



Henderson, Kentucky

Conference Center Study

OCTOBER 17, 2023





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Executive Summary

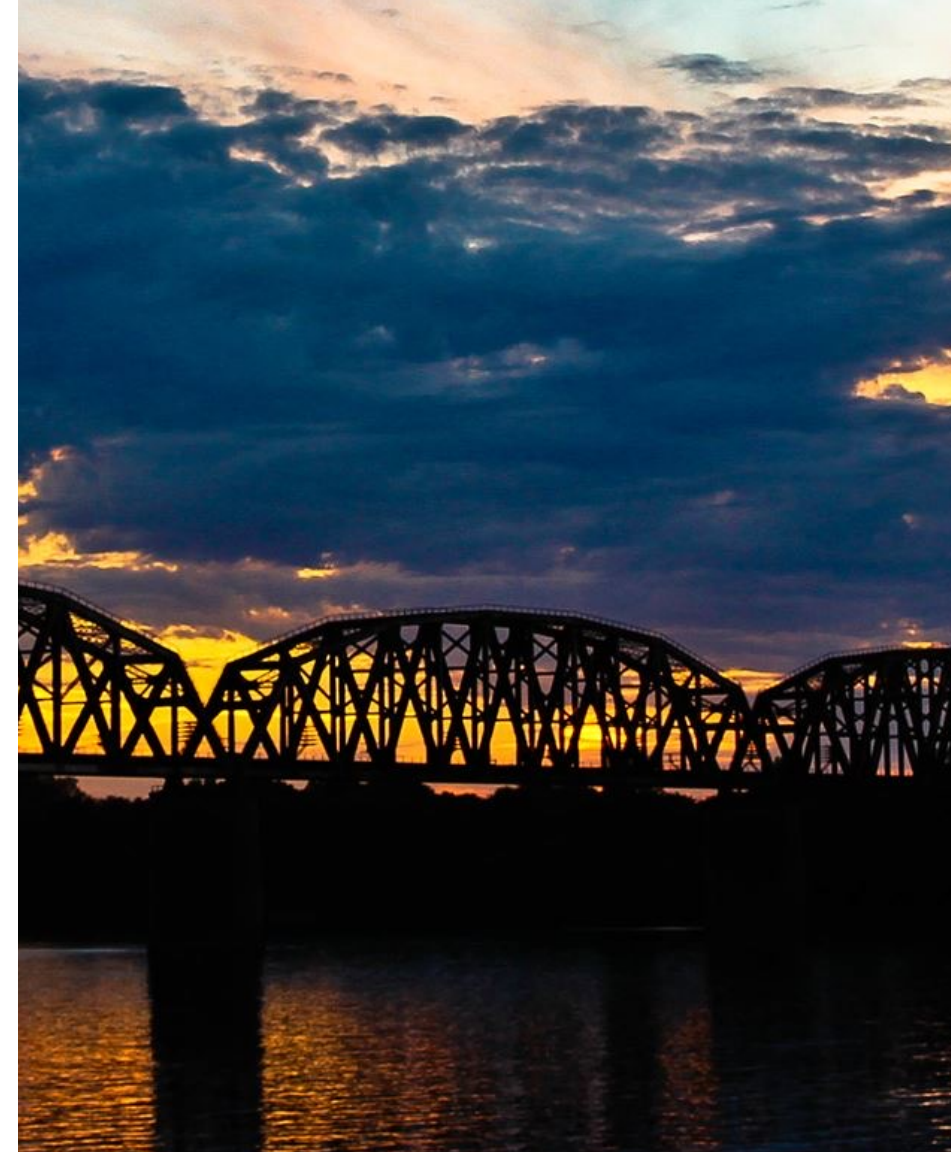




Overview

Hunden Partners (Hunden) was retained by the City of Henderson to conduct a comprehensive market analysis and financial feasibility study for a new conference center at John James Audubon State Park (Park) in Henderson, KY.

The study provides market-driven analytics to determine the overall demand opportunity for this type of development in Henderson. Local hotel supply and demand was also analyzed, as this impacts conference center demand from more regional meetings and events.



SWOT Overview

The following SWOT analysis details the strengths, weaknesses, opportunities, and threats of the Project.

STRENGTHS



- Significant new employer investment
- Increased hotel performance
- Proximity to Evansville and Owensboro

WEAKNESSES



- Proximity to more developed cities with competitive facilities
- Lack of walkable amenities and quality hotels

OPPORTUNITIES



- Unique venue setting in the market
- New meetings destination in the region
- New type of local hotel demand

THREATS



- Increased construction costs / interest rates
- Lack of funding

Key Findings

The following points highlight Hunden's key findings from its analysis of Henderson and the local conference and hotel market.



Lost Business

Henderson currently lacks quality large meeting facilities. This limits Henderson's ability to capture potential demand to the benefit of Evansville and Owensboro. By developing a conference center, Henderson can recapture and induce unaccommodated demand.

Competitive Market

There are a number of competitive meeting facilities in the local market that offer walkable amenity packages including attached or adjacent hotels. In order to compete for more regional events, a new product in Henderson should not only meet program demands but offer similar or unique amenities to its competition. Without such amenities, a conference facility in Henderson is more likely to generate more local demand.

Demand Opportunity

As Henderson continues to build upon its employment base and invest in new sports and tourism assets, there will be a growing need for quality hotel development, as well as demand for quality meeting facilities. The Project presents an opportunity for Henderson to establish itself as a meetings destination in the market and generate interest for future hotel development.

Conference Center Concept

The conference center design concepts below were developed by Skinner Design Associates. The conference center is planned to be located just off the Park's Recreation Lake, providing groups and attendees with a unique and scenic view during meetings and events.



Conference Center – Front View



Conference Center – Rear View

Facility Layout

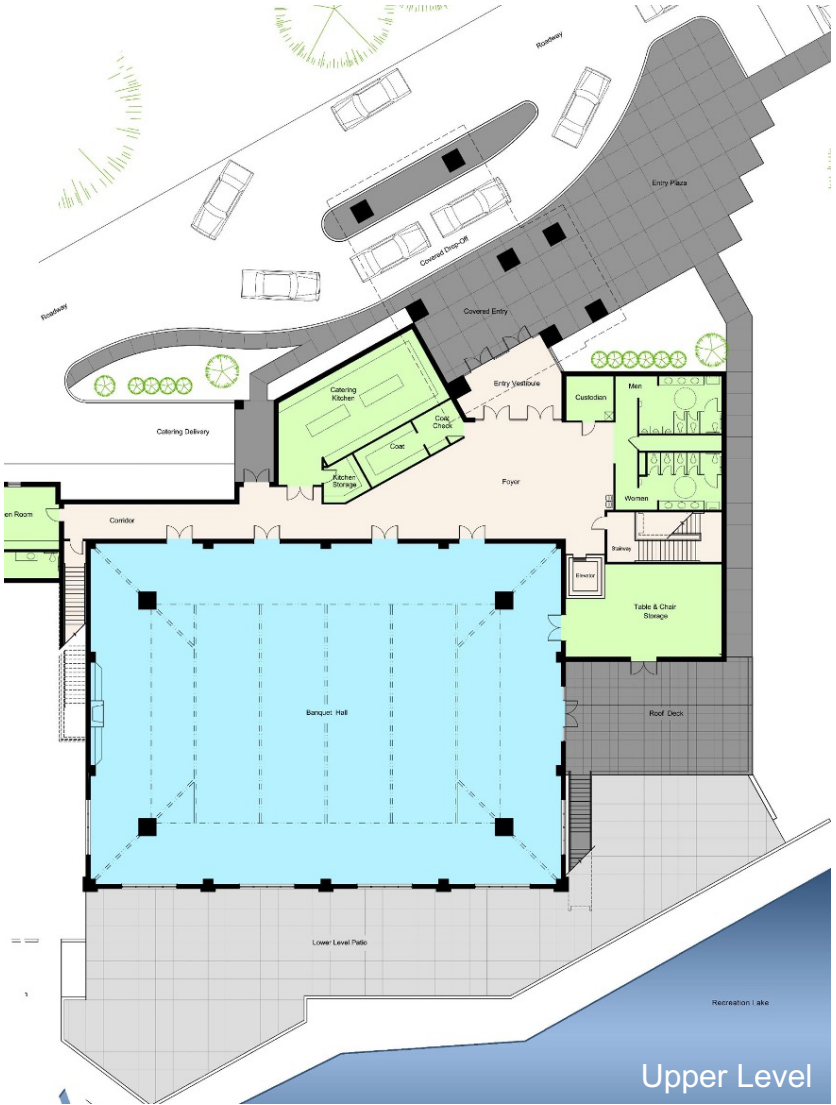
The site plans to the right show Skinner Design Associates proposed layout of the conference center.

The proposed facility includes the following function spaces, totaling 12,579 SF:

- Banquet Hall – 8,321 SF
- Meeting Rooms – 4,258 SF:
 - 1,124 SF
 - 1,041 SF
 - 890 SF
 - 606 SF
 - 597 SF

The proposed banquet hall (ballroom space) would be able to accommodate up to 500 guests seated in rounds.

Estimated development costs for the conference center total \$12.8 million. Access road costs are estimated at \$2.4 million, for a total estimated Project cost of \$15.2 million.



Operating Proforma

Hunden projects that expenses may outweigh revenues within the proposed venue. In Year 5 the venue is expected to lose \$50,000 from operations.

John James Audubon Conference Center								
Henderson, KY	2026	2027	2028	2029	2030	2035	2045	2055
Proforma	Year 1	Year 2	Year 3	Year 4	Year 5	Year 10	Year 20	Year 30
Revenue (000s)								
Rental Income	\$ 209	\$ 241	\$ 274	\$ 282	\$ 291	\$ 337	\$ 453	\$ 609
Equipment Rental & A/V	\$ 21	\$ 24	\$ 27	\$ 28	\$ 29	\$ 34	\$ 45	\$ 61
Concessions/Catering Fee	\$ 46	\$ 53	\$ 60	\$ 62	\$ 64	\$ 74	\$ 100	\$ 134
Passthroughs Prem. (Labor, Utilities, etc.)	\$ 15	\$ 17	\$ 19	\$ 20	\$ 20	\$ 24	\$ 32	\$ 43
Other	\$ 6	\$ 7	\$ 8	\$ 8	\$ 8	\$ 9	\$ 13	\$ 17
Total	\$ 296	\$ 341	\$ 389	\$ 401	\$ 413	\$ 478	\$ 643	\$ 864
Expenses (000s)								
Salaries, Wages & Benefits*	\$ 120	\$ 124	\$ 127	\$ 131	\$ 135	\$ 157	\$ 210	\$ 283
Non-Reimbursed Hourly Labor	\$ 42	\$ 48	\$ 55	\$ 56	\$ 58	\$ 67	\$ 91	\$ 122
General & Admin	\$ 40	\$ 41	\$ 42	\$ 44	\$ 45	\$ 52	\$ 70	\$ 94
Utilities	\$ 51	\$ 53	\$ 54	\$ 56	\$ 57	\$ 67	\$ 89	\$ 120
Janitorial & Cleaning	\$ 42	\$ 43	\$ 45	\$ 46	\$ 47	\$ 55	\$ 74	\$ 99
Repairs & Maintenance	\$ 45	\$ 46	\$ 48	\$ 49	\$ 51	\$ 59	\$ 79	\$ 106
Insurance	\$ 20	\$ 21	\$ 21	\$ 22	\$ 23	\$ 26	\$ 35	\$ 47
Advertising & Other	\$ 5	\$ 5	\$ 5	\$ 5	\$ 6	\$ 7	\$ 9	\$ 12
Reserves	\$ 30	\$ 34	\$ 39	\$ 40	\$ 41	\$ 48	\$ 64	\$ 86
Total	\$ 394	\$ 415	\$ 436	\$ 449	\$ 463	\$ 537	\$ 721	\$ 969
Net Operating Income	\$ (98)	\$ (74)	\$ (47)	\$ (49)	\$ (50)	\$ (58)	\$ (78)	\$ (105)

*The venue is expected to be operated by park staff in an expanded role, reducing overall new salary expenses.
Source: Hunden Partners

Summary of Impacts

If developed, the Project is estimated to generate nearly \$123 million in spending within the local Henderson economy. As this spending trickles through the economy, it is estimated to support \$49 million in new earnings and 24 full-time equivalent jobs over 30 years.

Over 30 years the proposed Project is estimated to generate nearly \$6.6 million in state and local taxes.

30-Year Impacts (Including Construction)	
John James Audubon State Park Conference Center	
Net New Spending	(millions)
Direct	\$78
Indirect	\$28
Induced	\$16
Total	\$123
Net New Earnings	(millions)
From Direct	\$30
From Indirect	\$11
From Induced	\$8
Total	\$49
Net New FTE Jobs	Actual
From Direct	15
From Indirect	6
From Induced	3
Total	24
Capturable State Taxes	(millions)
Sales Tax (6%)	\$4.55
Transient Lodging Tax (1%)	\$0.05
Income Tax (wtd. 3.8%)	\$1.32
Total	\$5.93
Capturable Local Taxes	(millions)
Transient Lodging Tax (3%)	\$0.15
City Payroll Tax (1.65%)	\$0.50
Total	\$0.65
	(millions)
Total Tax Impact	\$6.6

Source: Hunden Partners

The background image shows a public water fountain park. In the foreground, several water jets are spraying upwards from a paved plaza. A woman in a light blue long-sleeved shirt and grey pants is standing with her back to the camera, looking at one of the jets. In the background, a large, rusted steel truss bridge spans across a body of water. The sky is blue with scattered white clouds. The overall scene is bright and sunny.

02

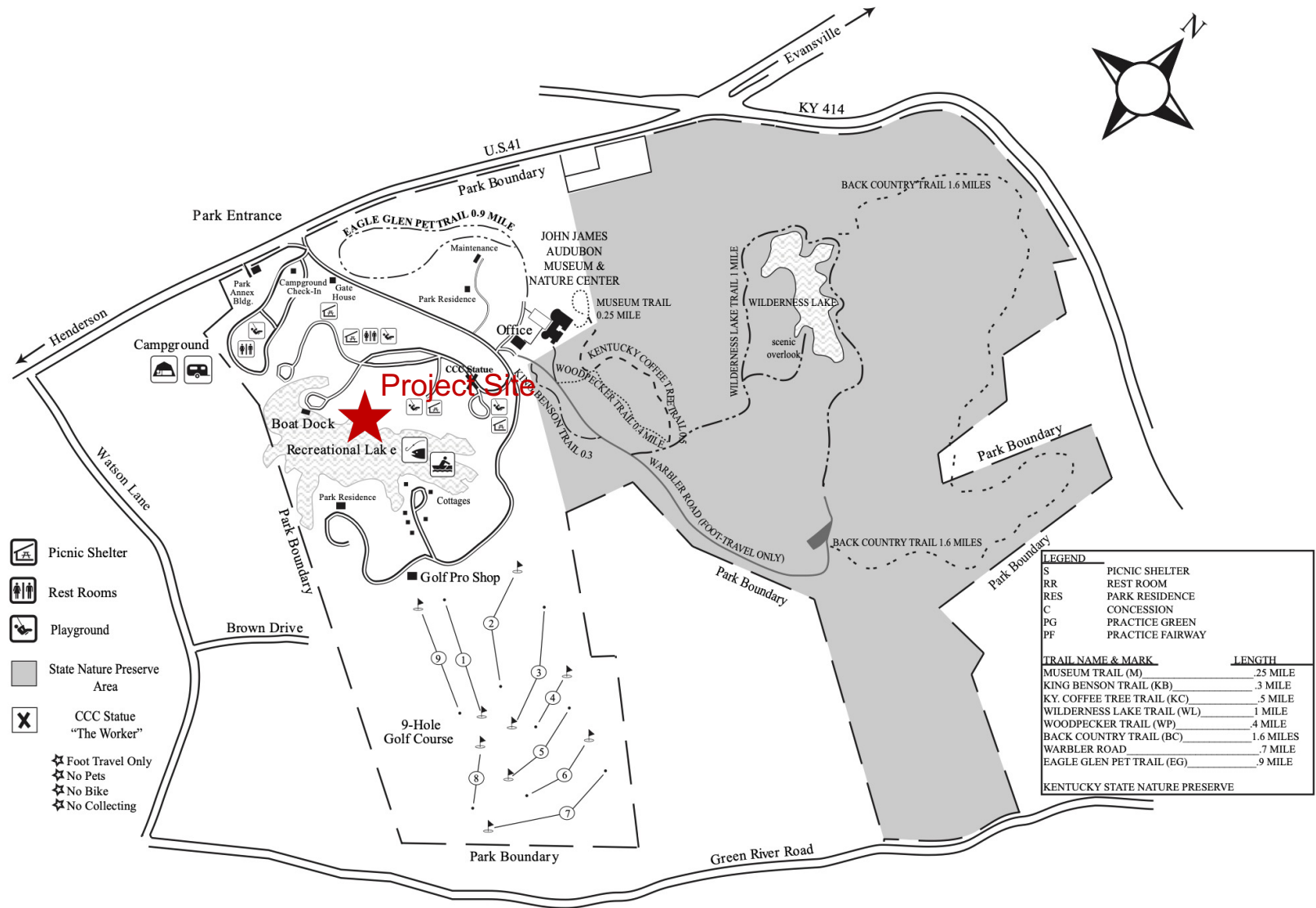
Project Profile

Audubon State Park

A map of the Audubon State Park is shown to the right.

Highlighted is the proposed location of the conference center in relation to other park amenities.

The park features a Museum & Nature Center, recreational lake, campground, a 9-hole golf course, and a number of trails throughout.



Interview: Audubon State Park

Hunden had the opportunity to speak with the Manager at the John James Audubon State Park to get an understanding of the current types of visitation at the park as well as their perspective on the Project. Key highlights from that discussion are included below:

- The Park currently hosts smaller events like school events and arts programs in the indoor meeting rooms available.
- There are four outdoor spaces, and they are used for events like weddings, family reunions, and quinceañeras. There are only four weddings scheduled at the Park for next year, but the goal is to reach the annual average of ten events per year.
- The main draw of the Park is the hiking trails because it is free access. Approximately 90 percent of visitors are from Indiana due to Henderson's close proximity to the state border. Other draws of the park are golf and the museum, but additional marketing efforts could help enhance that visitation.
- The park has six cottages on the property that in this year average a 54 percent occupancy, compared to 51 percent in 2021.
- Currently, the Park is not bringing in any corporate events so the hope is to construct a larger venue to target a more corporate audience. The current proposal includes a 400-person capacity facility that would require new dedicated full-time staff.
- In order to be an efficient venue, there would need to be a full-time manager of the conference center and a sales/catering manager to help with outsourcing the catering and attracting events.

Stakeholder Interviews

Hunden had the opportunity to speak with key stakeholders in Henderson to get an understanding of their views on the Project. Key highlights are included below:

- Currently in Henderson, business is being lost because locals are forced to go out of town for larger events due to a lack of facilities in the City. A new conference and event center could bring in new weekday conferences and weekend weddings and private events.
- The main draw would be hosting events for civic organizations, as organizing events like these have been a struggle because of limited space and capacity. A new venue like the proposed conference center would help solve these issues.
- Henderson is hoping for a potential partnership and funding contribution from the Commonwealth of Kentucky. Henderson proposed that the Commonwealth contribute \$10 million towards Project costs.
- The hotel does not have to be next to the conference center, but it can be helpful.
- There are a lot of economic developments around Henderson that add to infrastructure in the City. The I-69 connection to Evansville will provide great access between the two cities and states. There is also new storm drainage developments with regards to access to Audubon State Park. Lastly, there is a new \$15 million sports complex that is currently in development.
- Many large hoteliers including HGI and Hampton Inn have contacted the City with interest to develop additional hotel properties in Henderson. With all the construction scheduled for the next 5-10 years, hotels are staying at high occupancy due to construction activity alone, and now is a great time for hoteliers to reengage with the area.

03

Economic, Demographic, & Tourism Analysis

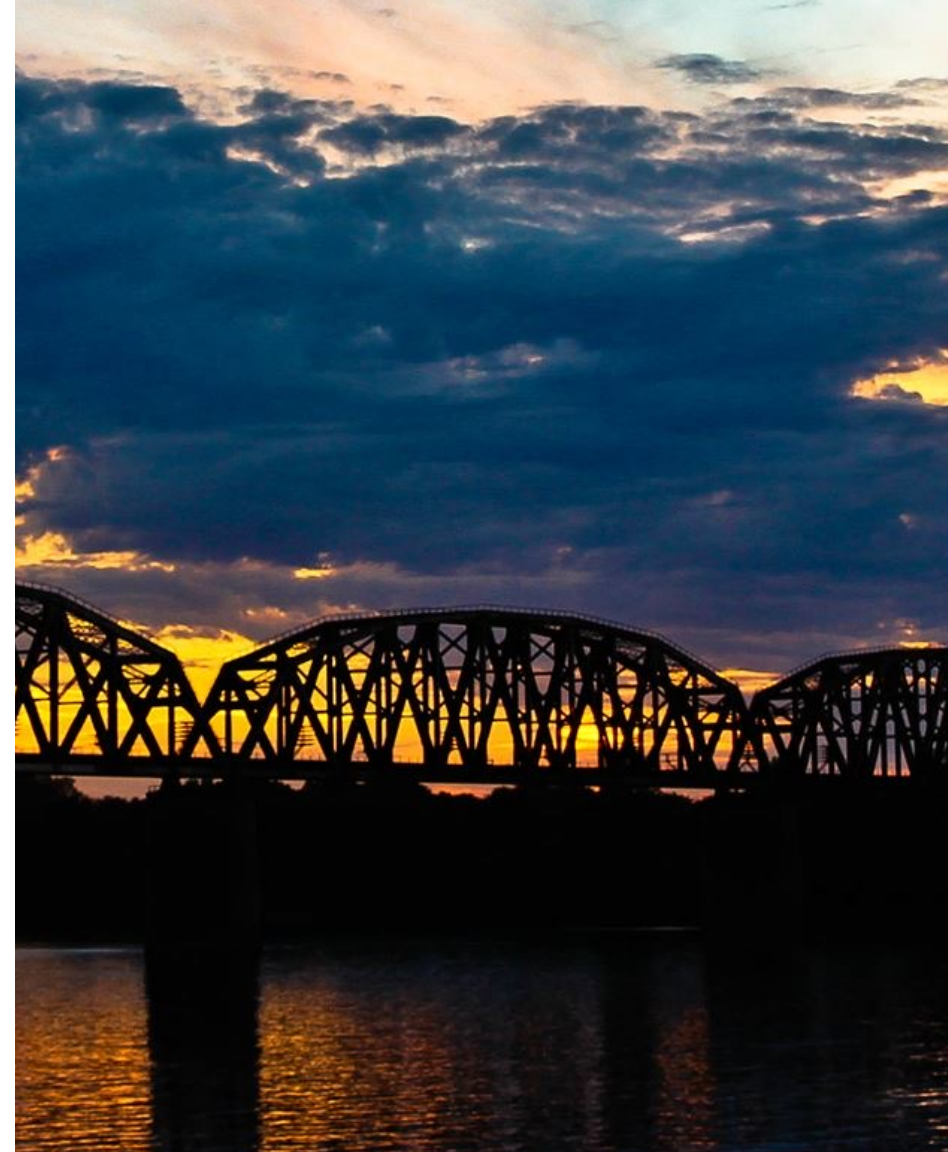




Overview

Henderson is the seat of Henderson County and is part of the Evansville Metropolitan Area. Local market area characteristics such as accessibility, employment, and tourism attractions influence the potential demand for meeting facilities.

This chapter will outline these factors to provide a basis for demand and usage of the proposed conference center.





Accessibility

Air Access

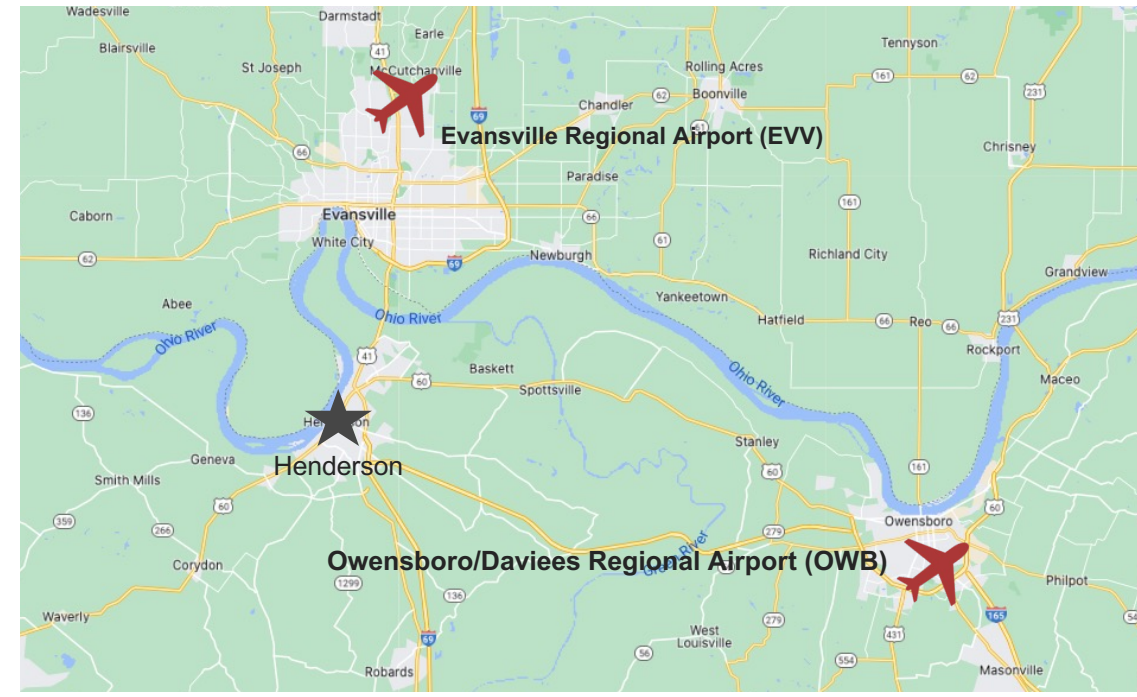
The airports near Henderson are classified as small domestic airports, as both airports are limited in size and scale. The Evansville Airport (EVV) is the more utilized facility out of the two.

Though enplanements have improved since 2020, they have yet to return to pre-pandemic levels.

EVV has three airlines offering non-stop flights to five destinations: Dallas, Destin (FL), Orlando, Atlanta and Charlotte.

The Owensboro-Daviess County Regional Airport is subsidized by the Airport Infrastructure Grants program. OWB has two airlines that offer flights to three cities: Orlando (Monday, Friday); St. Louis (daily) and Nashville (twice daily). The planes used for these flights have a seating capacity of nine passengers, reflecting the limited nature of the airport and market.

Because of the limited flights to these regional airports, the majority of guests at the proposed conference center would travel by car.



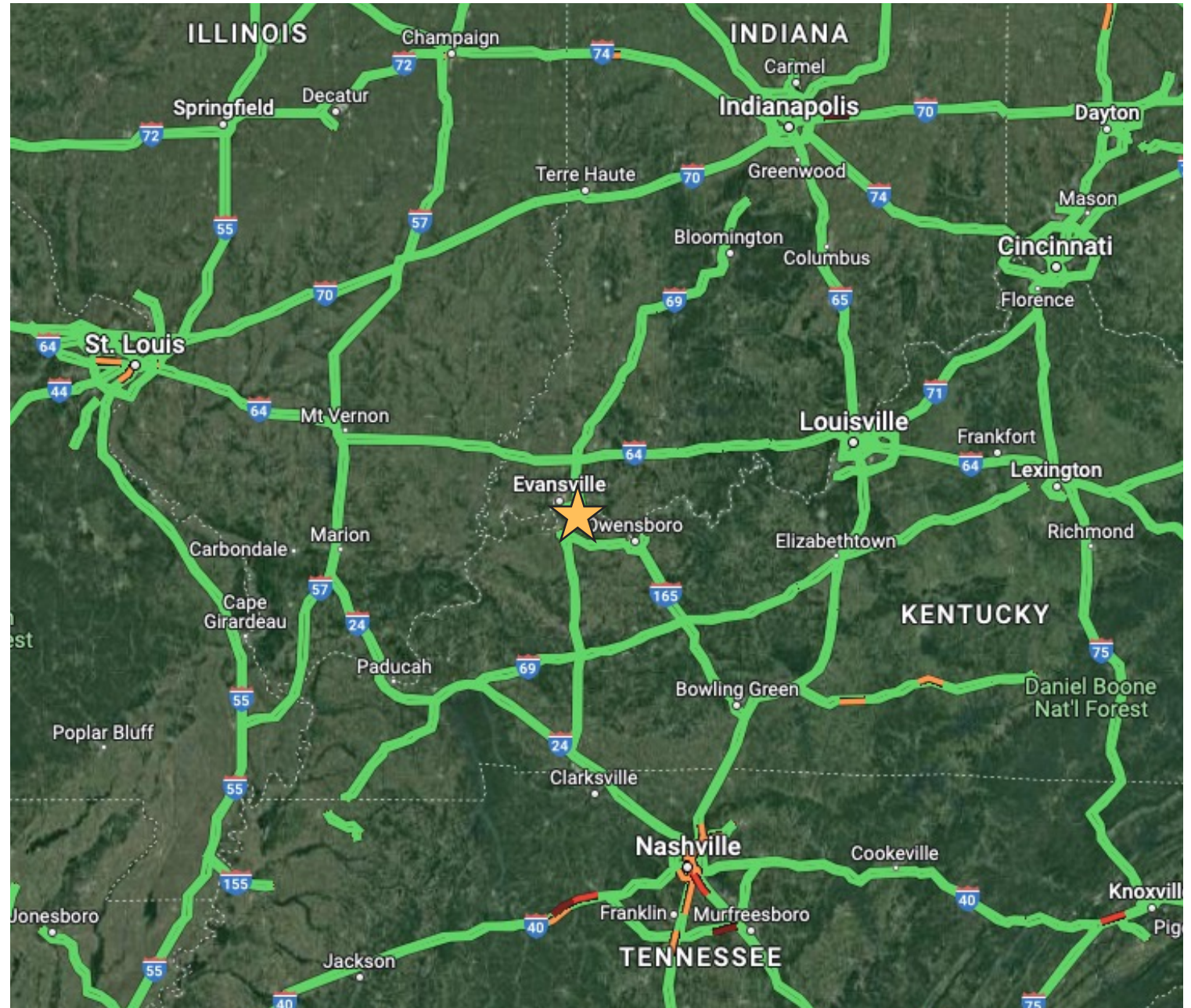
Year	Evansville Regional - EVV		Owensboro-Daviess Regional - OWB	
	Enplanement	Deplanement	Enplanement	Deplanement
2013	160,806	161,073	21,251	20,392
2014	170,718	170,852	21,961	21,156
2015	202,706	203,314	21,651	21,001
2016	203,309	203,786	23,508	23,027
2017	212,555	211,614	19,287	19,379
2018	227,846	227,498	19,454	19,303
2019	241,867	241,256	18,421	18,110
2020	104,550	104,632	9,156	9,598
2021	164,515	165,053	13,390	13,420
2022	152,575	151,346	15,631	15,563

Source: Bureau of Transportation Statistics

Accessibility

The neighboring map shows Henderson's interstate connectivity. Interstate 69 runs north and south through Henderson, connecting the city to Indianapolis and Nashville. Interstate 64 is located just north of Evansville and connects St. Louis to Louisville.

Accessibility to Henderson is made easy by nearby interstate highways and regional airports. This trait comes to be a strong benefit to the local market for a conference center development.



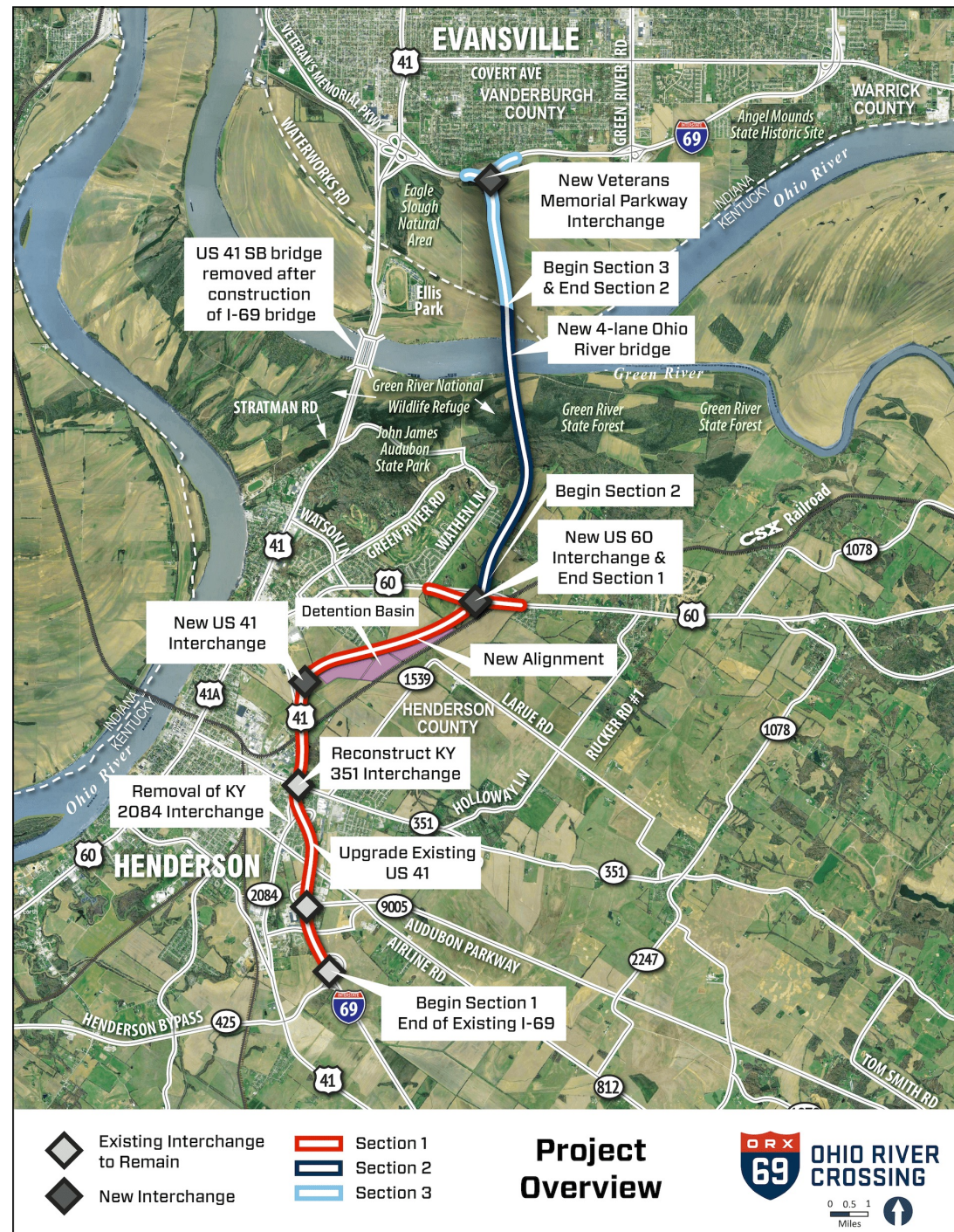
I-69 Connection

The Kentucky and Indiana Departments of Transportation are pursuing a bi-state construction project that increases the efficiency of crossing the Ohio River. This will connect I-69 in Evansville and Henderson via a newly constructed bridge.

The sections highlighted in red are improvements to the Kentucky side of I-69 that have already been underway and are planned to be finished by 2025.

The middle section highlighted in black, will be a four-lane river crossing that is expected to begin in 2027 and will be complete by 2031.

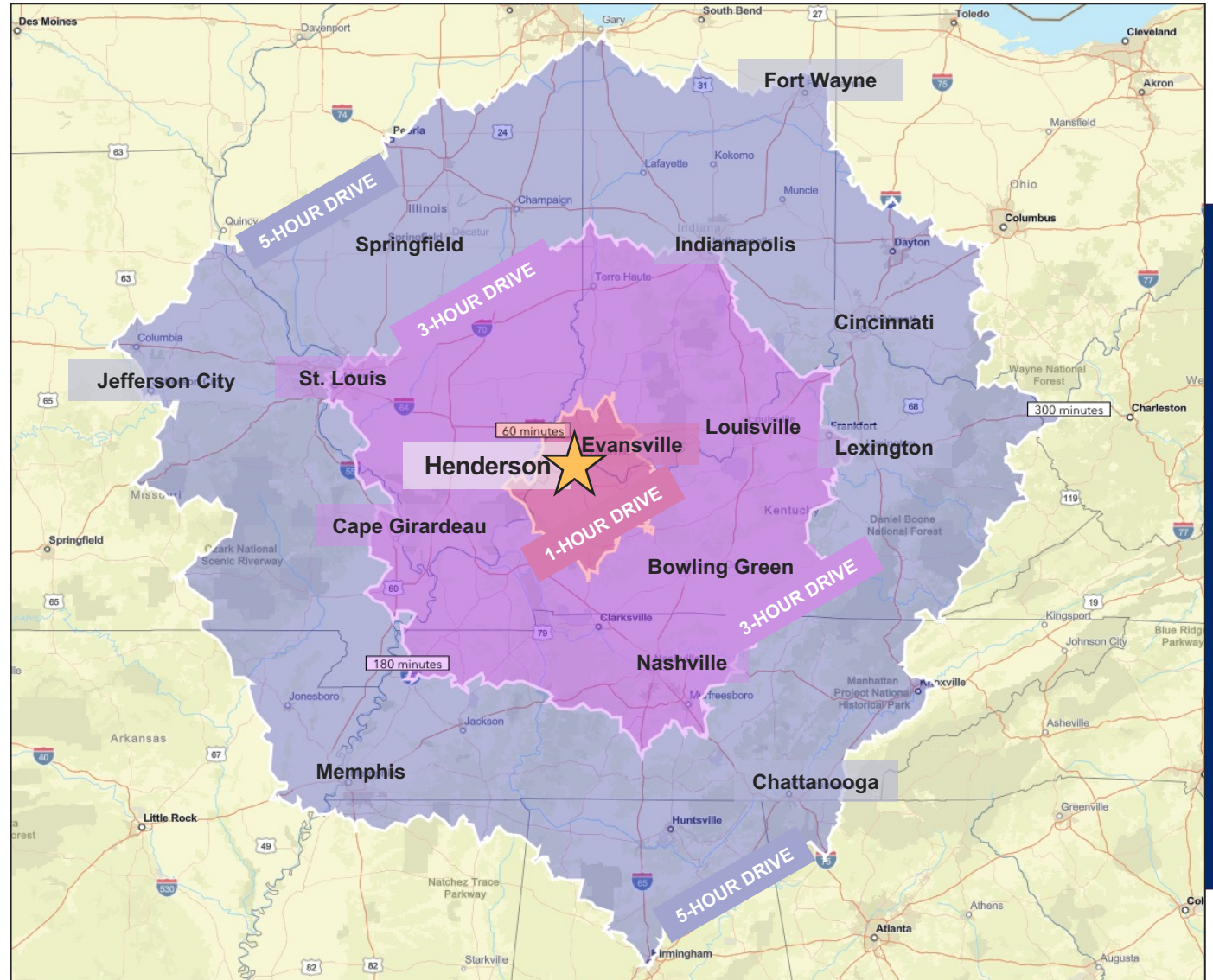
This entire project will eventually take traffic away from US-41, but will provide more accessibility to travel from Evansville to Henderson.



Drive Times

The Henderson area benefits from a list of drivable metropolitan areas. Within a three-hour drive-time there is a population of approximately 9.7 million people. Further expanding the drive-time to five hours captures nearly 28 million people.

Major metropolitan areas within a five-hour drive include Indianapolis, Cincinnati, Lexington, Birmingham, Nashville, Memphis, St. Louis and Louisville. Travelers from these cities represent a share of the capturable market for a conference center.



Estimated Drive-Time Statistics from Henderson City, KY (2023)

	1-Hour	3-Hour	5-Hour
Population	608,923	9,743,034	27,970,961
Households	248,612	3,914,111	11,210,630
Median Household Income	\$60,327	\$63,134	\$63,069
Median Home Value	\$172,270	\$219,388	\$211,149
Median Age	41.6	39.3	39.8

Source: ESRI



Employment

Employment

Manufacturing is the largest segment of employment within Henderson County, representing about a fifth of private employment. Second to manufacturing is the retail trade industry, which takes up approximately ten percent of private employment.

Top employers are dominated by manufacturing and production companies. Most notable is Tyson Foods, who employs 1,400 people in poultry manufacturing.

Ranking	Company Name	Industry	# of Employees
1	Tyson Foods	Food Manufacturing	1,416
2	Gibbs Die Casting Corp.	Metal Casting	906
3	River View Coal	Coal Production	865
4	Century Aluminum	Aluminum Extrusion	499
5	Big Rivers Electric	Utility Services	465
6	Pittsburg Tank & Tower	Storage Tanks	366
7	Audubon Metals	Aluminum Recycling	332
8	Brenntag Mid-South	Chemical Distribution	305
9	Dana Holding Corp	Truck Components	249
10	Accuride Corp.	Truck Components	187

Source: Henderson Economic Development

Description	Employees	Percentage of Total
Total employment (number of jobs)	23,446	100%
By type		
Wage and salary employment	19,032	81.17%
Proprietors employment	4,414	18.83%
By industry		
Farm employment	508	2.17%
Nonfarm employment	22,938	97.83%
Private nonfarm employment	20,469	87.30%
Manufacturing	4,863	20.74%
Retail trade	2,262	9.65%
Administrative and support and waste management and remediation services	1,714	7.31%
Accommodation and food services	1,511	6.44%
Other services (except government and government enterprises)	1,443	6.15%
Construction	1,270	5.42%
Finance and insurance	1,039	4.43%
Wholesale trade	849	3.62%
Real estate and rental and leasing	754	3.22%
Professional, scientific, and technical services	590	2.52%
Arts, entertainment, and recreation	416	1.77%
Mining, quarrying, and oil and gas extraction	230	0.98%
Information	156	0.67%
Management of companies and enterprises	129	0.55%
Forestry, fishing, and related activities	70	0.30%
Utilities	(D)	-
Transportation and warehousing	(D)	-
Educational services	(D)	-
Health care and social assistance	(D)	-
Military	126	0.54%
State and local	2,245	9.58%
State government	451	1.92%
Local government	1,794	7.65%

Source: Bureau of Economic Analysis, Hunden Strategic Partners

Employer Investments

A significant number of major employer investments are in development in Henderson. These investments will not only add to the employment base locally, but also increase demand corporate meetings and events and overnight accommodations.

- Pratt Paper - \$750 million in capital investment. Creating 320 new jobs with an average wage of \$29/hour or \$39/hour with benefits. Projected economic impact of over \$200 million annually.
- Henderson Mine - \$35 million in capital investment. Creating 260 new jobs with average wage of \$34.50/hour or \$49/hour with benefits. Projected economic impact of over \$150 million annually.
- Columbia Brands USA - Expansion project adding 175 jobs and \$35 million in capital investment. Projected economic impact of \$70 million annually.
- One existing industry is announcing an expansion at the end of August. It is approximately \$2 million in capital investment with 15 new jobs. Annual economic impact is expected to be \$9 million.

Henderson is also a finalist for two major economic development projects:

- Project Costanza would include \$200 million in capital investment, 100 jobs with an average wage of \$40-\$45/hour. Annual economic impact is expected to be \$100 million.
- Project WAM would include \$100 million in capital investment, 75 jobs with an average wage of \$20-\$25/hour, and an annual economic impact projected at \$120 million.



Tourism Attractions

Tourism Attractions

Hotels depend on tourism assets to generate demand. The Henderson 2021 tourism economic impact numbers exceeded pre-COVID levels and record numbers are expected for 2022. The region surrounding Henderson also contains several tourism attractions.

The table below outlines the most relevant tourism attractions in the area, showing a wide range of entertainment, educational, and leisure opportunities. The Audubon Museum and Nature Center draws significant visitation from over 100 miles.

Rank	Name	Attraction Type	2022 Customers	2022 Visitation	Vists More Than 50 mi	Visits More Than 100 mi	% Visits Over 50 Miles	% Visits Over 100 Miles	Avg. Visits Per Customer
1	Bally's Evansville	Gaming	251,600	1,100,000	405,200	245,500	37%	22%	4.37
2	Ford Center	Sports	223,900	873,800	223,900	120,200	26%	14%	3.90
3	Mesker Park Zoo	Zoo	134,100	193,900	46,700	18,800	24%	10%	1.45
4	Smothers Park	Park	121,900	214,500	41,800	27,000	19%	13%	1.76
5	Ellis Park Racing and Gaming	Gaming	62,600	300,100	38,900	27,400	13%	9%	4.79
6	John James Audubon State Park	Park	56,000	109,100	19,900	16,900	18%	15%	1.95
7	Bluegrass Music Hall of Fame & Museum	Museum	13,700	20,700	5,800	4,500	28%	22%	1.51
8	Audubon Museum and Nature Center	Nature	8,400	9,700	3,400	3,100	35%	32%	1.15
9	Western Kentucky Botanical Garden	Park	7,900	9,600	1,900	-	20%	-	1.22
10	Angel Mounds State Historic Site	Nature	5,700	9,300	4,400	4,000	47%	43%	1.63

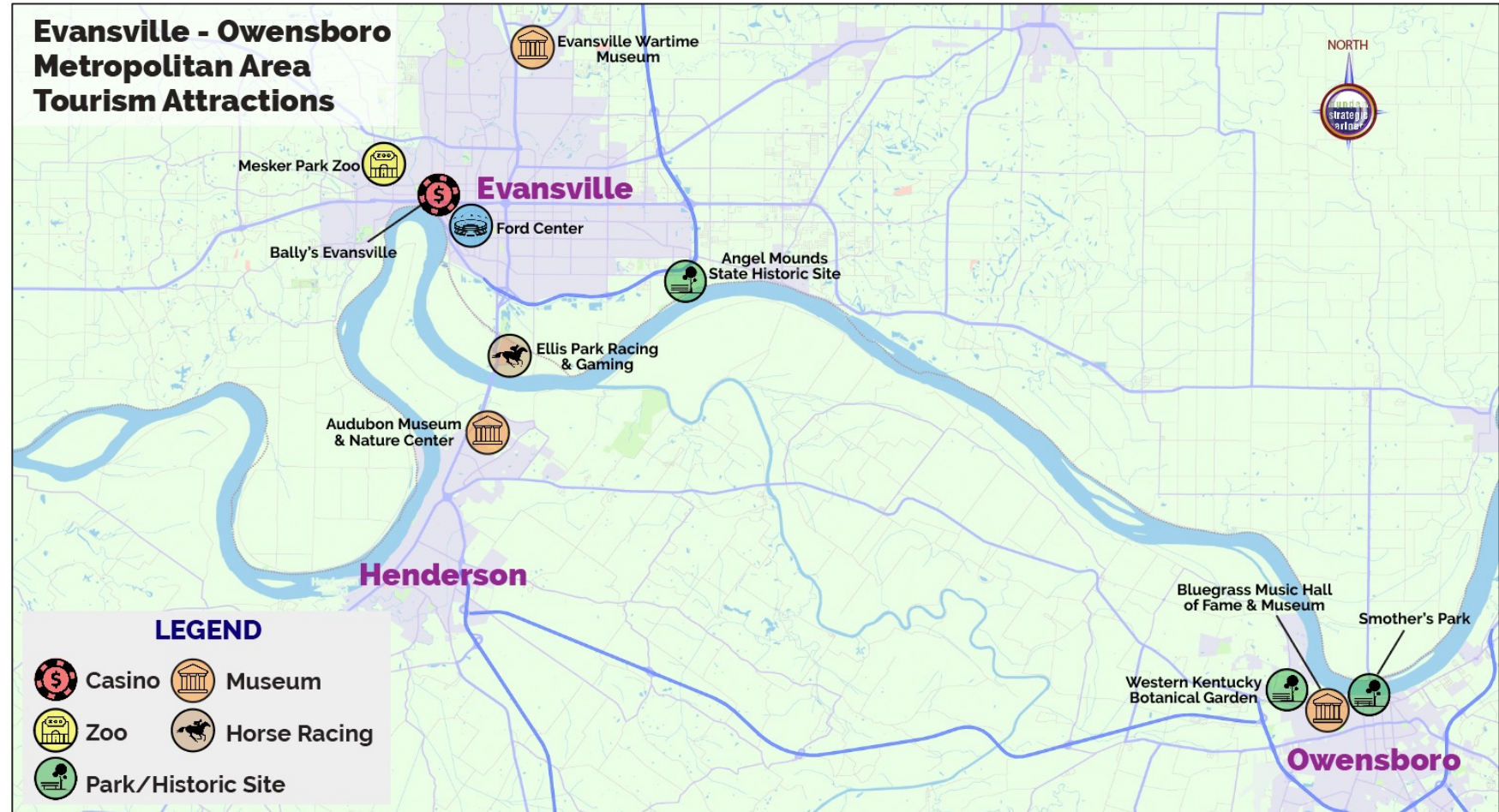
Visitation numbers are estimates based off of geo-fencing data
Source: Various

Tourism Attractions – Location

The adjacent maps show the location of top tourism attractions relative to the city of Henderson.

Due to proximity to Henderson, Hunden has identified attractions within the Evansville and Owensboro metropolitan areas. These attractions are the most relevant tourism demand drivers for the Project. The most notable attraction is Ellis Park Racing & Gaming which is a premier horse racing track in Henderson.

The remaining tourism destinations are significant because they reveal where visitors originate.





Henderson Attractions

Ellis Park Racing and Gaming

Ellis Park is a thoroughbred horse racing track located in Henderson, Kentucky. It is owned by Churchill Downs, Inc. The track hosts 14 race days each year, with year-round HHR gaming machines.

Churchill Downs purchased Ellis Park Racing and continues to invest in the infrastructure of the historic track. Churchill Downs moved the remaining dates of its spring meet to Henderson in June 2023.

Only 10.2 percent come from more than 100 miles away, limiting the impact on hotels, though long-distance visitation should be enhanced with Churchill Downs' investment.

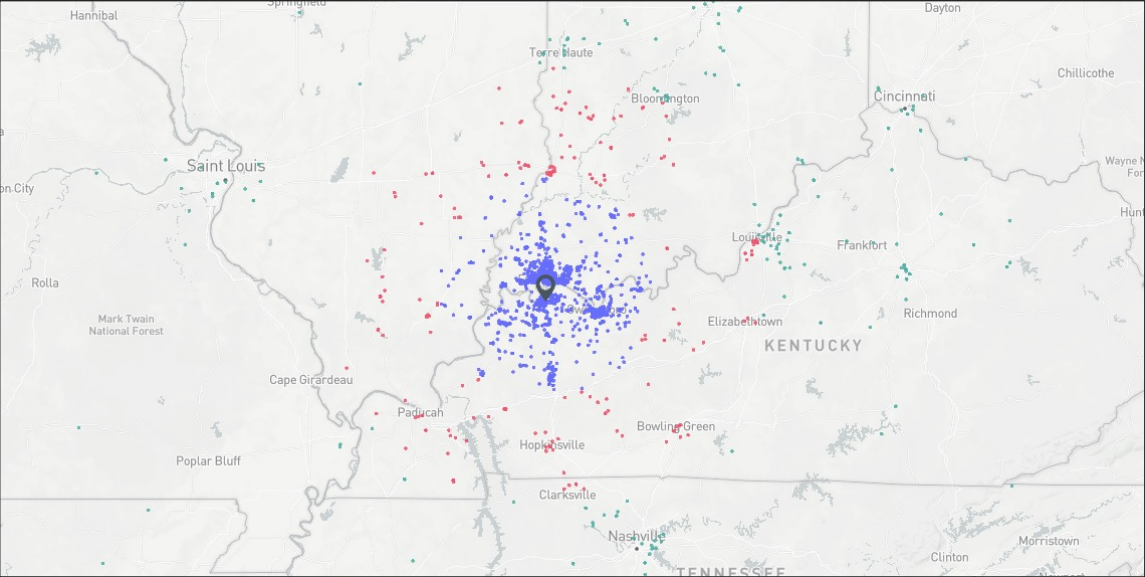


Ellis Park Racing & Gaming (Henderson, KY) - Total Visitation

January 1st, 2022 - December 31st, 2022

Visitor Origins by Distance from Site (Colors correspond to charts & maps)	Total Visits		Total Unique Customers		Avg. Visits per Customer
	Est. Number of Visits	Percent of Total Visits	Est. Number of Customers	Total Customers	
Locals - Within 50 miles	257,300	85.7%	44,500	71.1%	5.78
Regional Distance - Over 50 miles & Less Than 100 miles	12,300	4.1%	6,500	10.4%	1.89
Long Distance only - Over 100+ miles	30,500	10.2%	11,600	18.5%	2.63
Total Visits	300,100	100.0%	62,600	100.0%	4.79

Source: Placer.ai



Henderson Sports Complex

In late 2022, the City of Henderson Board of Commissioners awarded a base bid of \$10.5 million for the development of the Henderson Sports Complex (HSC) on 58 acres of land on Airline Road.

The first phase of the complex includes four 200-foot baseball/softball fields, 1-3 multipurpose fields and other park amenities including a concession stand, press box, batting cages, and a playground. Completion of phase one is expected by Spring/Summer 2024.

Hunden produced a sports feasibility study in recent years for Henderson that showed the community can partner with Evansville to host larger tournaments with a set of fields such as the HSC. When operational, there will be new demand in the local area that can positively impact future hotel demand.



Interview: Distillery

Hunden interviewed the developer of a proposed full-production distillery in downtown Henderson. Currently, building plans and production designs are being refined with a planned completion by the end of 2024. Key takeaways from that interview include:

- The distillery will feature 7,000 SF of front of house space that includes a bar, lounge, and tasting area. Also planned is a small restaurant next door.
- With 40 main distilleries and 18 craft distilleries along the Kentucky Bourbon Trail, there is significant demand in the market for new distillery destinations.
- The developer projects 35,000 to 50,000 visitors to the distillery by year three. 74 percent of visitors are expected to come from more than two hours away, 46 percent of which could be interested in overnight accommodations.
- Currently there is a lack of quality overnight accommodations in Henderson. Henderson has easy interstate access from regional centers such as Louisville and Nashville.



Stock Images: Not representative of potential distillery

Henderson Festivals



W.C. Handy Blues & Barbecue Festival

June 14 – 17, 2023

Audubon Mill Park

The Blues and Barbecue Festival is one of the largest free music festivals in the US. Attendance is expected to surpass 50,000 visitors.



Sandy Lee Songfest

July 26– 29, 2023

Downtown Henderson

Sandy Lee Songfest is four nights of live acoustic performances in downtown Henderson. It is a festival designed to share “storytellin’ in the 42420.”



Bluegrass in the Park Folklife Festival

August 11 - 12, 2023

Audubon Mill Park

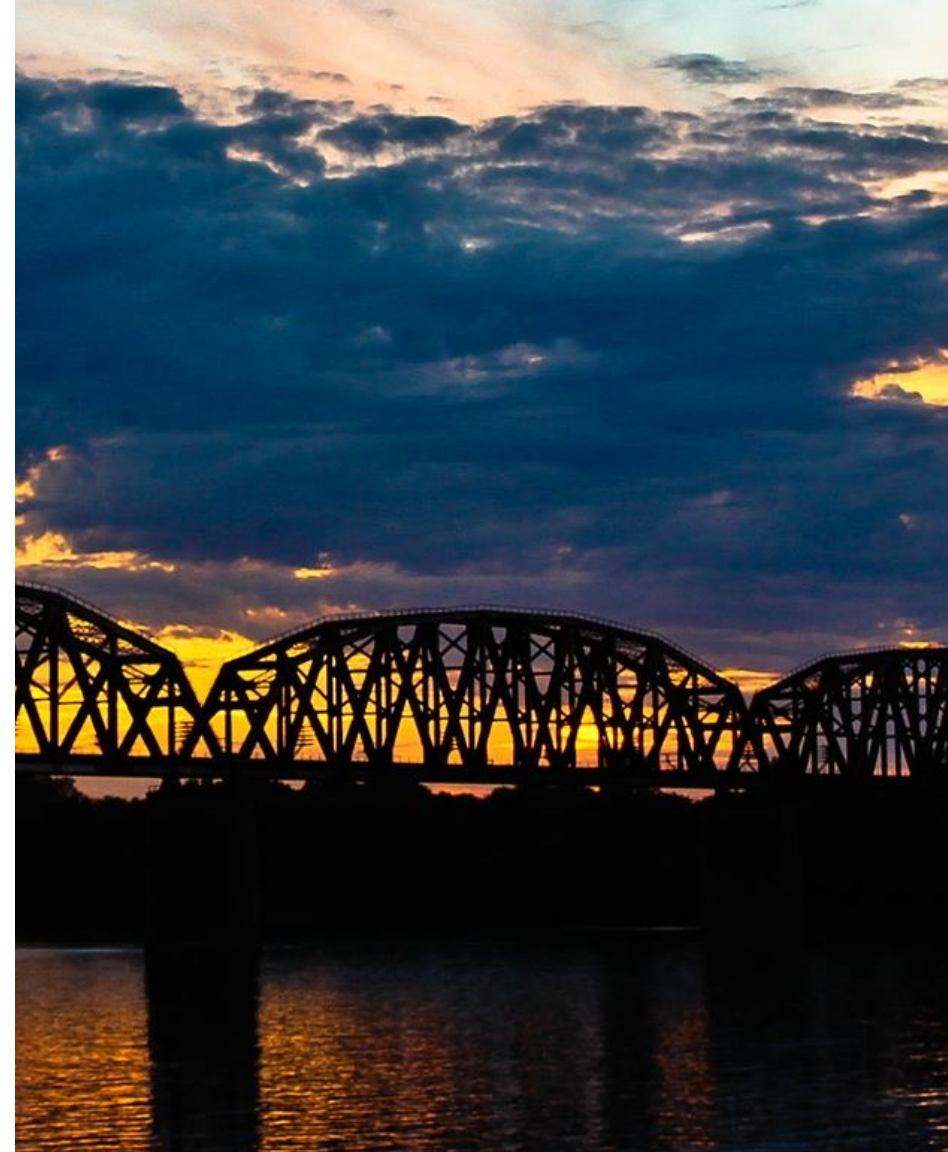
Bluegrass in the Park is reportedly one of the largest, on-going and free Bluegrass festivals in the US. It is known as one of Kentucky’s major summertime events and attracts people from all over the US and the world.



Implications

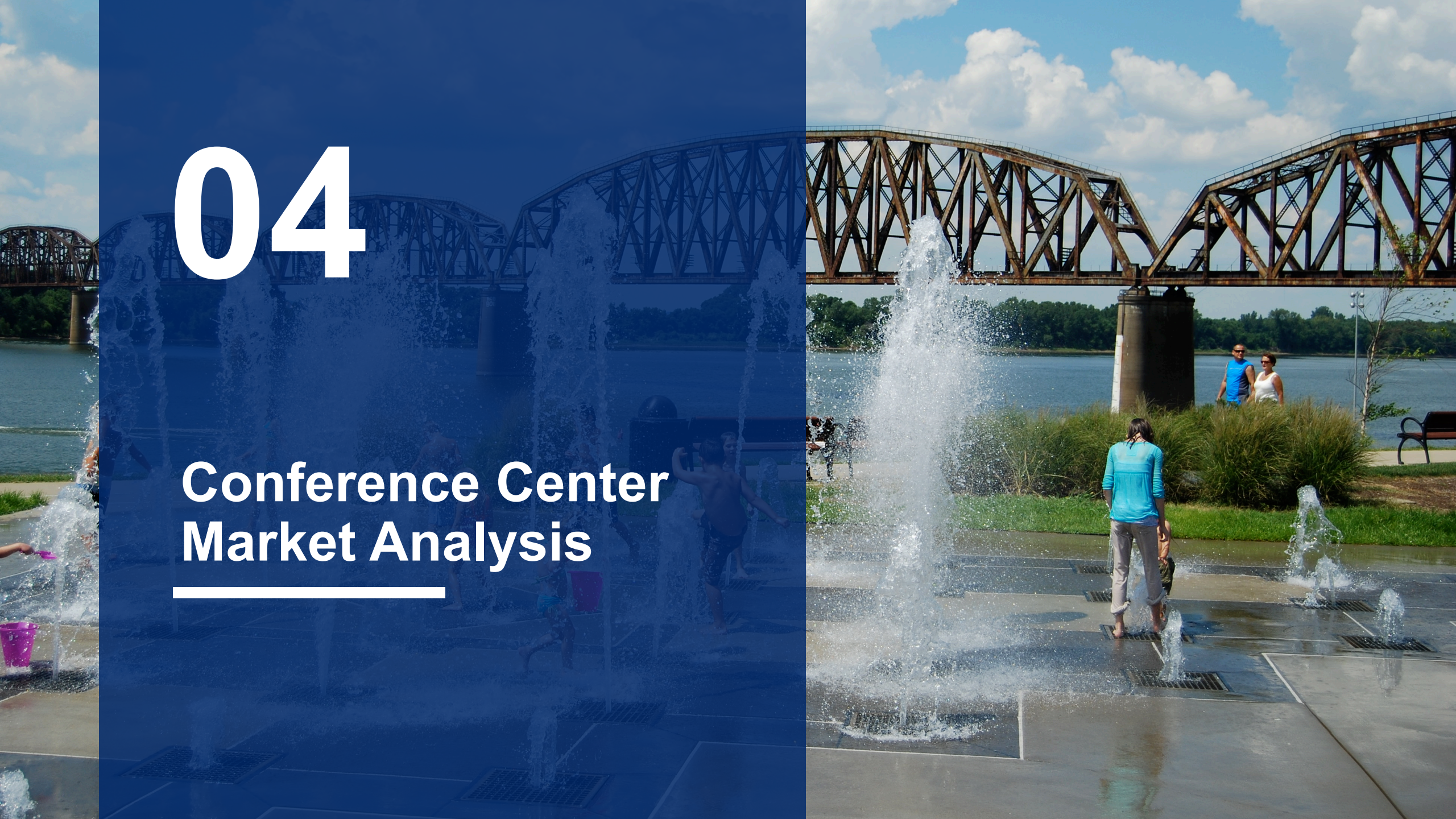
As part of the the Evansville Metropolitan Area, Henderson is most easily accessible by vehicle via I-69, but also has connectivity through its limited regional airports. Henderson's population, population growth and median household income is low compared to the surrounding area.

Henderson drives tourism through festivals, special events, and the Ellis Park racetrack. Tourism assets in Evansville and Owensboro have nearby hotels, which is lacking in Henderson.



04

**Conference Center
Market Analysis**





Overview

This chapter analyzes the facilities that serve the local and regional meetings and events market, including physical attributes and competitive amenities.

While Henderson itself lacks sizable venues to host meetings and events, other area hotels and venues with meeting / event space would be most competitive to the Project, with larger regional facilities able to cater to additional types of business.

Relevant competitive facilities are also profiled in this chapter.



Convention & Meetings Market Trends

Convention & Meetings Industry Overview

While the industry is ever-changing, the expectations for ease, convenience, and affordability have increased, while the demand for authenticity and high-quality flexible spaces has also increased. A single event may use many different types of spaces, including exhibit halls, banquet facilities, and breakout meeting rooms, increasing the need for well-designed multi-purpose facilities. Highlighted below are examples of the types of events that a new conference center in Henderson could attract.

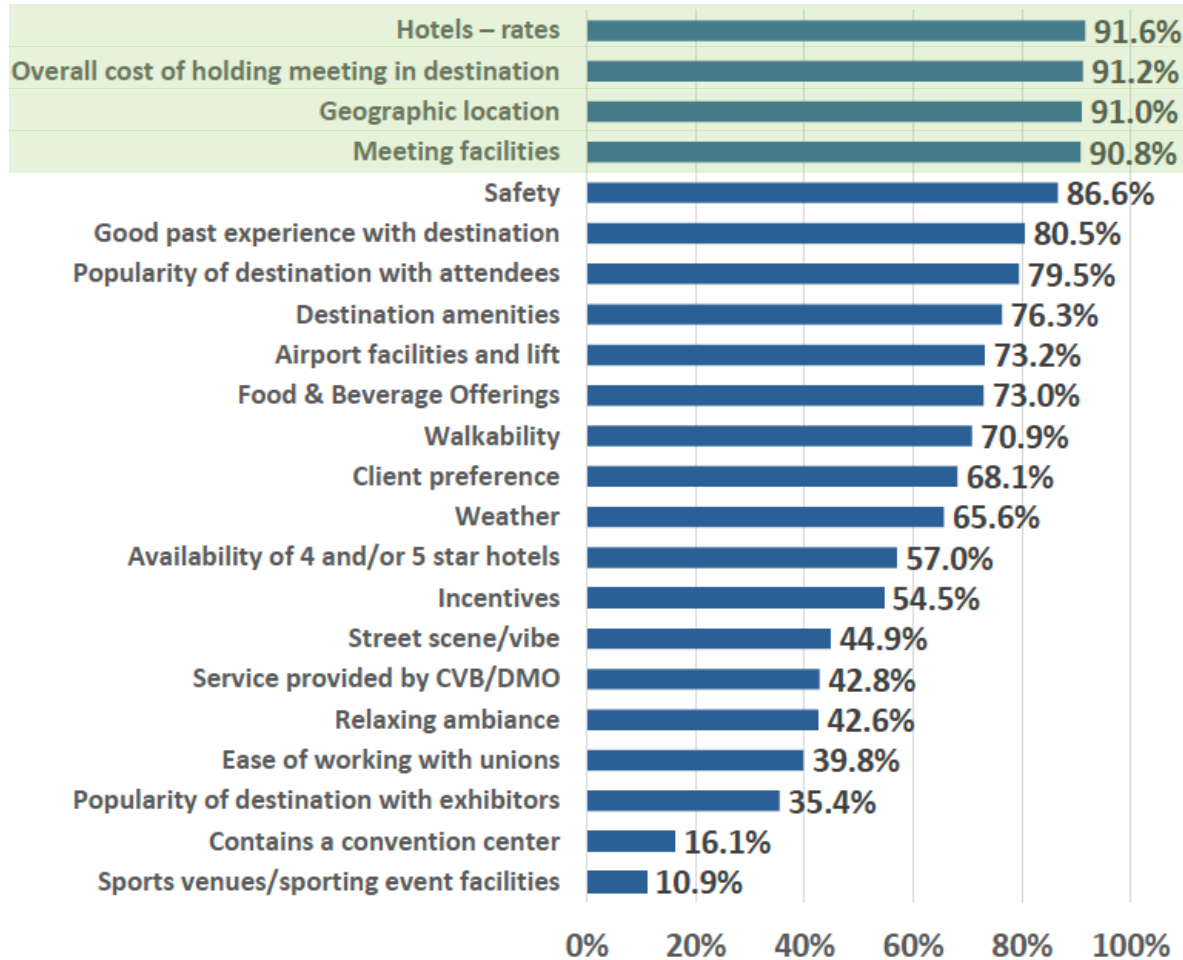
Facility Types & Requirements for Various Event Types										
Event Types	Conventions with Exhibits	Conventions	Tradeshows	Consumer Shows	Assemblies	Sporting Events	Conferences	Meetings	Trainings	Banquets
Attendance Range	150 - 50,000	150 - 50,000	250 - 50,000	8,000 - 100,000	5,000 - 50,000	500 - 100,000	50 - 2,000	10 - 300	10 - 300	50 - 2,000
Primary Purpose	Info Exchange & Sales	Info Exchange	Sales	Advertising & Sales	Info Exchange	Sports	Info Exchange	Info Exchange	Training	Social, Business & Charity
Facility Requirements	Exhibit Halls, Ballroom, Meeting Rooms, Hotel Block	Ballroom, Meeting Rooms, Hotel Block	Exhibit Halls, Hotel Block	Exhibit Halls	Arena or Exhibit Halls, Hotel Block	Arena, Stadium or Exhibit Halls, Hotel Block	Ballroom, Meeting Rooms, Hotel Block	Meeting Rooms, Hotel Block	Meeting Rooms, Hotel Block	Ballroom
Typical Facility Used	Convention Center & Large Hotels	Convention Center & Large Hotels	Expo Facilities & Convention Centers	Expo Facilities & Convention Centers	Arenas or Convention Centers	Arenas, Stadiums, Convention Centers	Convention/Conference Centers and Hotels	Convention/Conference Centers and Hotels	Convention/Conference Centers and Hotels	Convention/Conference Centers and Hotels

Source: Hunden Strategic Partners

Importance of Destination Attributes

Highlighted below are key destination attributes relevant to a conference center project in Henderson.

Project Related



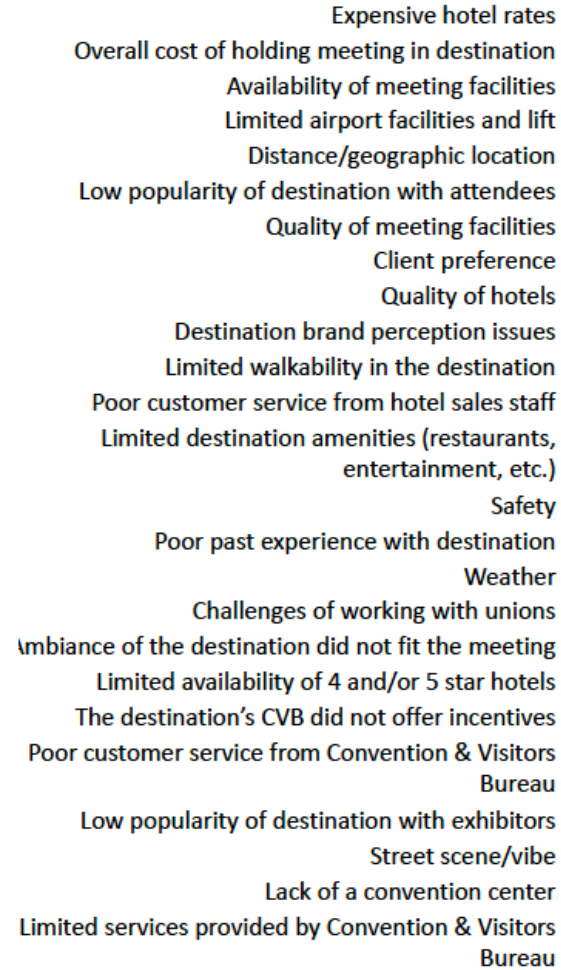
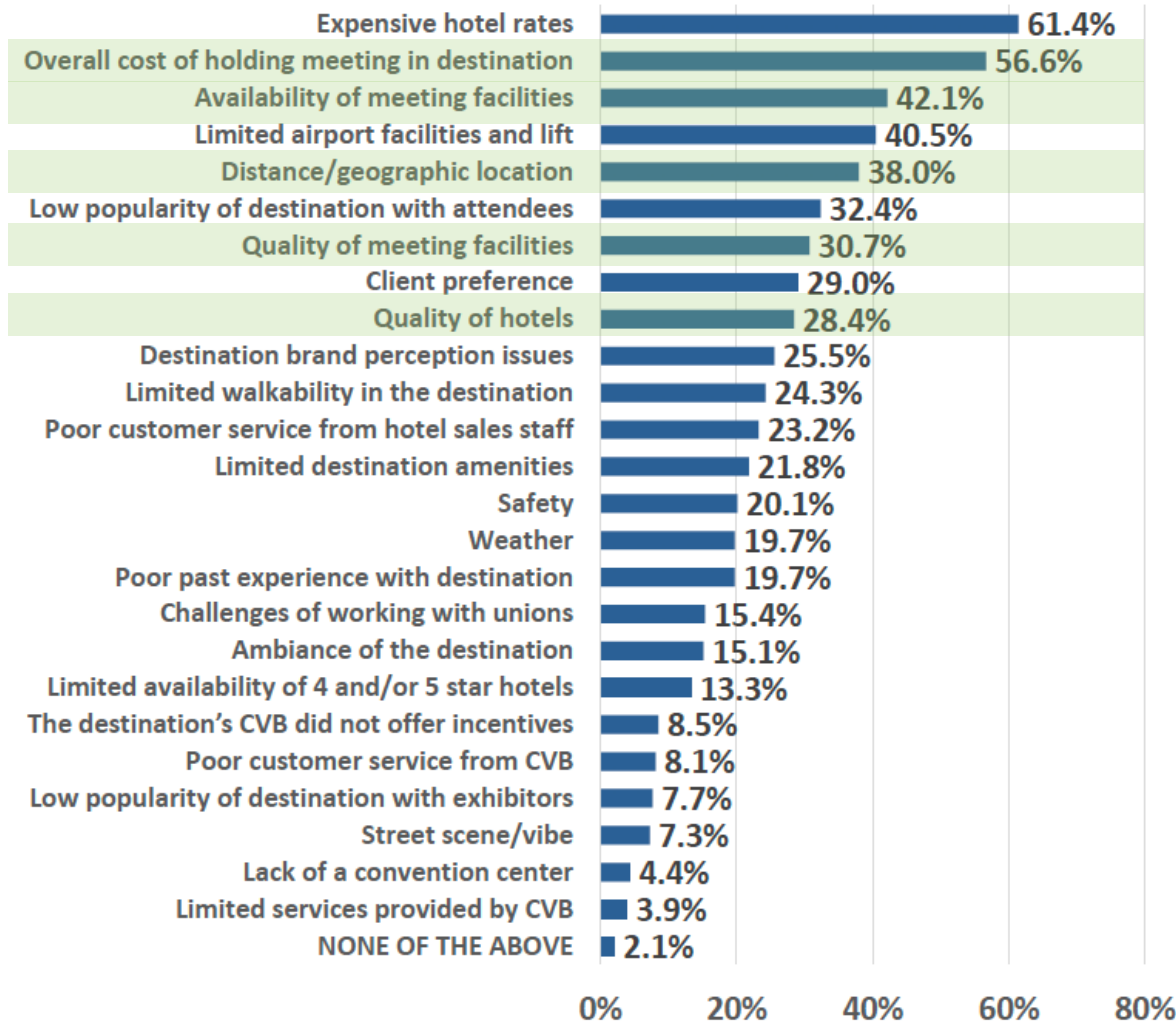
Attribute	CORP.	3RD PARTY	ASSOC.	SMERF
TOP TWO BOX SCORE				
Hotels – quality	95.3%	96.5%	93.0%	93.0%
Hotels – rates	91.3%	95.1%	95.2%	91.1%
Overall cost of holding meeting in destination	89.7%	95.1%	95.6%	93.0%
Geographic location	92.1%	95.1%	91.1%	89.7%
Meeting facilities	91.7%	95.1%	91.9%	91.1%
Safety	86.6%	89.5%	89.6%	87.8%
Good past experience with destination	82.6%	88.1%	82.2%	81.7%
Popularity of destination with attendees	81.0%	88.1%	83.3%	78.9%
Destination amenities (restaurants, entertainment, etc.)	80.6%	83.9%	79.3%	75.1%
Airport facilities and lift	77.1%	79.0%	74.4%	70.4%
Food & Beverage Offerings	78.7%	76.2%	74.8%	73.2%
Walkability	68.0%	69.2%	75.2%	69.0%
Client preference	78.7%	95.1%	71.9%	75.6%
Weather	71.5%	67.1%	67.4%	63.8%
Availability of 4 and/or 5 star hotels	69.2%	69.9%	57.8%	54.5%
Incentives	59.7%	69.9%	56.7%	58.2%
Street scene/vibe	46.2%	45.5%	46.3%	43.2%
Service provided by CVB/DMO	40.3%	55.2%	49.3%	50.7%
Relaxing ambiance	46.6%	44.8%	43.7%	47.4%
Ease of working with unions	44.3%	53.1%	44.1%	36.6%
Popularity of destination with exhibitors	39.9%	49.0%	40.4%	39.4%
Contains a convention center	14.2%	13.3%	17.8%	12.2%
Sports venues/sporting event facilities	16.6%	12.6%	8.5%	11.7%

Source: Destination Analysts – The CVB and the Future of the Meetings Industry

What Causes Groups to Go Elsewhere

Highlighted below are reasons for lost business that can be mitigated from a new conference hotel in Henderson.

Project Related



Source: Destination Analysts – The CVB and the Future of the Meetings Industry

Meeting Venues

Attendees are much more likely to find unique and historic venues appealing for events, while planners find hotel / resort facilities more appealing. Unique attributes to a destination or facility are important to both planners and attendees.

	Attendees	Planning Professionals
Venues that are truly unique to a destination	78%	59%
Historic landmarks or facilities	73%	32%
Hotels & resort ballrooms and conference facilities	70%	87%
Convention centers	65%	55%
Sports venues (ex. stadiums, arenas, golf courses, etc.)	58%	18%

Source: MMGY Travel Intelligence, *A Portrait of Meeting & Convention Travel*

Industry Trends – Implications

Trends in the conference center industry indicate important factors in the decision-making process of choosing a meeting or event site. These should be considered for any proposed conference center development in order to be competitive among other local and regional facilities. These major factors include:

- **Availability of nearby hotel rooms**
- **Number, size, and type of meeting spaces**
- Expanded meeting space technologies
- Amenities and services
- Health related protocols
- Contract flexibility
- Costs related to these key elements



Local Supply

Local Meeting Supply

The table to the right outlines local facilities with meeting and event space totaling over 2,000 SF.

The majority of these venues are more rustic special event venues that cater to weddings, banquets, and receptions, and are not ideal for more traditional conferences and meetings.

None of these facilities offer single ballroom spaces over 10,000 SF and don't have a significant number of meeting rooms. There are also no facilities in Henderson that can accommodate groups over 300 reception style, or 200 banquet style.

Henderson, KY Local Supply - Indoor Meetings and Event Market (2,000+ Total SF)								
Facility	Location	Facility Type	Total Function Space SF	Exhibit Space SF	Ballroom Space SF	Largest Ballroom SF	Meeting Space SF	Meeting Rooms
Old National Events Plaza	Evansville, IN	Convention Center	56,940	36,252	14,640	9,600	6,048	6
Banquet 4-H Center	Evansville, IN	Event Venue	20,045	6,834	9,300	9,300	3,911	2
DoubleTree by Hilton Evansville	Evansville, IN	Hotel	14,237	0	13,008	6,480	1,229	2
Bally's Evansville	Evansville, IN	Hotel & Casino	10,107	0	7,038	7,038	3,069	3
Friendman Park Event Center	Newburgh, IN	Event Venue	9,695	0	8,000	8,000	1,695	3
Discovery Lodge at Burdette Park	Evansville, IN	Event Venue	6,500	0	6,500	6,500	0	0
The Old Post Office Event Center	Evansville, IN	Event Venue	5,623	0	4,635	4,635	988	1
The Bauerhaus	Evansville, IN	Event Venue	4,750	0	4,750	4,750	0	0
The Old Courthouse	Evansville, IN	Event Venue	4,160	0	3,432	3,432	728	2
Ramada Henderson	Henderson, KY	Hotel	4,040	0	0	0	4,040	4
The Vault	Henderson, KY	Event Venue	3,000	0	3,000	3,000	0	0
Lumber Yard Event Center	Henderson, KY	Event Venue	3,000	0	3,000	3,000	0	0
Rookies Banquet Room	Henderson, KY	Sports Bar & Lounge	2,300	0	1,700	1,700	600	1
Farmer & Frenchman	Henderson, KY	Event Venue	2,000	0	2,000	2,000	0	0
Average			10,457	3,078	5,786	4,960	1,593	2

*Square feet estimated at capacity times 10 if data not available
 Source: Various Facilities, Smith Travel Research, Cvent

Interview: The Vault

Hunden interviewed the developer and owner of The Vault, a new wedding and meetings facility in downtown Henderson. The Vault just recently opened in August 2023.

- The Vault has approximately 3,000 SF of indoor meeting space, accommodating a seated capacity of 170.
- In addition to the indoor space, there is a 1,500 SF outdoor patio enabling the space to host events, farmer's markets, and as a general gathering space.
- The Vault is adjacent to the Antlers coffee shop that has a French door that opens to connect both spaces. The developer indicated this synergy will help the venue with catering for events, though catering is currently outsourced.
- The Vault views a conference facility with a capacity of ~500 at the Park as a great proposition. This type of unique facility and setting fits more with Henderson's character and provides a diversity of experience for outside groups.
- Groups currently are forced to go to Evansville and Owensboro for larger events. The Vault views a hotel as a critical part to the conference center's success, though there are limited amenities available near the Park compared to downtown.



Interview: Farmer & Frenchman

Farmer & Frenchman is a family-owned business that opened in 2016. The winery has event space, a small-scale restaurant and three cottages for overnight stays. Hunden interviewed the owner of Farmer & Frenchman (F&F). This conversation is summarized below.

- The event barn has roughly 1,800 SF of space with a seated capacity of 194. Restaurant capacity is 90, with 64 seats outdoor, and a private dining room with a capacity of 14.
- In 2022, F&F hosted 20 weddings, 24 small events and eight self-hosted events (wine pairings, dinner, etc.). The majority of guests are somewhat local, thus may not need overnight accommodations. When guests do need additional overnight accommodations, they most often use the DoubleTree or Bally's in Evansville.
- The cabins on the property can be rented out for \$279 on summer weekends, \$249 on weekdays, and \$299 on holidays
- The majority of guests come from within one-hour, so the average stay is just one night. Occupancies range from 49 percent in the winter months to 90 percent in the summer months.
- A Henderson conference center would be a unique proposition if located at the Park. If it were downtown, it would be too similar to what is available in Owensboro. A Henderson facility could also offer a lower cost alternative to Owensboro and likely be able to recapture some of that lost business.



EAT. TASTE. STAY.

Year-round views | Seasonal flavors

Friedman Park Event Center

Location: Newburgh, IN

Opened: August 2020

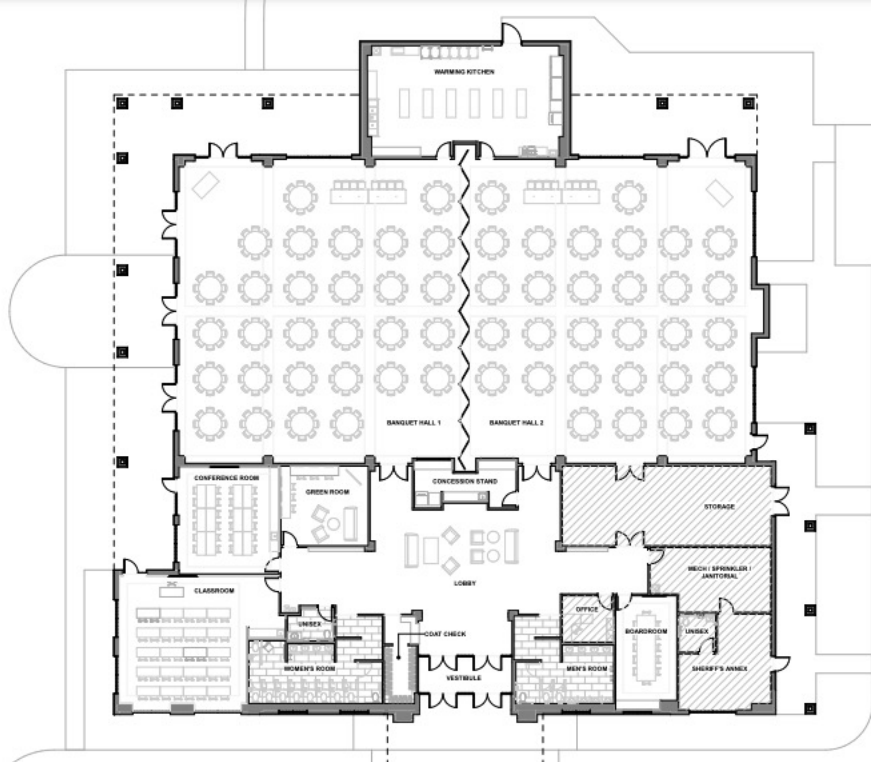
Owner: Warrick County

Management: Warrick County

Friedman Park Event Center is located within 180-acre Friedman Park next to Victoria National Golf Club. Combined with the construction of Friedman Park, the project cost \$11.6 million to develop, and received \$2 million in state funding through Indiana’s Regional Cities Initiative.

The event center’s 8,000 SF divisible Grand Ballroom can accommodate up to 400 guests seated. The facility also has three additional meeting rooms, along with a hospitality suite and Lakeside Pavilion.

The park also features two additional pavilions and an amphitheater.



Friedman Park Event Center			
	By Division		
	Total (SF)	(SF)	Divisions
Exhibit Space	0		0
Ballroom Space	8,000		2
Lakeside Hall		4,000	
Fireside Hall		4,000	
Meeting Space	1,695		3
Boardroom		320	
Conference Room		500	
Classroom		875	
Total	9,695		5
		Rooms/1000	
Summary	SF	SF	Divisions
Exhibit	0	0.00	0
Ballroom	8,000	0.00	2
Meeting Rooms	1,695	0.00	3
Total	9,695	0.00	5

Source: Cvent, STR

Performance

The table to the right outlines 2022 event and revenue data for the Friedman Park Event Center.

The majority of events were private weddings and banquets. A significant number of events also included pavilion rentals. Slowest months at the event center were in July-August and October-December.

Facility rent is not charged for Warrick County events, a 40 percent discount is provided to not-for-profit groups, and a five percent discount is given to Warrick County residents and military personnel. This amounted to approximately \$117K in discounts (space donations) in 2022.

Total revenues generated by the event center in 2022 was approximately \$250K. Expenses and net profit were not provided.

Friedman Park Event Center - 2022 Performance		
Events		
Weddings		43
Banquets		36
Meetings		36
Fundraisers		12
Private Parties		17
Total		144
Pavilion Rentals		149
Full Park Rentals		8
Revenue	\$	250,973
Space Donations	\$	116,836
Source: Friedman Park Event Center		

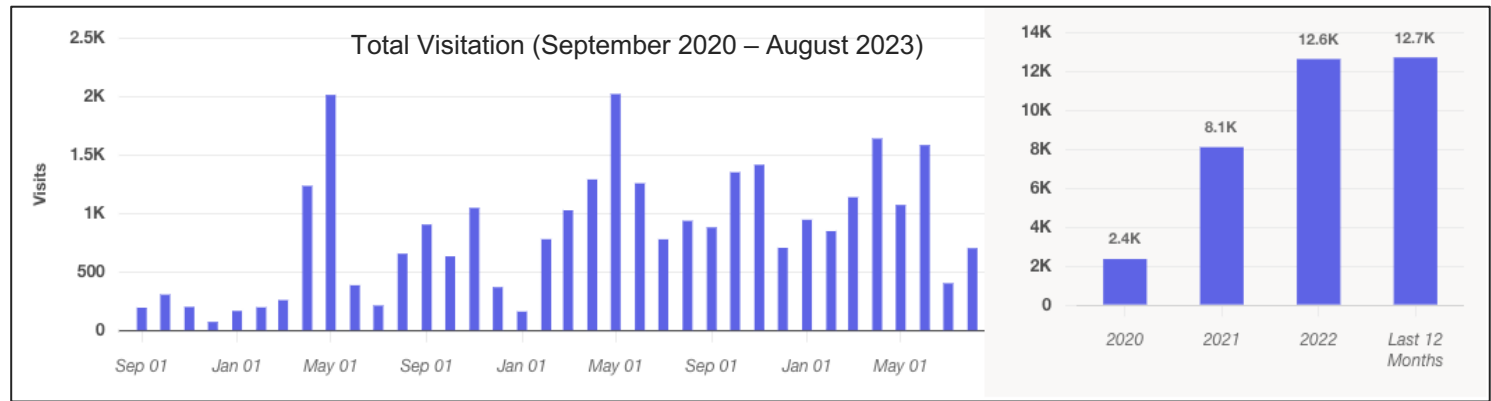
Visitation

The tables to the right outline visitation data for the Friedman Park Event Center since opening through August 2023.

Annual visitation in 2022 and the last twelve months was nearly 13,000. Over 80 percent of visits came from less than 25 miles.

Less than 10 percent of visitors came from over 100 miles. The golf club and closest hotels were frequented most often before and after visiting the facility for long-distance visitors.

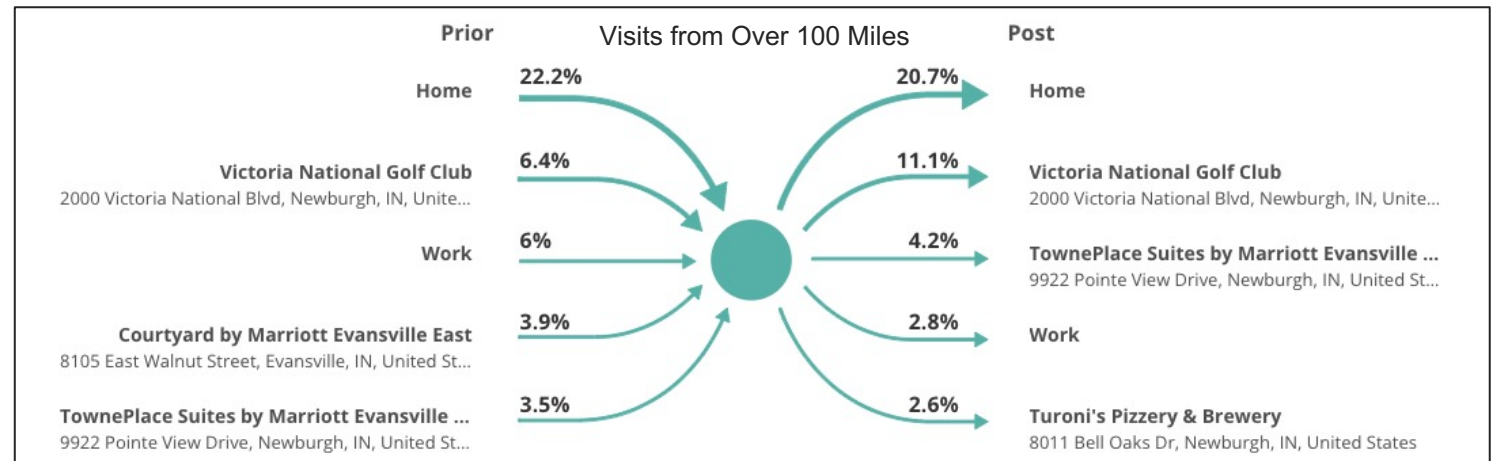
Visits were spread pretty evening during the week, with Sundays and Mondays being the slowest days at the facility. Visitors stayed at the center on average for less than two hours.



Friedman Park Event Center
September 1, 2020 - August 31, 2023

Visitor Origins by Distance from Site	Total Visits		Total Unique Customers		Avg. Visits per Customer
	Est. Number of Visits	Percent of Total Visits	Est. Number of Customers	Percent of Total Customers	
Locals - Within 25 miles	24,800	82.9%	8,100	78.6%	3.06
Regional Distance - Over 25 miles & Less Than 100 miles	2,300	7.7%	1,100	10.7%	2.09
Long Distance only - Over 100 miles	2,800	9.4%	1,100	10.7%	2.55
Total Visits	29,900	100.0%	10,300	100.0%	2.90

Source: Placer.ai



Interview: Friedman Park Event Center

Hunden spoke with the Director of the Friedman Park Event Center to understand the structure of the facility, the business it generates, and their perspective on conference needs in the area. Key highlights from that discussion are included below:

- The event center is under Warrick County Economic Development, but reports to the Parks & Recreation Board and County Commissioners.
- The County is working to establish funding mechanisms for future event center capital improvement through Economic Development.
- The event center sees a strong mix of business, estimated at 30 percent private, 30 percent corporate, and the remaining County and not-for-profit events.
- The facility has three full-time staff and also receives assistance from the three parks & rec staff.
- The director sees the need for additional traditional conference space in the market, as the event center often has to turn away this type of business due to private events booking so far in advance. There is also the need for additional smaller meeting rooms for 50-75 person events.
- The event center does not see the need for spaces larger than what is available at Friedman Park, as most groups are under 400 people. For any larger events, Old National Events Plaza in Evansville can accommodate.



Old National Events Plaza

Location: Evansville, IN

Renovated: 2017

Owner: Vanderburgh County

Management: ASM Global

The Old National Events Plaza is a 280,000 gross square-foot convention center and auditorium located in Evansville, Indiana. This center offers 36,000 square feet of exhibit space, 14,000 square feet of ballroom space, 6,000 square feet of meeting rooms, and a 2,500-seat auditorium. The convention center is home to the largest live entertainment theatre in Indiana.

Walkable hotels from the Old National Events Plaza (within 0.3 miles) include the DoubleTree by Hilton, which is connected via a skywalk. Additionally, there is another skywalk connecting the convention center to Ford Center Arena. SAVOR...Catering is the exclusive food and beverage caterer at the convention center.

The building is owned by Vanderburgh County and is co-managed with the Ford Center, Mesker Amphitheatre, and Victory Theatre.



Old National Events Plaza			
	Total (SF)	By Division (SF)	Divisions
Exhibit Space	36,252		2
Exhibit Hall A		18,126	
Exhibit Hall B		18,126	
Ballroom Space	14,640		4
Ballroom A		9,600	
Ballroom B		1,680	
Ballroom C		1,680	
Ballroom D		1,680	
Meeting Space	6,048		6
Meeting Room A		1,008	
Meeting Room B		1,008	
Meeting Room C		1,008	
Meeting Room D		1,008	
Meeting Room E		1,008	
Meeting Room F		1,008	
Total	56,940		12
		Rooms/1000	
Summary	SF	SF	Divisions
Exhibit	36,252	6.65	2
Ballroom	14,640	16.46	4
Meeting Rooms	6,048	39.85	6
Total	56,940	4.23	12
		Distance	
Walkable Hotels	Room Count	(Miles)	Hotel Class
DoubleTree by Hilton Evansville	241	0.1	Upscale
Total	241		

Source: Cvent, STR

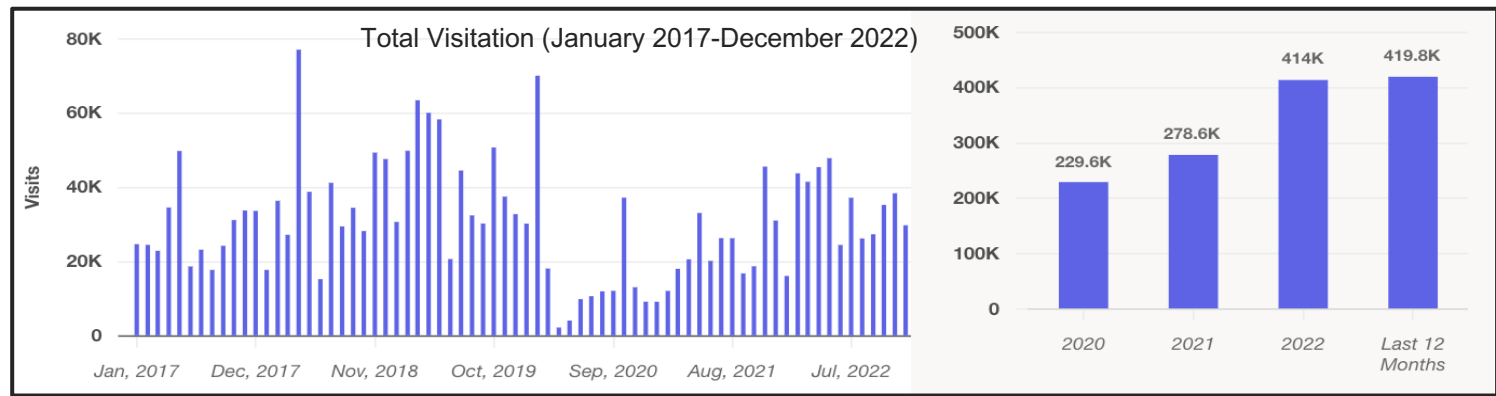
Visitation

The tables to the right outline visitation data for the Old National Events Plaza from 2017-22.

Visitation has yet to recover to pre-pandemic levels, with 2019 visitation estimated at 512,000 compared to 414,000 in 2022, though prior 12-month visitation continues to trend upwards.

Approximately 16 percent of unique visitors came from over 100 miles. Adjacent hotels were the most frequented locations before and after visiting the convention center for long-distance visitors.

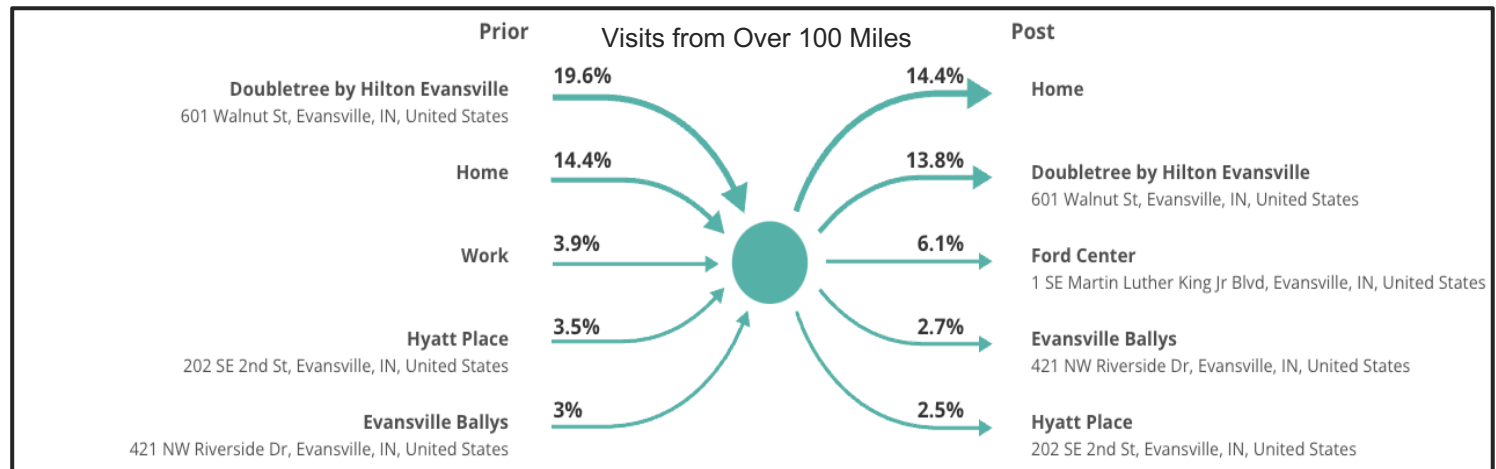
Most visits occurred on weekends, with visitors staying an average of 2.5 hours.



Old National Events Plaza – Total Visitation
January 1st, 2022 - December 31st, 2022

Visitor Origins by Distance from Site (Colors correspond to charts & maps)	Total Visits		Total Unique Customers		Avg. Visits per Customer
	Est. Number of Visits	Percent of Total Visits	Est. Number of Customers	Percent of Total Customers	
Locals - Within 25 miles	286,200	69.1%	123,400	57.9%	2.32
Regional Distance - Over 25 miles & Less Than 100 miles	76,200	18.4%	56,200	26.4%	1.36
Long Distance only - Over 100+ miles	51,600	12.5%	33,400	15.7%	1.54
Total Visits	414,000	100.0%	213,000	100.0%	1.94

Source: Placer.ai



Interview: Old National Events Plaza

Hunden interviewed management at Evansville's Old National Events Plaza. This individual also has multiple years of experience with the CVB in Henderson, KY. Key highlights from that interview are summarized below:

- The Old National Events Plaza hosts events like small concerts, comedy shows, and children's plays. The capacity for the rooms at this entertainment venue range from 10 to 3,000 people.
- Old National has been largely successful after the effects of the pandemic, where revenues and profits are anticipated to reach pre-COVID numbers in 2025.
- The venue could benefit from a hotel attached to the plaza and additional event space because it is being booked so quickly.
- There is potential demand in Henderson, especially for events around the 150-300 capacity size. However, they compete directly with Evansville and Owensboro, so the strict majority of the current business gets lost to them.
- In addition, a major reason for Henderson losing a lot of conference and convention business is because there is no major airport.

Bally's Evansville

Location: Evansville, IN

Opened: 1995

Renovated: 2012

Owner: Gaming and Leisure Properties

Management: Bally's Corporation

Bally's Evansville is a 243-key casino hotel located in Evansville, Indiana, with 45,000 SF of gaming space. The hotel's meeting rooms and connected executive conference center offer 3,000 square feet of meeting space and 7,000 square feet of ballroom space.

Additionally, there is an extra 30,000 square feet of outdoor meeting space available.

Bally's provides convention center guests tiered in-house catering services for all events and features its own live entertainment venue, offering nightly live shows.



Bally's Evansville			
	By Division		
	Total (SF)	(SF)	Divisions
Exhibit Space	-		-
Ballroom Space	7,038		6
Walnut A		2,303	
Walnut B		2,303	
Walnut C		608	
Walnut D		608	
Walnut E		608	
Walnut F		608	
Meeting Space	3,069		3
Atlantic City		945	
Las Vegas		1,404	
Evansville		720	
Total	10,107		9
	Rooms/1000		
Summary	SF	SF	Divisions
Exhibit	-	-	-
Ballroom	7,038	48.17	6
Meeting Rooms	3,069	110.46	3
Total	10,107	33.54	9
	Distance		
Walkable Hotels	Room Count	(Miles)	Hotel Class
Bally's Evansville	243	0	Indep
Le Merigot Hotel	96	0	Indep
Total	339		

Source: Cvent, STR

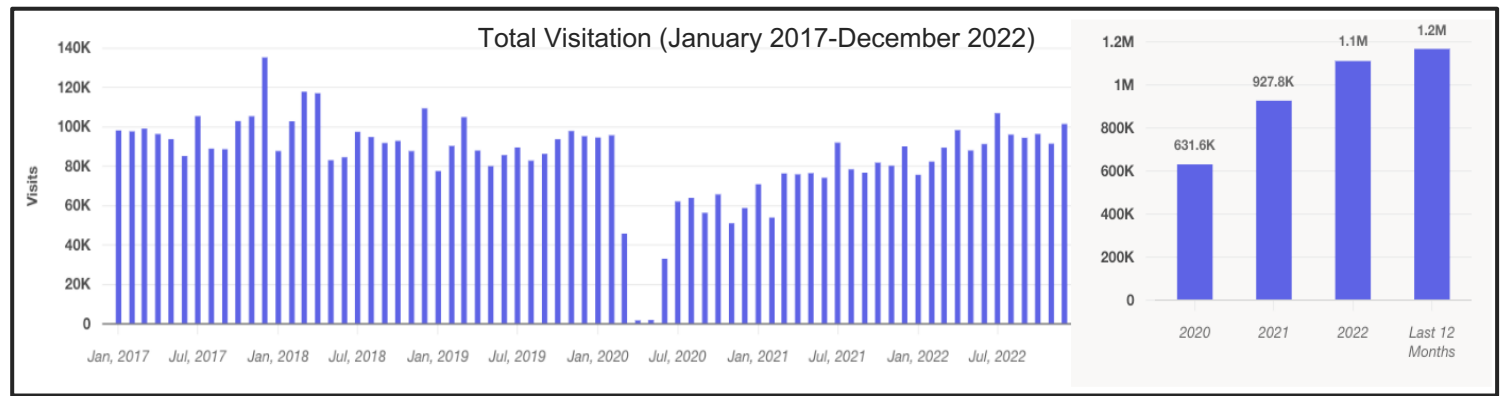
Visitation

The tables to the right outline visitation data for the Bally's in Evansville from 2017-22.

Visitation successfully recovered to pre-pandemic levels, with 2019 and 2022 visitation both estimated at 1.1 million. The prior 12-month visitation continues to trend upwards.

Approximately 34 percent of unique visitors came from over 100 miles. Besides home, the adjacent Le Merigot Hotel and area restaurants were the most frequented locations before and after visiting the Bally's for long-distance visitors.

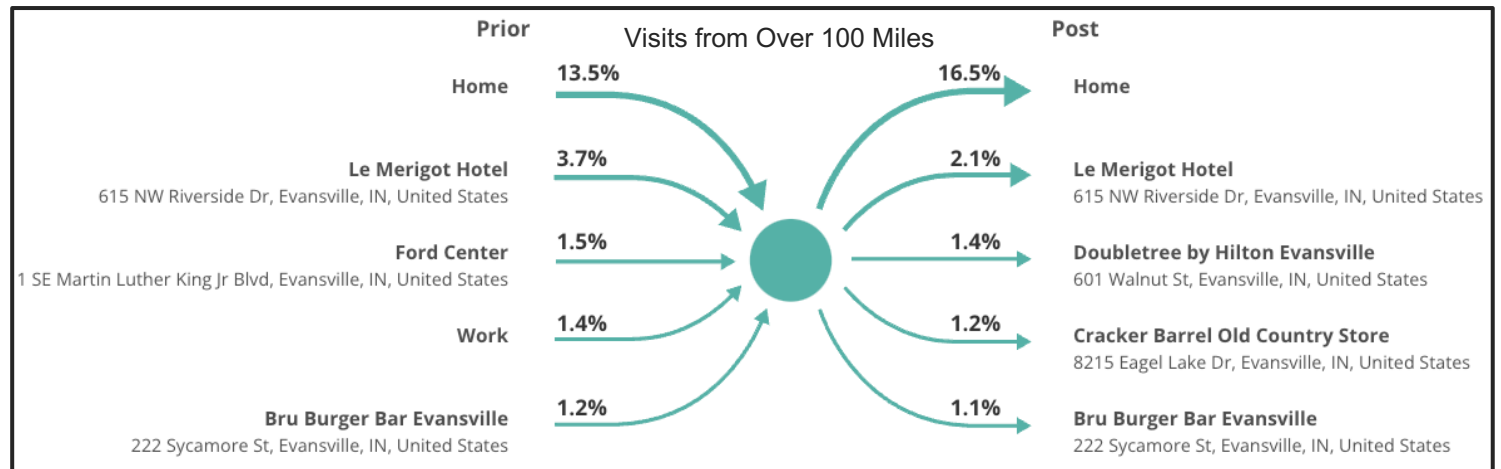
Most visits occurred on weekends, with visitors staying an average of five hours.



Bally's Evansville – Total Visitation
January 1st, 2022 - December 31st, 2022

Visitor Origins by Distance from Site (Colors correspond to charts & maps)	Total Visits		Total Unique Customers		Avg. Visits per Customer
	Est. Number of Visits	Percent of Total Visits	Est. Number of Customers	Percent of Total Customers	
Locals - Within 25 miles	518,500	46.6%	84,300	33.5%	6.15
Regional Distance - Over 25 miles & Less Than 100 miles	348,500	31.3%	81,600	32.4%	4.27
Long Distance only - Over 100+ miles	245,500	22.1%	85,800	34.1%	2.86
Total Visits	1,112,500	100.0%	251,700	100.0%	4.42

Source: Placer.ai





Regional Supply

Regional Meeting Supply

Relevant Regional Supply - Convention, Meeting and Event Market (Within 125 Miles, 10,000 SF+)									
Facility	Location	Miles from Project	Facility Type	Total Function Space	Exhibit Space	Ballroom Space	Largest Ballroom	Meeting Space	Meeting Rooms
Owensboro Convention Center	Owensboro, KY	33	Convention Center	71,244	44,096	21,018	10,641	6,130	5
Huntingburg Event Center	Huntingburg, IN	61	Event Center	14,756	0	13,300	5,900	1,456	2
The Bruce Convention Center	Hopkinsville, KY	79	Convention Center	15,390	15,390	0	0	0	0
French Lick Resort	French Lick, IN	95	Hotel & Resort	89,440	31,624	39,439	19,960	18,377	16
Sloan Convention Center	Bowling Green, KY	105	Convention Center	24,310	0	19,490	4,895	4,820	6
Paducah Convention & Expo Center	Paducah, KY	116	Convention Center	47,170	13,653	0	0	33,517	17
Terre Haute Convention Center	Terre Haute, IN	117	Convention Center	15,430	0	12,500	2,500	2,930	6
Castle Ridge - Lakefront	Centralia IL	119	Event Center	12,533	0	6,962	6,962	5,571	9
Thelma Keller Convention Center	Effingham, IL	123	Convention Center	21,516	0	2,244	2,244	19,272	16
Average				34,643	11,640	12,773	5,900	10,230	9

Source: Various Facilities, Smith Travel Research, Cvent

The table above outlines regional facilities with meeting and event space over 10,000 SF and located within 125 miles of the Park. Outside 125 miles, there is a significant number of larger conference hotels and convention / conference centers, mostly located in Louisville, KY.

Though many of these facilities offer additional function space beyond what is likely for the Project, only two of these facilities offer a ballroom with over 10,000 SF. Facilities closest to Henderson also offer limited breakout meeting space.

The following slide profiles the Owensboro Convention Center, which would be most competitive to the Project should it be developed.

Owensboro Convention Center

Location: Owensboro, KY

Opened: 2014

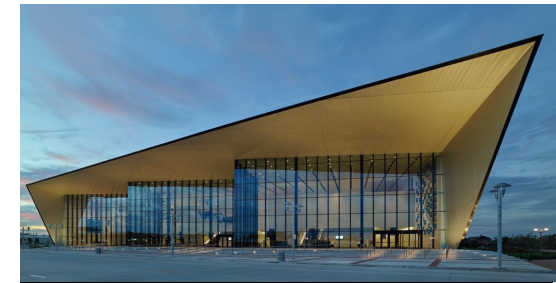
Owner: City of Owensboro

Management: OVG360

The award-winning Owensboro Convention Center is a full-service facility in downtown Owensboro. The center offers 44,000 SF of exhibit space, 21,000 SF of ballroom space, 6,000 SF of meeting space and 9,000 SF of outdoor space on the Kentucky Legend Pier which overlooks the Ohio River.

Within a walkable distance (0.3 miles), guests can find several hotels, including a 150-room Hampton Inn and 123-room Holiday Inn. A 145-room Home2 Suites is also under construction 0.1 miles from the convention center.

The food and beverage service team is the sole catering provider for all events hosted at the convention center.



Owensboro Convention Center			
	By Division		
	Total (SF)	(SF)	Divisions
Exhibit Space	44,096		3
Exhibit Hall 1		14,869	
Exhibit Hall 2		14,353	
Exhibit Hall 3		14,874	
Ballroom Space	21,018		10
West Ballroom A		1,510	
West Ballroom B		1,510	
West Ballroom C		1,510	
West Ballroom D		2,413	
West Ballroom E		3,698	
East Ballroom A		1,511	
East Ballroom B		1,811	
East Ballroom C		1,511	
East Ballroom D		2,113	
East Ballroom E		3,431	
Meeting Space	6,130		5
Riverview Room		3,561	
Meeting Room 210		595	
Meeting Room 220		594	
Meeting Room 230		690	
Meeting Room 231		690	
Total	71,244		18
		Rooms/1000	
Summary	SF	SF	Divisions
Exhibit	44,096	6.19	3
Ballroom	21,018	12.99	10
Meeting Rooms	6,130	44.54	5
Total	71,244	3.83	18
		Distance	
Walkable Hotels	Room Count	(Miles)	Hotel Class
Hampton Inn & Suites	150	0.1	Upper Midscale
Holiday Inn	123	0.1	Upper Midscale
Total	273		

Source: Cvent, STR

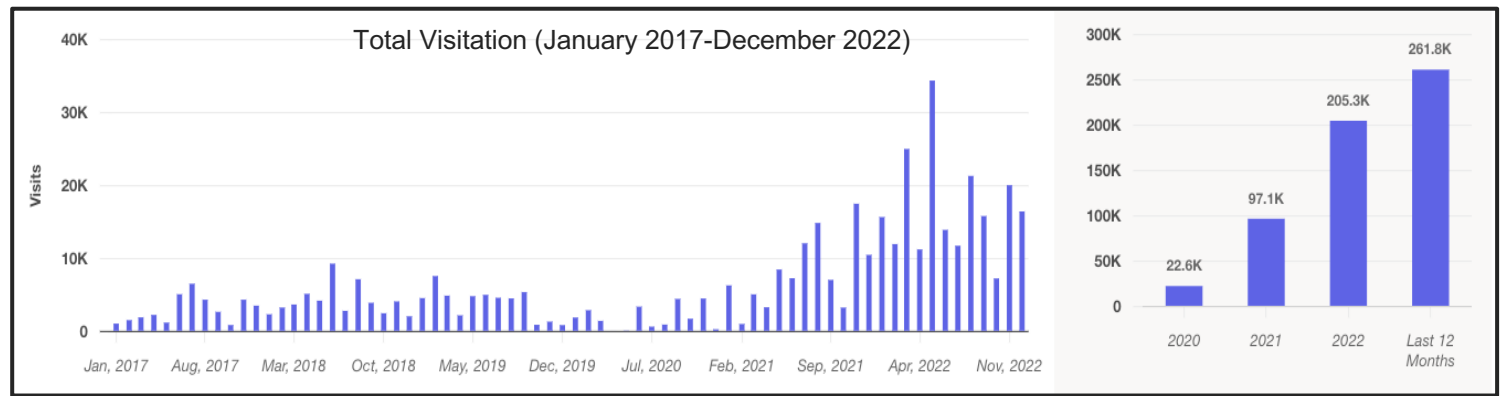
Visitation

The tables to the right outline visitation data for the Owensboro Convention Center from 2017-22.

Visitation has significantly surpassed pre-pandemic levels, with 2019 visitation estimated at 47,000 compared to 205,000 in 2022. The prior 12-month visitation continues to trend upwards.

Approximately 24 percent of unique visitors came from over 100 miles. Adjacent hotels were the most frequented locations before and after visiting the convention center for long-distance visitors.

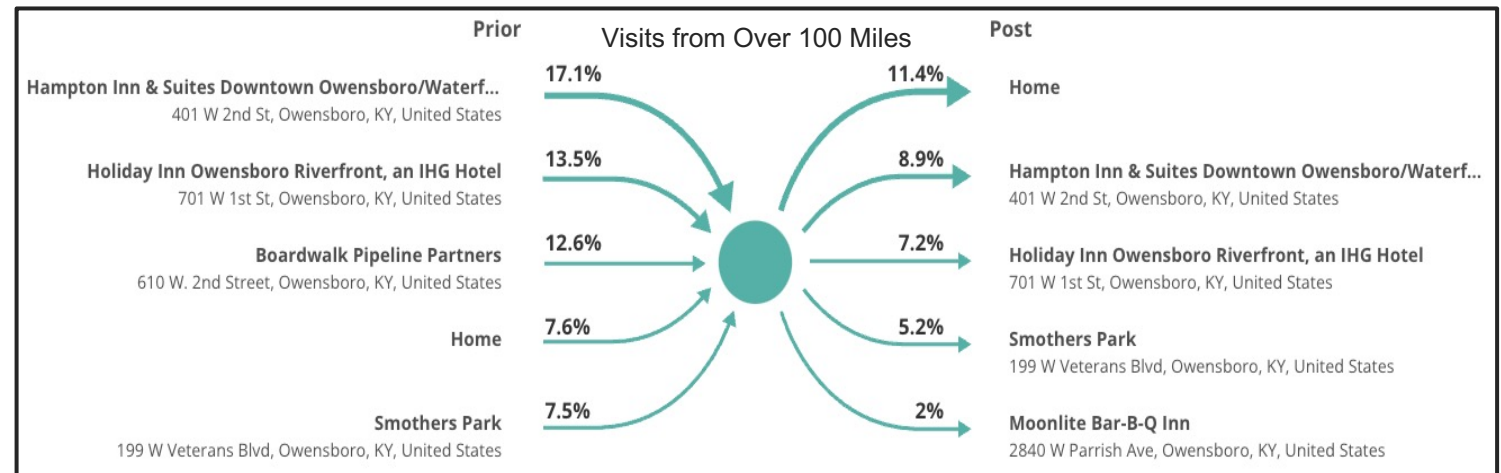
Most visits occurred on weekends, with visitors staying an average of two hours.



Owensboro Convention Center – Total Visitation
January 1st, 2022 - December 31st, 2022

Visitor Origins by Distance from Site (Colors correspond to charts & maps)	Total Visits		Total Unique Customers		Avg. Visits per Customer
	Est. Number of Visits	Percent of Total Visits	Est. Number of Customers	Percent of Total Customers	
Locals - Within 25 miles	92,500	45.1%	51,100	42.5%	1.81
Regional Distance - Over 25 miles & Less Than 100 miles	61,500	30.0%	40,400	33.6%	1.52
Long Distance only - Over 100+ miles	51,300	25.0%	28,700	23.9%	1.79
Total Visits	205,300	100.0%	120,200	100.0%	1.71

Source: Placer.ai



Interview: Owensboro Convention Center

Hunden interviewed the General Manager of the Owensboro Convention Center. Key highlights from this interview are summarized below:

- There is a large draw for usage of the convention center. The facility hosts events like dinner fundraisers, murder mysteries, craft shows, and state-wide association conferences.
- The typical event for the facility ranges in size from 200 to 500 people.
- The venue has seen a large amount of success in terms of booking and reaching its 2023 sales goals at the midpoint of this calendar year. There has been no drop-off since the recovery from the pandemic, and the convention center is now seeing growth exceed 2019 levels.
- In order to be a well-operated conference center, the GM recommends a private management company operate the facility. These need to be professionals who have experience in the industry to make the venue more competitive from a sales and marketing standpoint.
- It would be advised to stay away from US-41 mainly due to the fact that it is not aesthetically pleasing to look at from the perspective of a conference goer. Rather, a development at Audubon State Park is the preferable option from a setting standpoint.

Meeting Planner Interviews

Hunden also interviewed meeting and wedding planners in Henderson. These interviews are summarized below:

- The large groups in this region are having to go outside Henderson to host larger conferences and events.
- A conference facility along the U.S. Highway 41 corridor will help keep that area active with the I-69 expansion.
- However, Highway 41 corridor hotels are lacking quality and are not up to par with the type of conference goers that are projected to come to Henderson.
- The wedding planner that was interviewed hosts events that are 275-325 people. There are currently no venues in Henderson that can fit this capacity.
- In this particular region, weddings are around 300-750 in size and there are around 2 every weekend during the spring, summer, and fall months. These events and others like these are currently hosted at the Owensboro Convention Center and Friedman Park in Newburgh, IN, instead of in Henderson.
- When there are large groups of people venturing to the area, they decide to stay at hotels in Evansville and Owensboro instead because of what the hotels offer in terms quality and walkable amenities.



Implications

- Henderson currently lacks larger venues to host meetings and events, which is an opportunity for the Project to recapture lost business.
- Evansville has a number of facilities that fill the needs of the local market, though only one convention / conference type facility can accommodate seated banquets over 500 people.
- While most competitive facilities have larger amounts of total function space, few have singular ballroom spaces over 10,000 SF.
- Most regional competitive facilities have either connected or walkable hotels as a value-add proposition to meeting planners and attendees.

05

**Demand & Financial
Projections**



Event Projections

Hunden produced demand projections for the proposed conference center at John James Audubon State Park. The proposed venue would have 12,500 SF of function space, with a total building footprint of 26,800 SF.

Hunden estimates that this venue would stabilize at 140 events per year. Of these events, Hunden estimates 25 percent would be meetings.

In total, Hunden estimates close to 23,000 visitors per year to the proposed conference center at stabilization.

Proposed Program - Conference Center				
Conference Center	SF	Divisions	Capacity	
			Theater	Banquet
Banquet Hall	8,321	3	756	555
Meeting Rooms	4,258	12	387	284
Total	12,579	15		
Back of House, Front of House, Circulation	13,837			
Total Building SF	26,764			
Parking	125			

Source: Hunden Partners

John James Audubon Conference Center								
Henderson, KY	2026	2027	2028	2029	2030	2035	2045	2055
Event Projections	Year 1	Year 2	Year 3	Year 4	Year 5	Year 10	Year 20	Year 30
Events by Type								
Banquets	40	44	48	48	48	48	48	48
Weddings	32	36	40	40	40	40	40	40
Meetings	28	32	36	36	36	36	36	36
Other	12	14	16	16	16	16	16	16
Total	112	126	140	140	140	140	140	140
Rental Hours	-	-	-	-	-	-	-	-
Average Attendance by Type								
Banquets	250	250	250	250	250	250	250	250
Weddings	200	200	200	200	200	200	200	200
Meetings	60	60	60	60	60	60	60	60
Other	40	40	40	40	40	40	40	40
Total Attendance by Type								
Banquets	10,000	11,000	12,000	12,000	12,000	12,000	12,000	12,000
Weddings	6,400	7,200	8,000	8,000	8,000	8,000	8,000	8,000
Meetings	1,680	1,920	2,160	2,160	2,160	2,160	2,160	2,160
Other	480	560	640	640	640	640	640	640
Total	18,560	20,680	22,800	22,800	22,800	22,800	22,800	22,800

Source: Hunden Partners

Revenue Projections

Hunden projects facility rental on a per day basis. By Year 5, facility rental is expected to total approximately \$291,000.

Catering is expected to be provided by third-party caterers, with the conference center charging a fixed catering fee per event.

John James Audubon Conference Center								
Henderson, KY	2026	2027	2028	2029	2030	2035	2045	2055
Revenue Projections	Year 1	Year 2	Year 3	Year 4	Year 5	Year 10	Year 20	Year 30
Facility Rental								
Banquets	\$ 58,247	\$ 65,994	\$ 74,153	\$ 76,378	\$ 78,669	\$ 91,199	\$ 122,564	\$ 164,715
Weddings	\$ 139,793	\$ 161,985	\$ 185,383	\$ 190,944	\$ 196,673	\$ 227,997	\$ 306,409	\$ 411,789
Meetings	\$ 7,452	\$ 8,771	\$ 10,164	\$ 10,469	\$ 10,783	\$ 12,500	\$ 16,799	\$ 22,577
Other	\$ 3,194	\$ 3,838	\$ 4,517	\$ 4,653	\$ 4,792	\$ 5,556	\$ 7,466	\$ 10,034
Total	\$ 208,685	\$ 240,588	\$ 274,217	\$ 282,444	\$ 290,917	\$ 337,252	\$ 453,239	\$ 609,115

Source: Hunden Partners

Operating Proforma

Hunden projects that expenses may outweigh revenues within the proposed venue. In Year 5 the venue is expected to lose \$50,000 from operations.

John James Audubon Conference Center								
Henderson, KY	2026	2027	2028	2029	2030	2035	2045	2055
Proforma	Year 1	Year 2	Year 3	Year 4	Year 5	Year 10	Year 20	Year 30
Revenue (000s)								
Rental Income	\$ 209	\$ 241	\$ 274	\$ 282	\$ 291	\$ 337	\$ 453	\$ 609
Equipment Rental & A/V	\$ 21	\$ 24	\$ 27	\$ 28	\$ 29	\$ 34	\$ 45	\$ 61
Concessions/Catering Fee	\$ 46	\$ 53	\$ 60	\$ 62	\$ 64	\$ 74	\$ 100	\$ 134
Passthroughs Prem. (Labor, Utilities, etc.)	\$ 15	\$ 17	\$ 19	\$ 20	\$ 20	\$ 24	\$ 32	\$ 43
Other	\$ 6	\$ 7	\$ 8	\$ 8	\$ 8	\$ 9	\$ 13	\$ 17
Total	\$ 296	\$ 341	\$ 389	\$ 401	\$ 413	\$ 478	\$ 643	\$ 864
Expenses (000s)								
Salaries, Wages & Benefits*	\$ 120	\$ 124	\$ 127	\$ 131	\$ 135	\$ 157	\$ 210	\$ 283
Non-Reimbursed Hourly Labor	\$ 42	\$ 48	\$ 55	\$ 56	\$ 58	\$ 67	\$ 91	\$ 122
General & Admin	\$ 40	\$ 41	\$ 42	\$ 44	\$ 45	\$ 52	\$ 70	\$ 94
Utilities	\$ 51	\$ 53	\$ 54	\$ 56	\$ 57	\$ 67	\$ 89	\$ 120
Janitorial & Cleaning	\$ 42	\$ 43	\$ 45	\$ 46	\$ 47	\$ 55	\$ 74	\$ 99
Repairs & Maintenance	\$ 45	\$ 46	\$ 48	\$ 49	\$ 51	\$ 59	\$ 79	\$ 106
Insurance	\$ 20	\$ 21	\$ 21	\$ 22	\$ 23	\$ 26	\$ 35	\$ 47
Advertising & Other	\$ 5	\$ 5	\$ 5	\$ 5	\$ 6	\$ 7	\$ 9	\$ 12
Reserves	\$ 30	\$ 34	\$ 39	\$ 40	\$ 41	\$ 48	\$ 64	\$ 86
Total	\$ 394	\$ 415	\$ 436	\$ 449	\$ 463	\$ 537	\$ 721	\$ 969
Net Operating Income	\$ (98)	\$ (74)	\$ (47)	\$ (49)	\$ (50)	\$ (58)	\$ (78)	\$ (105)

*The venue is expected to be operated by park staff in an expanded role, reducing overall new salary expenses.
Source: Hunden Partners

Visitation

Of the total visitors to the Project, Hunden estimates the rate at which visitors would be daytrippers versus overnights.

Hunden estimates 88 percent of visitors would be daytrippers, leading to 12 percent of visitors being overnights. Of daytrippers, Hunden estimates approximately 49 percent of daytrippers would be net new to Henderson. To be considered net new, these visitors may be recaptured Henderson residents or non-Henderson residents, recaptured due to the Project.

John James Audubon Conference Center								
Henderson, KY	2026	2027	2028	2029	2030	2035	2045	2055
Visitors and Net New Visitors	Year 1	Year 2	Year 3	Year 4	Year 5	Year 10	Year 20	Year 30
% and # Daytrips								
Banquets	9,000	9,900	10,800	10,800	10,800	10,800	10,800	10,800
Weddings	5,440	6,120	6,800	6,800	6,800	6,800	6,800	6,800
Meetings	1,512	1,728	1,944	1,944	1,944	1,944	1,944	1,944
Other	432	504	576	576	576	576	576	576
Total	16,384	18,252	20,120	20,120	20,120	20,120	20,120	20,120
% Daytrips Net New to Henderson (induced & recaptured)								
Banquets	4,500	4,950	5,400	5,400	5,400	5,400	5,400	5,400
Weddings	2,720	3,060	3,400	3,400	3,400	3,400	3,400	3,400
Meetings	680	778	875	875	875	875	875	875
Other	173	202	230	230	230	230	230	230
Total	8,073	8,989	9,905	9,905	9,905	9,905	9,905	9,905
% and # Overnights (in hotels)								
Banquets	1,000	1,100	1,200	1,200	1,200	1,200	1,200	1,200
Weddings	960	1,080	1,200	1,200	1,200	1,200	1,200	1,200
Meetings	168	192	216	216	216	216	216	216
Other	48	56	64	64	64	64	64	64
Total	2,176	2,428	2,680	2,680	2,680	2,680	2,680	2,680
Total Room Nights Generated								
Banquets	526	579	632	632	632	632	632	632
Weddings	436	491	545	545	545	545	545	545
Meetings	140	160	180	180	180	180	180	180
Other	40	47	53	53	53	53	53	53
Total	1,143	1,277	1,410	1,410	1,410	1,410	1,410	1,410
Net New Room Nights								
Banquets	368	405	442	442	442	442	442	442
Weddings	327	368	409	409	409	409	409	409
Meetings	70	80	90	90	90	90	90	90
Other	20	23	27	27	27	27	27	27
Total	786	877	968	968	968	968	968	968

Source: Hunden Partners

Net New Spending

New visitors will spend money within the local economy. This spending will occur both onsite and offsite.

Food and beverage spending inside the venue includes group food and beverage spending estimates from third-party caterers.

Other spending inside the venue includes facility and equipment rent.

Hunden estimates in Year 1 approximately \$1.35 million in net new spending will occur in Henderson. By Year 5 this spending is estimated to be \$1.87 million.

As this spending occurs it will generate new taxes and support new earnings and jobs within the local economy.

John James Audubon Conference Center	2026	2027	2028	2029	2030	2035	2045	2055
Offsite and Onsite Spending	Year 1	Year 2	Year 3	Year 4	Year 5	Year 10	Year 20	Year 30
Daytrip Spending (000s)								
Food & Beverage	\$ 129	\$ 148	\$ 168	\$ 173	\$ 178	\$ 207	\$ 278	\$ 373
Lodging	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Retail	\$ 65	\$ 74	\$ 84	\$ 87	\$ 89	\$ 103	\$ 139	\$ 187
Transportation	\$ 89	\$ 102	\$ 116	\$ 119	\$ 123	\$ 142	\$ 191	\$ 257
Other	\$ 40	\$ 46	\$ 53	\$ 54	\$ 56	\$ 65	\$ 87	\$ 117
Total	\$ 323	\$ 370	\$ 420	\$ 433	\$ 446	\$ 517	\$ 695	\$ 934
Overnight Spending (Per NN RN)								
Food & Beverage	\$ 26	\$ 30	\$ 34	\$ 35	\$ 36	\$ 42	\$ 56	\$ 75
Lodging	\$ 86	\$ 99	\$ 113	\$ 116	\$ 120	\$ 139	\$ 187	\$ 251
Retail	\$ 13	\$ 15	\$ 17	\$ 18	\$ 19	\$ 21	\$ 29	\$ 39
Transportation	\$ 13	\$ 14	\$ 16	\$ 17	\$ 17	\$ 20	\$ 27	\$ 36
Other	\$ 8	\$ 9	\$ 10	\$ 11	\$ 11	\$ 13	\$ 17	\$ 23
Total	146	168	191	197	203	235	316	424
New Spending Inside the Venue								
Food & Beverage	\$ 650	\$ 746	\$ 847	\$ 873	\$ 899	\$ 1,042	\$ 1,401	\$ 1,882
Lodging	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Retail/Merchandise	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Transportation	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Other	\$ 230	\$ 265	\$ 302	\$ 311	\$ 320	\$ 371	\$ 499	\$ 670
Total	\$ 880	\$ 1,011	\$ 1,149	\$ 1,184	\$ 1,219	\$ 1,413	\$ 1,899	\$ 2,552
Total Net New Spending								
Food & Beverage	\$ 805	\$ 924	\$ 1,049	\$ 1,081	\$ 1,113	\$ 1,291	\$ 1,735	\$ 2,331
Lodging	\$ 86	\$ 99	\$ 113	\$ 116	\$ 120	\$ 139	\$ 187	\$ 251
Retail	\$ 78	\$ 89	\$ 102	\$ 105	\$ 108	\$ 125	\$ 168	\$ 226
Transportation	\$ 101	\$ 116	\$ 132	\$ 136	\$ 140	\$ 162	\$ 218	\$ 293
Other	\$ 278	\$ 320	\$ 364	\$ 375	\$ 387	\$ 448	\$ 602	\$ 810
Total	\$ 1,349	\$ 1,549	\$ 1,760	\$ 1,813	\$ 1,868	\$ 2,165	\$ 2,910	\$ 3,910

Source: Hunden Partners



06

Economic, Employment and Fiscal Impact Analysis

Introduction to Impacts

Hunden uses the IMPLAN input-output multiplier model, which determines the level of additional activity in the Henderson economy due to additional inputs. For example, for every dollar of direct new spending in Henderson, the IMPLAN model provides multipliers for the indirect and induced spending that will result.

From direct spending figures, further impact analyses will be completed.

- **Indirect Impacts** are the supply of goods and services resulting from the initial direct spending. For example, a visitor's direct expenditure on a hotel room causes the hotel to purchase linens and other items from suppliers. The portion of these hotel purchases that are within the local economy is considered an indirect economic impact.
- **Induced Impacts** embody the change in spending due to the personal expenditures by employees whose incomes are affected by direct and indirect spending. For example, a waitress at a restaurant may have more personal income as a result of the induced customer's visit. The amount of the increased income that the employee spends in the area is considered an induced impact.
- **Fiscal Impacts** represent the incremental tax revenue collected by the State, County and City. The fiscal impact represents the government's share of total economic benefit.
- **Employment Impacts** include the incremental employment provided not only onsite, but due to the spending associated with it. For example, the direct, indirect and induced impacts generate spending, support new and ongoing businesses, and ultimately result in ongoing employment for citizens. Hunden will show the number of ongoing jobs supported by the project and provide the resulting income generated.

Spending

Direct spending is classified into five categories: food & beverage, lodging, retail, transportation and other. Over 30 years, net new direct spending totals \$78 million. Approximately 60 percent of direct spending is expected to be generated by food & beverage spending.

This direct spending leads to indirect and induced spending. Over 30 years spending in the local Henderson economy is expected to total approximately \$123 million.

Direct Net New Spending to Henderson (\$000s) - Conference Center									
	2026 Year 1	2027 Year 2	2028 Year 3	2029 Year 4	2030 Year 5	2035 Year 10	2045 Year 20	2055 Year 30	Total
Food & Beverage	\$ 805	\$ 924	\$ 1,049	\$ 1,081	\$ 1,113	\$ 1,291	\$ 1,735	\$ 2,331	\$ 46,784
Lodging	\$ 86	\$ 99	\$ 113	\$ 116	\$ 120	\$ 139	\$ 187	\$ 251	\$ 5,035
Retail	\$ 78	\$ 89	\$ 102	\$ 105	\$ 108	\$ 125	\$ 168	\$ 226	\$ 4,526
Transportation	\$ 101	\$ 116	\$ 132	\$ 136	\$ 140	\$ 162	\$ 218	\$ 293	\$ 5,885
Other & Rental	\$ 278	\$ 320	\$ 364	\$ 375	\$ 387	\$ 448	\$ 602	\$ 810	\$ 16,244
Total	\$ 1,349	\$ 1,549	\$ 1,760	\$ 1,813	\$ 1,868	\$ 2,165	\$ 2,910	\$ 3,910	\$ 78,474
Direct, Indirect & Induced Spending to Henderson (\$000s) - Conference Center									
	Year 1	Year 2	Year 3	Year 4	Year 5	Year 10	Year 20	Year 30	Total
Direct	\$ 1,349	\$ 1,549	\$ 1,760	\$ 1,813	\$ 1,868	\$ 2,165	\$ 2,910	\$ 3,910	\$ 78,474
Indirect	\$ 487	\$ 560	\$ 636	\$ 655	\$ 674	\$ 782	\$ 1,051	\$ 1,412	\$ 28,341
Induced	\$ 273	\$ 314	\$ 357	\$ 368	\$ 379	\$ 439	\$ 590	\$ 793	\$ 15,905
Total	\$ 2,109	\$ 2,423	\$ 2,753	\$ 2,836	\$ 2,921	\$ 3,386	\$ 4,550	\$ 6,115	\$ 122,719

Source: Hunden Partners

Earnings and Full-Time Jobs

Jobs will be supported both onsite and offsite from the direct, indirect and induced spending generated by the Project. Over 30 years the Project is expected to generate approximately \$49 million in net new earnings, supporting 24 full-time equivalent jobs.

Net New Earnings & FTE Jobs from Direct, Indirect & Induced Spending (\$000s) - Conference Center									
	2026	2027	2028	2029	2030	2035	2045	2055	Total
	Year 1	Year 2	Year 3	Year 4	Year 5	Year 10	Year 20	Year 30	
Net New Earnings									
From Direct	\$ 521	\$ 598	\$ 679	\$ 700	\$ 721	\$ 835	\$ 1,123	\$ 1,509	\$ 30,278
From Indirect	\$ 188	\$ 216	\$ 246	\$ 253	\$ 260	\$ 302	\$ 406	\$ 545	\$ 10,945
From Induced	\$ 131	\$ 150	\$ 171	\$ 176	\$ 181	\$ 210	\$ 283	\$ 380	\$ 7,620
Total	\$ 840	\$ 964	\$ 1,096	\$ 1,129	\$ 1,162	\$ 1,348	\$ 1,811	\$ 2,434	\$ 48,844
Net New FTE Jobs									
From Direct	12	14	15	15	15	15	15	15	15
From Indirect	5	5	6	6	6	6	6	6	6
From Induced	3	3	3	3	3	3	3	3	3
Total	19	22	24	24	24	24	24	24	24

Source: Hunden Partners

Tax Impacts

The Project is expected to generate approximately \$6.6 million in net new state and local taxes over 30 years. The bulk of tax dollars will be generated through the six percent state sales tax.

Fiscal Impact - Tax Impacts from New District Spending (\$000s) - Conference Center										
	Constr.	2026 Year 1	2027 Year 2	2028 Year 3	2029 Year 4	2030 Year 5	2035 Year 10	2045 Year 20	2055 Year 30	Total
Capturable State Taxes										
Sales Tax (6%)	\$ 146	\$ 76	\$ 87	\$ 99	\$ 102	\$ 105	\$ 122	\$ 163	\$ 220	\$ 4,552
Transient Lodging Tax (1%)	-	\$ 1	\$ 1	\$ 1	\$ 1	\$ 1	\$ 1	\$ 2	\$ 3	\$ 50
Income Tax (wtd. 3.8%)	\$ 173	\$ 20	\$ 23	\$ 26	\$ 27	\$ 27	\$ 32	\$ 43	\$ 57	\$ 1,324
Total	\$ 319	\$ 96	\$ 111	\$ 126	\$ 130	\$ 133	\$ 155	\$ 208	\$ 279	\$ 5,926
Capturable Local Taxes										
Transient Lodging Tax (3%)	\$ -	\$ 3	\$ 3	\$ 3	\$ 3	\$ 4	\$ 4	\$ 6	\$ 8	\$ 151
City Payroll Tax (1.65%)	-	\$ 9	\$ 10	\$ 11	\$ 12	\$ 12	\$ 14	\$ 19	\$ 25	\$ 500
Total	\$ -	\$ 11	\$ 13	\$ 15	\$ 15	\$ 15	\$ 18	\$ 24	\$ 32	\$ 651
Total Tax Impact	\$ 319	\$ 108	\$ 124	\$ 140	\$ 145	\$ 149	\$ 173	\$ 232	\$ 312	\$ 6,577

Source: Hunden Partners

Summary of Impacts

If developed, the Project is estimated to generate nearly \$123 million in spending within the local Henderson economy. As this spending trickles through the economy, it is estimated to support \$49 million in new earnings and 24 full-time equivalent jobs over 30 years.

Over 30 years the proposed Project is estimated to generate nearly \$6.6 million in state and local taxes.

30-Year Impacts (Including Construction)	
John James Audubon State Park Conference Center	
Net New Spending	(millions)
Direct	\$78
Indirect	\$28
Induced	\$16
Total	\$123
Net New Earnings	(millions)
From Direct	\$30
From Indirect	\$11
From Induced	\$8
Total	\$49
Net New FTE Jobs	Actual
From Direct	15
From Indirect	6
From Induced	3
Total	24
Capturable State Taxes	(millions)
Sales Tax (6%)	\$4.55
Transient Lodging Tax (1%)	\$0.05
Income Tax (wtd. 3.8%)	\$1.32
Total	\$5.93
Capturable Local Taxes	(millions)
Transient Lodging Tax (3%)	\$0.15
City Payroll Tax (1.65%)	\$0.50
Total	\$0.65
	(millions)
Total Tax Impact	\$6.6

Source: Hunden Partners

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Hunden Partners is a full-service real estate development advisory practice specializing in destination assets.

With professionals in Chicago, San Diego, and Minneapolis, HSP provides a variety of services for all stages of destination development in:

- Real Estate Market & Financial Feasibility
- Economic, Fiscal & Employment Impact Analysis (Cost/Benefit)
- Organizational Development
- Public Incentive Analysis
- Economic and Tourism Policy/Legislation Consulting
- Research & Statistical Analysis
- Developer Solicitation & Selection

The firm and its principal have performed more than 1,000 studies over the past 25 years, with more than \$20 billion in built, successful projects or projects underway.



Appendix



A1

Economic, Demographic and Tourism Analysis



Economic and Demographic Analysis

Key Demographic Statistics

- Henderson’s population has declined 3.3 percent from 2010 to 2020. This decline is expected to continue, decreasing 1.2 percent by 2028.
- Homeownership rate, median home value, and median household incomes are lower in Henderson compared to the national, state, and county averages.

These economic and demographic indicators stress the need for added employment opportunities and related development in the community. Also, expanded offerings in the area will allow the conference center to cater to a wide range of incomes.

Population and Growth Rates

	2010	2020	2023	2028 Projected	Percent Change 2010 - 2020
United States	308,745,538	331,449,281	337,470,185	342,640,129	7.4%
Kentucky	4,339,367	4,505,836	4,547,961	4,576,418	3.8%
Henderson County	46,250	44,793	44,111	43,341	-3.2%
Henderson	28,939	27,998	27,754	27,429	-3.3%
Evansville	120,180	117,298	117,227	115,996	-2.4%
Owensboro	57,644	60,556	61,107	61,315	5.1%

Source: U.S. Census Bureau

Income, Spending and Other Demographic Data

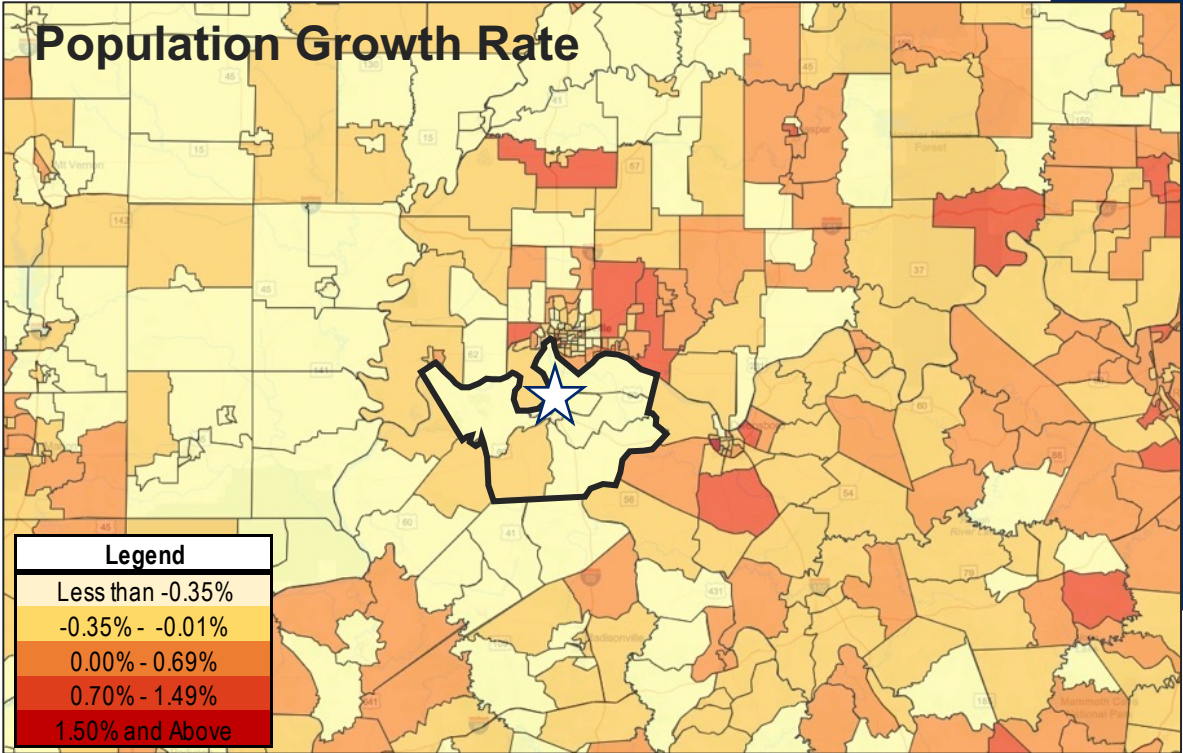
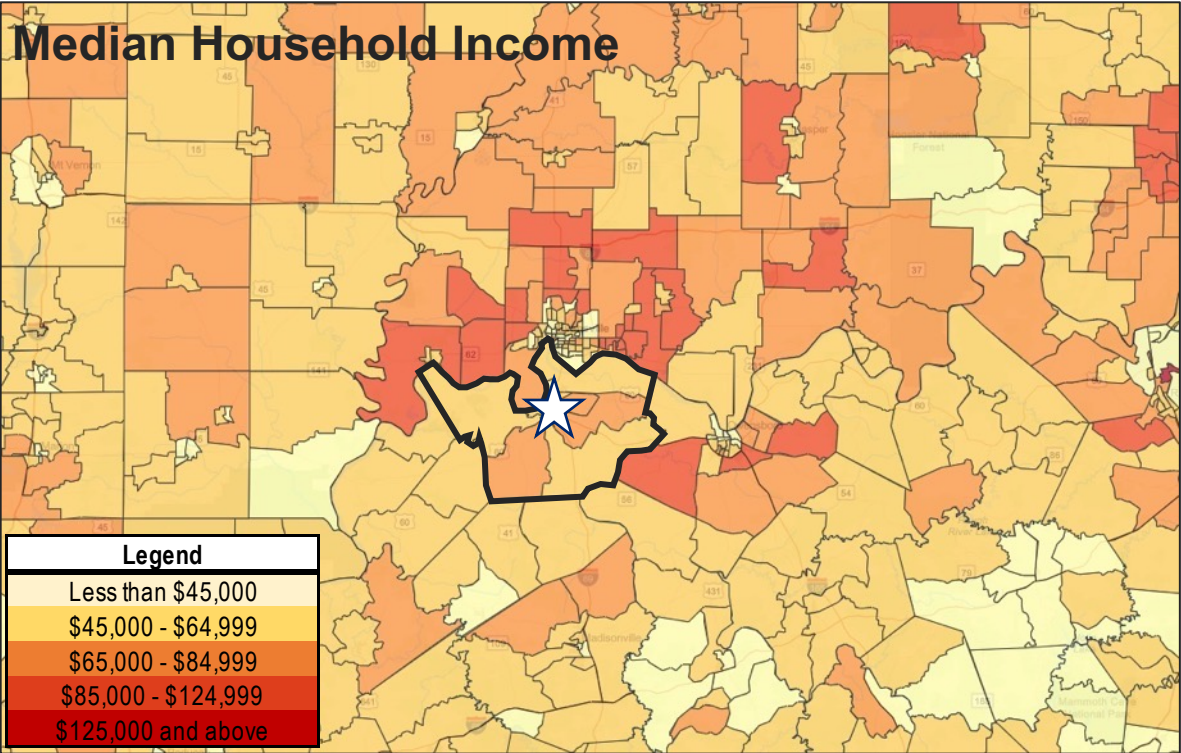
Category	United States	Kentucky	Henderson County	Henderson	Evansville	Owensboro
Homeownership rate, 2017-2021	64.6%	67.8%	64.3%	52.4%	54.9%	56.3%
Median value of owner-occupied housing units, 2017-21	\$244,900	\$155,100	\$136,100	\$122,700	\$103,300	\$131,600
Persons per household, 2017-21	2.60	2.50	2.41	2.26	2.17	2.30
Median household income, 2017-21	\$69,021	\$55,454	\$53,635	\$43,413	\$45,649	\$47,411
Persons below poverty level, percent	11.6%	16.5%	12.4%	20.0%	19.9%	20.2%

Source: U.S. Census Bureau

Market Area & Growth Trends



The maps below illustrate median household incomes and the projected population growth rates from 2023 to 2028 by census blocks in the Kentucky and Southern Indiana region. Henderson’s median household income of \$43,413 is moderate relative to the northeastern parts of Kentucky. Henderson County’s projected annual population growth rate of -2.00 percent represents negative growth compared to the eastern pockets of Kentucky.



Education

Henderson has comparably moderate educational attainment rates compared to the national, state, and county averages. Compared to nearby Evansville and Owensboro, Henderson has fewer individuals with a college education.

Henderson and the surrounding area is home to a limited number of academic institutions. The closest university is Henderson Community College. The institution is located five miles southwest of downtown Henderson and has an enrollment of 1,500 students.

Total relevant universities within 50 miles include five institutions spread out between Henderson, Owensboro and Madisonville. Analyzing these local universities is critical as these institutions help drive demand for conference facilities.

Educational Attainment - 2022

Population Age 25+	United States	Kentucky	Henderson County	Henderson	Evansville	Owensboro
Did Not Complete High School	10.6%	12.0%	11.5%	13.2%	9.4%	9.7%
Completed High School	26.3%	32.7%	38.0%	36.5%	34.4%	33.8%
Some College	19.3%	19.3%	23.3%	24.9%	23.2%	21.8%
Completed Associate Degree	8.8%	9.0%	9.2%	8.2%	11.2%	9.5%
Completed Bachelor Degree	21.2%	15.9%	10.8%	10.0%	14.7%	16.0%
Completed Graduate Degree	13.8%	11.1%	7.2%	7.2%	7.1%	9.2%

Source: U.S. Census Bureau

Henderson City Colleges & Universities (Within 50 miles)

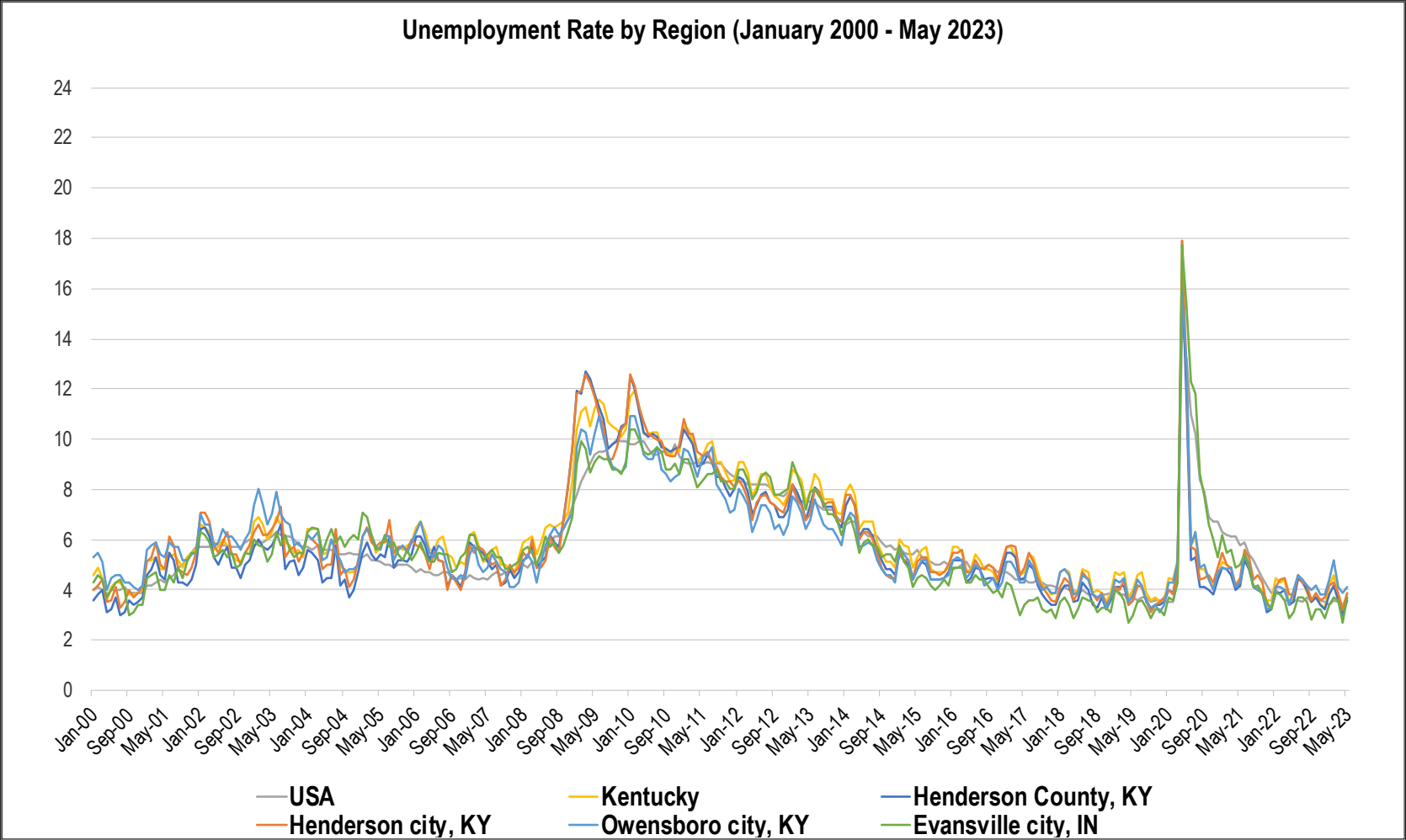
Institution	Location	Distance from 42420	Campus Setting	Enrollment
Henderson Community College	Henderson	0.0	Rural: Fringe	1,454
University of Evansville	Evansville	10.5	City: Midsize	2,078
University of Southern Indiana	Evansville	12.3	Suburb: Midsize	9,756
Brescia University	Owensboro	21.3	City: Small	841
Kentucky Wesleyan College	Owensboro	21.3	City: Small	811
Owensboro Community and Technical College	Owensboro	25.8	Rural: Fringe	4,111
Madisonville Community College	Madisonville	34.1	Rural: Fringe	3,239
Oakland City University	Oakland City	37.1	Town: Distant	867
Wabash Valley College	Mount Carmel	42.5	Town: Distant	865
Saint Meinrad School of Theology	St. Meinrad	45.9	Rural: Remote	183
Total				24,205

Source: National Center for Education Statistics

Unemployment

The neighboring graph visualizes unemployment by region from January 2000 through August 2022.

During the recession in 2008 and the 2020 pandemic, Henderson consistently experienced a high unemployment rate compared to national and state standards. This relatively high unemployment rate stresses the need for further diversification of industries locally.



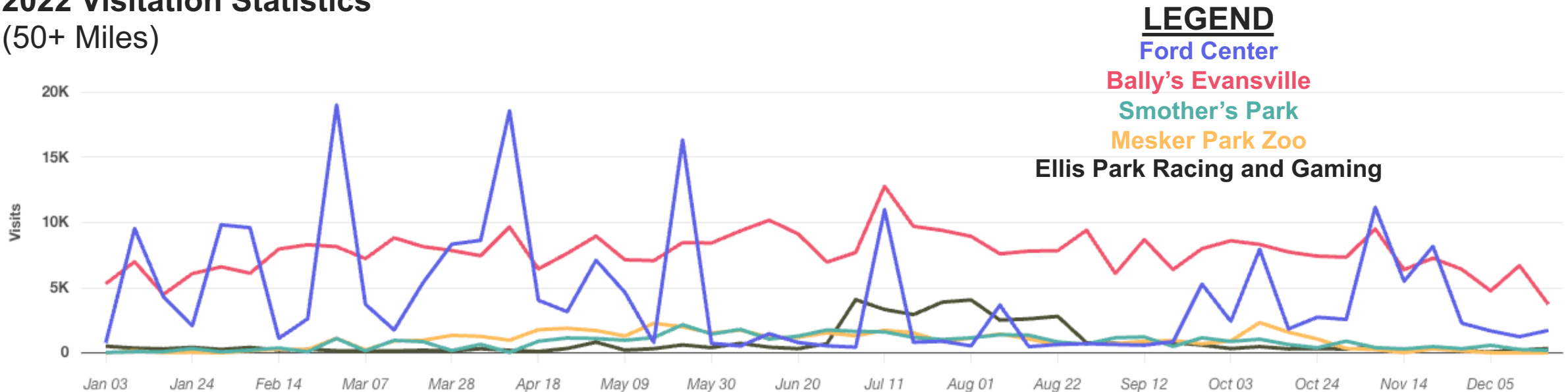


Tourism Analysis

Tourism Attractions – Visitation

The chart below highlights the seasonality of the top tourism attractions in the area. Attractions such as Smother’s Park, Mesker Park Zoo and Ellis Park Racing and Gaming operate seasonally and draw many visitors in the summer, but limited visitation during colder months. The Ford Center and Bally’s attract visitors year-round. Of these attractions, Ellis Park is the only attraction within Henderson, meaning visitors to the other attractions may likely stay in these other locations unless given a reason to stay in Henderson by offering high quality accommodations and nearby amenities. During the summer, the main draws for Henderson’s leisure visits are Ellis Park and summer festivals (unable to be captured in geofencing analysis).

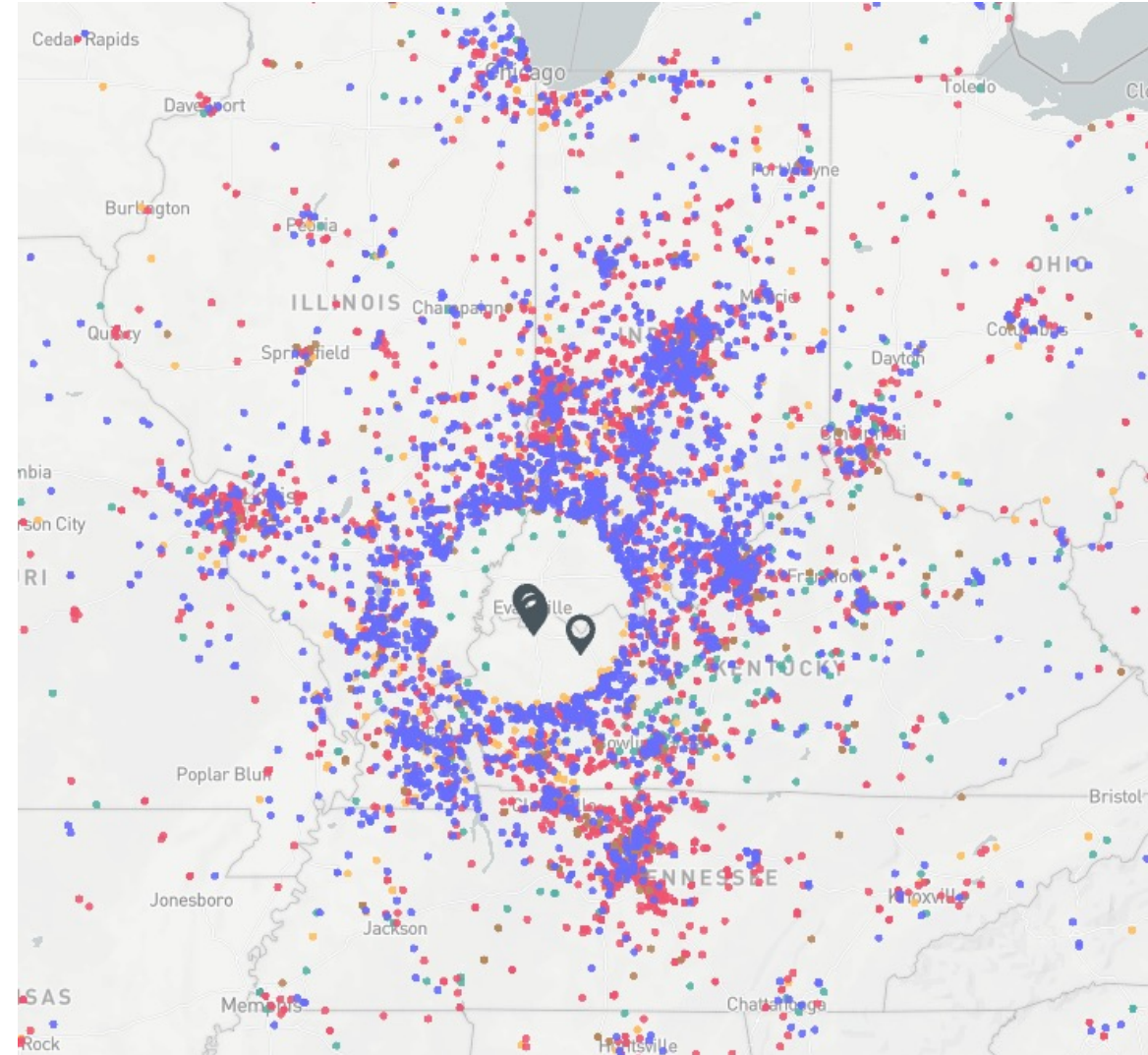
2022 Visitation Statistics (50+ Miles)



Tourism Attractions – Visitation

The adjacent tourism attraction map details where travelers originate from over 50 miles. Many visits come from major metropolitan areas in the surrounding states such as Nashville, St. Louis, Indianapolis, Cincinnati and Louisville. Since many attractions draw individuals from a regional distance, quality accommodations are needed to serve these visitors.

- LEGEND**
- Ford Center
 - Bally's Evansville
 - Smother's Park
 - Mesker Park Zoo
 - Ellis Park Racing and Gaming



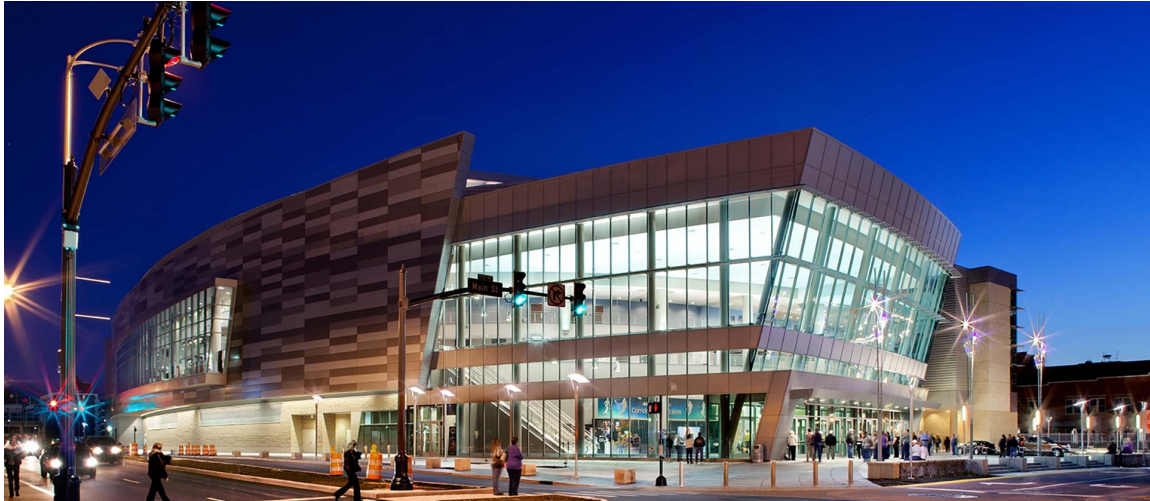


Other Non-Henderson Attractions

Ford Center

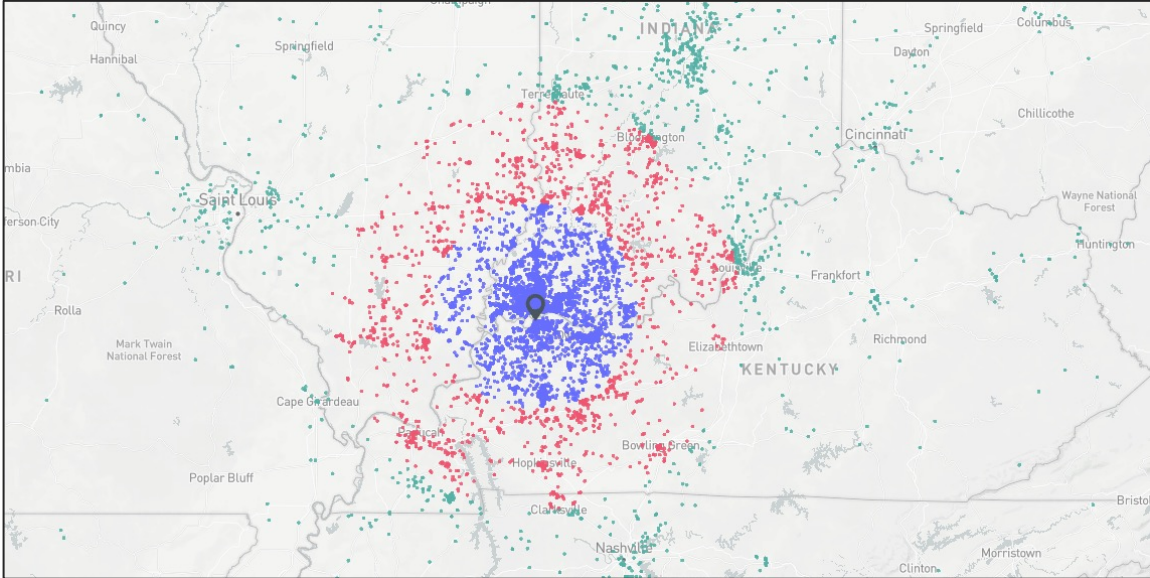
The Ford Center is an 11,000 seat multi-use arena in downtown Evansville that was built in 2011. The arena is home to the Evansville Thunderbolts (Southern Professional Hockey League) and the University of Evansville men’s basketball team. In addition to these tenants, the Ford Center also hosts a variety of concerts (mostly country) and other events.

The Ford Center is attached to the Old National Events Plaza and the DoubleTree Evansville (241 rooms). As the premier arena in the area, the Ford Center attracts nearly 75 percent of visits and 65 percent of visitors from within 50 miles.



Ford Center (Evansville, IN) - Total Visitation					
January 1st, 2022 - December 31st, 2022					
Visitor Origins by Distance from Site (Colors correspond to charts & maps)	Total Visits		Total Unique Customers		Avg. Visits per Customer
	Est. Number of Visits	Percent of Total Visits	Est. Number of Customers	Total Customers	
Locals - Within 50 miles	649,900	74.4%	290,000	65.0%	2.24
Regional Distance - Over 50 miles & Less Than 100 miles	103,700	11.9%	75,500	16.9%	1.37
Long Distance only - Over 100+ miles	120,200	13.8%	80,400	18.0%	1.50
Total Visits	873,800	100.0%	445,900	100.0%	1.96

Source: Placer.ai





A2

Hotel Market Analysis



Overview

This chapter provides an overview of hotel trends, an analysis of the local hotel market and an analysis of the competitive set of hotels in and surrounding Henderson.

Following an analysis of hotels, Hunden supplements the local overnight accommodations market with data relating to short-term rentals within Henderson, Evansville and nearby Owensboro.

It is important to understand local hotel demand and supply as it relates to location and availability of quality hotels for conference center attendees.



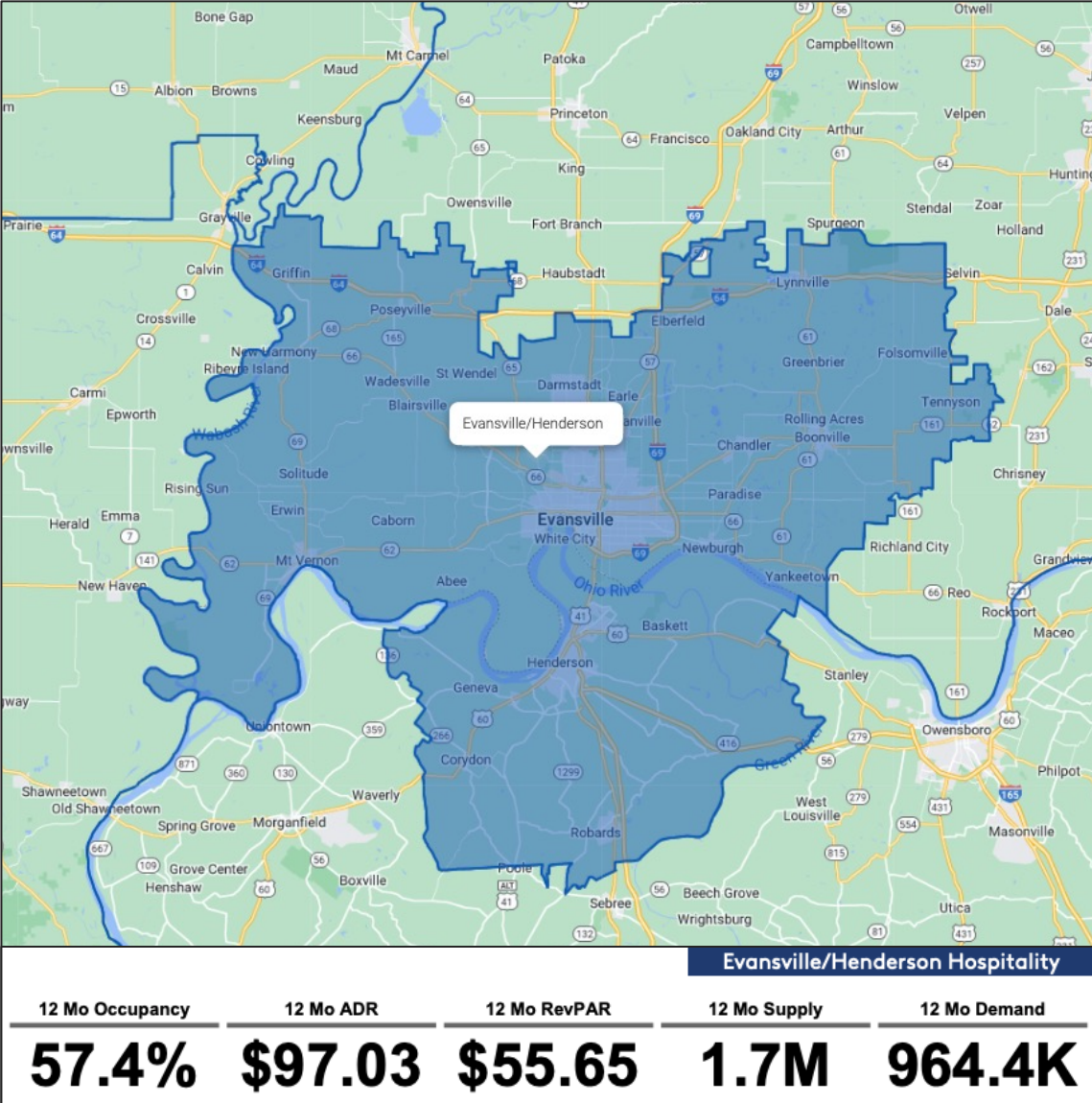
Evansville/Henderson Hotel Market Analysis

Hotel Market Overview

This section will show historical performance metrics for the hospitality industry in Henderson, Kentucky. First, Hunden analyzed market-wide data across Evansville/Henderson, followed by a competitive set analysis of local hotels.

The Evansville/Henderson submarket contains 4,608 rooms across 54 properties. The Evansville/Henderson submarket is a subset of the greater Indiana South market. The Indiana South submarket is generally characterized by smaller hotels with an average of 75 rooms, compared to an Evansville/Henderson submarket average of 85 rooms.

Activity in the Indiana South submarket remains relatively constant, while nothing is underway in the Evansville/Henderson market. Within the submarket, only 220 rooms have been delivered in the past three years.



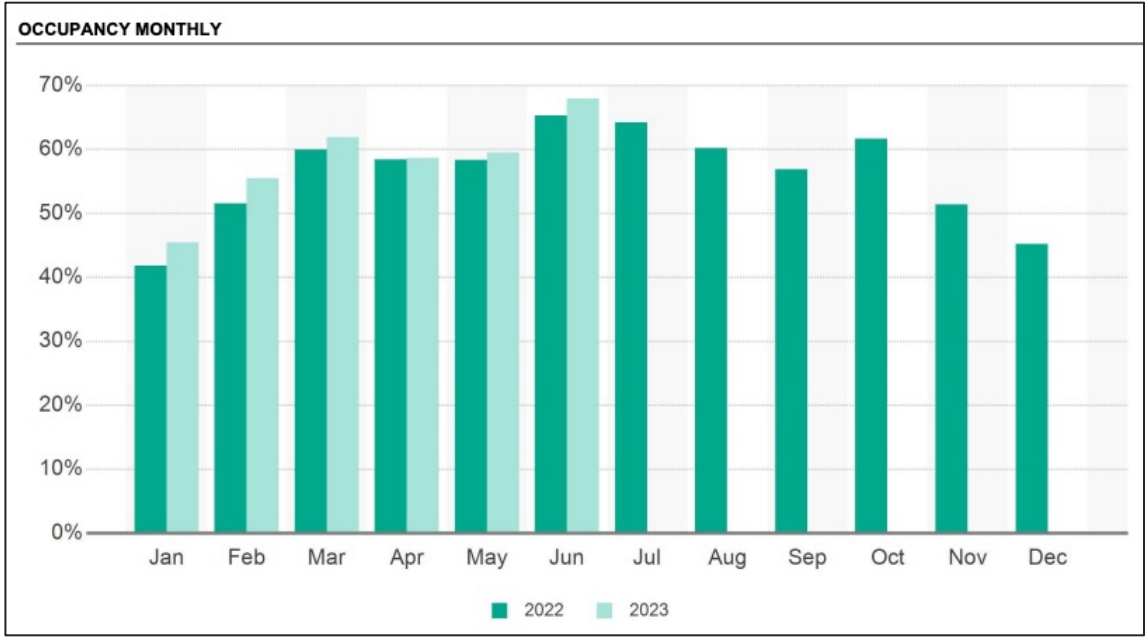
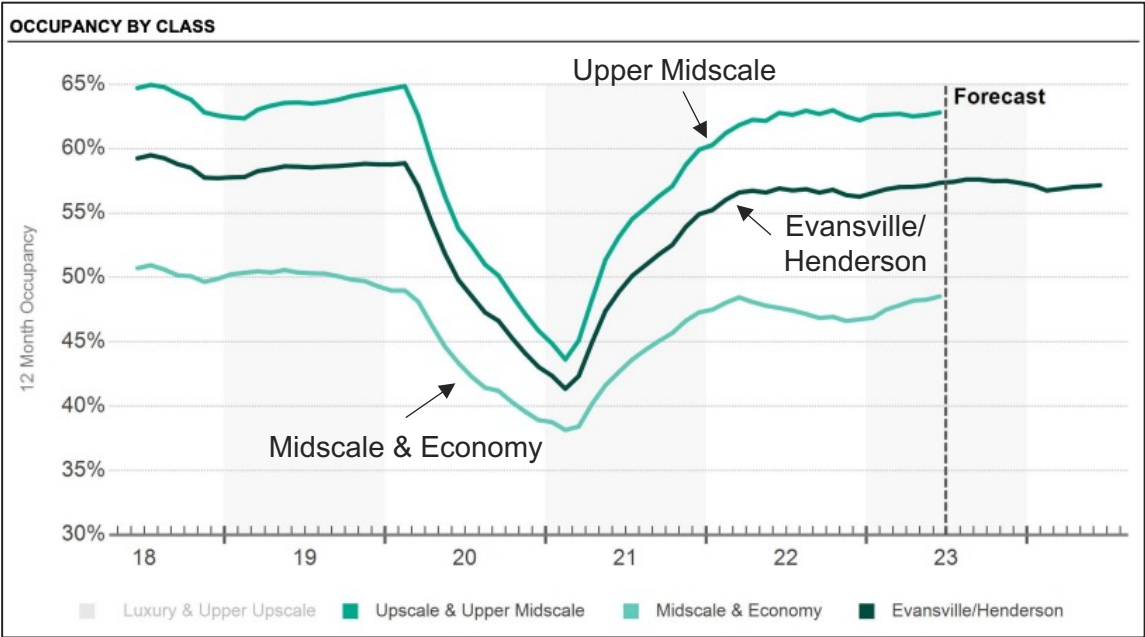
Source: CoStar

Occupancy

The demand in the market trends towards higher quality assets. This is shown by the stronger occupancy rates in the upper midscale properties.

The graph below on the left illustrates occupancy by class in the overall Evansville/Henderson market. Upper midscale properties have continued to garner the strongest occupancy rate year after year. Occupancies have almost recovered to pre-pandemic levels in the highest quality assets in the market, while the midscale and economy assets slightly lag behind.

The chart below on the right compares occupancy rates in 2022 to year-to-date in 2023. 2023 is performing well, and it has consistently outperformed 2022 benchmarks.

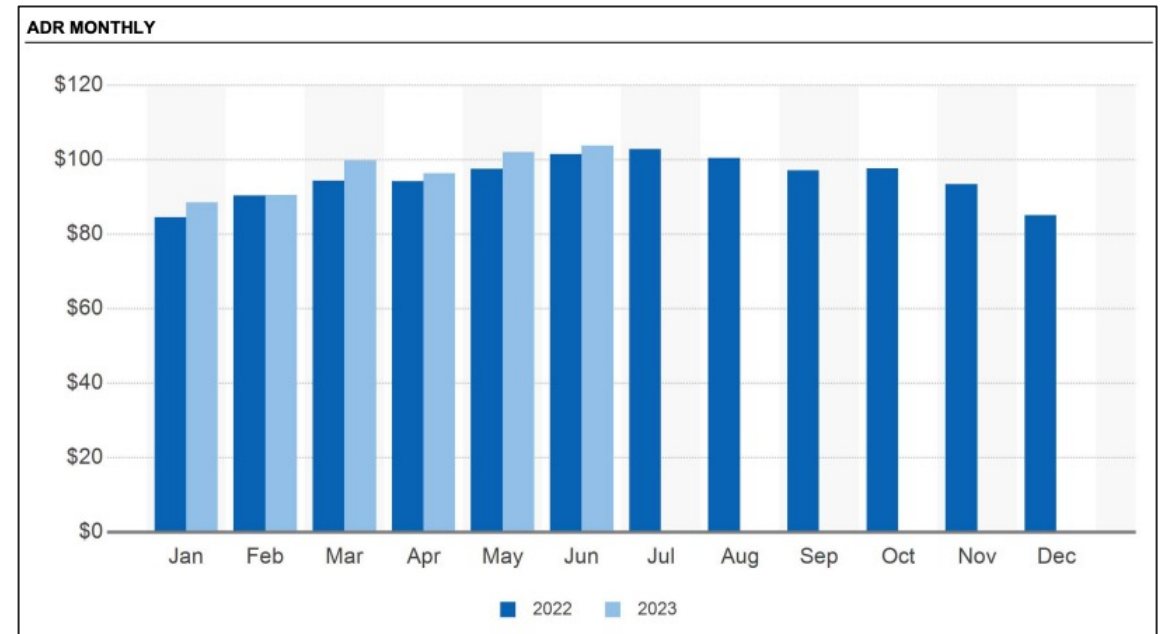
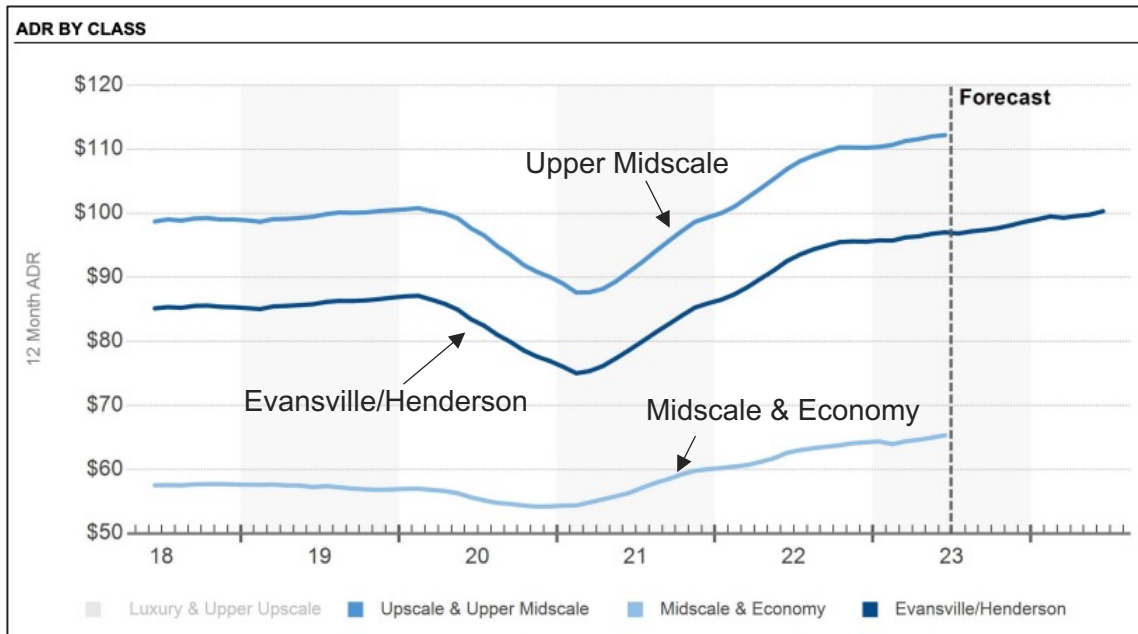


Average Daily Rate

Rates across all hospitality levels have experienced significant growth as the economy rebounds from the COVID-19 pandemic.

The graphic below on the left illustrates ADR by class in the overall Evansville/Henderson market. Similar to occupancy, the upper midscale assets outperform the rest of the market. The ADR across all asset levels has improved past pandemic levels.

The ADR monthly chart below compares year-over-year growth in ADR. Through June 2023, rates have been only slightly higher based on the year prior of that given month.



Hotel Submarket Indicators

The majority of the supply in the Evansville/Henderson submarket consists of upper midscale properties (61.7 percent). These hotels have a trailing 12-month occupancy of 62.8 percent and an average ADR of just over \$112.

KEY INDICATORS						
Class	Rooms	12 Mo Occ	12 Mo ADR	12 Mo RevPAR	12 Mo Delivered	Under Construction
Luxury & Upper Upscale	-	-	-	-	0	0
Upscale & Upper Midscale	2,844	62.8%	\$112.21	\$70.49	0	115
Midscale & Economy	1,764	48.5%	\$65.34	\$31.71	0	0
Total	4,608	57.4%	\$97.03	\$55.65	0	115

Average Trend	Current	3 Mo	YTD	12 Mo	Historical Average	Forecast Average
Occupancy	67.9%	62.0%	58.1%	57.4%	54.4%	58.5%
Occupancy Change	4.1%	2.2%	3.9%	0.8%	-0.7%	0.6%
ADR	\$103.64	\$100.78	\$97.39	\$97.03	\$87.92	\$110.95
ADR Change	2.2%	3.0%	3.1%	4.8%	2.7%	4.5%
RevPAR	\$70.37	\$62.45	\$56.59	\$55.65	\$47.81	\$64.90
RevPAR Change	6.3%	5.2%	7.1%	5.6%	2.0%	5.1%

Lodging Summary: Evansville/Henderson

In order to understand the landscape of hotels near Henderson, Hunden gathered individual statistics on the hotels located inside the Evansville/Henderson Submarket.

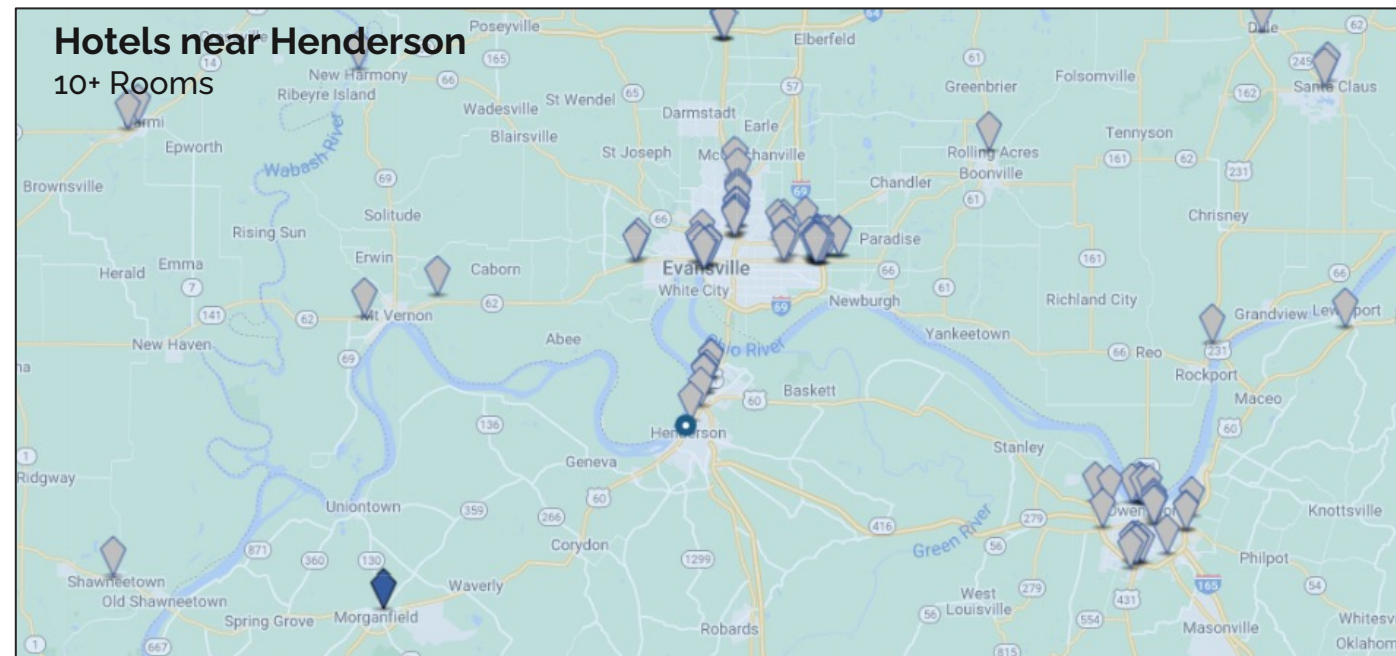
Of these hotels in the submarket, there are zero upper upscale properties and zero luxury properties. The highest share of the supply (39 percent) consists of upper midscale properties.

The average age of the upscale properties in the market is 8 years, while the total average age of hotels in this set is 28 years old.

Lodging Summary - Evansville/Henderson Submarket

Chainscale	Rooms	% of Total Rooms	Hotels	Avg Rooms per Hotel	Avg Year Open / Renovated	Avg Age (Years)
Luxury	-	-	-	-	-	-
Upper Upscale	-	-	-	-	-	-
Upscale	689	15%	5	138	2015	8
Upper Midscale	1,817	39%	19	96	2002	21
Midscale	526	11%	8	66	1996	27
Economy	493	11%	6	82	1999	24
Independent	1,083	24%	16	68	1970	53
Total/Average	4,608	100%	54	91	1995	28

Source: Smith Travel Research, CoStar, Hotel websites, Hunden Strategic Partners





Competitive Set

Performance Analysis

Henderson Hotel Supply

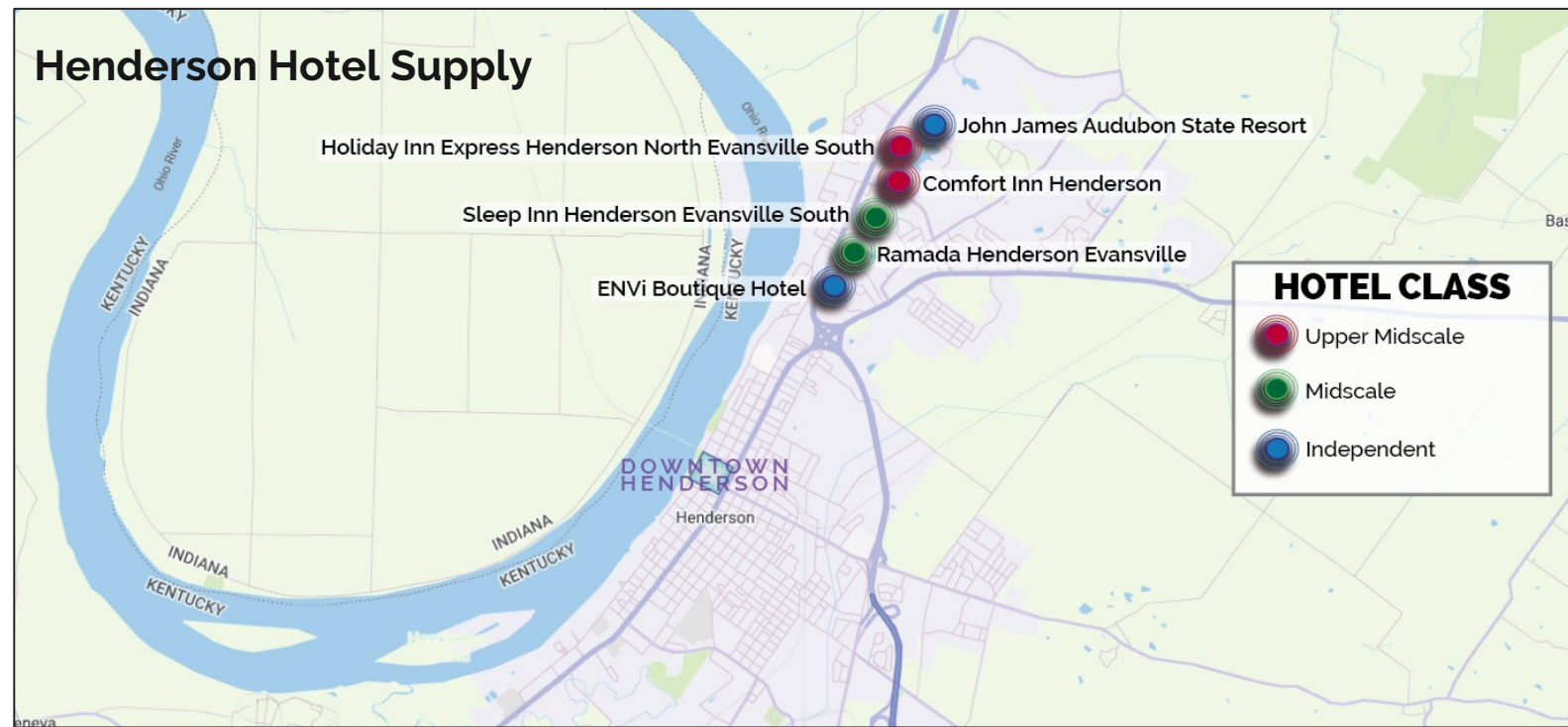
The local hotel supply in Henderson is located along U.S. Highway 41, in northern Henderson. The hotels in Henderson represent a low supply with only six hotels, a low room count with 363 total rooms, and low quality of hotels with only two hotels above midscale.

However, the hotels are all within 1.5 miles of the John James Audubon State Park. This allows for extra room blocking at these hotels for when the conference center is hosting events at the Park.

Henderson, KY | Local Hotel Supply

Property Name	Miles from Audubon State Park	Number of Rooms	Year Built / Renovated	Hotel Class
John James Audubon State Resort	0.0	6	Jun-38	Independent
Holiday Inn Express Henderson North Evansville South	0.2	62	Jul-97	Upper Midscale
Comfort Inn Henderson	0.3	55	Aug-01	Upper Midscale
Sleep Inn Henderson Evansville South	1.0	63	Mar-98	Midscale
ENVi Boutique	1.2	59	Aug-68	Independent
Ramada Henderson Evansville	1.2	118	Jun-74	Midscale
Average/Total	0.7	363	Oct-79	

Source: Smith Travel Research, Hunden Strategic Partners



Henderson Boutique Hotel

In early 2023, Hunden completed a market and financial feasibility study for the development of a new boutique hotel in downtown Henderson. The results of that study led to the recommendation of the following:

Henderson, Kentucky Boutique Hotel Recommendations	
Site	Soaper Building
Rooms	50 Rooms, 35 Rooms if funding concerns
Meeting Space	—
Food & Beverage	Hometown Roots, Speakeasy and/or Rooftop Bar
Parking	1 Space Per Room
Source: Hunden Partners	



As a much smaller and unique hotel product, future development of this hotel is not expected to impact demand for the Project, as these properties would generate different types of demand, with a boutique hotel product catering more towards the tourism or high-end leisure market.

Currently this Project is on hold, but a potential developer has hired a firm to conduct its own feasibility study. It is expected conversations about this project will begin again soon.

Competitive Set

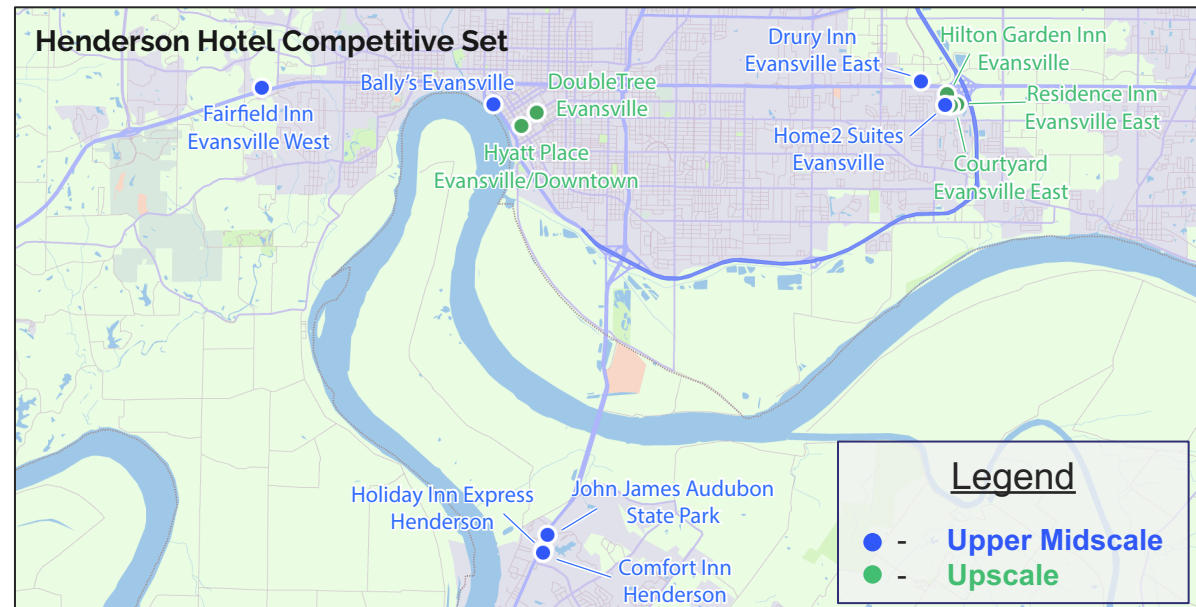
Hunden determined a competitive set of hotels within Henderson, Kentucky, and Evansville, Indiana. This competitive set will capture a fuller picture of hospitality in the area, as many guests opt to stay in Evansville for higher quality accommodations.

The two higher quality hotels near to John James Audubon State Park are included in this set.

Henderson, KY | Local Competitive Hotel Set

Property Name	Miles from Audubon State Park	Rooms	Year Built	Hotel Class
John James Audubon State Resort	0.0	6	1938	Upper Mid
Holiday Inn Express Henderson North Evansville Sout	0.2	62	1997	Upper Mid
Comfort Inn Henderson	0.3	55	2001	Upper Mid
Holiday Inn Express Evansville Downtown	6.0	79	2022	Upper Mid
Hyatt Place Evansville/Downtown	6.0	139	2021	Upscale
DoubleTree by Hilton Hotel Evansville	6.2	241	2017	Upscale
Bally's Evansville	6.3	243	1996	Upper Mid
Fairfield Inn Evansville West	7.8	110	1995	Upper Mid
Home2 Suites by Hilton Evansville	8.6	102	2017	Upper Mid
Drury Inn & Suites Evansville East	8.7	149	1998	Upper Mid
Courtyard Evansville East	8.7	119	2013	Upscale
Hilton Garden Inn Evansville	8.7	112	2008	Upscale
Residence Inn Evansville East	8.8	78	1998	Upscale
Average	5.9	115	2007	-

Source: CoStar, Smith Travel Research



Performance Overview

Hunden utilized Smith Travel Research (STR) to analyze the historical performance of the competitive set of hotel properties within Henderson and Evansville. The table below summarizes hotel performance for the competitive set between 2015 and June 2023.

Competitive set performance indicates that the number of room nights sold has increased by an average of five and a half percent each year from 2015 to 2022 as supply has increased. Occupancy decreased from 2015 through 2018, but began increasing in 2021, 2022 and thus far in 2023. Stronger hotel performance is reflected in rising rates. Between 2015 and 2022, rates increased by an average of over two percent. Despite reduced occupancy, with increased rates, RevPAR in 2022 was above pre-pandemic levels and is trending even higher in 2023.

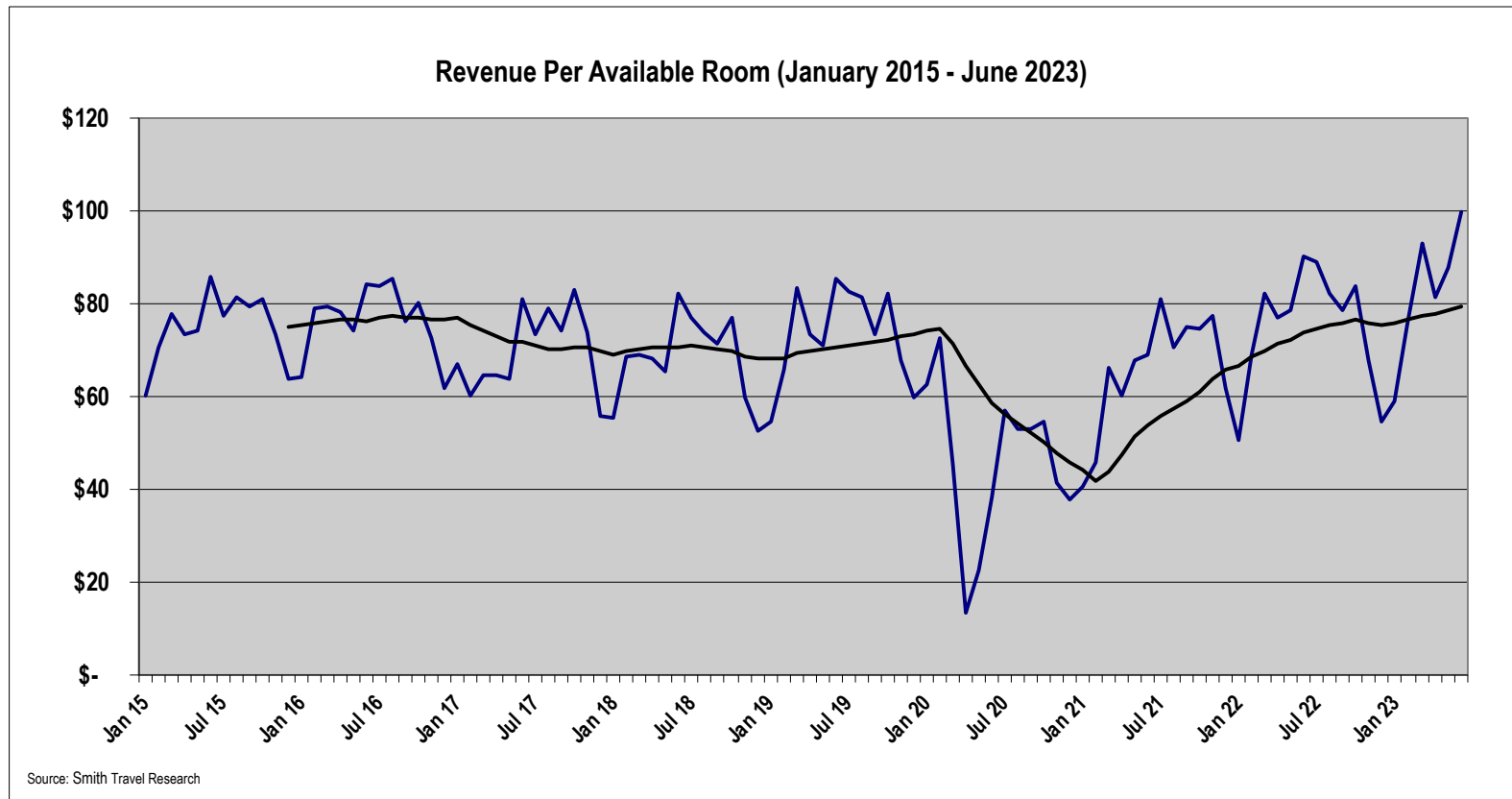
Historical Supply, Demand, Occupancy, ADR, and RevPar for Competitive Hotels Henderson, KY Competitive Set											
Year	Annual Avg. Available Rooms	Available Room Nights	% Change	Room Nights Sold	% Change	% Occupancy	% Change	ADR	% Change	RevPar	% Change
2015	932	340,180	–	246,763	–	72.5	–	\$103.25	–	\$74.90	–
2016	932	340,180	0.0%	245,786	-0.4%	72.3	-0.4%	\$105.89	2.6%	\$76.51	2.2%
2017	1,238	451,886	32.8%	301,504	22.7%	66.7	-7.7%	\$105.13	-0.7%	\$70.15	-8.3%
2018	1,275	465,497	3.0%	299,950	-0.5%	64.4	-3.4%	\$106.02	0.8%	\$68.32	-2.6%
2019	1,277	466,105	0.1%	320,248	6.8%	68.7	6.6%	\$106.89	0.8%	\$73.44	7.5%
2020	1,236	451,282	-3.2%	220,677	-31.1%	48.9	-28.8%	\$95.60	-10.6%	\$46.75	-36.3%
2021	1,358	495,851	9.9%	306,771	39.0%	61.9	26.5%	\$107.21	12.1%	\$66.33	41.9%
2022	1,482	541,014	9.1%	341,319	11.3%	63.1	2.0%	\$119.44	11.4%	\$75.35	13.6%
2023 YTD (June)	1,495	270,595	1.8%	182,816	9.7%	67.6	7.8%	\$122.58	2.8%	\$82.81	10.8%
CAGR (2015-2022)	8.4%	8.4%		5.5%		-1.9%		2.2%		0.1%	

Source: Smith Travel Research, Hunden Partners

RevPAR

The term RevPAR represents “revenue per available room” and is a factor of average daily rate and occupancy. This metric reflects the income each room generates per night.

RevPAR in the competitive set reached pre-pandemic levels in mid-2022. RevPAR in the market is relatively weak compared to most markets in the United States.



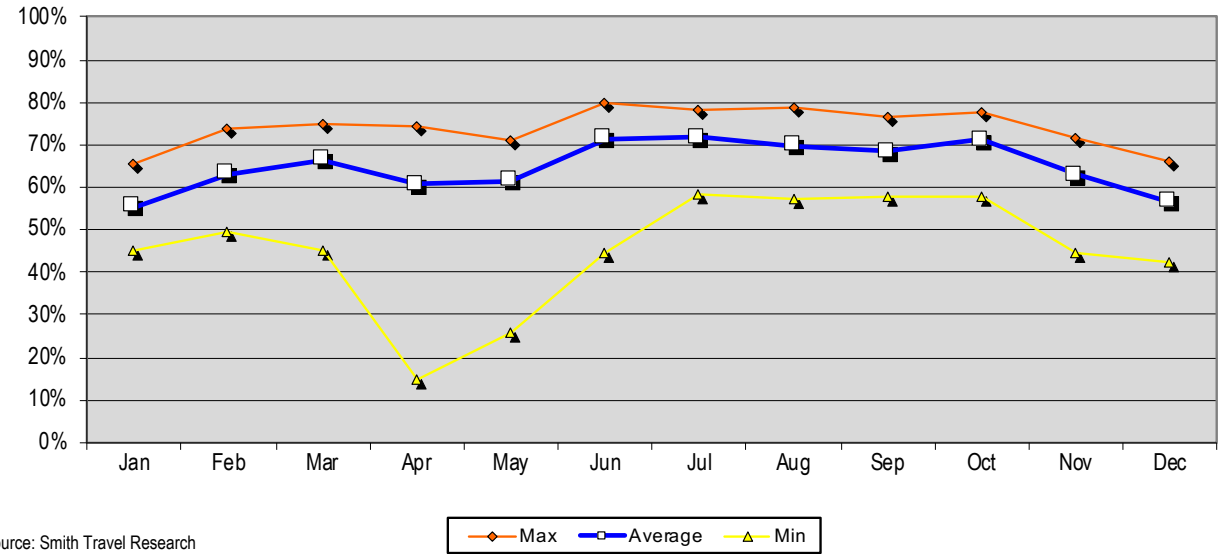
Seasonality

The adjacent figures display the seasonality of occupancy and rate from January 2015 through June 2023.

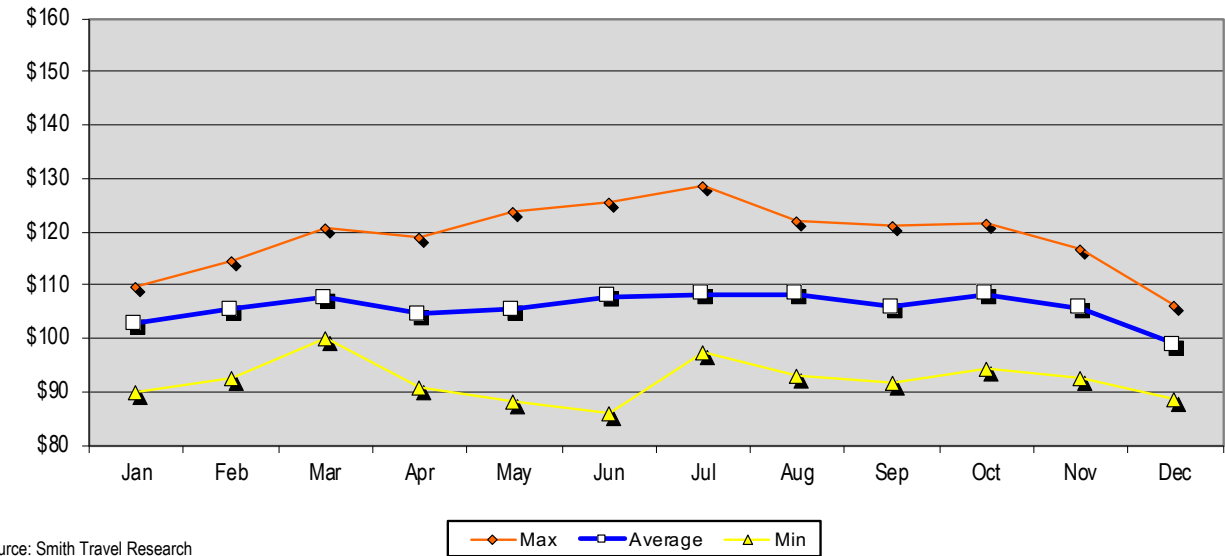
Following weather patterns, occupancy and rates tend to be highest during the summer months, while significantly lower during winter months.

Since 2015, the set's peak occupancy was 80 percent with a peak rate of \$128. It is important to note that rate is also a result of product quality. With minimal higher quality accommodations, hotels in Evansville likely capture guests with a willingness to pay a higher rate.

Seasonality of Occupancy (January 2015 - June 2023)



Seasonality of Rate (January 2015 - June 2023)



Day of Week

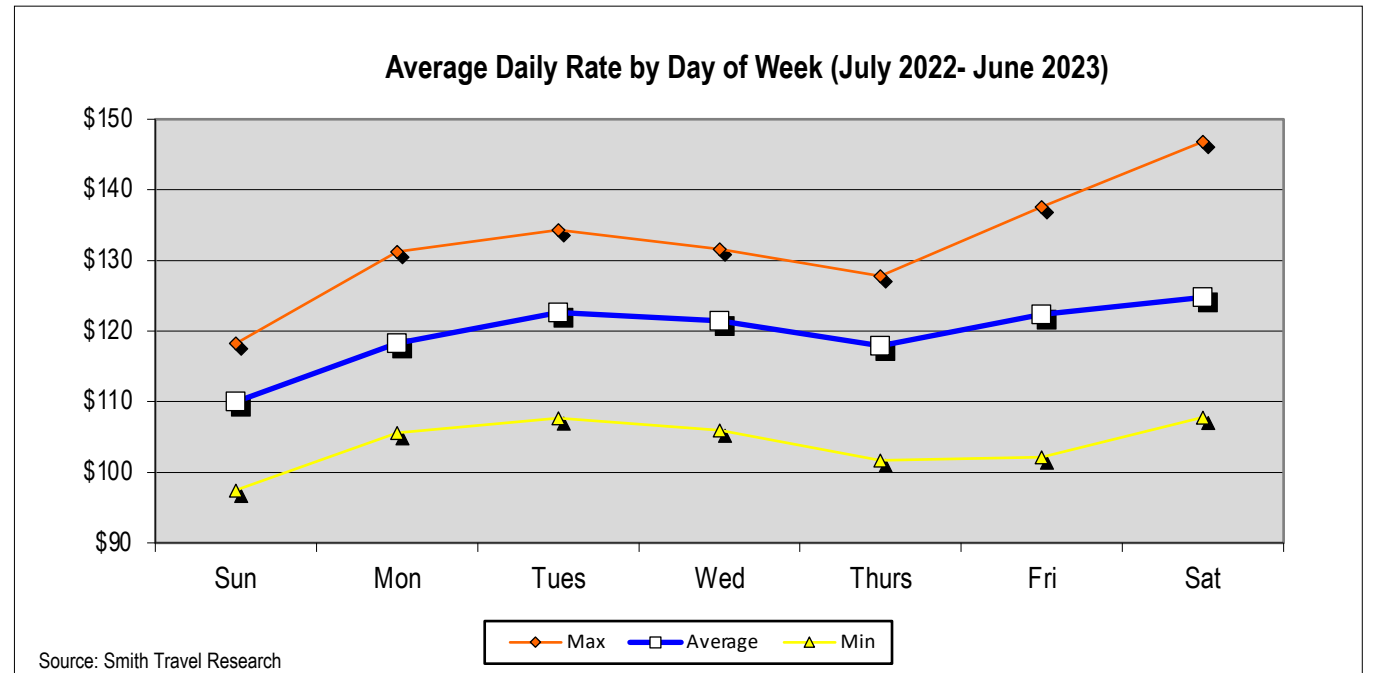
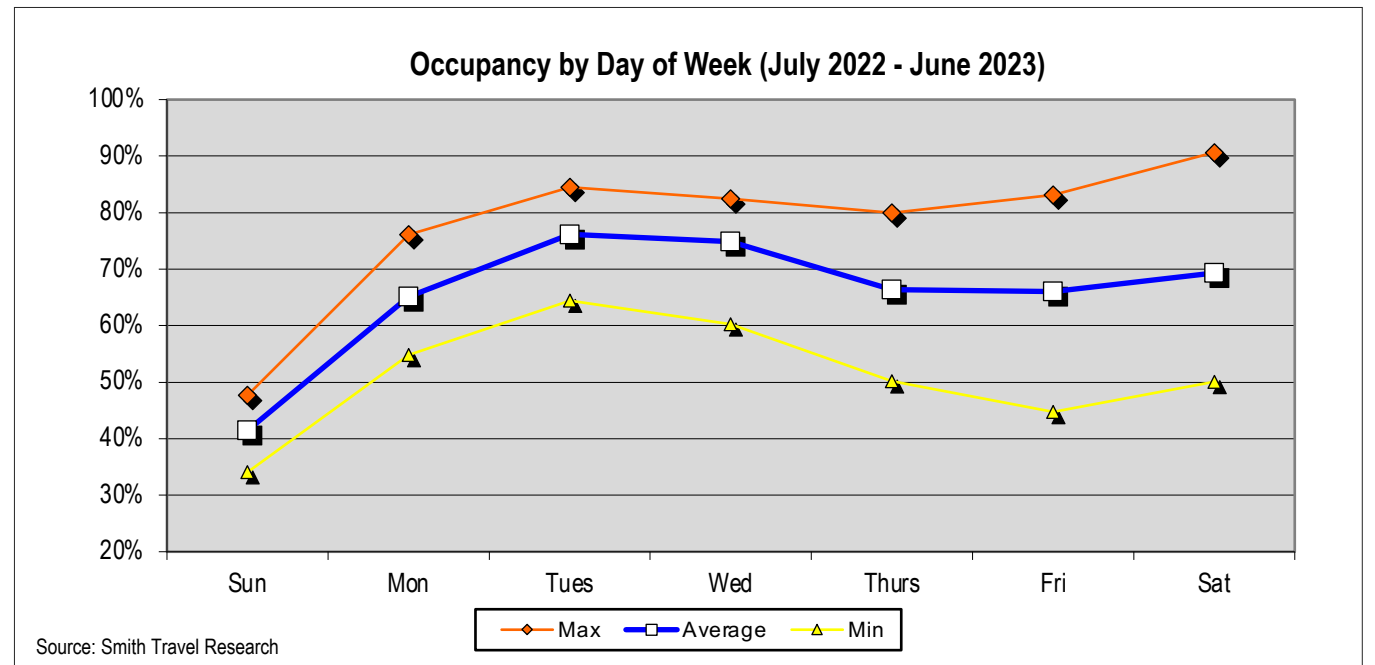
The adjacent figures display the seasonality of occupancy and rate from July 2022 through June 2023.

The average occupancy of the set fluctuates between 60 and 80 percent Monday through Saturday. Sunday night typically has the fewest overnight stays, averaging an occupancy of 42 percent.

Average daily rate follows a similar trend as occupancy, with Sunday being the worst performing day. Average rates fluctuate between \$110 and \$125, with the competitive set experiencing some rate spikes on Saturday nights.

Typically, group and corporate travel occurs from Sunday through Thursday, while leisure travel occupies Friday and Saturday. The highest rates in the competitive set are on the weekends, which suggests strong leisure demand.

On average, occupancy is highest both midweek and on weekends, suggesting a mix of group, corporate, and leisure demand drives the market.



Performance Heat Charts

These tables show a visualization of occupancy and rate by day of the week and month from July 2022 through June 2023. Figures in red and orange reflect days with relatively low occupancy/rate, yellow suggests moderate performance, and green reflects strong performance.

Occupancy varies at a greater degree than rate. Over the 12-month period, occupancy ranged from 34 percent to 90 percent. The lowest occupancy rates are consistently seen on Sunday nights regardless of season, while the strongest occupancies vary by day of week and season.

Rates follow a similar pattern as occupancy, but with fewer valleys. Rates vary from almost \$97 to nearly \$147. During the summer, rates see a steady increase on weekdays leading into the weekend.

Occupancy Percent by Day of Week by Month - July 2022 - June 2023								
	Sunday	Monday	Tuesday	Wednesday	Thursday	Friday	Saturday	Avg
Jul - 22	47.5%	69.2%	82.5%	80.7%	73.9%	68.7%	67.6%	69.2%
Aug - 22	41.5%	67.8%	75.7%	74.9%	67.4%	68.0%	70.9%	67.2%
Sep - 22	44.4%	60.3%	74.4%	75.0%	65.2%	64.4%	69.9%	64.8%
Oct - 22	41.1%	65.2%	81.4%	81.1%	67.5%	74.7%	76.3%	68.8%
Nov - 22	35.7%	58.1%	65.6%	64.9%	65.8%	60.3%	59.1%	59.0%
Dec - 22	34.1%	57.1%	64.4%	60.2%	50.2%	44.7%	55.5%	52.1%
Jan - 23	34.5%	54.8%	66.1%	65.5%	57.7%	49.5%	50.0%	53.8%
Feb - 23	38.9%	64.2%	76.9%	76.2%	63.8%	67.4%	66.8%	64.9%
Mar - 23	45.3%	73.8%	84.5%	82.5%	70.8%	79.2%	74.9%	73.5%
Apr - 23	43.0%	73.1%	83.2%	79.7%	67.7%	61.8%	66.7%	67.0%
May - 23	43.8%	62.2%	75.6%	75.2%	65.9%	70.2%	84.0%	68.4%
Jun - 23	47.7%	76.1%	83.7%	81.9%	80.0%	83.1%	90.7%	77.8%
Average	41.5%	65.0%	75.7%	74.8%	66.3%	66.2%	69.1%	

Sources: Smith Travel Research

ADR by Day of Week by Month - July 2022 - June 2023								
	Sunday	Monday	Tuesday	Wednesday	Thursday	Friday	Saturday	Avg
Jul - 22	\$118	\$131	\$134	\$132	\$128	\$127	\$127	\$129
Aug - 22	\$113	\$122	\$124	\$124	\$119	\$122	\$126	\$122
Sep - 22	\$112	\$119	\$124	\$122	\$120	\$122	\$125	\$121
Oct - 22	\$109	\$118	\$125	\$123	\$117	\$129	\$125	\$122
Nov - 22	\$107	\$113	\$116	\$116	\$116	\$114	\$118	\$115
Dec - 22	\$97	\$106	\$108	\$106	\$102	\$102	\$110	\$105
Jan - 23	\$102	\$109	\$113	\$112	\$112	\$108	\$108	\$110
Feb - 23	\$106	\$115	\$122	\$119	\$113	\$120	\$118	\$117
Mar - 23	\$114	\$120	\$125	\$127	\$125	\$138	\$129	\$127
Apr - 23	\$111	\$122	\$126	\$124	\$118	\$120	\$125	\$122
May - 23	\$116	\$121	\$126	\$125	\$122	\$134	\$147	\$128
Jun - 23	\$114	\$123	\$129	\$127	\$123	\$133	\$140	\$128
Average	\$110	\$118	\$123	\$121	\$118	\$122	\$125	

Sources: Smith Travel Research



Hotelier Interviews

Interview: Holiday Inn Express (Henderson)

Hunden interviewed management and ownership of the Holiday Inn Express in Henderson. The interview is summarized below.

- The hotel has two competitors, the Comfort Inn and the entire Evansville market.
- The Holiday Inn Express runs between 60-85 percent occupancy, depending on the demand generated by the Pratt Paper Company.
- The Holiday Inn has the highest rates in Henderson with an ADR that fluctuates between \$140 and \$160 based on day of week and season. Peak rates often hit \$169, which is generally \$60 more per night compared to the Comfort Inn.
- Monday through Thursday is the busiest time at the hotel. The hotel mainly caters to business travelers with the owner estimating that 95 percent of these guests are in the market for construction projects.
- There is not a lot of leisure tourism in Henderson outside of downtown events. There are currently minimal attractions for kids and/or adults.
- There is a movie theater, and a bowling alley for kids, but no nightlife or bars with live music for adults. There are a few times a year when kids visit the market and generally they are for sports-oriented tournaments (tennis, football and softball).

Interview: Comfort Inn

Hunden interviewed management and ownership of the Comfort Inn in Henderson. The interview is summarized below.

- The Comfort Inn operated at a 53 percent average occupancy rate for the calendar year 2022. This is much lower than the occupancy rate for the Holiday Inn.
- Additionally, the Comfort Inn operated during the year 2022 with an Average Daily Rate of \$98. This rate ranged from \$75 to \$110 throughout the year.
- There is a drastic drop-off from the two competing hotels based on their operating statistics, therefore the Holiday Inn seems to be the higher-end more successfully operated facility.
- The Comfort Inn's customer segmentation consists of 70 percent from corporate transient business. Next, 25 percent of their business comes from leisure. Lastly, five percent of the customer segmentation comes from group.



Henderson Corporation Interviews

Interview: Deaconess Henderson Hospital

Hunden interviewed representatives from the Deaconess Henderson Hospital via email to understand the entity's demand for overnight accommodations. The following summarizes their response.

- Higher end hotel needs revolve around recruiting trips for physicians. Most often physicians are recruited centrally and spend time with a variety of Deaconess administrators primarily located in Evansville and Newburgh, Indiana.
- Most stays are one night or two nights at the maximum.
- Candidates like a variety of meal options to be available, often vegetarian.
- As a host of people are included for meals, it is often convenient to meet in Evansville for the majority of individuals.
- If there were other higher end hospitality options in Henderson, that could be an alternative to Evansville.



Interview: SITEX

Hunden interviewed representatives of SITEX to understand the entity's demand for overnight accommodations. SITEX is a commercial uniform and linen provider in Henderson. This interview is outlined below.

- Meetings, trainings, and suppliers coming to the area drives SITEX' need for overnight accommodations.
- Managers, executives, new hires, and suppliers currently stay in either Henderson or Evansville, generally for one to four nights at a time.
- SITEX sees a need for a new higher quality hotel product in the market.
- SITEX' annual hotel needs are roughly 50-70 room nights per year.



Interview: Gibbs Die Casting Corporation

Hunden interviewed representatives of Gibbs Die Casting Corporation to understand the entity's demand for overnight accommodations. Gibbs is the second largest employer in Henderson County with over 900 employees. This interview is outlined below.

- Overnight accommodations are needed for sales, customer, and executive visits.
- These individuals typically stay in Evansville for one to three nights over the course of the year.
- In the future, Gibbs sees their hotel needs in the Henderson area staying steady or slightly increasing.
- There is a need for a new high-quality hotel in the area at a smaller scale.



Interview: Tyson Foods Inc.



Hunden interviewed representatives from Tyson Foods, Inc. to understand the entity's demand for overnight accommodations. Tyson Foods has a large plant in Robards, KY and is the largest employer in Henderson County with over 1,400 employees. The interview is summarized below.

- Tyson's business travel generally consists of executives. These executives will most often stay in Evansville to be close to the airport and nice restaurants.
- Travelers from the south have begun staying in Madisonville at the new Holiday Inn and Hampton Inn.
- The biggest turnoff of Henderson for executives is the lack of nicer restaurants by the hotels.
- On average, most executives will stay two to four days, traveling in on Monday and out by Friday. Seasonality does not play a factor in the travel schedule of these executives.
- One business need is a hotel to have larger meeting rooms to rent for union negotiations, training for ~100 people, or corporate parties. Currently, Tyson has to rent space in Madisonville or Evansville when doing contract negotiations and would like a hotel that has larger breakout rooms for business meetings.

Interview: Tyson Foods Inc. cont'd.



Overnight Accommodation Type Overview:

In-House Travelers:

- Construction Projects & Corporate Visitors: monthly averaging 2 to 10 visitors; 3-5 days at a time
- Management Training: 3-5 times a year; 1-2 days; up to 5 visitors per visit

Clients:

- Customer Visits (Walmart / Costco / Aldi / Tyson Brand Sales Reps, etc.): 3 times a year; 2-3 days
- Customer Purchasing & Operations Visits: 3-4 times a year; 1-2 days
- Customer Celebrations: 3-4 times a year; 1-2 days; 10 visitors

Auditors & Government:

- 3rd Party Auditors for Customers – 2 times a year; weekly increments; 2-4 auditors per visit
- Government Visitors (USDA) (Divisional and Regional/National Managers); 2-3 times a year; 2-3 day visits

Unions:

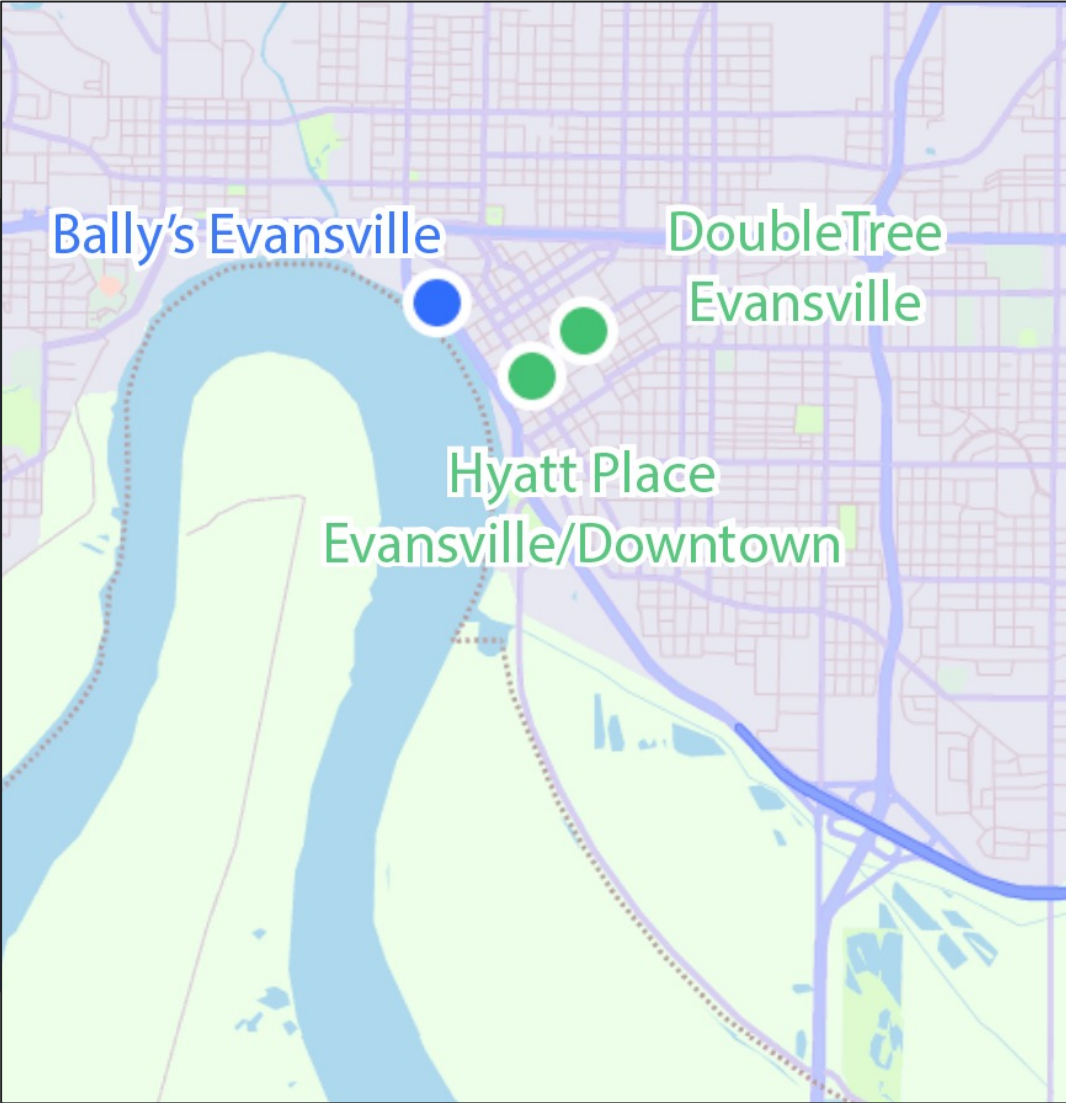
- Union Meetings (Trainings): 3 times a year; 2-3 day visits
- Union Negotiations – Once every 3-4 years on average; one week minimum; 5-10 visitors



Relevant Evansville Hotels

Relevant Evansville Hotels

Through interviews conducted by Hunden, several hotels in Evansville were mentioned as common alternatives for guests visiting Henderson. Additional profiles on the Hyatt Place and DoubleTree are included in the following slides.



Hyatt Place Evansville

Rooms: 139

Opening Date: June 2021

Scale: Upscale

Operator: Hyatt Hotels Corporation

Features:

- 1,373 square feet of indoor event space
- Indoor Pool & Hot Tub
- Fitness Center
- Bar

2022 occupancy at the Hyatt was approximately 54 percent, with an ADR of \$127. ADR ranges from \$120-\$179 throughout the year. Segmentation is 60 percent corporate transient, 30 percent group, and 10 percent leisure.



DoubleTree Evansville

The DoubleTree Evansville is connected to the Ford Center (Arena) and Old National Events Plaza (Convention Center).

Rooms: 241

Opening Date: February 2017

Scale: Upscale

Operator: Hilton Worldwide

Features:

- 6,480 square feet of ballroom space
- 7,767 square feet of meeting rooms
- Outdoor Pool
- Fitness Center
- Restaurant & Bar






Hotel Implications

The hotel market in Henderson is limited in its quantity and quality of offerings. Because of this, many potential overnight stays are lost to neighboring markets with more abundant options.

Hotels in the competitive set have yet to recover to pre-pandemic occupancy, but with higher ADR, RevPAR has exceeded 2019 levels in both 2022 and 2023 year to date.

Increased corporate investment in Henderson will only increase the need for traditional meeting facilities which are lacking in Henderson. Increased associated corporate travel will necessitate a quality hotel development alongside any new conference facility.



Short-Term Rental Analysis



Overview

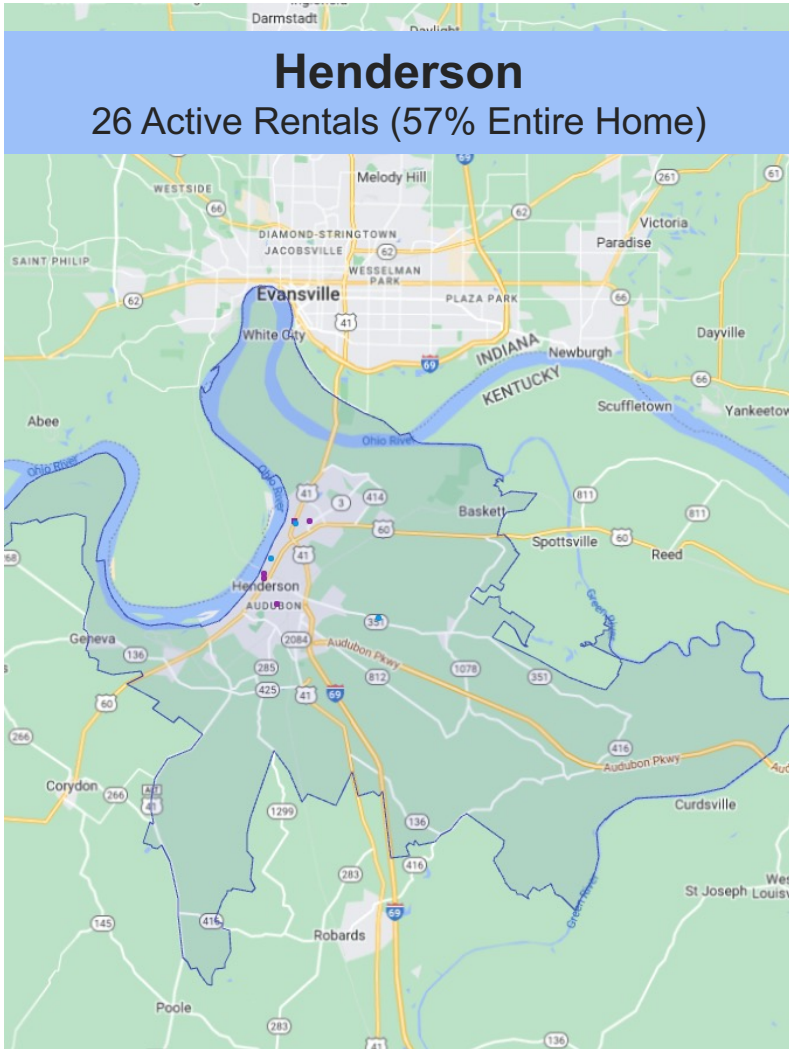
Short-term rentals are residences rented out on a short-term basis (less than one year). Bookings vary from a single night to months at a time. These short-term rentals are the newfound competitor within the hospitality industry and are generally through AirBnB or VRBO.

To fully comprehend the demand for overnight accommodations, Hunden utilized AirDNA to understand the demand, supply, and performance of short-term rentals in the Henderson area. To establish regional benchmarks, Hunden will provide statistics for Evansville and Owensboro as well.

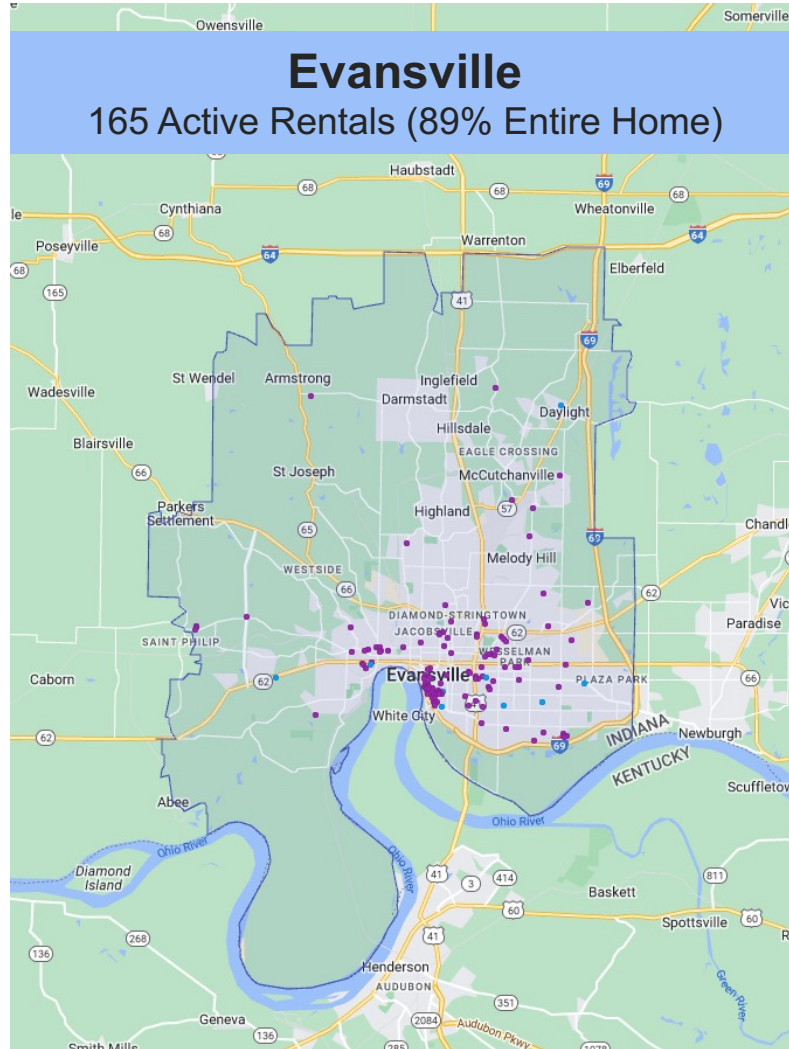
Short-Term Rental Market Size Comparison

LEGEND
🏠 Entire Home
🛏 Private Room

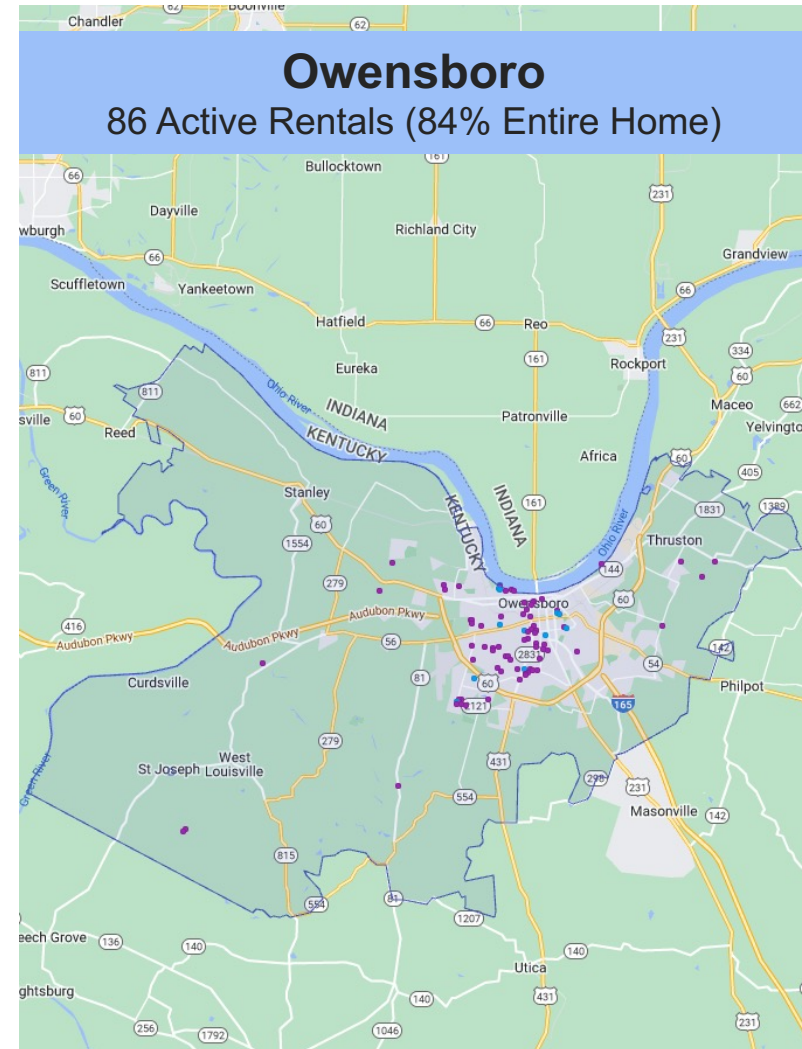
Henderson
26 Active Rentals (57% Entire Home)



Evansville
165 Active Rentals (89% Entire Home)

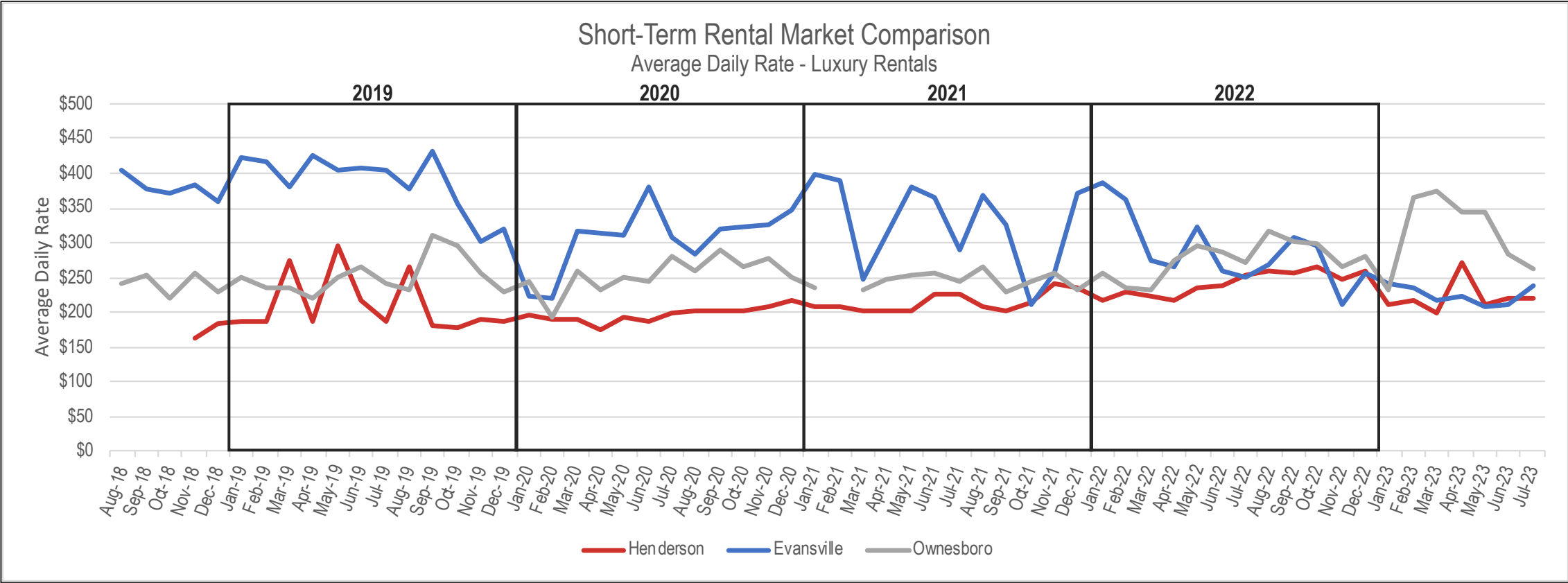


Owensboro
86 Active Rentals (84% Entire Home)



Luxury Rate Comparison

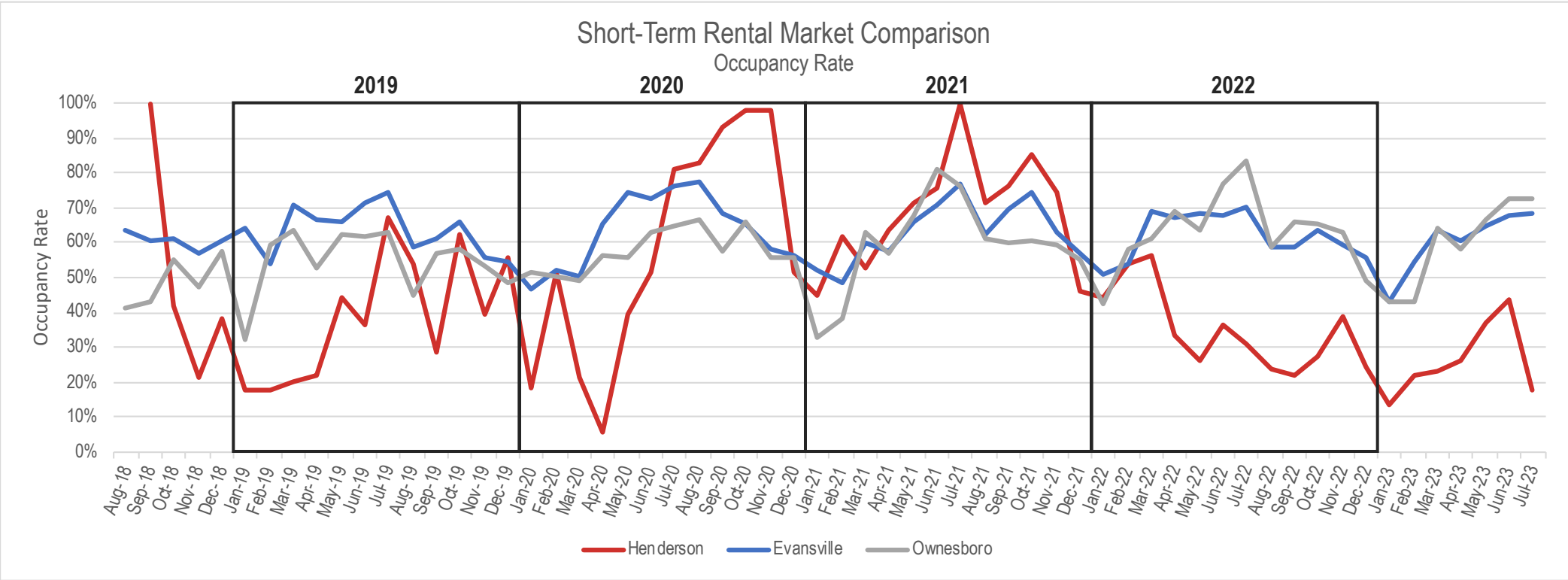
Hunden compared the average daily rates for luxury short-term rentals with capacities for 8 or fewer people. The Evansville market has had the highest average daily rate of luxury options of this size range. Often rates in Evansville can double what the Henderson market offers. Owensboro tends to fall in between Evansville and Henderson in price range for these luxury AirBnBs but is now surpassing Evansville.



Occupancy Comparison

Hunden compared the top 75th percentile of rentals in each market to understand how occupancies vary for the top performing assets. Both Owensboro and Evansville’s top short-term rental assets perform exceptionally well, while Henderson’s assets have not.

It is important to mention Henderson has a limited number of available rentals meaning it has a smaller pool of assets to analyze which can skew data. Even with skewed data, this analysis shows people are staying in rental homes to achieve a level of quality and experience beyond what the Henderson, Evansville and Owensboro hotel market can currently offer visitors.



Market Comparison

AirDNA ranks each short-term rental market against the 'Top 2000 Global AirBnB Markets.' Based on comparative performance, each market (with sufficient rentals) is graded and ranked in several categories relating to performance. A higher ranking relates to a market's ability to positively perform compared to other markets. Henderson's low rating portrays that there is more of a need for higher quality accommodations.

Henderson

Market Grade:

B- (55%)

Rental Demand:	33%
Revenue Growth	95%
Seasonality:	1%
Investability:	33%

Evansville

Market Grade:

A- (79%)

Rental Demand:	67%
Revenue Growth:	25%
Seasonality:	67%
Investability:	92%

Owensboro

Market Grade:

B (66%)

Rental Demand:	86%
Revenue Growth:	27%
Seasonality:	43%
Investability:	63%



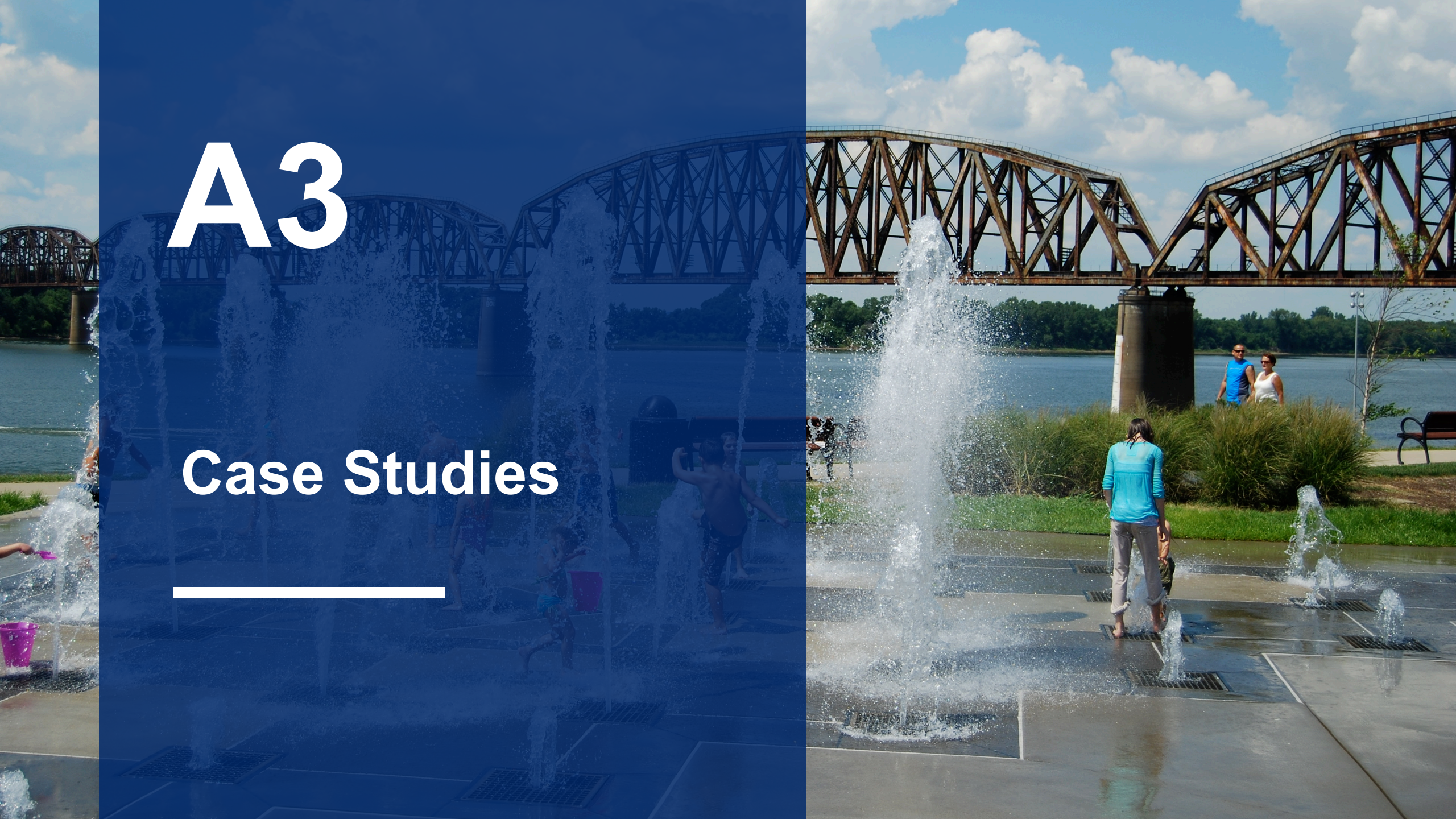
AirDNA Implications

The short-term rental market in Henderson is limited in size and scale. Henderson ranks much lower than Evansville and Owensboro due to the lack in rental supply and lack of rental quality. With the market ranking in the 55th percentile in market grade, it is likely the market is in earlier stages of AirBnB investment.

Looking at the Evansville and Owensboro AirBnB markets provides insight into the future for Henderson. These two markets have a plethora of options from hotels to short-term rentals. Because of the abundance of options, as well as nearby attractions and amenities, these hotels and short-term rentals tend to outperform those in Henderson.

A3

Case Studies



Case Studies: State Park Facilities

Hunden analyzed several state resorts with conference space, both in Kentucky and Illinois. All of the facilities are on state-owned park land. The facilities in Kentucky are all state-owned, state-operated facilities. The facilities in Illinois are state-owned, but operated by a third party, ExplorUS.

The Project would be the largest in terms of total function space, however, the Project scope does not include an associated hotel / resort development. The comparable facilities are profiled in the following slides.

Case Studies Hotel and Conference Centers in State Parks										
Sorted by Visitation										
Facility	Location	Operator	Year Built / Renovated	Hotel Rooms	Cottages	Total Accom.	Total Function SF	Meeting Rooms	Function Space per Accom.	Annual Visits <small>(12-Months Ending 8/1/23)</small>
Starved Rock Lodge	Oglesby, IL	ExplorUS	1933 / 1995	69	21	90	4,075	5	45	205,200
Lake Barkley State Resort	Cadiz, KY	KY Parks Dept	1969 / 2997	124	13	137	6,336	1	46	74,800
Illinois Beach Hotel	Zion, IL	ExplorUS	1958 / 2021	92	-	92	8,666	4	94	50,600
Pennyrile Forest State Resort Park	Dawson Springs, KY	KY Parks Dept	1937 / 2010	24	13	37	1,232	2	33	42,300
Pine Mountain State Park Resort	Pineville, KY	KY Parks Dept	1924 / 2004	30	20	50	5,028	3	101	30,800
Average				68	17	81	5,067	3	64	80,740
Project - Audubon State Park	Henderson, KY	TBD	TBD	-	-	-	12,579	6		

Source: NorthStar Meetings Group, Placer.ai, Kentucky State Parks



Kentucky

State Park Facilities

Pine Mountain State Resort

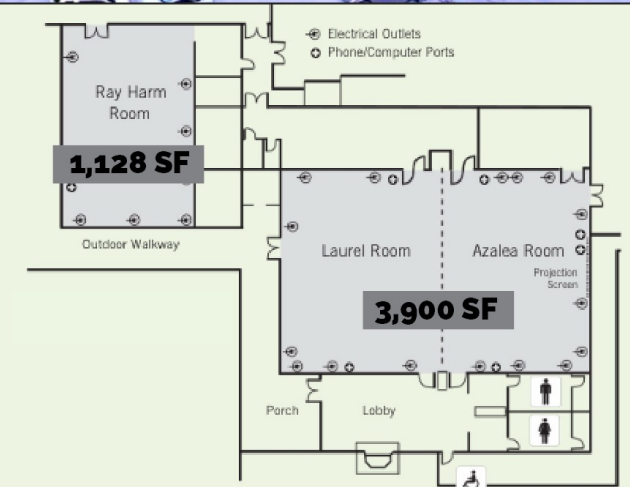
The Pine Mountain State Resort hotel opened in June of 1947 and is part of Kentucky's first state park. The hotel and park are both owned and operated by the Kentucky Parks Department. The hotel contains 50 rooms split between a main lodge, cottages and log cabins. Within the Herndon J. Evans Lodge there are 30 rooms and 20 cabins spread across the property.

In addition to lodging, the Pine Mountain State Resort has an 18-hole golf course, a miniature golf course, an outdoor swimming pool, 15 miles of hiking trails, an amphitheater and a small convention center with meeting space.

The C.V. Whitney Convention Center consists of three meeting rooms, totaling 5,028 square feet. The combined total capacity of the three rooms is 410 people in reception seating.



C.V. Whitney Convention Center



Lake Barkley State Resort

Lake Barkley State Park is located in southwestern Kentucky. Within the park is the Lake Barkley State Resort. The development has 124 hotel rooms, 13 two-bed cottages and 78 RV hookup sites onsite. In addition to these overnight accommodations, there is the Breathitt Convention Center. The convention center has 9,700 SF of meeting space, which can fit groups up to 900 people.

In addition to the hotel and convention center, there is an 18-hole golf course, indoor pool, boat rentals, a beach and other general lake attractions.



Pennyrile Forest State Park Resort

The Pennyrile Forest State Park Resort is located close to Henderson in Dawson Springs, Kentucky. The state park has an onsite hotel with meeting space. The hotel has 24 hotel rooms and 13 cottages onsite. When groups come to the facility, they utilize the two meeting rooms or 200-person restaurant to hold ceremonies.

Hunden interviewed the sales team of the facility. The following summarizes the main takeaways:

- The hotel will host 99 events in 2023. Of these events, an estimated 40 are weddings. These events are often held outside. These events vary in size, with the weddings having larger groups compared to corporate events.
- The users of the facility are almost always from the immediate local area. Because of this, a new facility in Henderson would likely not be competitive.
- Groups typically use the facility because it is a cheaper option for events. Event rentals start at \$500 for the rental with a \$500 food & beverage minimum.
- Approximately 50 percent of the room nights booked at the resort are generated by groups meeting in the facilities. The other 50 percent are leisure guests visiting the lake.





Non-Kentucky

State Park Facilities

Illinois Beach Hotel

The Illinois Beach Hotel is located just 50 miles north of downtown Chicago, along Lake Michigan. The hotel is located on land owned by the state, in Illinois' only remaining beach ridge shoreline. According to the Illinois Department of Natural Resources (IDNR), the park itself attracted 1.2 million visitors in 2021.

The Illinois Beach Hotel closed in 2020 due to the pandemic. Once closed, a new management company was brought in to operate the facility and the hotel was renovated. The hotel is operated by ExplorUS and located on land owned and leased by the Illinois Department of Natural Resources.

The hotel has four meeting rooms, totaling 8,666 SF of ballroom and meeting room space.



Starved Rock Lodge & Conference Center

The Starved Rock Lodge is located 100 miles southwest of Chicago, in Oglesby, Illinois. The hotel is the only hotel and meeting facility in Starved Rock State Park.

The hotel opened in 1934 and most recently was renovated in the 1980s. The hotel has a restaurant, bar, indoor pool and sauna. For meeting planners and events, the facility has 4,590 SF of meeting space. The largest meeting room is 2,245 SF and has a capacity of 200 people.

Hunden interviewed the sales team of the facility. The following bullets summarize the main takeaways:

- Very rarely will a group reach the max capacity of 200 people.
- The facility has around 200 events per year, of which 120 are weddings. For a wedding, one can expect to pay a \$2,000 rental fee with a \$4,000 food & beverage minimum.
- The main reason people use the facility is the lower cost of rental compared to other Chicagoland facilities.
- Visitors are most often non-local, Illinois residents; rarely do visitors come from outside of the state.





Implications

The facilities profiled on state park land do not drive large group business. The groups/events that do book into these state park facilities are almost exclusively local groups.

These facilities tend to attract more weddings than any other type of group business. These wedding groups use these hotel/conference centers for two reasons: the scenery and the affordable pricing.

The majority of state park resorts, including all of the case studies, are located on a body of water. The Project would share this trait, but does not include a hotel as part of the development plan. With a larger meeting space offering, as well as by being a newer venue, the facility may be able to attract larger more long-distance groups compared to the set of case studies.

