



PERFORMING FOR RALEIGH

An Impact Study of the Duke Energy Center For the Performing Arts

RALEIGH, NORTH CAROLINA



SUBMITTED TO:

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Re: Duke Energy Center for the Performing Arts
Raleigh, North Carolina

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Singapore

Dear Ms. Cockram:

Attached you will find our Impact Study of the Duke Energy Center for the Performing Arts in Raleigh, North Carolina.

We certify that we have no undisclosed interest in the property, and our employment and compensation are not contingent upon our findings. This study is subject to the comments made throughout this report and to all assumptions and limiting conditions set forth herein.

It has been a pleasure working with you. We look forward to hearing your comments.

Sincerely,
HVS Convention, Sports & Entertainment
Facilities Consulting

Thomas A Hazinski
Managing Director

Alex Moon
Associate



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1. Introduction and Executive Summary

Nature of the Assignment

The City of Raleigh engaged HVS Convention, Sports & Entertainment Facilities Consulting (“HVS”) to conduct an Impact Study of the Duke Energy Center for the Performing Arts (“DECPA”) in Raleigh, North Carolina. This study assesses the impact that DECPA has on the City of Raleigh and the larger metro area, including its role in fostering the arts and its economic impact on the community.

Event Demand Analysis

HVS consultants met with DECPA staff and the directors of the six resident companies located in the facility: the North Carolina Symphony, the North Carolina Theatre, the Carolina Ballet, Theatre Raleigh, the North Carolina Opera, and PineCone. We discussed their performing arts activities, their organizational structures, the demographics of their attendees, and past major performances. Each group provided HVS with data on the past five seasons of their DECPA events. The figure below shows the average number of annual events and attendance for each performing arts group from 2011 to 2015. This data only includes events that occur at DECPA and excludes many events that occur outside the venue.

FIGURE 1-1
FIVE-YEAR AVERAGE EVENT ACTIVITY IN DECPA (2011-2015)

| | Events per Year | Average Event Attendance | Average Annual Attendance |
|-------------------------|--------------------|--------------------------------|---------------------------------|
| North Carolina Symphony | 74 | 1,229 | 91,429 |
| North Carolina Theatre | 57 | 1,053 | 59,994 |
| Carolina Ballet | 69 | 788 | 54,404 |
| Theatre Raleigh | 62 | 121 | 7,471 |
| North Carolina Opera | 5 | 1,085 | 5,424 |
| PineCone | 6 | 521 | 3,126 |
| In-House Productions | 281 | 666 | 187,033 |
| Total | 554 | | 408,881 |

From 2011 through 2015, DECPA averaged approximately 409,000 attendees per year. Approximately 45% of the attendance comes from events hosted by in-house productions, which include events such as comedy shows and visiting performing arts groups.

Patron and Artist Surveys

HVS prepared two surveys aimed at understanding the role of DECPA in the greater Raleigh community. Representatives of the resident companies and DECPA staff distributed one survey to DECPA patrons and the other survey to artists that perform at DECPA. The patron survey focused on artistic preferences, motivations, and spending patterns. The artist survey sought to understand the various contributions they make to the local community and their feelings on Raleigh. We received 4,016 responses to the patron survey and 164 responses to the artist survey. Survey responses helped identify and formulate both quantitative spending impacts and other qualitative impacts that the DECPA has on the Raleigh community.

Patron Spending Patterns

To assess spending patterns by DECPA patrons, HVS asked overnight and day-trip attendees to select from a range of spending values for transportation, retail, event tickets, parking, food and beverage, and lodging (if applicable). We calculated the average of each spending parameter as shown in the figure below.

FIGURE 1-2
AVERAGE SPENDING PER DAY PER ATTENDEE

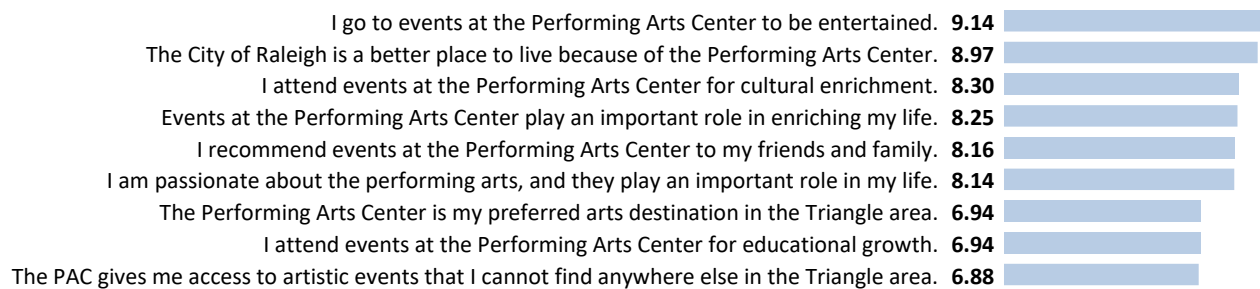
| | Overnight | Day-trip |
|----------------|-----------------|----------------|
| Lodging | \$65.94 | \$0.00 |
| Ticket Price | 47.31 | 35.39 |
| F&B | 43.36 | 14.87 |
| Transportation | 21.20 | 8.20 |
| Retail | 19.19 | 2.55 |
| Parking | 2.79 | 2.10 |
| Other | 4.55 | 1.03 |
| TOTAL | \$204.34 | \$64.14 |

We estimate that 8% of all patrons travel to Raleigh and stay overnight to attend events at DECPA. On average, each overnight visitor spends over \$200 per day. Many day-trip visitors also come from outside Raleigh (57%), and they each spend nearly \$65 per day while attending events.

Patron Engagement and Preferences

To assess patron motivations and engagement with the arts through DECPA, we asked survey respondents to rate their level of agreement or disagreement with a series of statements. On a scale of zero to ten, a zero indicates complete disagreement with a statement and a ten indicates complete agreement.

FIGURE 1-3
PATRON RATINGS FOR STATEMENTS



Patrons strongly view DECPA as a place for entertainment and have concluded that the types of cultural performances they attend at DECPA plays an important role in their lives. Cultural enrichment and family involvement play an important role in motivating audiences and improving the quality of life in Raleigh.

Most patrons consider DECPA their preferred venue in the Triangle Area. However, 16% of respondents gave a score of 3 or less to this statement. We asked those patrons which Triangle Area venue they prefer, and approximately 90% of them selected the Durham Performing Arts Center (“DPAC”) as their favorite venue.

In an open response question, we asked patrons why they prefer the venue they selected, and they gave the following observations:

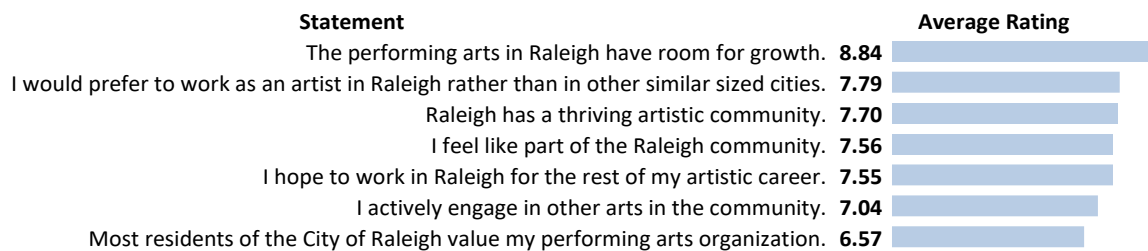
- DECPA’s facility has a beautiful and historic feel that many enjoy. Some prefer the acoustics and seating arrangements of its theaters over DPAC. But others find that Raleigh’s performing arts venues lack modern amenities. Those people prefer DPAC for its newer facilities.
- One major draw of DPAC is its major Broadway shows and popular touring artists. DECPA is the home base for a variety of local performing arts groups that subscribers and avid fans will consistently attend.
- Location, parking, and convenience frequently came up as the deciding factor.
- Residents of Durham prefer DPAC and residents of Raleigh prefer DECPA.

Regardless of preferred venue, patrons often discussed the quality of facilities, the quality of productions, and the amount of travel required to attend an event.

Artist Engagement and Preferences

In the artist survey, we asked DECPA performers to rank their agreement with a similar series of statements. The following figure shows the DECPA performers ratings.

FIGURE 1-4
ARTIST RATINGS FOR STATEMENTS



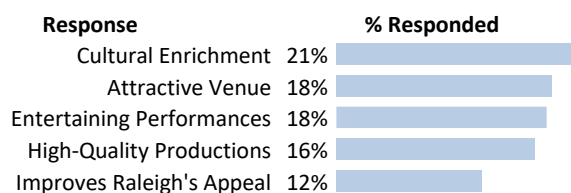
While artists desire more appreciation for their organizations, they expressed agreement that Raleigh benefits from a vigorous arts community. Over 80% of local artists feel engaged in the community, and nearly all agreed that the performing arts have room for growth.

Intangible Benefits of DECPA

The patron and artist surveys demonstrate that DECPA provides intangible benefits to individual quality of life and provides a unique source of entertainment and cultural enrichment. The facility also enables interaction among the arts organizations and forges relationships amongst the community.

To assess the role that DECPA plays in the community, HVS asked patrons and artists to describe, in their words, what DECPA means to them. We reviewed and categorized over 1,800 responses to this question into general categories. The following figure presents the five most often cited benefits by DECPA patrons.

FIGURE 1-5
SIGNIFICANCE OF DECPA TO PATRONS



- **Cultural Enrichment**—Patrons described DECPA as a hub for their cultural enrichment and growth. One respondent said that DECPA is the “key to a vibrant capital city that addresses cultural tastes and diversity.” The respondent continued, saying that the “performing arts bring in an educated, interesting, and diverse group of people to the city center.” DECPA gives its patrons opportunities for self-reflection and appreciation of the arts.
- **Attractive Venue**—Multiple patrons described the architecture of the facility as “beautiful,” “lovely,” and “marvelous.” Others complimented individual theaters, such as one respondent who said, “Meymandi is an excellent

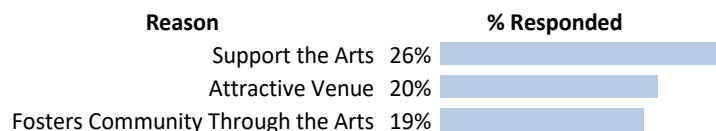
performance space for the symphony. Fletcher is intimate and entertaining.” This response includes anyone who derives significance from the attraction of DECPA itself.

- **Entertaining Performances**—DECPA, “provides entertainment for all of Wake County and beyond,” one respondent remarked. It provides a major source of entertainment for its attendees, with some saying it is a fun getaway or their go-to source of entertainment.
- **High-Quality Productions**—Patrons expressed immense pride in the quality of the shows. One person explained, “we have world-class ballet, opera, symphony, and theater in one location.” Patrons enjoy the high caliber performances and wish to share their experiences with the rest of the community.
- **Improves Raleigh’s Appeal**—Raleigh’s destination appeal improves with a successful performing arts center. One person wrote, “this center and the performances it hosts are some of the reasons we moved to Raleigh.” Another said, “If not for the performing arts center, I would not venture downtown very often.” Local patrons consider the over 80-year-old venue an integral component of Raleigh’s history, and an important part of an even greater future.

Patrons highly cherish the performing arts center’s high-quality and entertaining performances. DECPA is a major source of their culture and entertainment, and they recognize that its qualities attract people to the City of Raleigh.

We analyzed artist responses in the same way. The following figure presents the top three artist responses.

FIGURE 1-6
SIGNIFICANCE OF DECPA TO ARTISTS



- **Support the Arts**—As one respondent wrote, DECPA gives, “continuous support of new work development,” and provides “local and regional artist support.” Artists value opportunities to engage with their passion, and they feel that without the venue, they would not get these opportunities.
- **Attractive Venue**—As described above, artists remarked on the architecture of the facility as “beautiful,” and “lovely.” They also complimented individual theaters, such as one respondent who said, “The facilities are beautiful and Raleigh Memorial Auditorium is a wonderful venue to perform in.” This

response includes anyone who derives significance from the attraction of DECPA itself.

- **Fosters Community Through the Arts**—Artists cited the connections they forged with other artists through working in DECPA. One professional wrote, “I found that the community is full of talented, hardworking people. The PAC is an essential component of a great arts community.” Another answered, “It means doing what I love for a community I have come to love.” A couple of artists mentioned that they became involved with one of Raleigh’s performing arts organizations at an early age. For them, DECPA has served as the base for their entire career.

Economic Impact

Using the patron spending data shown in Figure 1-2, other spending surveys, and historical event attendance figures, HVS estimated the direct spending that occurs in the market due to DECPA events. Direct spending amounts provide the basis for estimating total economic impact for the City of Raleigh.

HVS calculated the employment in Raleigh supported by the above spending. Some of the jobs created would be on a part-time basis. To account for the mixture of new full-time and part-time employees, HVS calculated the total full-time equivalent jobs, which sums the part-time and full-time jobs together by a 40-hour workweek. We present the total number of jobs supported and the full-time equivalent jobs.

The following figure presents the total economic and employment impacts for the City of Raleigh in 2016 dollars.

FIGURE 1-7
ANNUAL ECONOMIC AND EMPLOYMENT IMPACT
FOR THE CITY OF RALEIGH

| Impact Type | Amount |
|---------------------------------|----------|
| Annual Economic Impact | \$35.4 M |
| Total Full-Time Equivalent Jobs | 220 |
| Total Jobs | 520 |

Fiscal Impact

Fiscal impacts represent the public sector’s share of the economic impacts from tax collections on the \$35.4 million of new spending. The previously discussed spending estimates provide a basis for estimating potential tax revenue, as Wake County will collect some of this spending through taxation.

HVS identified four applicable taxes in Wake County that generate new revenue. The figure below summarizes the estimated fiscal impact per year.

FIGURE 1-8
FISCAL IMPACTS FOR WAKE COUNTY (2016 DOLLARS)

| Tax Category | Tax Base | Effective Tax Rate | Estimated Tax Revenue |
|------------------------------|--------------|--------------------|-----------------------|
| Sales & Use Tax | \$26,078,600 | 2.00% | \$521,600 |
| Room Occupancy Tax | 3,354,700 | 6.00% | 201,300 |
| Prepared Food & Beverage Tax | 8,055,400 | 1.00% | 80,600 |
| Rental Vehicle Tax | 35,400 | 1.50% | 500 |
| | | Total | \$804,000 |

Sources: IMPLAN and HVS

The following figure summarizes the economic and fiscal impacts to the City of Raleigh and Wake County per year.

FIGURE 1-9
SUMMARY OF IMPACTS*

| Summary of Impacts | City of Raleigh | Wake County |
|--|-----------------|-------------|
| Economic Impact (millions) | \$35.4 | |
| Fiscal Impact (millions) | | \$0.80 |
| Full-Time Equivalent Jobs | 220 | |
| *In a stabilized year in 2016 dollars. | | |

DECPA creates an average of \$35.4 million in economic impact for the City of Raleigh and generates over \$800,000 in new tax revenue to Wake County per year. The spending generated by the operation of the performing arts facility supports approximately 220 full-time equivalent jobs in Raleigh.

Conclusion

In addition to the clear economic benefit to the local community, the presence of performing arts opportunities in Raleigh directly affects the individual residents, as well as the quality of the community as a whole. A thriving performing arts culture increases the propensity of residents to participate in the arts, which in turn increases the attractiveness of the community to tourists, businesses, people, and investment. Since interest in the arts is highly correlated to education levels, the people that are attracted to live in communities with a strong arts presence tend to be an educated, highly-skilled workforce. Communities with a robust arts identity tend to have a more favorable image and status while also enjoying reduced crime rates and greater cultural diversity.



The arts also foster creativity among community residents that can spur economic growth in creative industries. DECPA plays an integral role in the identity of Raleigh. It is a venue that provides both entertainment and offers local artists the means to perform for and interact with the community. Raleigh has a thriving arts community in large part due to DECPA, its accessibility to local performers and its ability to foster the arts and creativity among residents.

2. History of the Performing Arts Center

HVS gathered data on the Duke Energy Center for the Performing Arts (“DECPA”) and its six resident companies. The following section describes the history of the performing arts center and the organizations that regularly perform in the facility. We analyzed the number of events that DECPA has held in the past five seasons. Based on ZIP code data associated with ticket purchases, we analyzed the geographic origin of attendees.

Duke Energy Center for the Performing Arts

Raleigh Memorial Auditorium opened in 1932 and replaced the city’s original auditorium and served as the home for the North Carolina Symphony. In 2001, a \$39 million expansion resulted in three more performance spaces. DECPA offers four theater venues:

- Raleigh Memorial Auditorium—The largest space in DECPA, Raleigh Memorial Auditorium has approximately 2,200 seats. It underwent multiple improvements in the past 50 years, including the most recent renovation which began in 2012 and just concluded. Raleigh Memorial Auditorium provides a venue for larger capacity shows. The North Carolina Symphony, the North Carolina Theatre, the North Carolina Opera, and the Carolina Ballet use the venue.

RALEIGH MEMORIAL AUDITORIUM



Source: Curtis Brown Photography

- Meymandi Concert Hall—the 1,700-seat hall is the North Carolina Symphony’s current home. Its shoebox shape leads to favorable acoustics for performing arts groups and the large number of seats can accommodate many events. DECPA’s larger resident companies use Meymandi most frequently.

MEYMANDI CONCERT HALL



Source: Curtis Brown Photography

- A.J. Fletcher Opera Theater, a 600-seat venue, serves as the primary center for opera and dance in Raleigh. The Carolina Ballet calls Fletcher its home. The North Carolina Opera uses the hall to accommodate more intimate audiences for operas that do not require elaborate staging. PineCone, an organization that presents traditional music, dance and other folk performing arts, uses Fletcher for some of its indoor concerts.

A.J. FLETCHER OPERA THEATER



Source: PineCone

- Kennedy Theatre—The smallest event space in DECPA, the Kennedy Theatre is a black box theater with seating for up to 130. Theatre Raleigh uses it as its home base.

KENNEDY THEATRE



DECPA Resident Companies

DECPA has six resident companies and an in-house production company. They are as follows:

- **North Carolina Symphony**—The largest performing arts organization in North Carolina, the North Carolina Symphony began performing in 1932. As a state-funded orchestra, it performs 175 concerts throughout the State. Its mandate also includes education outreach, with approximately 40 concerts geared towards third through fifth graders and almost half of these concerts occurring in DECPA. During the 2015-2016 season, the symphony held 60 performances and approximately 100 rehearsals in DECPA. The orchestra employs 66 full-time musicians and supports a volunteer chorus. Its concert series includes performances by world-renowned composers and artists.



Source: North Carolina Symphony

- **North Carolina Theatre**—Founded in 1984, North Carolina Theatre is a nonprofit professional regional theater that produces Broadway revivals in Raleigh Memorial Auditorium and Fletcher Opera Theater. Over 53,000 patrons attend 53 performances in a six-show season that includes a diverse line-up of musical theater and straight plays. NC Theatre has employed thousands of local and national artists since its first production, including designers, performers, and musicians. The NC Theatre Conservatory, founded in 2004, is the organization's flagship training program that offers professional instruction in acting, voice, and dance for ages five to adult. It also provides outreach programming in schools and community centers to over 5,000 students each year.



Source: Curtis Brown Photography

- **Carolina Ballet**—The Carolina Ballet performs traditional ballets and new works by contemporary choreographers. Originally an amateur student company in the 1980s, it transformed into a professional ballet organization in 1997. They employ approximately 35 dancers and produce most performances in the Fletcher Opera Theater. The ballet's most well-known event is the annual run of *The Nutcracker*, which takes place in Raleigh Memorial Auditorium and usually has the Ballet's highest attendance each season.



Source: Carolina Ballet

- **Theatre Raleigh**—Founded in 2005, Theatre Raleigh offers a variety of theatrical productions. Most of their shows occur in the Kennedy Theatre, which provides an intimate environment for smaller audiences. The organization performs three to five shows per summer and a total of seven shows per season.



Source: Theatre Raleigh

- **PineCone**—PineCone, the Piedmont Council of Traditional Music, is the largest, most active presenter of traditional folk and roots music in North Carolina. Founded in 1984, PineCone has been a resident company of the DECPA since 2005. PineCone presents and promotes bluegrass, folk, blues, and other styles of music, often referred to as traditional, roots, or Americana. PineCone presents approximately six events annually at DECPA featuring nationally renowned musicians - mostly in the Fletcher Opera Theater, but occasionally in Meymandi Concert Hall and Memorial Auditorium. PineCone offers more than 170 music events annually, including concerts, festivals, radio shows, jam sessions, youth music camps, workshops, and more. The organization's most well-known event is the two-day Wide Open Bluegrass festival in Raleigh. The festival brings approximately 180,000 attendees to downtown Raleigh per year. Raleigh Memorial Auditorium played a major role in transitioning the IBMA Awards Show and festival to Raleigh.



Source: PineCone

- **North Carolina Opera**—North Carolina Opera is the Triangle's professional opera company, and typically presents three to five productions per season, with one to five performances for each show. The organization attracts international talent, and since 2010 has presented nine local premieres.

Depending on the staging and audience needs, the opera uses Raleigh Memorial Auditorium, Fletcher Opera Theater, or Meymandi Concert Hall.



Source: North Carolina Opera

Broadway Series South

In addition to the six resident companies, DECPA staff is responsible for in-house productions. They bring almost half of the venue's business and work with promoters such as AEG, LiveNation, and Outback for their events. Approximately 80% of their events take place in Fletcher Opera Theater.

The figure on the following page summarizes the 2011 through 2015 seasons of DECPA events.

FIGURE 2-1
DECPA EVENTS (2011 – 2015)

| | 2011 | 2012 | 2013 | 2014 | 2015 |
|-------------------------------------|----------------|----------------|----------------|----------------|----------------|
| Events | | | | | |
| North Carolina Symphony | 72 | 72 | 76 | 74 | 77 |
| North Carolina Theatre | 53 | 66 | 53 | 53 | 61 |
| Carolina Ballet | 76 | 72 | 60 | 70 | 68 |
| Theatre Raleigh | 46 | 60 | 61 | 68 | 74 |
| North Carolina Opera | 6 | 2 | 6 | 8 | 5 |
| PineCone | 7 | 5 | 5 | 5 | 6 |
| In-House Productions | 321 | 216 | 211 | 348 | 307 |
| Total | 581 | 493 | 472 | 626 | 598 |
| Average Attendance per Event | | | | | |
| North Carolina Symphony | 1,246 | 1,232 | 1,197 | 1,250 | 1,218 |
| North Carolina Theatre | 1,290 | 710 | 1,413 | 909 | 940 |
| Carolina Ballet | 809 | 783 | 837 | 745 | 768 |
| Theatre Raleigh | 123 | 189 | 106 | 91 | 94 |
| North Carolina Opera | 842 | 1,260 | 1,000 | 838 | 1,484 |
| PineCone | 559 | 628 | 505 | 396 | 517 |
| In-House Productions | 544 | 743 | 934 | 500 | 608 |
| Total Attendance | | | | | |
| North Carolina Symphony | 89,747 | 88,705 | 90,986 | 92,464 | 93,782 |
| North Carolina Theatre | 68,382 | 46,891 | 74,885 | 48,157 | 57,363 |
| Carolina Ballet | 61,502 | 56,373 | 50,233 | 52,162 | 52,208 |
| Theatre Raleigh | 5,646 | 11,329 | 6,491 | 6,162 | 6,951 |
| North Carolina Opera | 5,054 | 2,520 | 5,997 | 6,706 | 7,418 |
| PineCone | 3,914 | 3,140 | 2,526 | 1,980 | 3,100 |
| In-House Productions | 174,673 | 160,411 | 196,986 | 173,975 | 186,557 |
| Total | 408,918 | 369,369 | 428,104 | 381,606 | 407,379 |

Sources: DECPA and Resident Companies

Of all the resident companies, the North Carolina Symphony has held the most events per year in the performing arts center. In-house productions and events comprise approximately 45% of DECPA attendees.

Ticket Purchases by Location

DECPA and its resident companies provided HVS with ZIP code data of their ticket sales. Each company provided at least one and as many as five year of data. HVS annualized the ticket data for each organization and calculated the frequency of ticket purchases in each ZIP code. The following map shows purchases throughout the U.S.

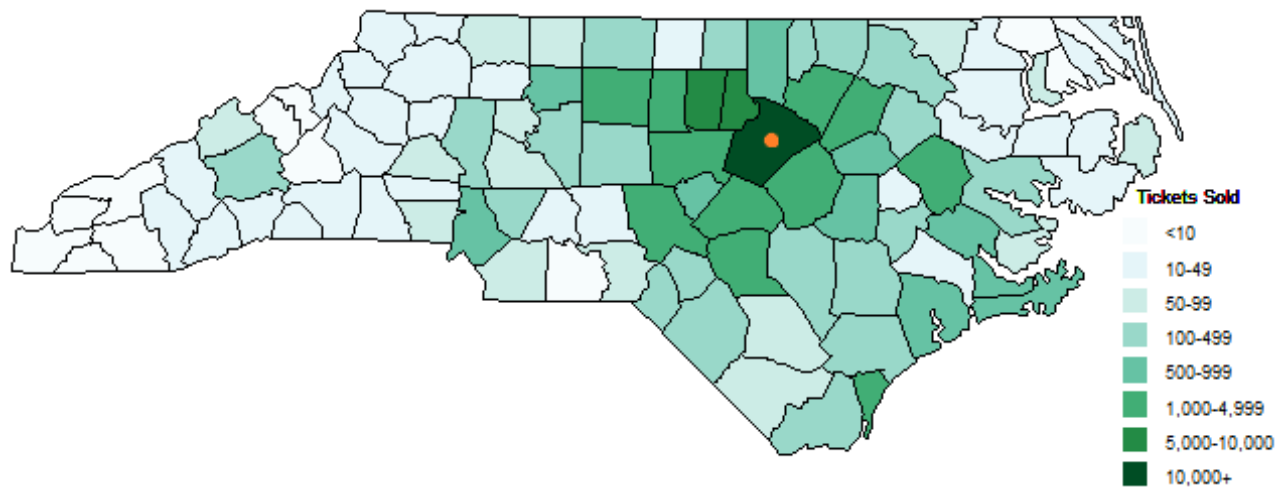
ANNUALIZED TICKET PURCHASES (2011 – 2015)



Sources: DECPA, Resident Companies, and U.S. Census Bureau

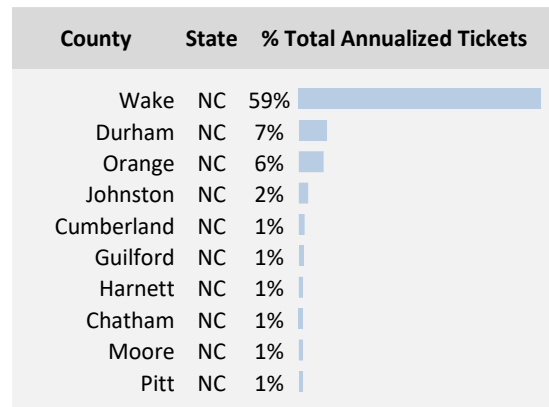
Approximately 94% of tickets purchased are in the State of North Carolina. The following figure shows a detailed map for North Carolina.

ANNUALIZED TICKET PURCHASES IN NORTH CAROLINA (2011 – 2015)



Sources: DECPA, Resident Companies, and U.S. Census Bureau

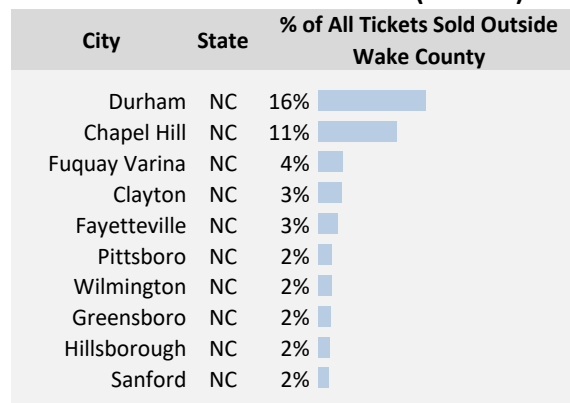
FIGURE 2-2
DECPA EVENT TICKET PURCHASES BY COUNTY



Sources: DECPA, Resident Companies, and U.S. Census Bureau

The Triangle area comprises the majority of all ticket purchases. To get an understanding of DECPA's reach to farther communities, we analyzed ticket sales outside of Wake County. See the figure below.

FIGURE 2-3
**NORTH CAROLINA TICKET PURCHASES
OUTSIDE OF WAKE COUNTY (BY CITY)**



Sources: DECPA, Resident Companies, and U.S. Census Bureau

DEPCA is clearly a regional cultural center. The residents of cities and counties closest to Wake County purchase the most tickets, indicating a high level of day-trips for performing arts center attendees.

Conclusion

Raleigh demonstrates a thriving arts community with six successful resident companies. Over the years, DECPA has adapted and flourished to provide great



performances to its visitors. While the performing arts center primarily caters to North Carolina, ZIP code data shows that its reach extends as far as Chicago, Los Angeles, and Seattle.

3. Comparable Venues

HVS gathered data on the Duke Energy Center for the Performing Arts (“DECPA”) and the following comparable performing arts venues:

- Segerstrom Center for the Arts, Costa Mesa, California
- Marcus Center for the Performing Arts, Milwaukee, Wisconsin
- Long Center for Performing Arts, Austin, Texas
- Kauffman Center for the Performing Arts, Kansas City, Missouri
- Denver Performing Arts Complex, Denver, Colorado

HVS selected these venues based on multiple factors. First, we required facilities with multiple performance spaces of different sizes to provide an appropriate comparison to DECPA’s diverse set of performance spaces. HVS also wanted to analyze venues in cities with population levels similar to that of Raleigh. While New York City and Chicago have performing arts centers with multiple spaces, we did not consider them comparable due to their significantly larger markets. HVS selected venues that feature multiple resident companies. We wanted to compare DECPA to venues that engage the community through several established groups.

We also compared DECPA to the Durham Performing Arts Center (“DPAC”). DPAC is less analogous as a comparable venue, with its larger shows and singular hall, but it is DECPA’s main competitor and we deem it appropriate to assess how they function in relation to each other.

Segerstrom Center for the Arts

Originally the Orange County Performing Arts Center, Segerstrom Center for the Arts in Costa Mesa, California opened in 1986 with the following performance venues:

- Segerstrom Hall—The main hall offers 2,994 seats in an opera-house style layout with a stage and hosts the venue’s Broadway Series shows and largest productions.
- Judy Morr Theater—offers various seating capacities, with a maximum of 269 concert-style seats.

In 2006, the Segerstrom Center for the Arts added the following performance spaces:

- Renée and Henry Segerstrom Concert Hall—a 1,704-seat hall.
- Samueli Theater—a 375-seat multi-functional venue.

In 2007, the Segerstrom Center for the Arts added the following additional event spaces:

- Lawrence and Kristina Dodge Education Center—Serves as the permanent home for the Center's education and community programs. It also provides office space for educational and programming staff.
- Julianne and George Argyros Plaza—A 46,000 square-foot outdoor plaza located between Segerstrom Hall and the Renée and Henry Segerstrom Concert Hall which can host a variety of events.

SEGERSTROM CENTER FOR THE ARTS



Marcus Center for the Performing Arts

Marcus Center for the Performing Arts in Milwaukee, Wisconsin opened in 1969. The venue changed its name to the Marcus Center after a \$25 million donation from the Marcus Corporation in 1994. Milwaukee County owns the venue. It contains four major theater venues:

- Uihlein Hall—has a seating capacity of 2,305 and underwent renovations in 1997. It is home to the Milwaukee Symphony Orchestra, the Milwaukee Ballet Company, Florentine Opera Company, the Marcus Center Broadway Series, and the Milwaukee Youth Symphony Orchestra.
- Todd Wehr Hall—has a thrust stage surrounded on three sides by 496 seats. It hosts lectures, concerts, plays, conferences and meetings and is the home of First Stage, a theater written for children and families.

- Wilson Theater at Vogel Hall—with a capacity of 475, the venue hosts meetings, seminars, commencements, plays, dance programs, film screenings, and concerts.
- Peck Pavilion—is an open-air structure, located on the Milwaukee River, that hosts concerts, film or lecture series, dance programs, dramatic performances, product demonstrations, weddings, and receptions. It has a seating capacity of 400.

MARCUS CENTER FOR THE PERFORMING ARTS



Long Center for Performing Arts

The Joe R. and Teresa Lozano Long Center for the Performing Arts opened in 2008 and is the permanent home of the Austin Symphony Orchestra, Austin Lyric Opera, and Ballet Austin, as well as Austin Shakespeare, Pollyanna Theatre, Company, Tapestry Dance, and Conspirare. The City of Austin owns the Long Center, which consists of the following venues:

- Michael and Susan Dell Hall—a 2,242 seat concert hall with multiple levels that wrap around the interior walls to form boxes at each level.
- Debra and Kevin Rollins Studio Theatre—a flexible “black box” theater that can be configured in a variety of layouts and offers up to 229 seats.
- City Terrace and Hartman Concert Park—an outdoor terrace located outside of Dell Hall, the park can accommodate up to 2,000 people for outdoor performances, galas, weddings, community festivals, and live music concerts.

LONG CENTER FOR THE PERFORMING ARTS



Kauffman Center for the Performing Arts

The Kauffman Center for the Performing Arts in Kansas City, Missouri opened in 2011 and consists of the following venues:

- Muriel Kauffman Theatre—an 1,800 seat venue that hosts concerts, Broadway productions, comedy shows, and is home to the Kansas City Ballet and Lyric Opera of Kansas City.
- Helzberg Hall—a 1,600-seat, oval-shaped venue that hosts a variety of local, regional, national and international artists and performance groups, including serving as the performance home of the Kansas City Symphony.
- Brandmeyer Great Hall—linking the Muriel Kauffman Theatre and Helzberg Hall, the Great Hall serves as a lobby for both venues and hosts a variety of special events.

KAUFFMAN CENTER FOR THE PERFORMING ARTS



Denver Performing Arts Complex

The Denver Performing Arts Complex in Denver, Colorado opened in 1978. The facility has ten performance spaces and occupies four blocks over approximately 500,000 square feet. The Denver Center for the Performing Arts operates the seven smaller facilities, while the City and County of Denver own and operate the following three primary facilities:

- Ellie Caulkins Opera House—With 2,225 seats across four levels, Ellie Caulkins Opera House is one of only three dedicated opera houses in the United States. Opera Colorado and Colorado Ballet run major productions there.
- Buell Theatre—The Buell Theatre seats 2,884 and is primarily used for musicals, popular comedy acts, and dramatic theater.
- Boettcher Concert Hall—With 2,679 seats, Boettcher Hall is the first theatre-in-the-round built in the U.S. The Colorado Symphony Orchestra plays in this high capacity and intimate hall.

DENVER PERFORMING ARTS COMPLEX**Primary Tenants**

The following figure presents the primary tenants of each comparable venue.

FIGURE 3-1
PRIMARY TENANTS OF COMPARABLE VENUES

| Name of Venue | Symphony | Opera | Ballet | Theater | Choral |
|--|----------|-------|--------|---------|--------|
| Long Center for the Performing Arts | ✓ | ✓ | ✓ | ✓ | ✓ |
| Duke Energy Center for the Performing Arts | ✓ | ✓ | ✓ | ✓ | |
| Denver Performing Arts Complex | ✓ | ✓ | ✓ | ✓ | |
| Marcus Center for the Performing Arts | ✓ | ✓ | ✓ | ✓ | |
| Kauffman Center for the Performing Arts | ✓ | ✓ | ✓ | | |
| Segerstrom Center for the Arts | ✓ | | | | ✓ |

Sources: Respective Venues

All of the comparable venues have a local symphony orchestra tenant. The next most common tenants are opera and ballet companies. Each comparable venue has multiple resident companies for its performing arts center. Proponents of these venues understand the importance of encouraging artistic ventures and supporting a variety of programs. Similarly, DECPA's relationships with its six resident companies have evolved to embrace the Raleigh community, interact with people looking to engage with the arts, and offer unique and incredible cultural experiences.

Main Theater Seating Assessment

Theater seating capacity is a critical element for determining a venue's attractiveness for performances. The following figure presents the maximum seating capacity available at each of the comparable facilities.

FIGURE 3-2
SEATING CAPACITY IN PRIMARY AUDITORIUM

| Name of Venue | Largest Auditorium | Seats | |
|---|------------------------------------|--------------|-------------|
| Segerstrom Center for the Arts | Segerstrom Hall | 3,000 | <div></div> |
| Denver Performing Arts Complex | Buell Theater | 2,884 | <div></div> |
| Long Center for Performing Arts | Michael and Susan Dell Hall | 2,442 | <div></div> |
| Marcus Center for the Performing Arts | Uihlein Hall | 2,305 | <div></div> |
| Duke Energy Center for the Performing Arts | Raleigh Memorial Auditorium | 2,200 | <div></div> |
| Kauffman Center for the Performing Arts | Muriel Kauffman Theatre | 1,800 | <div></div> |

Sources: Respective Venues

The average comparable venue offers approximately 2,500 seats in its largest auditorium. Raleigh Memorial Auditorium offers slightly less than average seating with 2,200 but fits within a reasonable range of the comparable venues.

Market Population Characteristics

Local area residents comprise a significant portion of a performance center's primary attendee market. Certain local population characteristics indicate event and attendance potential and provide evidence of a community's support for the arts. The figure below shows the 30-minute drive-time population of the comparable markets.

FIGURE 3-3
30-MINUTE DRIVE-TIME POPULATION

| | | |
|----------------|------------------|-------------|
| Costa Mesa | 3,144,276 | <div></div> |
| Denver | 2,133,417 | <div></div> |
| Kansas City | 1,626,500 | <div></div> |
| Austin | 1,274,757 | <div></div> |
| Milwaukee | 1,171,102 | <div></div> |
| Raleigh | 1,061,581 | <div></div> |

Source: Esri

The other comparable markets have an average drive-time population of approximately 1.9 million. While Raleigh has a somewhat smaller drive-time population, its location within the Triangle Area gives it a larger base than its 30-minute radius.

FIGURE 3-4
MEDIAN HOUSEHOLD INCOME IN COMPARABLE MARKETS

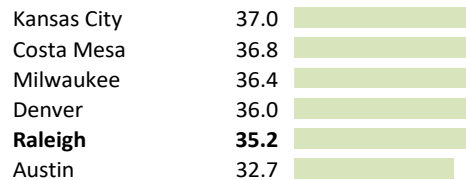
| | | |
|----------------|---------------|-------------|
| Costa Mesa | 77,288 | <div></div> |
| Raleigh | 66,748 | <div></div> |
| Austin | 59,857 | <div></div> |
| Denver | 59,106 | <div></div> |
| Kansas City | 56,423 | <div></div> |
| Milwaukee | 49,214 | <div></div> |

Source: Esri

Income level directly relates to attendance in the performing arts. It provides an indicator of disposable income available for entertainment. Raleigh's median income is above the average of the comparable markets.

Age also plays an important role in determining the propensity to attend entertainment events. Popular arts, such as contemporary music concerts, appeal to younger audiences, while classical music and other high arts attract older audiences.

FIGURE 3-5
MEDIAN AGE IN COMPARABLE MARKETS

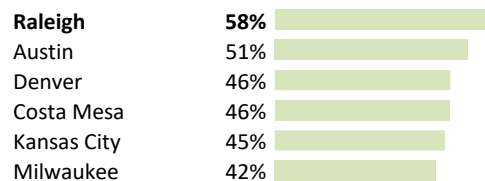


Source: Esri

Raleigh's median age is below the average of the comparable cities, indicating a market that attends both high arts performances and popular shows.

The following figure presents the percentage of college graduates in each of the markets.

FIGURE 3-6
PERCENTAGE OF COLLEGE GRADUATES IN COMPARABLE MARKETS

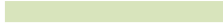
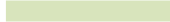
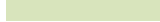
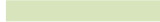
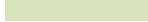
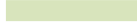


Source: Esri

Education level plays an important role in performing arts attendance. College graduates are significantly more likely to attend performances in the arts. At 58%, Raleigh has the greatest percentage of residents over 25 years old who have earned a college degree.

The above analyses suggest that DECPA benefits from its relatively affluent and well-educated community. The following figure, which compares spending on admissions to theater, opera, and ballet performances, shows that Raleigh residents spend a greater than average amount on arts entertainment.

FIGURE 3-7**ARTS ENTERTAINMENT SPENDING INDEX***

| | | |
|----------------|------------|---|
| Costa Mesa | 152 |  |
| Raleigh | 116 |  |
| Austin | 111 |  |
| Denver | 110 |  |
| Kansas City | 101 |  |
| Milwaukee | 92 |  |

*An index of 100 represents the U.S. average level of spending.

Source: Esri

Competitive Analysis Durham Performing Arts Center

The Durham Performing Arts Center ("DPAC") in Durham, North Carolina opened in 2008 at the cost of \$48 million. The City of Durham owns DPAC, and the venue operates under a collaboration between third-party operators Nederlander and Professional Facilities Management. The venue offers 2,712 seats and hosts over 200 performances annually including touring Broadway productions, concerts and comedy events, family shows, and the annual American Dance Festival. Construction of the DPAC was part of a larger plan to redevelop downtown Durham.

DURHAM PERFORMING ARTS CENTER

DECPA and DPAC compete for touring events due to their proximity to each other. DPAC's larger facility has caused some large touring Broadway productions to select Durham instead of Raleigh. DPAC's direct affiliation with the Nederlander Organization, one of the country's largest operators of theatres and music venues, has also caused some productions to select Durham. The figure below compares DECPA and DPAC events from 2011 to 2015.

FIGURE 3-8
COMPARISON OF HISTORICAL PERFORMANCES

| | DECPA | DPAC* |
|---------------------------|-----------|-----------|
| Number of Events | | |
| 2011 | 581 | 205 |
| 2012 | 493 | 182 |
| 2013 | 472 | 152 |
| 2014 | 626 | 174 |
| 2015 | 598 | 208 |
| Total | 2,770 | 921 |
| Average Attendance | | |
| 2011 | 704 | 2,020 |
| 2012 | 749 | 2,127 |
| 2013 | 907 | 2,090 |
| 2014 | 610 | 2,066 |
| 2015 | 681 | 2,174 |
| 5-Yr Avg | 720 | 2,096 |
| Total Attendance | | |
| 2011 | 408,918 | 414,056 |
| 2012 | 369,369 | 387,189 |
| 2013 | 428,104 | 317,690 |
| 2014 | 381,606 | 359,427 |
| 2015 | 407,379 | 452,270 |
| Total | 1,995,376 | 1,930,632 |

*Only includes events reported on PollStar.

Source: PollStar

Over this period, DECPA held three times as many performances as DPAC. However, DPAC's average audience per event is approximately three times larger than the average DECPA event. DPAC's main venue seats over 2,700, but many DECPA productions occur in the 600-seat Fletcher Opera Theater and 130-seat Kennedy Theatre, which depresses average attendance. DECPA has approximately 3% greater overall attendance than DPAC.

While the two venues have similar attendance levels, they have distinct impacts. DPAC schedules mostly touring companies, while DECPA's resident companies generate half the events in the performing arts center. Raleigh's six resident companies have fostered a community and a haven for people exploring the arts. The resident companies also foster long-term relationships between the patrons and the artists who are embedded in the community. On the other hand, most DPAC touring performers do not live in Durham or the Triangle area and do not engage the local community outside of their performances. Raleigh's performance

venue offers the public opportunities to connect with others through ongoing relationships with the artists in resident companies. HVS surveyed these artists, asking them to describe their specific avenues of engagement with the community through the arts and DECPA. The following chapter details the results of our artist survey.

Conclusion

DECPA, like venues in similar cities, supports multiple resident companies and art forms. But, DECPA features more resident companies than the average of comparable venues. While Raleigh's surrounding population is smaller than the comparable cities, it is younger, more wealthy and more highly educated than most.

DPAC, DECPA's main competitor, holds larger performances. But, DPAC primarily features touring companies that do not engage the community over the long term. DECPA fosters the creation of new and innovative performing arts. Many DECPA artists live in or nearby the performing arts center; they are committed to making Raleigh a better place.

4. Survey Findings

Overview

HVS conducted two surveys to assess the tangible and intangible benefits of the Duke Energy Center for the Performing Arts (“DECPA”). We designed one survey for DECPA patrons and another survey for DECPA artists.

The resident companies and DECPA staff distributed the surveys via email to 171,950 unique patrons. They introduced the purposes of the survey and provided a link to the web-based survey. After sending, they reported the number of email addresses on their lists to HVS.

The 4,016 responses HVS received yielded a 2.3% response rate to the survey. Since we have little information on the economic and demographics of all DEPCA patrons, we do not know how well survey respondents represent the entire audience. None-the-less, their responses provide insights into the attitudes and preferences of arts patrons.

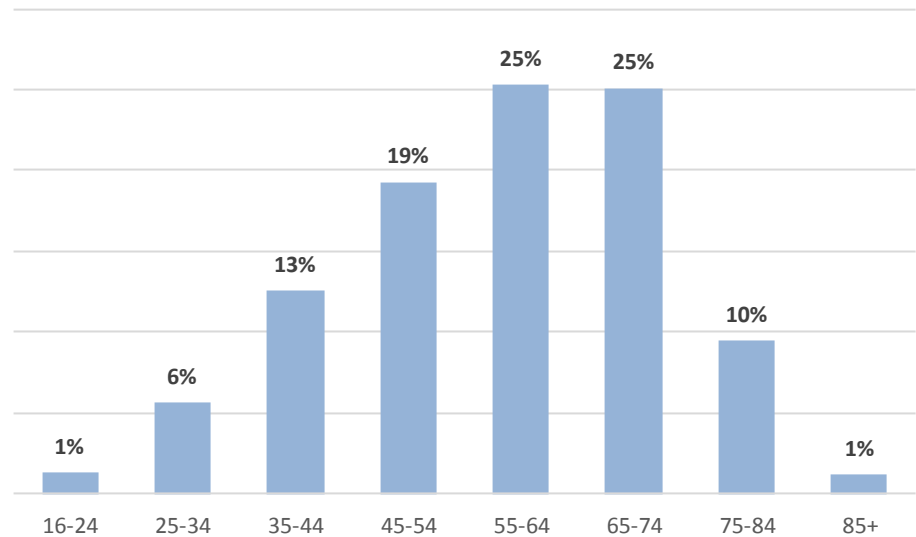
The following summary of responses highlights key results of the patron survey.

Patron Survey Respondent Demographics

Respondents from 40 states responded to the survey, but 92% of responses came from North Carolina residents. This indicates that survey respondents are geographically representative of DEPCA audiences, of which 94% originate from inside North Carolina.

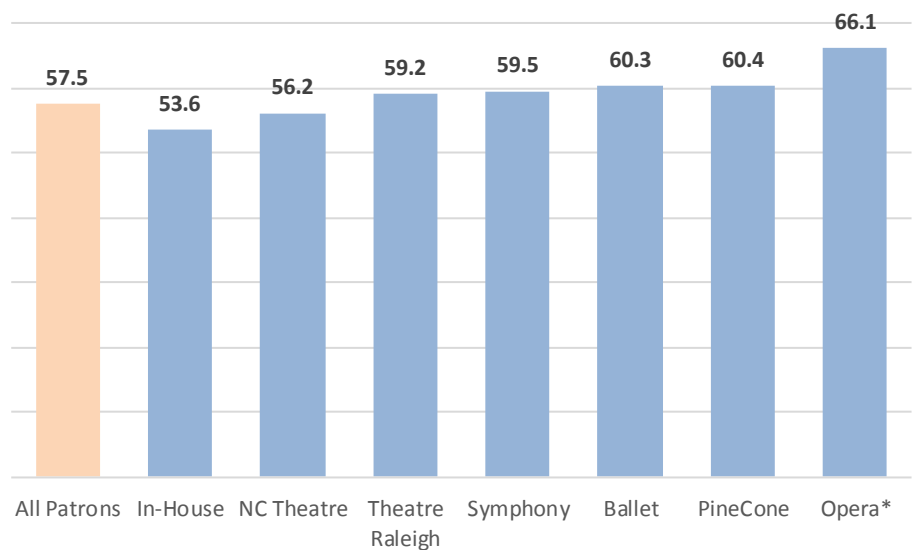
HVS asked respondents to indicate their age. See the figure below.

FIGURE 4-1
AGE DISTRIBUTION OF SURVEY RESPONDENTS



Among respondents, the average age for patrons was 57.5 years old. The median age was slightly higher at 59 years. The figure below breaks down the average age by each resident company and DECPA's in-house performances.

FIGURE 4-2
AVERAGE AGE BY PERFORMING ARTS GROUP

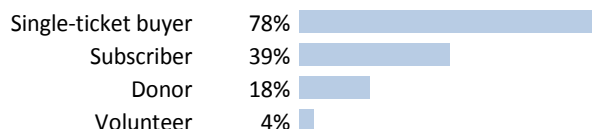


*North Carolina Opera's prior survey results in 2011 and 2015 have shown younger attendees, with average age between 47 and 63 years old and median age between 55 and 64 years.

HVS asked respondents to explain how often they attend events at DECPA and list their level of affiliation with the performing arts venue. See the figures below.

FIGURE 4-3

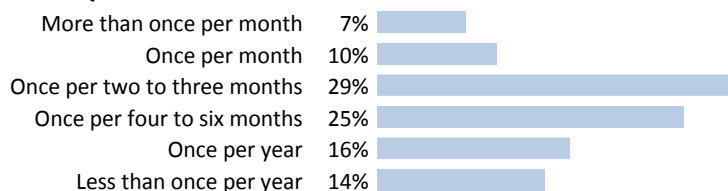
LEVEL OF AFFILIATION WITH DECPA



Almost 40% of respondents are season ticket subscribers, and almost 80% are single ticket buyers. HVS found that 45% of the subscribers to one resident company purchase individual tickets for other resident companies.

FIGURE 4-4

FREQUENCY OF ATTENDANCE AT DECPA EVENTS

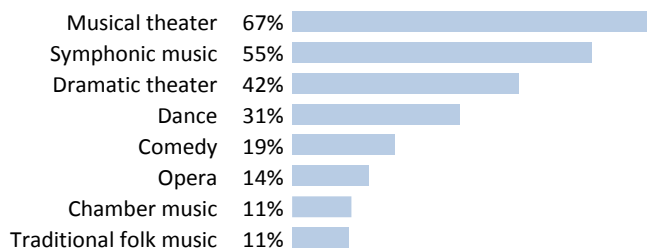


Over 70% of respondents are repeat customers who attend DECPA events at least twice a year. Approximately 14% attend less than once per year and few attend more than once a month.

HVS asked patrons to indicate all major types of performing arts events they regularly attend. The figure below shows their selections.

FIGURE 4-5

REGULAR ATTENDANCE BY PERFORMING ARTS TYPES



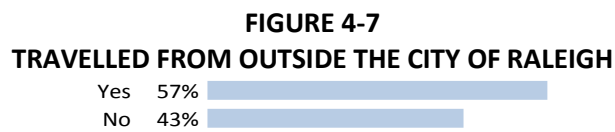
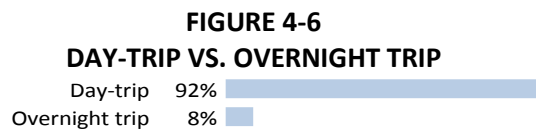
Theater and symphonic music performances have the most regular attendance. This coincides with the popularity of NC Theatre and Theatre Raleigh's shows and the ongoing residence of the NC Symphony at DECPA. NC Opera performances are comparatively infrequent and PineCone hosts most of its performances at venues

other than DECPA, which explains the relatively lower attendance volumes for these performing arts in the survey.

The responses also indicate considerable overlap in patrons of the various arts. On average, patrons regularly attend between two and three types of performing arts.

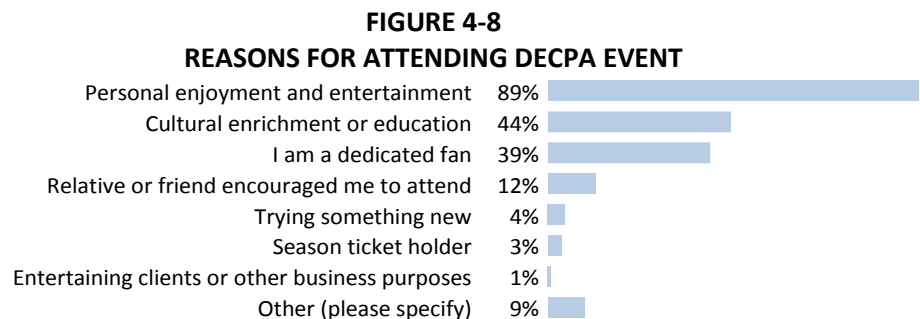
Past Events

HVS asked patrons about the last DECPA event they attended. We asked respondents whether they made a day-trip or an overnight trip for the event. We also asked if they had traveled from outside the City of Raleigh to attend their DECPA event. See the figures below.



While over 90% of DECPA attendees did not require lodging, over half of them travelled from outside the City of Raleigh to attend a performance.

HVS asked patrons to list their reasons for attending the event. See the figure below.



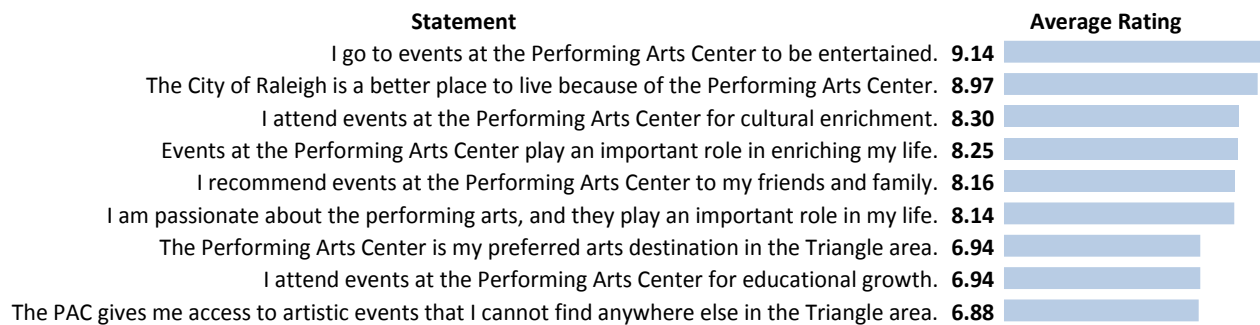
While DECPA has patrons that are dedicated fans and searching for cultural enjoyment, almost every attendee visits the venue for personal enjoyment. Few respondents noted that they attend DECPA through clients and other business-related reasons.

Patron Perceptions and Preferences

HVS gave patrons nine different statements and asked them to rate their level of agreement with the statements on a scale from 0 to 10. A score of 0 indicates completely disagree with the statement and a score of 10 indicates complete

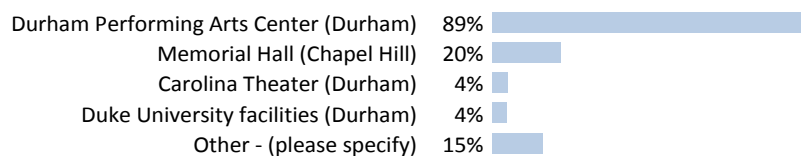
agreement. The following figure summarizes and ranks the scores for each statement.

**FIGURE 4-9
AVERAGE RATINGS**



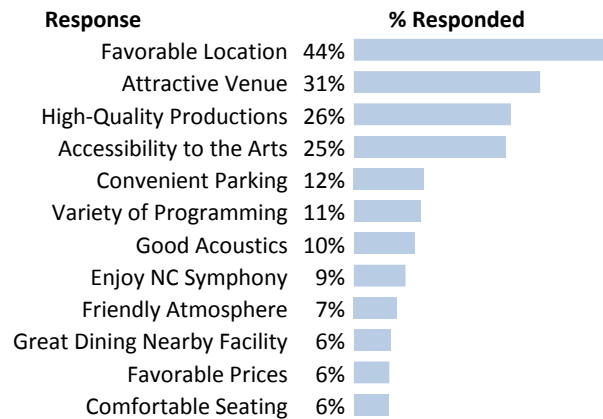
Over half the respondents gave a 10 rating saying they attend events for entertainment. Cultural enrichment and education brought different levels of agreement, with 53% rating a 9 or greater for culture and only 29% rating a 9 or greater for education. Finally, the statement regarding DECPA as their preferred arts destination elicited the highest rate of negative responses, with 16% of respondents giving a score of 3 or less. HVS followed up with these respondents by asking which venues in the Triangle Area they prefer. See the figure below.

**FIGURE 4-10
OTHER PREFERRED VENUES**



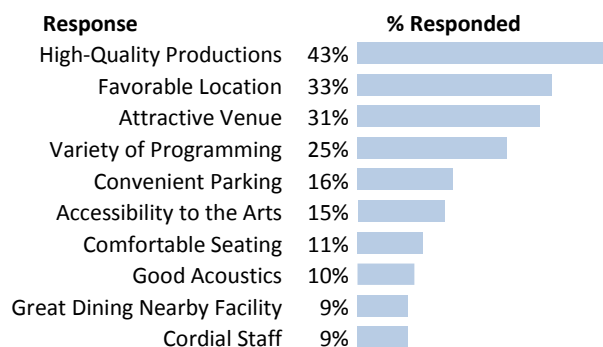
Eighty-nine percent of those who ranked DECPA low as their favorite venue, prefer the Durham Performing Arts Center ("DPAC"). Twenty percent indicated Memorial Hall as a preferred venue.

HVS asked patrons who prefer DECPA to explain why they do. The figure below shows the most frequent reasons that people had clear preference for DECPA (a score of 7 or more).

FIGURE 4-11
DECPA STRENGTHS

The most cited strength of DECPA is its convenient location and how it gives them the ability to frequently attend events. Respondents also admire the facility, frequently describing it as “beautiful”, “gorgeous”, “superior”, or “wonderful”. The third most frequently discussed strength was its high-quality performers and performances. Twenty-one percent of respondents said DECPA gives them the opportunity to attend performing arts events that they would otherwise not have.

Next, HVS analyzed the responses of patrons who gave DECPA a score of 3 or less and named DPAC as their preferred venue in the follow-up question. See the figure below.

FIGURE 4-12
DPAC STRENGTHS

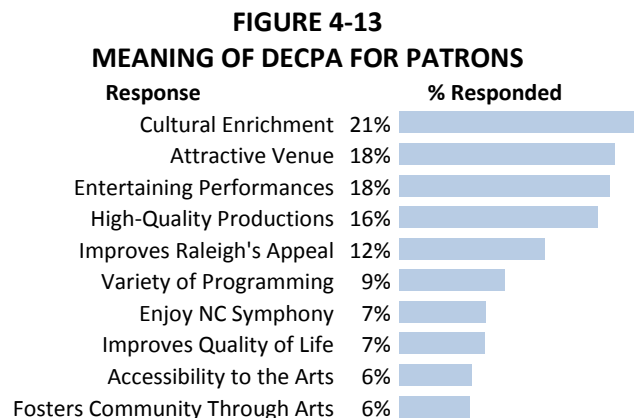
Patrons most frequently complimented the large Broadway tours and other popular events that the Durham Performing Arts Center hosts. Thirty-three percent mentioned the proximity of the venue to their homes. While 12% of those who

prefer DECPA mentioned convenient parking, 16% of patrons who prefer DPAC mentioned ease of parking.

These responses show that most patrons in the Triangle Area prioritize the same major features when attending the performing arts: a convenient location close to home, a high-quality production, and an aesthetically pleasing venue. Most people who live in Raleigh prefer DECPA, and most people who live in Durham prefer DPAC. People who want a world-class symphony will go to DECPA to watch the North Carolina Symphony. Patrons who prefer large and popular Broadway shows will travel to DPAC for those productions. Respondents positively described DECPA's beautiful look and historic feel, while others complimented DPAC's sleek and newer facility.

Intangible Benefits of the Performing Arts Center

HVS estimated an average economic impact of \$35.4 million per year to the City of Raleigh from 2011 to 2015, but that figure does not account for the numerous intangible benefits of DECPA. The venue enhances the life of the local community and increases the quality of life for citizens. To learn more about the intangible impacts of the performing arts center, we asked patrons to describe what the Duke Energy Center for the Performing Arts means to them. HVS read each response and applied up to eight different categories of responses to it. The figure below shows the most frequent responses, followed by descriptions of the response types.



- **Cultural Enrichment**—Patrons speak highly about DECPA as a hub for cultural enrichment and growth. They seek the arts to watch performances that can inspire and stimulate them. DECPA exposes the patrons to history, classic performances, and opportunities for self-reflection and appreciation of the arts. It provides a unique experience for its attendees.
- **Attractive Venue**—Many respondents complimented the facility itself. They described the aesthetic beauty of the facility and how well it fits within downtown Raleigh. Others lauded one or two theaters in DECPA. For example,

one individual wrote, “Meymandi has wonderful acoustics. A real treasure for the arts community,” and another wrote, “Fletcher is the best around for chamber music, vocal recitals & small ballets.” A performing arts venue with four theaters of different sizes offers a convenient all-in-one location for performances. Some respondents mentioned the ongoing renovations in a positive light, noting that care has been taken to maintain the facility’s appeal.

- **Entertaining Performances**—DECPA provides a tremendous source of entertainment to its attendees. Most people cited a specific show or group they watched in their last visit and how they enjoyed it. Other patrons described how it serves as the source for a fun afternoon or evening out. Without a location for these performing arts groups, people could not enjoy their performances.
- **High-Quality Productions**—The patrons enjoy high-quality performances. Respondents remarked on the excellent skills of the artists. As one patron wrote, “We have world-class ballet, opera, symphony, and theater in one location.” Numerous people compared DECPA productions to shows held in New York City and San Francisco. The caliber of the performers gives people experiences they enjoy and want to share with the rest of the community.
- **Improves Raleigh’s Appeal**—DECPA enhances the City’s identity as a major downtown attraction. Several respondents explained that DECPA factored into their decision to move to Raleigh. Patrons who live in Raleigh take pride in the performing arts center due to its contribution to Raleigh’s success. Residents consider the over 80-year-old venue an integral piece of Raleigh’s history. They consider it an essential component of an even greater future for the City.
- **Variety of Programming**—DECPA has six resident companies that host approximately 250 performances per year, and an in-house production company that brings in its own event mix. Patrons love the variety of different choices for their artistic tastes. DECPA serves as an all-in-one destination for the arts where one can find acts unavailable in the rest of North Carolina. As one respondent noted, it is, “a nice place with multiple venues to see and hear everything from my favorite singer-songwriters or musicians to great dramas, to excellent musical theatre.”
- **Enjoy NC Symphony**—The North Carolina Symphony uses DECPA as its home base. The organization has approximately 70 performances in DECPA per year. They have the most performances and attendees out of all six resident companies. Numerous patrons stated that they hold season tickets for the symphony.
- **Improves Quality of Life**—Some respondents described their stressful and frenzied lives. Then they explained how attending DECPA performances relieves them of that stress and improves their well-being. Other respondents described it as a venue that welcomes anyone and gives a rewarding and joyful feeling through art. As one patron said, “I cannot imagine life without the arts.”

- **Accessibility to the Arts**—Many patrons appreciate that they have opportunities to watch the performing arts due to DECPA. They compared Raleigh's arts offerings to major metropolitan cities such as Washington, D.C. and New York City. Raleigh offers people the chance to watch the arts at a great level.
- **Fosters Community Through Arts**—Patrons described the sense of belonging that the performing arts center brings to downtown Raleigh. They mentioned the enjoyment and pride in watching other local residents perform on stage. DECPA provides the community a chance to celebrate artistic talent through its 80-year history. Attendees come from different backgrounds and discuss performances with each other.

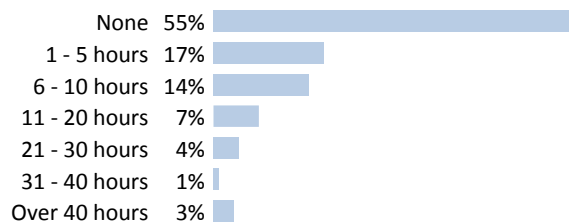
The Duke Energy Center for the Performing Arts has a wide range of meanings for people. Some respondents described its benefit to their emotional well-being while others praised its value to the Triangle Area. Some patrons love the wide variety of available shows, while other patrons subscribe to one performing arts group and exclusively discussed that group. DECPA's high-quality resident companies and beautiful theaters provide a uniquely enriching experience for residents in the City of Raleigh and Wake County.

Artist Survey

HVS surveyed artists of the six resident companies to gain a further sense of DECPA's intangible benefits and their engagement in the community. We received 164 responses, with 116 complete responses and 47 partial responses. Artists associated with all six resident companies responded to the survey.

HVS asked artists how many hours per week they spend on teaching in the arts. See the figure below.

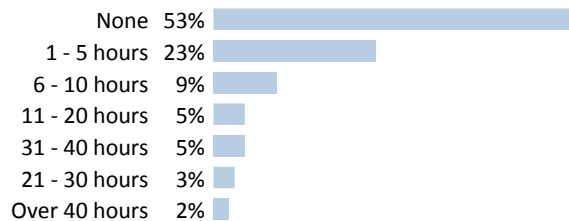
FIGURE 4-14
NUMBER OF HOURS SPENT TEACHING IN THE ARTS



Forty-five percent of responding artists spend some time teaching in the arts. HVS asked the 45% of respondents to describe their teaching activities. Most responses included teaching advanced arts classes at a university, teaching youth the basics of their art, serving as a teaching assistant, and operating a private studio. The artists engage with the community through schools and individual businesses when teaching.

Next, HVS asked artists how many hours per week they spend volunteering in the arts. See the figure below.

FIGURE 4-15
NUMBER OF HOURS SPENT VOLUNTEERING IN THE ARTS



Similar to the prior question, 47% of respondents spend time volunteering. HVS asked them to describe their volunteering activities. Answers ranged from choreography, public speaking, workshops, outreach, serving on a committee, and DECPA event volunteering.

We asked artists if they relocated to the Triangle Area to work for their primary resident company.

FIGURE 4-16
RELOCATED TO THE TRIANGLE AREA FOR PERFORMING ARTS



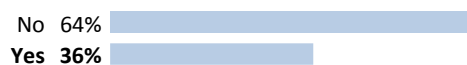
Forty percent of respondents said they relocated to work at their current resident company. These artists contribute to the economic impact of the City of Raleigh and Wake County since they originally lived outside the geographic area.

HVS asked artists if they work for any additional arts organizations and any organizations outside of the performing arts. See the figures below.

FIGURE 4-17
WORK FOR MULTIPLE ARTS ORGANIZATIONS



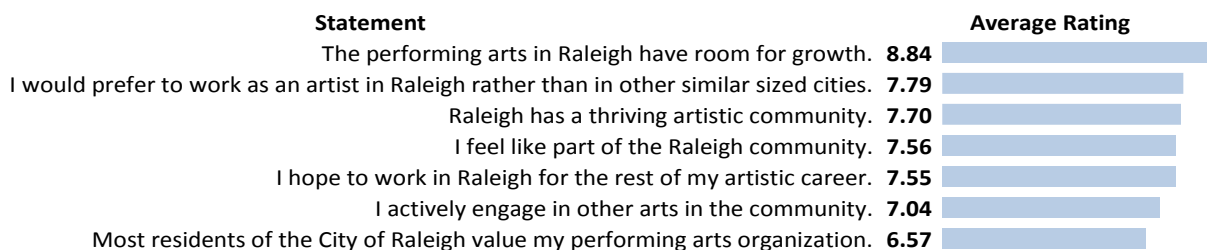
FIGURE 4-18
JOB OUTSIDE OF PERFORMING ARTS



The survey results show 34% work for more than one organization and 36% work outside of the performing arts. These artists earn additional income that they spend in the City of Raleigh, which generates extra economic impact.

HVS gave artists seven statements with a sliding scale from 0 to 10. The rating scales are identical to the scales in the patron survey, but we used statements to relate to the artists. The figure below shows the average rating of each statement.

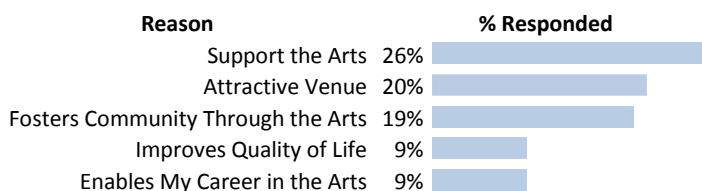
FIGURE 4-19
AVERAGE RATINGS FOR STATEMENTS - ARTISTS



Artists strongly believe that the performing arts in Raleigh have room for growth, with over 50% of respondents giving a 10 out of 10 rating. But artists only slightly agree that the residents of Raleigh value their organizations. Only PineCone and the North Carolina Theatre gave an average rating greater than 7, with the Opera giving an average score of approximately 5.1.

Like the patron survey, HVS asked artists to describe what DECPA means to them. HVS categorized every response and counted the most frequent topics, as shown in the figure below. We follow up with explanations of the categories that we did not describe in the same question for the patron survey.

FIGURE 4-20
MEANING OF DECPA TO ARTISTS



- **Support the Arts**—Artists highly value DECPA's support of local and regional artists. Many artists appreciated the performing arts center's commitment to developing new work. They value the opportunities to engage with their passion.

- **Positive Atmosphere**—Artists love the positive influence and support of their fellow artists and patrons. They described how DECPA feels welcoming and the resident companies enjoyed working hard to produce a great performance.
- **Enables My Career in the Arts**—Some of the artists who responded only work in the performing arts. They attribute DECPA as the reason they can make a living this way. Furthermore, some of the local respondents were heavily involved with a performing arts organization at an early age. For them, DECPA has influenced their career choice and provided ongoing support.

Artists and patrons complimented the great facility at roughly the same rate. But artists mentioned community at a 19% rate compared to 6% for patrons. The increased commitment level of artists leads them to interact significantly more with the community and have meaningful experiences through it. Artists only discussed culture at a 6% rate while patrons mentioned culture more than any other factor. The cultural enrichment is somewhat of a given for artists, who may not have felt compelled to mention it.

Survey Conclusions for the Duke Energy Center for the Performing Arts

Survey respondents provide a good sample of the patrons who attend the Duke Energy Center for the Performing Arts. Key findings and conclusions include the following:

- Patrons have a great pride in DECPA and frequently attend events. Over 90% make day-trips and almost 50% attend events at least four times per year. Almost 60% gave a 10 out of 10 when asked if the City of Raleigh is a better place to live because of the performing arts center.
- DECPA's variety is one of its key strengths. When patrons were asked to indicate which types of performing arts they regularly attend, none of the eight selectable types received less than a 10% response rate. On average, patrons support two to three art forms. The facility's programming variety came up more frequently than almost any other factor in our open ended questions.
- The Durham Performing Arts Center is the Duke Energy Center's primary competitor. Ninety percent of people who do not prefer DECPA said they prefer DPAC. In our open-ended questions, the feedback regarding DPAC was largely positive and some patrons mentioned that their favorite shows moved to Durham. A comparative analysis between DECPA supporters and DPAC supporters shows DPAC's primary draw is the quality of its popular shows, while DECPA patrons most value the location, the quality of its venues, and the diversity of its fine arts offerings.
- DECPA connects the community through the arts. Patrons and artists discussed the positive effects the performing arts center has on the Raleigh community. Seventy-seven percent of artists rated a 7 or greater when asked if they feel like

part of the Raleigh community, and 75% rated a 7 or greater when asked if Raleigh has a thriving artistic community.

- Patrons primarily view DECPA as a source of entertainment. The average rating for all six resident companies was over a 9 out of 10 when asked if they go to events to be entertained. In the open-ended questions, entertainment came up third most frequently. When asked why they attended their last event, almost 90% responded with personal enjoyment and entertainment, more than twice the frequency of any other response.

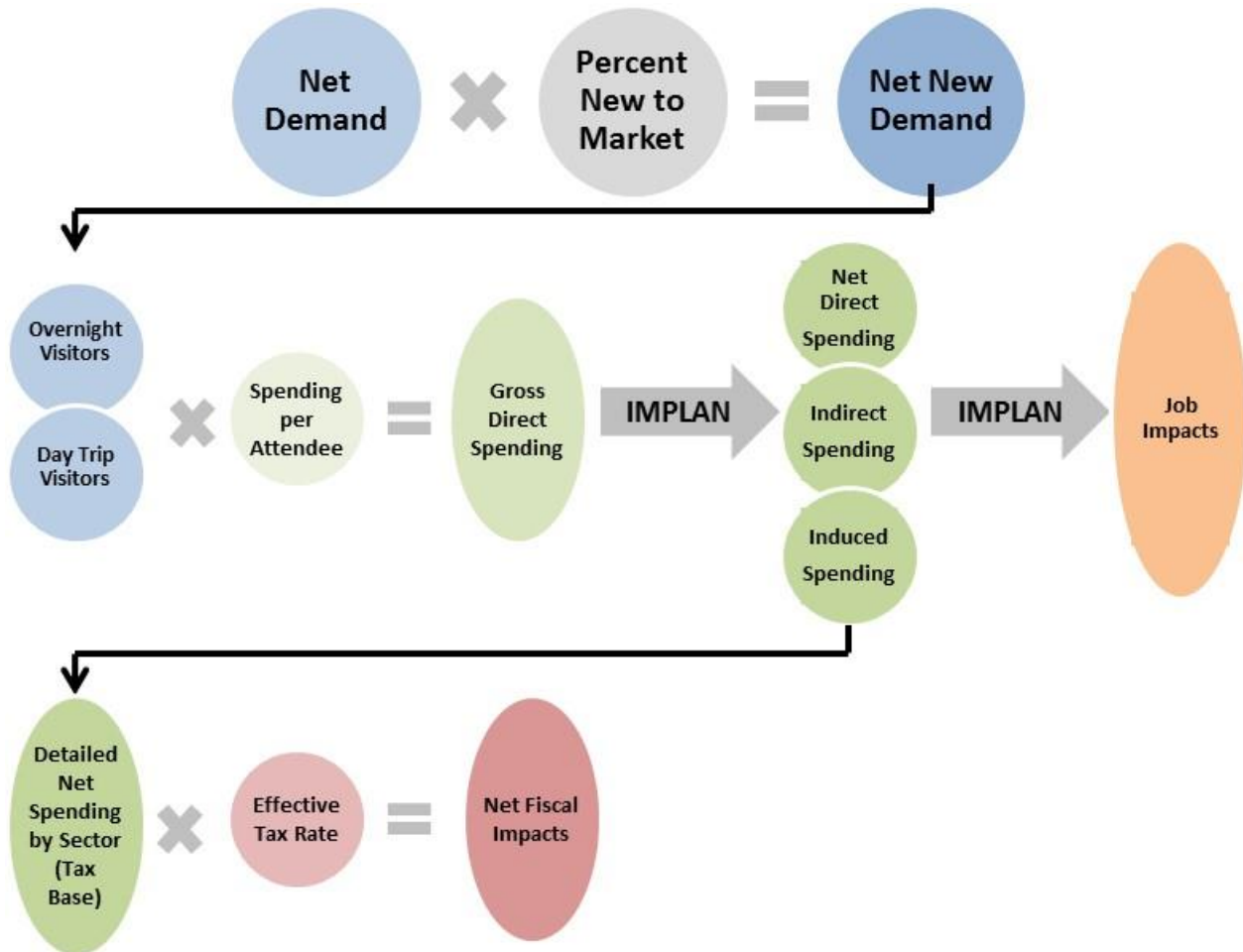
5. Economic Impact

HVS based event demand projections at the Duke Energy Center for the Performing Arts ("DECPA") on historical DECPA demand data and discussions with representatives from DECPA administration and resident company management.

Economic Impact Methodology

To estimate the economic impact of the performing arts center, HVS followed the methodology outlined in the figure below.

**FIGURE 5-1
ECONOMIC AND FISCAL IMPACT ANALYSIS PROCESS**



HVS estimated future event demand using five years of historical event data. We divided the DECPA event attendees into those staying overnight and those making a day-trip. The percent of demand that comes from outside the market area (net new demand) for each group has associated spending that would be new to the City of Raleigh and to Wake County.

Using survey results, we estimated spending per visitor or attendee to calculate gross direct spending or income imported into the market. Gross direct spending provides the inputs into the IMPLAN model of the local area economy.

IMPLAN Impact Modeling

HVS uses the IMPLAN input-output model to estimate indirect and induced spending and employment impacts. IMPLAN is a nationally recognized model developed at the University of Minnesota and commonly used to estimate economic impacts. An input-output model generally describes the commodities and income that normally flow through the various sectors of a given economy. The indirect and induced spending and employment effects represent the estimated changes in the flow of income, goods, and services caused by the estimated direct spending. The IMPLAN model accounts for the specific characteristics of the local area economy. IMPLAN then generates estimates of total net spending.

Direct, Indirect, and Induced Spending

Spending falls into three categories:

- **Direct spending** includes the new spending of performance attendees. For example, an attendee's expenditure on a restaurant meal is a direct spending impact. HVS analyzed the economic impact of the project on two geographic areas: the City of Raleigh and Wake County. Direct spending includes only new spending that originates from outside the geographic area. Spending by attendees who live within the market area is a transfer of income from one sector of the area's economy to another; therefore, this analysis does not count spending by local residents as a new economic impact.
- **Indirect spending** follows from the business spending resulting from the initial direct spending. For example, an event attendee's direct expenditure on a restaurant meal causes the restaurant to purchase food and other items from suppliers. The portion of these restaurant purchases that remain within count as indirect impacts.
- **Induced spending** represents the change in local consumption due to the personal spending by employees whose incomes change from direct and indirect spending. For example, a waiter at a local restaurant may have more personal income as a result of an event attendee dining at the restaurant. The amount of the increased income that the waiter spends in the local economy is an induced impact.

**DECPA
Historical Events for
Spending Estimates**

Many refer to indirect and induced impacts as multiplier effects. The sum of direct, indirect, and induced spending estimates makes up the total estimated spending impact of DECPA's operations. HVS used the IMPLAN model to estimate the increase in employment associated with the total net spending.

To estimate fiscal impacts, HVS identified the sources of net new spending that would generate tax revenues. The detailed outputs of the IMPLAN model quantify the tax base for each tax. We applied the appropriate effective tax rate to the estimate of spending to generate fiscal impact estimates for the City of Raleigh and Wake County.

HVS Convention, Sports & Entertainment staff collected and analyzed all information contained in this report. HVS sought out reliable sources and deemed information obtained from third parties to be accurate.

DECPA's in-house production company and six resident companies provided HVS with the number of events and corresponding attendance that occurred at the facility from the 2011 season through the 2015 season, as seen in Chapter 2. Due to the unique nature of the North Carolina Symphony's Education Concert Series, we assumed children who attended these events did not spend money during their visit. The following figure summarizes the event and attendance history at DECPA for the past five seasons.

FIGURE 5-2
SUMMARY OF DECPA EVENTS FOR SPENDING ESTIMATES

| | 2011 | 2012 | 2013 | 2014 | 2015 |
|---------------------------|----------------|----------------|----------------|----------------|----------------|
| Events | | | | | |
| North Carolina Symphony* | 56 | 57 | 61 | 59 | 61 |
| North Carolina Theatre | 53 | 66 | 53 | 53 | 61 |
| Carolina Ballet | 76 | 72 | 60 | 70 | 68 |
| Theatre Raleigh | 46 | 60 | 61 | 68 | 74 |
| North Carolina Opera | 6 | 2 | 6 | 8 | 5 |
| PineCone | 7 | 5 | 5 | 5 | 6 |
| In-House Productions | 321 | 216 | 211 | 348 | 307 |
| Total | 565 | 478 | 457 | 611 | 582 |
| Average Attendance | | | | | |
| North Carolina Symphony* | 1,174 | 1,135 | 1,074 | 1,135 | 1,092 |
| North Carolina Theatre | 1,290 | 710 | 1,413 | 909 | 940 |
| Carolina Ballet | 809 | 783 | 837 | 745 | 768 |
| Theatre Raleigh | 123 | 189 | 106 | 91 | 94 |
| North Carolina Opera | 842 | 1,260 | 1,000 | 838 | 1,484 |
| PineCone | 559 | 628 | 505 | 396 | 517 |
| In-House Productions | 544 | 743 | 934 | 500 | 608 |
| Total Attendance | | | | | |
| North Carolina Symphony* | 65,747 | 64,705 | 65,486 | 66,964 | 66,582 |
| North Carolina Theatre | 68,382 | 46,891 | 74,885 | 48,157 | 57,363 |
| Carolina Ballet | 61,502 | 56,373 | 50,233 | 52,162 | 52,208 |
| Theatre Raleigh | 5,646 | 11,329 | 6,491 | 6,162 | 6,951 |
| North Carolina Opera | 5,054 | 2,520 | 5,997 | 6,706 | 7,418 |
| PineCone | 3,914 | 3,140 | 2,526 | 1,980 | 3,100 |
| In-House Productions | 174,673 | 160,411 | 196,986 | 173,975 | 186,557 |
| Total | 384,918 | 345,369 | 402,604 | 356,106 | 380,179 |

*Excludes NC Symphony Education Concert Series

Based on historical performance, HVS identified the new spending that would occur in the local economy due to the Duke Energy Center for the Performing Arts ("DECPA"). HVS estimated the amounts of income and employment that attendees of the performing arts would generate in the City of Raleigh and Wake County.

To generate direct spending estimates, HVS applied assumptions about the amounts of new spending generated by DECPA events. HVS used the IMPLAN input-output model of the local economy to estimate indirect and induced spending. The sum of direct, indirect, and induced spending estimates make up the total estimated spending impact of DECPA.

As mentioned before, some refer to indirect and induced impacts as multiplier effects. The relationship between direct spending and the multiplier effects vary based upon the specific size and characteristics of a local area's economy.

Sources of Direct Spending

HVS identified two sources of new direct spending impact:

- **Overnight Visitors:** Visitors to the Duke Energy Center who stay at least one night for a DECPA event. Overnight visitor spending includes the spending on hotel rooms in addition to personal spending.
- **Day-trip Attendees:** Visitors to DECPA who do not use lodging. In most markets, day-trippers typically spend money on meals, shopping, local transportation, recreation and entertainment, and other goods and services while in town. The average day-trip attendee of performing arts events spends less than an overnight attendee.

Estimation of new spending of each of these sources involves three sets of assumptions: 1) the number of new visitors to the market, 2) the geographic location of their spending, and 3) the amounts typically spent by each of the sources.

New Visitors

We applied our survey results to determine the percentage of each visitor type that would come from outside the market rather than from the local area. The spending estimates only include new visitor spending because non-residents import income, whereas residents transfer income already in the market area.

- **Overnight Guests** – HVS assumes that 95% of overnight guests are new to Wake County. A small percentage of overnight guests may stay with friends and family outside the market, or visit Raleigh regardless of whether DECPA held an event or not.
- **Day Trips** – Estimates are based on the patron survey data. We asked respondents whether they visited from outside the City of Raleigh or not. Our survey showed that approximately 57% of attendees travelled from outside the City of Raleigh to attend their DECPA event. To estimate the number of travelers from outside Wake County, we assumed that approximately 70% of those day-trip visitors are also outside of Wake County. This yields an average of approximately 40% day-trip visitors from outside Wake County.

The product of the visitor forecasts and the percent of demand new to the market yields an estimate of the sources of impact shown in the table below. That is:

$$\text{Total Overnight Guests} \times \text{Percent New} = \text{New Overnight Stays}$$

$$\text{Total Day Trips} \times \text{Percent New} = \text{New Day Trips}$$

The figures below shows the number of new visitors to the City of Raleigh and Wake County that generate new spending in an average year.

FIGURE 5-3
SOURCES OF DIRECT SPENDING

| Event Type | Overnight Visitor Days | Day Trips |
|-------------------------|---------------------------|-----------|
| City of Raleigh | | |
| North Carolina Symphony | 5,900 | 36,100 |
| North Carolina Theatre | 7,700 | 31,000 |
| Carolina Ballet | 6,100 | 28,400 |
| Theatre Raleigh | 700 | 3,300 |
| North Carolina Opera | 0 | 2,900 |
| PineCone | 600 | 1,300 |
| In-House Productions | 34,100 | 102,300 |
| Total | 55,100 | 205,300 |
| Wake County | | |
| North Carolina Symphony | 5,900 | 25,300 |
| North Carolina Theatre | 7,700 | 21,700 |
| Carolina Ballet | 6,100 | 19,900 |
| Theatre Raleigh | 700 | 2,300 |
| North Carolina Opera | 0 | 2,100 |
| PineCone | 600 | 900 |
| In-House Productions | 34,100 | 71,600 |
| Total | 55,100 | 143,800 |

Wake County has fewer new day-trip visitors than the City of Raleigh. A patron who travels from Wake County but outside the City of Raleigh is a new day-trip visitor to the city, but not a new visitor to the county.

Spending Parameters

The Arts & Economic Prosperity IV report from 2010 shows that nonprofit arts and culture event attendees spend on six categories: Tickets, food & beverage, retail souvenirs & gifts, transportation, lodging, and other recreational spending. HVS used the spending categories in Arts & Economic Prosperity IV as a basis for questions regarding daily spending in our patron survey. We used our survey responses to estimate updated spending parameters per attendee. Our breakdown shows the daily spending by individual overnight visitors and day-trippers in 2016 dollars. See the figure below.

FIGURE 5-4
VISITOR SPENDING PARAMETERS

| Daily Spending Per Overnight Attendee | | Amount in \$2016 Dollars | \$204.34 |
|---------------------------------------|-----------------|--------------------------|----------|
| Lodging | \$65.94 | 32% | |
| Ticket sales | \$47.31 | 23% | |
| Food and beverage | \$43.36 | 21% | |
| Transportation | \$21.20 | 10% | |
| Retail (general merchandise) | \$19.19 | 9% | |
| Parking | \$2.79 | 1% | |
| Other | \$4.55 | 2% | |
| Total | \$204.34 | 100% | |
| Daily Spending Per Day-trip Attendee | | | \$64.14 |
| Ticket sales | \$35.39 | 55% | |
| Food and beverage | \$14.87 | 23% | |
| Transportation | \$8.20 | 13% | |
| Retail (general merchandise) | \$2.55 | 4% | |
| Parking | \$2.10 | 3% | |
| Other | \$1.03 | 2% | |
| Total | \$64.14 | 100% | |

Sources: AEP, BLS, and HVS

Gross Direct Spending

HVS applied the previous sources of spending impacts and spending parameters to estimate gross direct spending for a season. See the figure below.

FIGURE 5-5
GROSS DIRECT SPENDING

| City of Raleigh | | | | | |
|--------------------------------------|---------|--------------------|---|----------|-----------------|
| Direct overnight visitor spending = | 55,100 | overnight visitors | x | \$204.34 | = \$11.3 M |
| Direct day-trip spending = | 205,300 | daytrip visitors | x | \$64.14 | = \$13.2 |
| Total Gross Direct Spending = | | | | | \$24.4 M |
| Wake County | | | | | |
| Direct overnight visitor spending = | 55,100 | overnight visitors | x | \$204.34 | = \$11.3 M |
| Direct day-trip spending = | 143,800 | daytrip visitors | x | \$64.14 | = \$9.2 |
| Total Gross Direct Spending = | | | | | \$20.5 M |

HVS categorized new direct expenditures into spending categories that are inputs for the IMPLAN model. Specifically, the IMPLAN model relies on spending categories defined by the U.S. Census according to the NAICS. Because the spending data from the spending surveys used by HVS do not match the NAICS

spending categories, HVS translates the spending categories into the NAICS spending categories that most closely match.

Annual Net Direct Spending

Not all of the gross direct spending counts as an economic impact because some of the spending does not generate income within the market. HVS adjusts gross direct spending to account for income that leaks out of the local economy by estimating retail margins and local purchase percentages. As a result, the realized direct spending (“net direct spending”) is lower than the gross direct spending in the market area.

Retail Margins

Spending at retailers creates a smaller economic impact compared to spending in other industries. Retailers add value equal to the margin or price increase of the good above the original price paid to obtain the good. The IMPLAN model is product based, so HVS uses IMPLAN margin numbers to account for the discrepancy between retail purchaser prices and producer prices.

Local Purchase Percentage

To accurately measure spending impacts, HVS counts spending on products and services located in the market area. Some of the direct spending demand in the market area cannot be accommodated. For example, an event organizer may need to buy novelty items for all attendees, but find that the market area does not produce these items. This effect occurs for direct, indirect, and induced spending.

Indirect and Induced Spending

The relationship between direct spending and the multiplier effects can vary based on the specific size and characteristics of a local area’s economy. HVS enters the gross direct spending estimate into the IMPLAN input-output model of the local economy to estimate the net direct, indirect and induced spending. HVS obtained the most recent available data from IMPLAN for the City of Raleigh and Wake County.

The following figures present the output of the IMPLAN model—the net new direct, indirect, and induced economic impacts and that are attributable to the Duke Energy Center for the Performing Arts. HVS also used IMPLAN to estimate the jobs created based on the direct, indirect, and induced spending estimates.

Annual Net Spending Impacts

The figure below shows the net direct, indirect and induced spending generated for the City of Raleigh and Wake County in a stabilized year. These impacts are separate and should not be added.

**FIGURE 5-6
ECONOMIC IMPACT ESTIMATES
TO THE CITY OF RALEIGH**

| Spending Estimates | Impact (\$ millions) |
|--------------------|----------------------|
| Net Direct | \$21.7 |
| Indirect | 5.9 |
| Induced | 7.8 |
| Total | \$35.4 |

**FIGURE 5-7
ECONOMIC IMPACT ESTIMATES
TO WAKE COUNTY**

| Spending Estimates | Impact (\$ millions) |
|--------------------|----------------------|
| Net Direct | \$17.5 |
| Indirect | 7.3 |
| Induced | 9.3 |
| Total | \$34.1 |

Employment Impacts

HVS calculated the total jobs and their full-time equivalent values supported by the spending in each economic sector. Like the economic output, these jobs do not add. See the figures on the following page.

**FIGURE 5-8
EMPLOYMENT IMPACT
TO THE CITY OF RALEIGH**

| Jobs | Full-Time Equivalent Jobs |
|-----------------------|------------------------------|
| Direct | 140 |
| Indirect | 40 |
| Induced | 40 |
| Total FTE Jobs | 220 |
| Total Jobs | 520 |

**FIGURE 5-9
EMPLOYMENT IMPACT
TO WAKE COUNTY**

| Jobs | Full-Time Equivalent Jobs |
|-----------------------|--------------------------------------|
| Direct | 110 |
| Indirect | 50 |
| Induced | 50 |
| Total FTE Jobs | 210 |
| Total Jobs | 450 |

Spending from DECPA attendees annually supports approximately 490 jobs for the City of Raleigh, but some of these jobs are part-time. HVS used a conversion factor to calculate the full-time equivalent employment impact for each year. The City of Raleigh gains an average of 220 full-time equivalent jobs due to the spending from DECPA events, while Wake County gains 210 full-time equivalent jobs. IMPLAN uses economic impact as the basis for calculating employment impact. Since Wake County has a smaller net impact than the City of Raleigh, IMPLAN computed fewer new jobs for the County than the City.

Fiscal Impacts

Fiscal impacts represent the public sector share of the economic impacts from tax collections on new spending. The previously discussed spending estimates provide a basis for estimating potential tax revenue, as the City of Raleigh and Wake County collect some of the spending through taxation.

The following figure shows each tax in the fiscal impact analysis.

**FIGURE 5-10
WAKE COUNTY EFFECTIVE TAX RATES**

| Tax | Effective Rate |
|------------------------------|-----------------------|
| Sales & Use Tax | 2.00% |
| Room Occupancy Tax | 6.00% |
| Prepared Food & Beverage Tax | 1.00% |
| Rental Vehicle Tax | 1.50% |

Sources: Wake County Revenue Department

The IMPLAN analysis results in direct, indirect, and induced spending classified into hundreds of detailed spending categories. HVS evaluated each of these spending categories to determine which taxes would apply to each type of spending output. HVS then used the appropriate tax rates to estimate the amount of tax revenue.

HVS applied these effective tax rates to a detailed breakdown of spending and income categories that result from direct, indirect, and induced spending through performances held at DECPA. HVS then estimated the potential annual revenue from each tax source.

FIGURE 5-11
FISCAL IMPACT FOR WAKE COUNTY (2016 DOLLARS)

| Tax Category | Tax Base | Effective Tax Rate | Estimated Tax Revenue |
|------------------------------|--------------|--------------------|-----------------------|
| Sales & Use Tax | \$26,078,600 | 2.00% | \$521,600 |
| Room Occupancy Tax | 3,354,700 | 6.00% | 201,300 |
| Prepared Food & Beverage Tax | 8,055,400 | 1.00% | 80,600 |
| Rental Vehicle Tax | 35,400 | 1.50% | 500 |
| | | Total | \$804,000 |

Sources: IMPLAN and HVS

Four tax sources would generate approximately \$800 thousand in annual tax revenue to Wake County in a stabilized year of operation.

The following figure summarizes recurring annual economic and fiscal impacts in a stabilized year.

FIGURE 5-12
SUMMARY OF ECONOMIC AND FISCAL IMPACTS*

| Summary of Impacts | City of Raleigh | Wake County |
|--|-----------------|-------------|
| Economic Impact (millions) | \$35.4 | \$34.1 |
| Fiscal Impact (millions) | | \$0.80 |
| Full-Time Equivalent Jobs | 220 | 210 |
| *In a stabilized year in 2016 dollars. | | |

These economic and fiscal impact estimates are subject to the assumptions and limiting conditions described throughout this report. Numerous assumptions about future events and circumstances form the basis for these estimates. Although we consider these assumptions reasonable, we cannot provide assurances that the City of Raleigh and Wake County will consistently achieve the forecasted values. Actual events and circumstances are likely to differ from the assumptions in this report and some of those differences may be material. The readers should consider these estimates as a mid-point in a range of potential outcomes.

6. Statement of Assumptions and Limiting Conditions

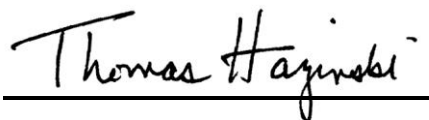
1. This report is to be used in whole and not in part.
2. No responsibility is assumed for matters of a legal nature.
3. All information, financial statements, estimates, and opinions obtained from parties not employed by HVS are assumed to be true and correct. We can assume no liability resulting from misinformation.
4. We are not required to give testimony or attendance in court by reason of this analysis without previous arrangements, and only when our standard per-diem fees and travel costs are paid prior to the appearance.
5. If the reader is making a fiduciary or individual investment decision and has any questions concerning the material presented in this report, it is recommended that the reader contact us.
6. We take no responsibility for any events or circumstances that take place subsequent to the date of our report.
7. The impact analysis presented in this report is based upon assumptions, estimates, and evaluations of the market conditions in the local and national economy, which may be subject to sharp rises and declines. Over the projection period considered in our analysis, wages and other operating expenses may increase or decrease due to market volatility and economic forces outside the control of the facility's management.
8. We do not warrant that our estimates will be attained, but they have been developed on the basis of information obtained during the course of our market research and are intended to reflect reasonable expectations.
9. Many of the figures presented in this report were generated using sophisticated computer models that make calculations based on numbers carried out to three or more decimal places. In the interest of simplicity, most numbers have been rounded. Thus, these figures may be subject to small rounding errors.
10. It is agreed that our liability to the client is limited to the amount of the fee paid as liquidated damages. Our responsibility is limited to the client, and use of this report by third parties shall be solely at the risk of the client and/or third parties. The use of this report is also subject to the terms and conditions set forth in our engagement letter with the client.

11. Although this analysis employs various mathematical calculations, the final estimates are subjective and may be influenced by our experience and other factors not specifically set forth in this report.
12. This report was prepared by HVS Convention, Sports & Entertainment Facilities Consulting. All opinions, recommendations, and conclusions expressed during the course of this assignment are rendered by the staff of this organization, as employees, rather than as individuals.
13. This report is set forth as an impact study of the subject facility; this is not an appraisal report.

7. Certification

The undersigned hereby certify that, to the best of our knowledge and belief:

1. the statements of fact presented in this report are true and correct;
2. the reported analyses, opinions, and conclusions are limited only by the reported assumptions and limiting conditions, and are our personal, impartial, and unbiased professional analyses, opinions, and conclusions;
3. we have no present or prospective interest in the property that is the subject of this report and no personal interest with respect to the parties involved;
4. HVS is not a municipal advisor and is not subject to the fiduciary duty set forth in section 15B(c)(1) of the Act (15 U.S.C. 78o-4(c)(1)) with respect to the municipal financial product or issuance of municipal securities.
5. we have no bias with respect to the property that is the subject of this report or to the parties involved with this assignment;
6. our engagement in this assignment was not contingent upon developing or reporting predetermined results;
7. our compensation for completing this assignment is not contingent upon the development or reporting of a predetermined value or direction in value that favors the cause of the client, the amount of the value opinion, the attainment of a stipulated result, or the occurrence of a subsequent event directly related to the intended use of this appraisal;
8. Thomas A Hazinski and Alex Moon personally inspected the property described in this report.



Thomas Hazinski
Managing Director



Alex Moon
Associate