall per day	\$10.00	\$10.00
Estimated operating cost per year	<u>136,875</u>	<u>182,500</u>
Net revenue potential	<u>\$205,313</u>	<u>\$273,750</u>

Other Non-Fair Operating Revenues

Other non-Fair revenues are expected to include sponsorship income, such as naming rights and advertising, and equipment rentals (tables, chairs, etc.).

ARKANSAS STATE FAIR & FAIRGROUNDS**FINANCIAL ANALYSIS****OPERATING EXPENSES**

Operating expenses related to operating the relocated Fairgrounds and staging the annual Arkansas State Fair are based on the historical operating expenses of the ASLA, with adjustments to provide for hiring of additional staff for set-up and clean-up of events, utility costs, temporary labor for the Fair and other expenses. Below is a summary of the projected operating expenses for the low and high scenarios.

Table 20

Arkansas State Fairgrounds Projected Operating Expenses - Stabilized Year		
Operating Expenses	Low Scenario	High Scenario
Advertising	\$300,000	\$350,000
Temporary labor	400,000	425,000
Dues & Subscriptions	15,000	18,000
Equipment	150,000	200,000
Insurance	180,000	210,000
Maintenance & repairs	80,000	110,000
Office expenses	110,000	125,000
Other Fair expenses	1,000,000	1,100,000
Personnel costs	1,200,000	1,300,000
Premiums	180,000	200,000
Professional fees	80,000	90,000
Promotional Items	15,000	18,000
Supplies	80,000	90,000
Travel	50,000	60,000
Utilities	<u>700,000</u>	<u>800,000</u>
Total operating expenses	<u>\$4,540,000</u>	<u>\$5,096,000</u>

PROJECTED REVENUES AND EXPENSES

The projected revenues and expenses for the relocated Arkansas State Fair and Fairgrounds is presented on the following page. The projected cash flows are based on the recommended rental rates and operating policies, the projected utilization of the Recommended Facilities, and the estimated revenues and expenses associated with operating the Recommended Facilities. These projections and the assumptions herein represent the revenues and expenses associated with operating the Recommended Facilities and are considered to be incremental to current revenues and expenses. There will usually be differences between the estimated and actual results because events and circumstances frequently do not occur as expected, and those differences may be material.

The projections do not include any state subsidies, replacement reserves or depreciation.

ARKANSAS STATE FAIR & FAIRGROUNDS

FINANCIAL ANALYSIS

Table 21

Arkansas State Fairgrounds Projected Operating Revenues and Expenses With Relocation of Fairgrounds			
	Low Scenario	High Scenario	Average
<u>Operating Revenues</u>			
Fair Revenues			
Gate, entertainment and parking	\$770,000	\$889,000	\$830,000
Parking revenue	199,000	230,000	215,000
Carnival	919,000	1,026,000	973,000
Food and beer	404,000	466,000	435,000
Exhibitor fees	170,000	213,000	192,000
Camping fees	90,000	105,000	98,000
Competitive entry fees	120,000	120,000	120,000
Sponsorships	350,000	450,000	400,000
State premiums	120,000	120,000	120,000
Other income	<u>60,000</u>	<u>80,000</u>	<u>70,000</u>
Total fair revenues	<u>3,202,000</u>	<u>3,699,000</u>	<u>3,453,000</u>
Non-Fair Revenues			
Building & space rentals	\$1,491,000	\$2,010,000	\$1,751,000
Concession revenue	234,000	284,000	259,000
Parking income	254,000	305,000	280,000
RV Park income	205,000	274,000	240,000
Sponsorship income	100,000	150,000	125,000
Equipment rentals	<u>150,000</u>	<u>150,000</u>	<u>150,000</u>
Total non-fair revenues	<u>2,434,000</u>	<u>3,173,000</u>	<u>2,805,000</u>
Total operating revenues	<u>5,636,000</u>	<u>6,872,000</u>	<u>6,258,000</u>
<u>Operating Expenses</u>			
Advertising	300,000	350,000	325,000
Temporary labor	400,000	425,000	413,000
Dues & Subscriptions	15,000	18,000	17,000
Equipment	150,000	200,000	175,000
Insurance	180,000	210,000	195,000
Maintenance & repairs	80,000	110,000	95,000
Office expenses	110,000	125,000	118,000
Other Fair expenses	1,000,000	1,100,000	1,050,000
Personnel costs	1,200,000	1,300,000	1,250,000
Premiums	180,000	200,000	190,000
Professional fees	80,000	90,000	85,000
Promotional Items	15,000	18,000	17,000
Supplies	80,000	90,000	85,000
Travel	50,000	60,000	55,000
Utilities	<u>700,000</u>	<u>800,000</u>	<u>750,000</u>
Total operating expenses	<u>4,540,000</u>	<u>5,096,000</u>	<u>4,820,000</u>
Net operating revenue	<u>\$1,096,000</u>	<u>\$1,776,000</u>	<u>\$1,438,000</u>

ARKANSAS STATE FAIR & FAIRGROUNDS**ECONOMIC IMPACT ANALYSIS****ECONOMIC IMPACT ANALYSIS****OVERVIEW**

This section of this report presents the approach and methodology used to develop estimates of the potential economic impacts of (1) construction of the Recommended Facilities, (2) operations of the Recommended Facilities, and (3) increased visitation to the area related to new events held at the Recommended Facilities at the Proposed Site.

APPROACH

Economic impacts are generally described as the amount of expenditures that occur in a defined geographic area, including subsequent re-spending of the initial expenditures. These impacts are referred to as **expenditure impacts**. A portion of the expenditure impacts is paid to local residents in the form of salaries and wages, referred to as **earnings impacts**. Similarly, the amount of earnings paid from the expenditures represent jobs to local residents – the number of jobs referred to as **employment impacts**. Lastly, certain expenditures made in the local economy by out-of-area visitors, as well as the operation itself, generate benefits in the form of state and local taxes – referred to as **fiscal impacts**.

Expenditure Impacts

The expenditure impacts of the development and operation of the new Arkansas State Fairgrounds will consist of three components - (1) expenditures made locally in the development and construction of the new Arkansas State Fairgrounds, (2) expenditures of the Fair and Fairgrounds operations at the Proposed Site, and (3) expenditures by non-local event participants and event producers. Construction and development expenditures of the Fairgrounds will consist of labor and materials costs to build and equip the Fairgrounds, as well as certain off-site infrastructure costs, security and soft costs. The expenditures of the Fairground's operations consist of salaries and wages, purchases of goods and services, and capital additions. Salaries and wages include full and part time employees. Purchases of goods and services include utilities, supplies, materials, personal services and other expenditures. Capital additions include construction projects and the purchase of capital assets.

Non-local participant and event promoter expenditures represent those expenditures made by persons/businesses residing outside of Pulaski County for lodging, food and beverage, retail purchases, transportation, entertainment and other expenditures. Expenditures of patrons living within the impact area are not included because those expenditures merely reflect a redistribution of expenditures within the impact area, and they do not represent incremental impacts.

ARKANSAS STATE FAIR & FAIRGROUNDS

ECONOMIC IMPACT ANALYSIS

The approach used to estimate the economic and fiscal impacts of the Recommended Facilities, as an employer, business and attractor uses generally accepted economic principles. Fundamentally, these expenditures generate impacts through the following:

- **Direct Impacts** are those changes in the flow of dollars and employment in the local economy that result directly from annual incremental operating expenditures of the Recommended Facilities and incremental spending by the Facility's non-local users on such items as lodging, retail, meals and the like.
- **Indirect Impacts** are created by (1) investment or spending of Recommended Facilities' suppliers whose goods and services are used in its project, process or service and (2) household income changes (created by direct and indirect effects on wages and employment) lead to further spending throughout the city, county and regional economies.

Indirect impacts (expenditures, earnings and employment) are quantified through an economic phenomenon known as the multiplier. The multiplier concept, based on the input/output economic theory, recognizes that there is a continued flow of money within and outside of a given area. Money is spent in successive rounds within a community, thus creating an economic impact in excess of the original direct expenditures.

The output multiplier represents the total dollar change in output (total expenditures) that occurs for each additional dollar of output (direct expenditures). The output multiplier includes the initial direct expenditure to which the multiplier is applied, except for the household multiplier (salaries and wages). For example, an output multiplier of 1.80 for hotels and lodging places means that for each \$1.00 spent for lodging, an additional \$0.80 is spent by the lodging establishment and supporting industries (wages, goods and services, capital improvements). The \$1.00 is the **direct impact**, the \$0.80 is the **indirect impacts** and \$1.80 is the **total economic impact**.

Earnings Impacts

A part of the initial expenditures and resulting indirect impacts result in the payment of salaries and wages to local residents. As an example, out of the revenues received by the Recommended Facilities in operating its facilities, it will pay for labor costs in the form of salaries and wages, referred to as **earnings**. In addition, as a result of the expenditures of operating the facilities, a portion of those expenditures will result in earnings to persons employed by utility companies, insurance companies and other businesses.

Similarly, a portion of the initial expenditures of non-local participants and event producers for lodging, meals and other will be paid to workers in the hotel, restaurant, retail and other industries in the form of earnings. An earnings multiplier that is applied to the initial impacts to estimate the amount of the initial and indirect impacts that is paid out in earnings to local residents.

The earnings multiplier represents the estimated total (direct and indirect) salaries and wages that result from each additional dollar of direct expenditure. Assuming an earnings multiplier of .5603 for lodging places, for every dollar spent by tourists for lodging, just over 56 cents is paid to regional households in earnings. These earnings are paid to employees of the hotel (direct) and to employees of businesses and industries that support the lodging industry (indirect).

ARKANSAS STATE FAIR & FAIRGROUNDS**ECONOMIC IMPACT ANALYSIS****Employment Impacts**

In the case of the Recommended Facilities, in addition to the number of jobs estimated to operate its facilities, there will be jobs in the local community that are supported from the operating expenditures of the Recommended Facilities as well as a result of the initial expenditures of non-local participants and event producers. These impacts are expressed in terms of the number of jobs supported.

The employment multiplier represents the number of jobs that regional industries provide, both directly and indirectly, for each \$1 million of output (direct expenditures) of a given industry. Continuing the hotel example, if the employment multiplier for lodging is 20.9, then for every \$1 million dollars spent by patrons for lodging, 20.9 jobs are required - both at the lodging facility and at industries supporting the hotel such as the utility company, telephone company, laundries, delivery services, and others.

METHODOLOGY

As presented earlier, the economic impacts associated with the Recommended Facilities will result from construction and development of the Recommended Facilities, operation of the Recommended Facilities and expenditures of non-local participants and event producers.

CONSTRUCTION IMPACTS

The estimates of local expenditures to be made in the Little Rock/Pulaski County area for labor, materials, services and fees for construction and pre-opening development costs were provided by the Taggart Foster Currence Gray Architects and Thomas Engineering. Below is the estimated local construction and development budget for the Recommended Facilities, excluding land purchase.

Buildings	\$110,000,000
Earthwork	14,000,000
Storm Drainage	1,500,000
Sanitary Sewers	1,500,000
Water	1,000,000
Gas	200,000
Telephone	200,000
Lighting and Power	5,000,000
Roadways and Paved Surfacing	14,000,000
Improved Gravel/Grass Surfaces	6,500,000
Landscaping	500,000
Security	1,000,000
Highway Interchange	<u>15,000,000</u>
Total Construction Costs	170,400,000
Architect and Engineering Fees	10,224,000
Construction Management Fees	6,816,000
Legal Fees	250,000
Miscellaneous	<u>2,750,000</u>
Project Total	<u>\$190,440,000</u>

Of the above expenditures, it is estimated that approximately \$80 million represents earnings paid to works and professionals, representing about 1,850 jobs during the construction period.

ARKANSAS STATE FAIR & FAIRGROUNDS**ECONOMIC IMPACT ANALYSIS****OPERATING IMPACTS**

To estimate the expenditures of the operations of the Recommended Facilities, we use the estimated operating expenses of the Fair and Fairground operations at the Proposed Site (Table 20), adjusted for local and non-local expenditures, as follows:

Table 22

Arkansas State Fairgrounds Projected Operating Expenses With Relocation of Fairgrounds			
	Low Scenario	% in Pulaski Cty	Local Spending
Advertising	300,000	80%	240,000
Temporary labor	400,000	100%	400,000
Dues & Subscriptions	15,000	50%	7,500
Equipment	150,000	100%	150,000
Insurance	180,000	80%	144,000
Maintenance & repairs	80,000	100%	80,000
Office expenses	110,000	100%	110,000
Other Fair expenses	1,000,000	60%	600,000
Personnel costs	1,200,000	100%	1,200,000
Premiums	180,000	40%	72,000
Professional fees	80,000	90%	72,000
Promotional Items	15,000	100%	15,000
Supplies	80,000	100%	80,000
Travel	50,000	20%	10,000
Utilities	<u>700,000</u>	<u>100%</u>	<u>700,000</u>
	<u>4,540,000</u>		<u>3,880,500</u>
	High Scenario	% in Pulaski Cty	Local Spending
Advertising	350,000	80%	280,000
Temporary labor	425,000	100%	425,000
Dues & Subscriptions	18,000	50%	9,000
Equipment	200,000	100%	200,000
Insurance	210,000	80%	168,000
Maintenance & repairs	110,000	100%	110,000
Office expenses	125,000	100%	125,000
Other Fair expenses	1,100,000	60%	660,000
Personnel costs	1,300,000	100%	1,300,000
Premiums	200,000	40%	80,000
Professional fees	90,000	90%	81,000
Promotional Items	18,000	100%	18,000
Supplies	90,000	100%	90,000
Travel	60,000	20%	12,000
Utilities	<u>800,000</u>	<u>100%</u>	<u>800,000</u>
	<u>5,096,000</u>		<u>4,358,000</u>

ARKANSAS STATE FAIR & FAIRGROUNDS**ECONOMIC IMPACT ANALYSIS****NON-LOCAL PARTICIPANT EXPENDITURES**

The increase in non-local event participant expenditures are expected to occur from three principal sources – (1) horse and animal shows, (2) RV rallies and (3) trade shows. All other new events identified for the Recommended Facilities are either already occurring in the Little Rock/Pulaski County area or would involve spending by residents of the Little Rock/Pulaski County market area (a redistribution of local dollars, not new money to the area).

Impacts of Non-Local Horse Show Participants

To estimate the range of initial expenditures of horse show participants/attendees, the number of non-local visitor days is first calculated by multiplying the number of shows, event days per show and the number of people assumed per animal. The resulting range of visitor days is then adjusted to account for only non-Pulaski area visitors. The resulting non-local visitor days are then multiplied by the estimated daily spending, by type.

Using the number of horse shows and respective number of event days and attendance (shown on page 48), the total number of visitor days is estimated to range between 20,880 (Low Scenario) to 25,250 (High Scenario).

We used data developed in previous studies – 8 to 10 studies conducted by Markin Consulting – to prepare an appropriate estimate of average daily spending, by type, by non-local participants and attendees. In the previous studies, we conducted surveys of participants and promoters of horse shows to gather expenditure data for specific shows. We used a composite of the results of those survey results, adjusted for the general lodging rates in the Little Rock/Pulaski County area.

Below are the daily expenditure estimates of non-local participants of horse shows used in the economic impact analysis.

Table 23

Arkansas State Fair & Fairgrounds Daily Spending Per Person of Non-Local Horse Show Participants	
Expenditure Type	Amount
Lodging	\$30.80
Meals	28.49
Transportation	22.54
Entertainment	2.63
Retail	9.30
Materials/Supplies	5.61
Other	0.64
	<u>\$100.00</u>

ARKANSAS STATE FAIR & FAIRGROUNDS

ECONOMIC IMPACT ANALYSIS

Using the assumed range of non-local participants/attendees and the average daily spending by non-local participants, the resulting initial expenditures made by these participants are estimated to range from \$2,088,000 to \$2,525,000 as shown in the following table.

Table 24

Arkansas State Fairgrounds						
Potential Direct Spending of Participants of Potential Horse Shows - Low Scenario						
	SE Regional	AR ST. Horse	Multi-State	Mid/Large	Small/Mid	Total
Number of Events	1	1	2	2	6	12
Number of Participants	1,140	630	800	530	350	
Number of Days	4.0	4.0	4.0	3.0	2.0	
Estimated Spending per person, per day						
Lodging	\$30.80	\$30.80	\$30.80	\$30.80	\$30.80	
Meals	28.49	28.49	28.49	28.49	28.49	
Transportation	22.54	22.54	22.54	22.54	22.54	
Entertainment	2.63	2.63	2.63	2.63	2.63	
Retail	9.30	9.30	9.30	9.30	9.30	
Materials/Supplies	5.61	5.61	5.61	5.61	5.61	
Other	0.64	0.64	0.64	0.64	0.64	
	<u>\$100.00</u>	<u>\$100.00</u>	<u>\$100.00</u>	<u>\$100.00</u>	<u>\$100.00</u>	
Estimated Expenditures						
Lodging	\$140,000	\$78,000	\$197,000	\$98,000	\$129,000	\$642,000
Meals	130,000	72,000	182,000	91,000	120,000	\$595,000
Transportation	103,000	\$7,000	144,000	72,000	95,000	471,000
Entertainment	12,000	7,000	17,000	8,000	11,000	\$55,000
Retail	42,000	23,000	59,000	30,000	39,000	193,000
Materials/Supplies	26,000	14,000	36,000	18,000	24,000	118,000
Other	3,000	2,000	4,000	2,000	3,000	14,000
Total	<u>\$456,000</u>	<u>\$253,000</u>	<u>\$639,000</u>	<u>\$319,000</u>	<u>\$421,000</u>	<u>\$2,088,000</u>
Arkansas State Fairgrounds						
Potential Direct Spending of Participants of Potential Horse Shows - High Scenario						
	SE Regional	AR ST. Horse	Multi-State	Mid/Large	Small/Mid	Total
Number of Events	1	1	2	3	10	17
Number of Participants	1,140	630	800	530	350	
Number of Days	4.0	4.0	4.0	3.0	2.0	
Estimated Spending per person, per day						
Lodging	\$30.80	\$30.80	\$30.80	\$30.80	\$30.80	
Meals	28.49	28.49	28.49	28.49	28.49	
Transportation	22.54	22.54	22.54	22.54	22.54	
Entertainment	2.63	2.63	2.63	2.63	2.63	
Retail	9.30	9.30	9.30	9.30	9.30	
Materials/Supplies	5.61	5.61	5.61	5.61	5.61	
Other	0.64	0.64	0.64	0.64	0.64	
	<u>\$100.00</u>	<u>\$100.00</u>	<u>\$100.00</u>	<u>\$100.00</u>	<u>\$100.00</u>	
Estimated Expenditures						
Lodging	\$140,000	\$78,000	\$197,000	\$147,000	\$216,000	\$778,000
Meals	130,000	72,000	182,000	136,000	199,000	719,000
Transportation	103,000	57,000	144,000	108,000	158,000	570,000
Entertainment	12,000	7,000	17,000	13,000	18,000	67,000
Retail	42,000	23,000	59,000	44,000	65,000	233,000
Materials/Supplies	26,000	14,000	36,000	27,000	39,000	142,000
Other	3,000	2,000	4,000	3,000	4,000	16,000
Total	<u>\$456,000</u>	<u>\$253,000</u>	<u>\$639,000</u>	<u>\$478,000</u>	<u>\$699,000</u>	<u>\$2,525,000</u>

ARKANSAS STATE FAIR & FAIRGROUNDS**ECONOMIC IMPACT ANALYSIS****RV Rally Impacts**

RV Rally impacts result from local expenditures of rally organizers and vendors, as well as the RV rally participants. To develop estimates of expenditures of RV rally organizers, vendors and participants of state, regional and national RV rallies, we used the results of 4 similar rally participant surveys that we conducted in recent years – Boulder International Rally, Holiday Rambler International Rally, American Motor Coach Association and Neuman International Rally.

RV Rally Organizers and Vendors

State rallies typically have very little if any costs to stage beyond the rental of facilities, while RV rally organizers of regional and national rallies spend additional moneys on catering, materials and supply purchases, transportation, lodging and other item. Similarly, state rallies typically do not have vendors – while the regional and national rallies attract vendors that incur costs locally for lodging, meals, transportations, retail purchases and the like.

Using the data from the RV rallies listed above, it is estimated that the potential regional and national rallies for the Recommended Facilities would generate the following local initial expenditures by the rally organizers and vendors.

Table 25

Arkansas State Fairgrounds		
Potential Direct Spending of RV Rally Organizers and Vendors		
	Low	High
RV Rally Organizers	\$550,000	\$1,413,000
RV Rally Vendors	<u>262,000</u>	<u>666,000</u>
Total	<u>\$812,000</u>	<u>\$2,079,000</u>

ARKANSAS STATE FAIR & FAIRGROUNDS

ECONOMIC IMPACT ANALYSIS

Below are the calculations of the estimated range of initial expenditures related to RV rallies at the Proposed Site – both low and high scenario.

Table 26

Arkansas State Fairgrounds				
Potential Direct Spending of Participants of Potential RV Rallies - Low Scenario				
	State	Regional	National	Total
Number of Events	4	2	1	
Number of Rigs	50	600	2,000	
Number of Days	2.0	6.5	8.0	
Estimated Spending Per Day per Rig				
Meals	\$17.54	\$19.46	\$19.46	
Transportation	14.22	16.10	16.10	
Entertainment	3.58	3.11	3.11	
Retail	19.14	19.07	19.07	
Other	<u>9.06</u>	<u>12.62</u>	<u>12.62</u>	
	<u>\$63.54</u>	<u>\$70.35</u>	<u>\$70.35</u>	
Estimated Expenditures				
Meals	\$7,000	\$152,000	\$311,000	\$470,000
Transportation	6,000	126,000	258,000	390,000
Entertainment	1,000	24,000	50,000	75,000
Retail	8,000	149,000	305,000	462,000
Other	<u>4,000</u>	<u>98,000</u>	<u>202,000</u>	<u>304,000</u>
Total	<u>\$26,000</u>	<u>\$549,000</u>	<u>\$1,126,000</u>	<u>\$1,701,000</u>
Arkansas State Fairgrounds				
Potential Direct Spending of Participants of Potential RV Rallies - High Scenario				
	State	Regional	National	Total
Number of Events	6	4	2	
Number of Rigs	75	800	2,500	
Number of Days	2.0	6.5	8.0	
Estimated Spending Per Day per Rig				
Meals	\$17.54	\$19.46	\$19.46	
Transportation	14.22	16.10	16.10	
Entertainment	3.58	3.11	3.11	
Retail	19.14	19.07	19.07	
Other	<u>9.06</u>	<u>12.62</u>	<u>12.62</u>	
	<u>\$63.54</u>	<u>\$70.35</u>	<u>\$70.35</u>	
Estimated Expenditures				
Meals	\$16,000	\$405,000	\$778,000	\$1,199,000
Transportation	13,000	335,000	644,000	992,000
Entertainment	3,000	65,000	124,000	192,000
Retail	17,000	397,000	763,000	1,177,000
Other	<u>8,000</u>	<u>263,000</u>	<u>505,000</u>	<u>776,000</u>
Total	<u>\$57,000</u>	<u>\$1,465,000</u>	<u>\$2,814,000</u>	<u>\$4,336,000</u>

ARKANSAS STATE FAIR & FAIRGROUNDS**ECONOMIC IMPACT ANALYSIS****Trade Show Impacts**

To estimate the initial expenditures of out-of-town attendees and event promoters of trade shows that could be attracted to the Recommended Facilities at the Proposed Site, we utilized data prepared by the International Association of Conventions and Visitors Bureau Foundation – ExPact. ExPact provides expenditure estimates, based on market size, of attendees to conferences and trade shows, as well as the expenditures of the trade show organizer and trade show exhibitors. Because both the low and high scenario assume the same number of trade shows and length of those trade shows, the total estimated initial expenditures from these events are estimated at about \$1,770,000.

TOTAL ESTIMATED IMPACTS OF CONSTRUCTION

As presented on page 65, the estimated local development and construction costs are approximately \$190,440,000. Using the output, employment and earnings multipliers for the Greater Little Rock area (Exhibit A), developed by the Bureau of Economic Analysis, the estimated non-recurring impacts of construction and development of the Recommended Facilities are shown in the following table.

Table 27

Arkansas State Fairgrounds			
Estimated Impacts of Development/Construction of Recommended Facilities			
	Expenditure Impacts	Earnings Impacts	Job Impacts
Initial expenditures	\$190,440,000	\$79,700,000	1,856.6
Induced impacts	<u>193,470,000</u>	<u>42,590,000</u>	<u>2,213.0</u>
Total impact	<u>\$383,910,000</u>	<u>\$122,290,000</u>	<u>4,069.6</u>
Expenditure and earnings impacts rounded to 10,000's of dollars			

ARKANSAS STATE FAIR & FAIRGROUNDS

ECONOMIC IMPACT ANALYSIS

TOTAL ESTIMATED OPERATIONS AND EVENT IMPACTS

Table 28

Using multipliers developed by the US Bureau of Economic Analysis, we applied appropriate multipliers to the estimated initial expenditures, by type of expenditures, for all categories discussed above.

Table 28 presents the total estimated annual impacts associated with operating the Recommended Facilities at the Proposed Site.

In addition to the event impacts shown in the table, these events are estimated to generate significant annual sales and use taxes as shown in the table below.

Arkansas State Fairgrounds			Estimated Annual Economic Impacts of Operations and Events	
Event			Low Scenario	High Scenario
Operations				
Initial Expenditures			\$5,636,000	to \$6,872,000
Induced Impacts			<u>5,832,000</u>	to <u>6,587,000</u>
Total Annual Impacts			<u>\$11,468,000</u>	to <u>\$13,459,000</u>
Earnings			<u>\$3,240,000</u>	to <u>\$3,581,000</u>
Jobs Supported			<u>324</u>	to <u>336</u>
Horse and Animal Shows				
Initial Expenditures			\$2,609,000	to \$3,271,000
Induced Impacts			<u>2,160,000</u>	to <u>2,707,000</u>
Total Annual Impacts			<u>\$4,769,000</u>	to <u>\$5,978,000</u>
Earnings			<u>\$1,435,000</u>	to <u>\$1,799,000</u>
Jobs Supported			<u>72</u>	to <u>90</u>
RV Rallies				
Initial Expenditures			\$2,447,500	to \$6,251,000
Induced Impacts			<u>2,146,500</u>	to <u>5,475,000</u>
Total Annual Impacts			<u>\$4,594,000</u>	to <u>\$11,726,000</u>
Earnings			<u>\$1,407,000</u>	to <u>\$3,592,000</u>
Jobs Supported			<u>67</u>	to <u>172</u>
Trade Shows				
Initial Expenditures			\$1,770,000	to \$1,770,000
Induced Impacts			<u>1,467,000</u>	to <u>1,467,000</u>
Total Annual Impacts			<u>\$3,237,000</u>	to <u>\$3,237,000</u>
Earnings			<u>\$977,000</u>	to <u>\$977,000</u>
Jobs Supported			<u>49</u>	to <u>49</u>
Total Impacts				
Initial Expenditures			\$12,462,500	to \$18,164,000
Induced Impacts			<u>11,605,500</u>	to <u>16,236,000</u>
Total Annual Impacts			<u>\$24,068,000</u>	to <u>\$34,400,000</u>
Earnings			<u>\$7,059,000</u>	to <u>\$9,949,000</u>
Jobs Supported			<u>512</u>	to <u>647</u>

Arkansas State Fairgrounds		
Estimated Annual Sales and Use Taxes		
Fiscal Impacts	Low	High
State sales tax	\$337,000	\$546,000
County tax	56,000	91,000
City sales tax	42,000	68,000
Restaurant tax	38,000	60,000
Lodging tax	30,000	35,000
Tourism tax	<u>24,000</u>	<u>28,000</u>
Total taxes	<u>\$527,000</u>	<u>\$828,000</u>

ARKANSAS STATE FAIR & FAIRGROUNDS**FUNDING FACTORS****FUNDING FACTORS**

The development and construction of a new Arkansas State Fairgrounds at the Proposed Site, as well as its ultimate operation, will inherently require more participation than just the Arkansas State Livestock Association. Though projections of potential net revenues at the Proposed Site range between \$1.1 million and \$1.8 million, those net revenues are wholly insufficient to fund the potential development costs of the Recommended Facilities (\$195 million), plus land acquisition costs.

A new Arkansas State Fairgrounds must become a partnership of private and public entities, similar to the manner in which the Verizon Arena in North Little Rock was supported and funded. Verizon Arena (formerly Alltel Arena) was funded from a one-cent local sales tax in North Little Rock, appropriations from the State of Arkansas, private sources and Alltel Corporation.

The development and operation of any state/regional fairgrounds, whether recently or not, involves public and private concerns. Following are a few examples of this.

Nebraska State Fair, Grand Island, Nebraska

In 2008, the Nebraska State legislature decided to sell the existing Nebraska State Fairgrounds in Lincoln and move the annual Nebraska State Fair to Grand Island. Proceeds from the sale of the existing Fairgrounds to the University of Nebraska, along with state funding and a local options sales tax in Grand Island, were used to fund more than \$40 million in new buildings and improved grounds on the site of Heartland Center and Fonner Park in Grand Island.

Since moving to Grand Island, the operations of the Nebraska State Fair, a division of the Nebraska Department of Agriculture, changed from being a year-round operation to only running the annual Nebraska State Fair. Year-round facility rentals at the Grand Island site are now handled by the Heartland Center staff.

Georgia National Fairgrounds, Perry, Georgia

Opened in 1990 in Perry, Georgia, the Georgia National Fairgrounds and Agricenter is a state-sponsored operation. Initial construction of this fairgrounds, as well as additional construction projects since opening, has been funded by issuance of state bonds and general appropriations. In addition, annual state appropriations fund a portion of this fairground's annual operating budget.

State Fairgrounds Ownership and Operations

In general, most state fairgrounds are owned and operated by an entity that is affiliated with its respective state, whether as a stand-alone entity or a part of a larger department. While some state fairgrounds are funded from taxpayer dollars, others are required to cover operating expenses (though not necessarily new capital additions). In states surrounding Arkansas, the Mississippi State Fair, Missouri State Fair and Oklahoma State Fair are all operated under the auspices of their respective states. The Louisiana State Fair is operated by a non-profit entity, similar to the Arkansas State Fair. Other larger fairs throughout the United States are funded by state operations as well, including the Iowa State Fair, Kansas State Fair, Illinois State Fair, Kentucky State Fair, Ohio State Fair, New Mexico State Fair, Arizona State Fair, Oregon State Fair, Colorado State Fair, Florida State and others.

