Medford Hotel & Conference Center Market & Financial Feasibility

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Executive Summary

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Medford Hotel & Conference Center Market & Financial Feasibility

Project Introduction: The City of Medford engaged Hunden Partners to provide a market demand, financial feasibility, and economic impact analysis for the development of a new Medford Conference Center (Center or Project) in Medford, Oregon. The Hunden Partners Team (Hunden or Team), includes architectural and planning professionals from Gensler.

Key Market Findings: Through a comprehensive analysis of local and regional supply, demand, and market dynamics, Hunden determined that Medford has a strong market opportunity to support a conference center. Hunden provided two scenarios, including a 165-key conference hotel with 18,400 square feet of total function space (small scenario), and a 220-key hotel and conference center with 26,400 square feet of total function space (large scenario). For the Project to most effectively compete with some of the region's top facilities and capitalize on the lack of regional venues that are able to accommodate groups of 500+ attendees, Hunden recommends that Medford adopts the large scenario. This scenario includes an 18,000-square-foot Grand Ballroom, a 4,500-square-foot Junior Ballroom, and 3,900 square feet of meeting rooms. Industry trends consistently indicate the need for facilities to undergo future expansions. From a long-term perspective, the large scenario allows Medford to better position itself for future growth.

Site Location: Hunden emphasizes that to maximize the economic impact and appeal of the facility, it is critical to locate the Project at the downtown site. Furthermore, the presence of a major anchoring asset within downtown is best positioned to stimulate additional retail and restaurant development.

Financial and Impact Projections: The 220-key conference hotel, which is modeled to stabilize in 2033 based on a 2028 delivery, is projected to operate at a 75 percent occupancy rate and an average daily rate (ADR) of $231. In 2033, the Project is estimated to operate at a 30 percent operating margin, generating $6.20 million in net operating income. The conference facility is projected to host a total of 190 annual events at stabilization. Over 30 years the Project is estimated to generate $67.6 million in net new hotel and property taxes to the City.

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Medford Hotel & Conference Center Market & Financial Feasibility

Project Cost: The estimated cost of construction for the large scenario is $103.7 million, resulting in a financing gap of $55.1 million. These cost estimates include both the hotel and conference center components. Based on past studies that Hunden has conducted where the two components have been separate, roughly 80 percent of the total cost has been attributed to hotel construction, while 20 percent has been attributed to conference center construction. Although the large scenario demands a higher construction cost, the incremental economic impact that the large scenario is projected to generate justifies this difference in the upfront cost needed to bring the Project to fruition.

Financing: High development costs and lack of sufficient private capital available to fund convention and conference facility projects can prompt municipalities to provide public financing. This strategy can help fill the gap between the total construction cost and the amount of equity and debt that a private developer can secure for the project. The Medford Project's financing gap of $55.1 million represents the estimated amount of public funding that the City will have to provide for construction. A common funding model for these types of projects relies on bond measures backed by taxes, which involves issuing bonds by the governing authority and repaying them through designated taxes. Meeting facilities rely on public funding for these bonds. Some of the most commonly used taxes by municipalities in this model include lodging tax, sales/food & beverage tax, car rental tax, and Tax Increment Financing (TIF). Many municipalities consider imposing an additional tax to fund these types of projects. Hunden's assessment of Transient Lodging Tax (TLT) in municipalities that house competitive regional meeting facilities resulted in an average total TLT of 12.2 percent and average city TLT of 8.5 percent. Additionally, municipalities with a prepared meals tax were also evaluated, including Ashland and Grants Pass, which have rates ranging from three to five percent.

Operating Structure: Several publicly-owned facilities commonly utilize lodging tax revenues to fund annual operations at the facility. Based on industry trends and examples of successful facilities, Hunden recommends that the Project's conference facility be publicly owned by the City of Medford and privately operated and managed by a third party. The most successful facilities emphasize consistent coordination among sales entities at the venues, hotels, and the Destination Management Organization (DMO). To shorten the communication loop, Hunden recommends that the sales staff at the facility combine with the DMO to form one comprehensive entity.

Project Introduction

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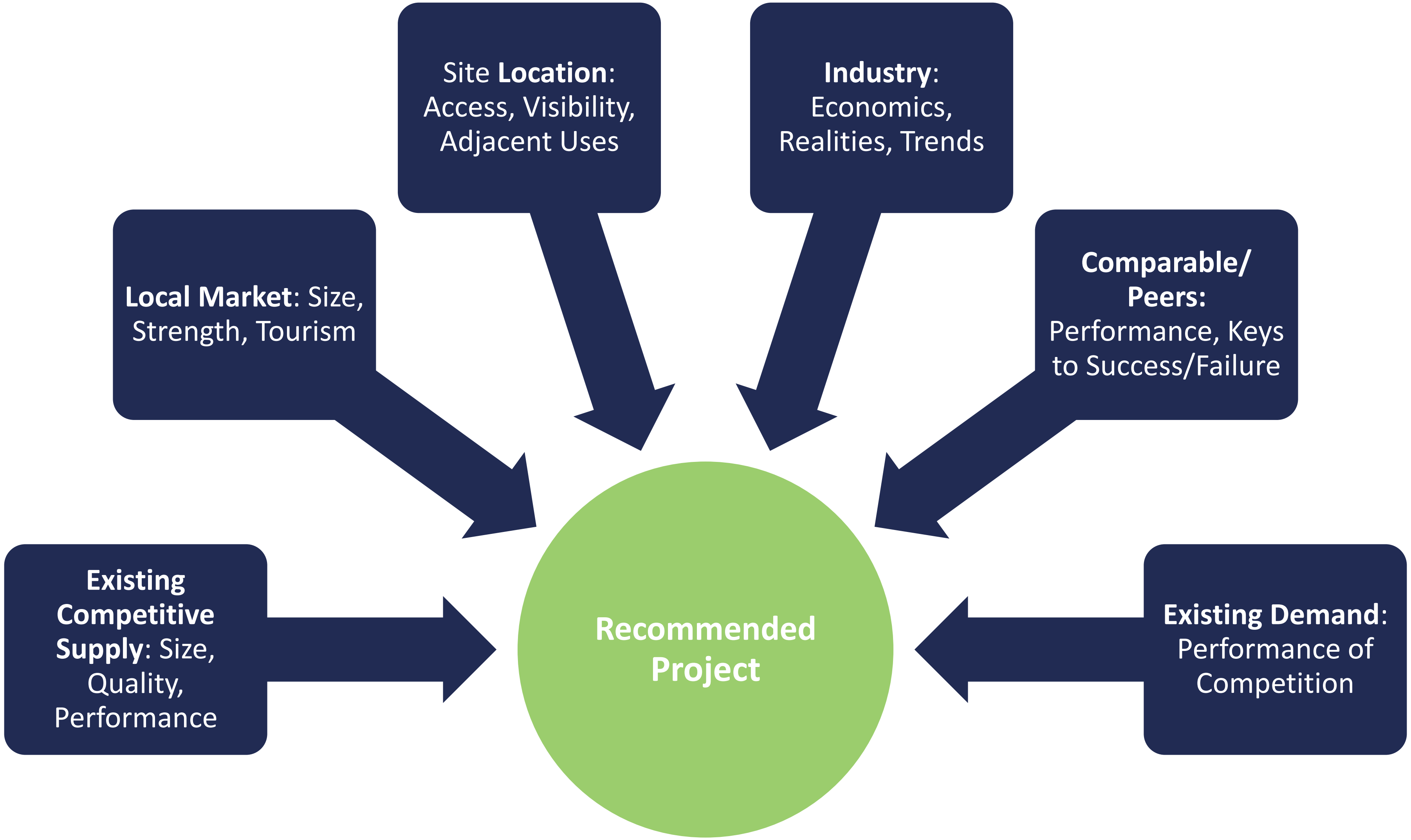
Hunden’s study includes a comprehensive market demand analysis of the proposed new Center, an analysis of the hotel market, and trends in the conference and meetings industry. The study also includes comparable facility case studies which assisted in supporting facility recommendations and scenarios, as well as robust demand, financial, and economic impact modeling.

PROJECT TEAM

hunden partners

Gensler

What Influences Viability and Recommendations?

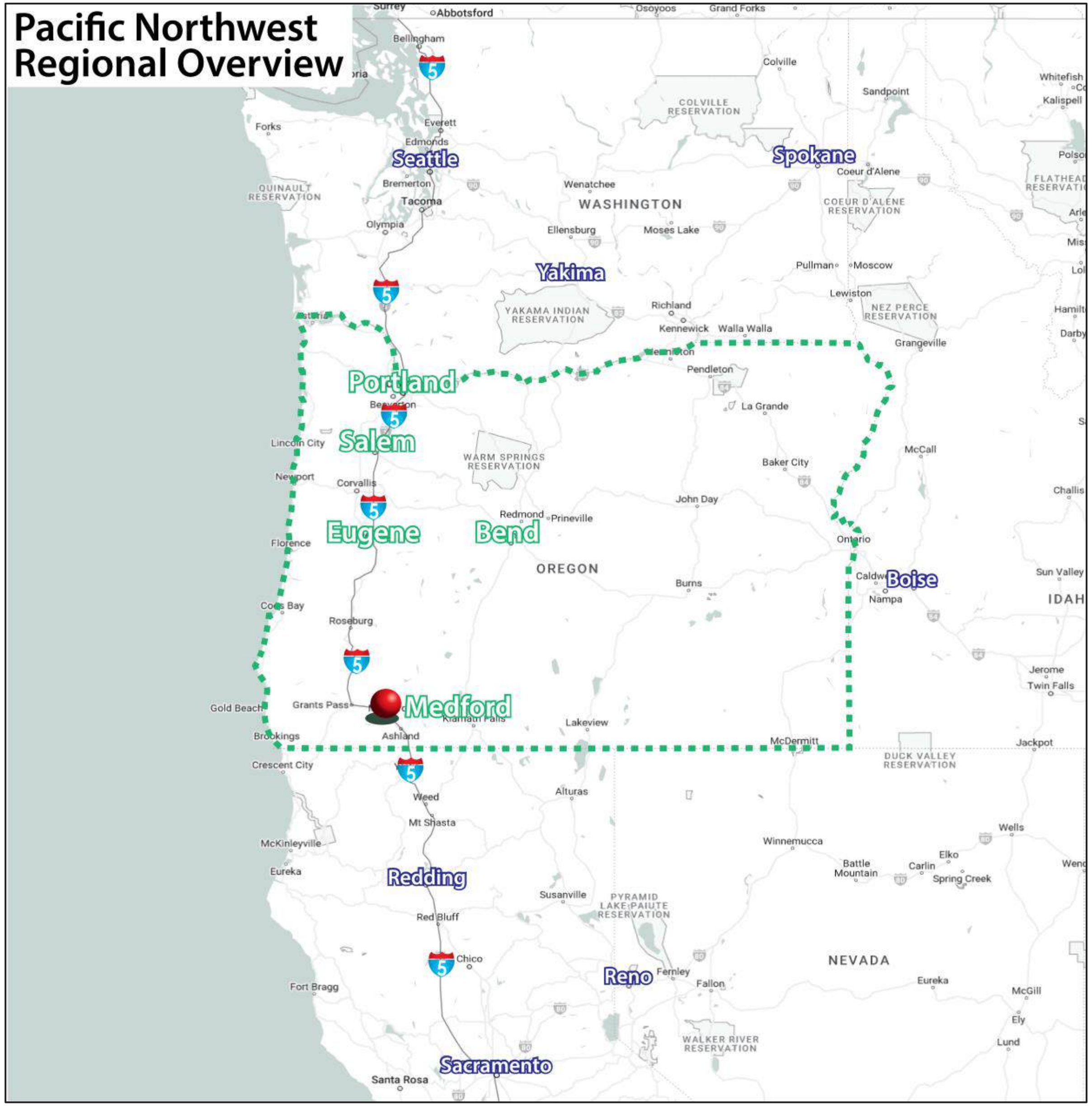


Situational Overview

Medford is located in southwest Oregon. Among the five largest markets in Oregon shown on the adjacent map, Medford ranks fourth. Attracting regional and statewide groups is crucial for assessing the Project's potential, as the economic impact that often justifies these developments typically stems from the overnight demand that they generate.

State associations and government-related organizations strongly contribute to the demand for convention and meeting facilities. These groups often strategically select these facilities based on membership locations, ease of travel, centralized location for attendees, or a rotational system.

Although it does not benefit from proximity to Oregon's largest markets, Medford's strong air access to major Pacific Northwest cities and its location along Interstate 5 position it as an appealing destination for regional and statewide groups.



Local and Regional Market Engagement

Hunden interviewed a total of 15 event groups and organizations. In addition to market data, interview feedback helped to gain an understanding of the meeting and event landscape across Oregon to ultimately determine the optimal recommendation(s) for the Project. In addition to individuals with whom Hunden met during the in-person kickoff of the study, the following groups and organizations were interviewed to help identify market opportunities.

Local Organizations

- Travel Medford
- Hilton Garden Inn
- SOREDI
- Lithia Motors

Regional Organizations

- Pacific Northwest Society of Government Meeting Professionals
- Greater Oregon Society of Government Meeting Professionals
- Yakima Convention Center
- Travel Oregon
- A1 Hospitality

Association/Event Groups

- University of Oregon
- Association of Oregon Counties
- One West Tourism Alliance (DMA West)
- GOSH Conference
- Oregon Wine Growers
- Oregon Restaurant & Lodging Association

SWOT Overview

The following table provides a summary of the primary strengths, weaknesses, opportunities, and threats of the Project as it relates to its potential for attracting events.

Strengths	Weaknesses
❑ Significant lack of local facilities with sufficient, quality space able to attract regional and statewide events ❑ Robust drive-in population within five hours of Medford, capturing major markets such as Portland and Sacramento ❑ Strong air and interstate access within the broader Pacific Northwest region ❑ Strong proximity to northern California relative to other Oregon markets	❑ Lack of centralized location within Oregon, potentially impacting the ability to optimize attendance for statewide associations and events ❑ Insufficient air access from a nationwide standpoint
Opportunities	**Threats**
❑ Lack of statewide facilities able to accommodate 500+ attendees ❑ Strong cost advantage over larger markets such as Portland ❑ Enhancement of foot traffic and economic activity in downtown Medford *(contingent on site selection)*	❑ Potential oversupply of hotel product given the current pipeline of proposed developments ❑ Size constraints on site *(contingent on site selection)*

Recommendations
Small Scenario

Through Hunden's comprehensive analysis of local and regional supply, demand, and market dynamics, two feasible scenarios have been provided. This recommendation stems from both data-driven insights and feedback gathered through interviews.

The Conference Hotel scenario (small) addresses the unmet demand from local groups and offers the quality and size needed to attract small and mid-size regional events.

Hunden emphasizes that to maximize the economic impact and appeal of the Project, it needs to be located within Medford's main economic hub, downtown. Furthermore, the presence of a major anchoring asset within downtown is best positioned to stimulate additional retail and restaurant development.

Medford Conference Hotel Recommendation (Small Scenario)

Size	Size / SF	Capacity
Hotel	165 Rooms	
Total Function Space	18,400 SF	
Ballroom Space	12,000 SF Grand Ballroom 4 Divisible Spaces 3,600 SF Junior Ballroom 3 Divisible Spaces	800 Guests Banquet Style 240 Guests Banquet Style
Meeting Rooms	2,800 SF 2 Divisible Spaces	140 Guests Classroom Style
Food & Beverage	5,000 SF ground-floor restaurant Catering kitchen for event space Upscale rooftop F&B space	
Parking	~325 Spaces 165 for hotel 160 for conference center	
Site Need	5 - 7 acres	

Source: Hunden Partners

Recommendations
Large Scenario

The Conference Center & Hotel scenario (large) not only fulfills the components mentioned in the smaller scenario but also positions the Project to most effectively compete with some of the region's top facilities. Furthermore, the large scenario capitalizes on the lack of statewide venues capable of accommodating 500+ attendees.

Hunden emphasizes that to maximize the economic impact and appeal of the Project, it needs to be located within Medford's main economic hub, downtown. Furthermore, the presence of a major anchoring asset within downtown is best positioned to stimulate additional retail and restaurant development.

Medford Conference Center & Hotel Recommendations (Large Scenario)

Size	Size / SF	Capacity
Hotel	220 Rooms	
Total Function Space	26,400 SF	
Ballroom Space	18,000 SF Grand Ballroom 6 Divisible Spaces 4,500 SF Junior Ballroom 3 Divisible Spaces	1,200 Guests Banquet Style 300 Guests Banquet Style
Meeting Rooms	3,900 SF 3 Divisible Spaces	195 Guests Classroom Style
Food & Beverage	5,000 SF ground-floor restaurant Catering kitchen for event space Upscale rooftop F&B space	
Parking	~420 Spaces 220 for hotel 200 for conference center	
Site Need	6 - 10 acres	

Source: Hunden Partners

Relevant Meeting Supply

The table details the relevant indoor meeting and event facilities within Medford and in the greater regional area. The table reflects a considerable lack of local supply, as Rogue Valley Country Club and the Armory are the only indoor facilities that offer sufficient event space in Medford. However, local input indicates that neither facility can effectively compete in the regional market due to the lack of quality and/or standard breakout space typically required by event groups.

In order to effectively compete within the regional market, Medford must offer sufficient event-caliber space that is comparable to some of the area's most dominant facilities such as the Salem Convention Center and Graduate Eugene.

Medford, OR | Relevant Meeting Supply

Venue	Location	Distance from Medford	On-Site Hotel Rooms	Walkable Hotel Rooms	Total Function Space	Exhibit SF	Ballroom SF	Largest Ballroom	Meeting SF	# of Meeting Rooms
Relevant Local Meeting Facilities (5,000+ SF)										
Medford Armory	Medford, OR	-	-	124	12,915	12,915	-		-	-
*Rogue Valley Country Club	Medford, OR	-	-	-	4,920	-	3,420	3,420	1,500	4
Relevant Regional Meeting Facilities (10,000+ SF)										
Lane Events Center - Convention Center	Eugene, OR	170 miles	-	-	46,958	37,000	-	-	9,958	4
Seven Feathers Hotel & Casino Resort	Canyonville, OR	80 miles	300	300	44,336	-	22,000	22,000	22,336	9
Sunriver Resort	Sunriver, OR	160 miles	245	245	37,976	18,000	8,396	6,560	11,580	8
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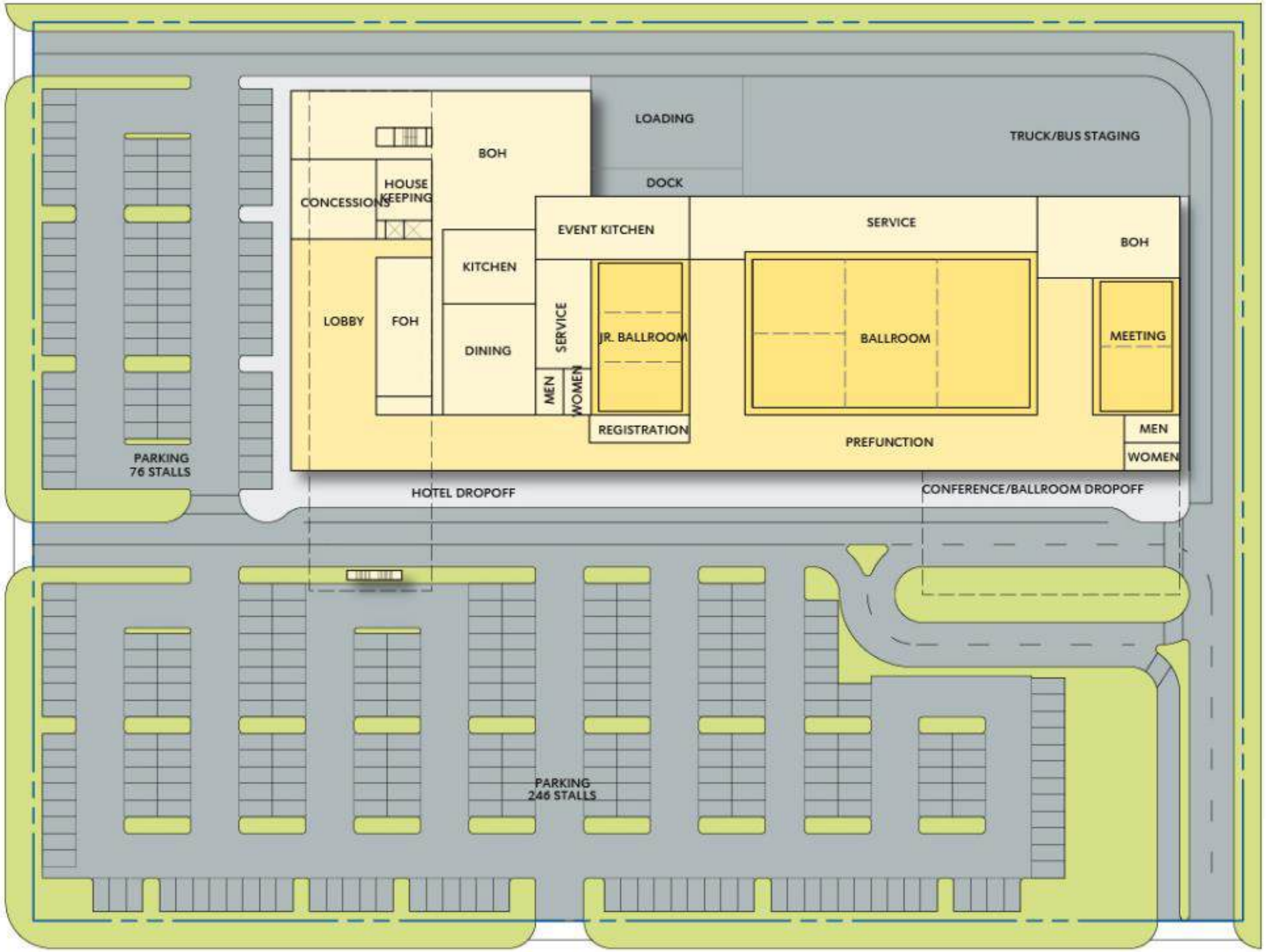
Medford Conference Hotel	**Medford, OR**	**-**	**165**	**TBD**	**18,400**	**-**	**15,600**	**12,000**	**2,800**	**2**
Valley River Inn	Eugene, OR	169 miles	257	357	15,414	-	12,864	6,113	2,550	5
Ashland Hills Hotel & Suites	Ashland, OR	16 miles	183	357	13,948	-	10,800	6,600	3,148	3
Win-River Resort & Casino	Redding, CA	155 miles	84	84	13,510	-	3,400	3,400	10,110	2
Eagle Crest Resort	Redmond, OR	189 miles	100	100	11,585	-	4,608	4,608	6,977	5
Salishan Coastal Lodge	Gleneden Beach, OR	230 miles	190	190	11,041	-	4,420	4,420	6,621	8
Regional Average			**205**	**294**	**25,235**	**22,892**	**12,298**	**9,327**	**7,812**	**5**

* Denotes venues with estimated sizing due to limited square footage information

Source: CVENT, Venue Websites, STR

Small Scenario Site Agnostic – Surface Parking

Gensler



SITE AREA: 7.27 ac.

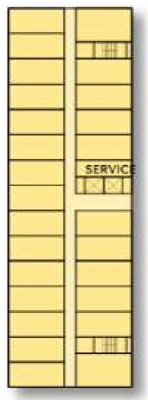
NOTES

- 30 keys/floor
- 6 floors of rooms
- Type 3B over Type 1A construction
- Non-Highrise

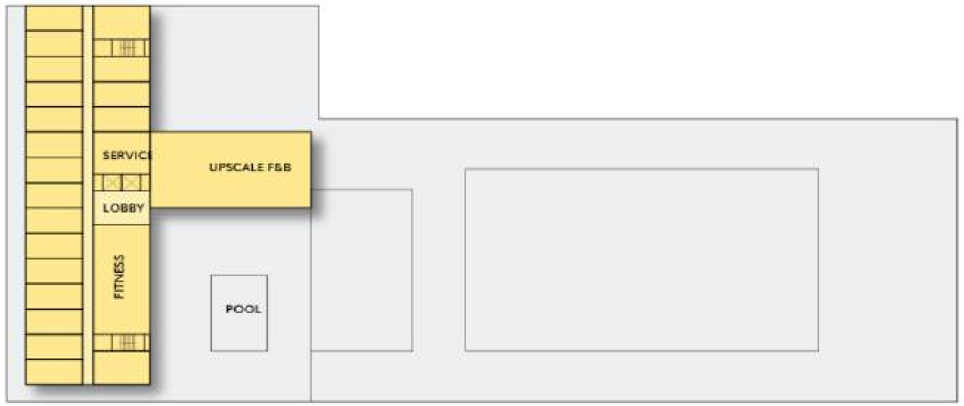
SITE PLAN
SCALE: 1"=100'

Large Scenario Site Agnostic – Structured Parking

Gensler



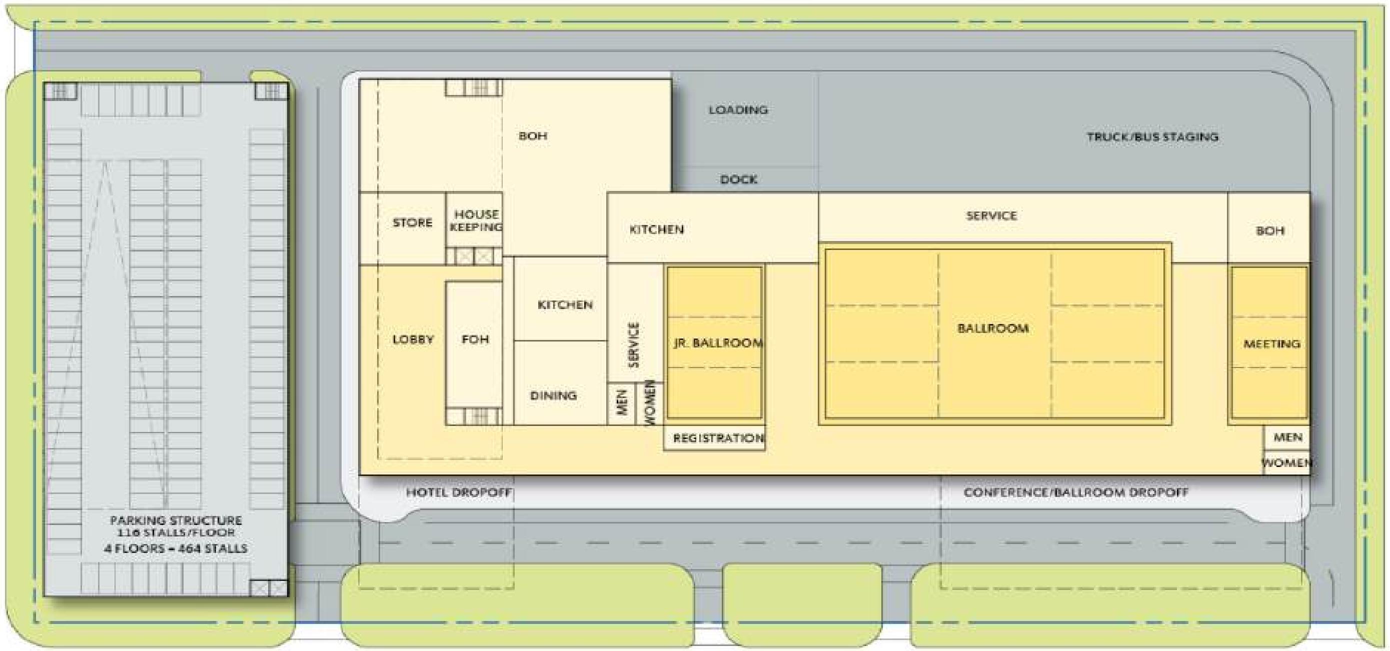
TYPICAL FLOOR PLAN



NOTES

- 26 keys/floor
- 10 floors of rooms
- Type 1A construction
- Highrise
- 4 story parking structure (34' high)

SECOND FLOOR PLAN



SITE AREA: 5.79 ac.

SITE PLAN
SCALE: 1"=100'

Summary of Demand and Financials

Hunden completed a comprehensive analysis of the financial performance and feasibility of the proposed Project.

The current financing environment has resulted in challenges related to the development of hotel and conference facility projects. Despite this, there are public financing tools available to assist in the development of these types of projects.

The construction cost estimates include both the hotel and conference center components. Typically, cost estimates in the hospitality industry are evaluated on a per-key basis, allowing for consistent comparisons across similar properties. Furthermore, cost estimates for conference hotel developments tend to combine both components because these properties share infrastructure, amenities, and other services. However, based on past studies that Hunden has conducted where the two components have been separate, roughly 80 percent of the total cost has been attributed to hotel construction, while 20 percent has been attributed to conference facility construction.

Based on Hunden's financial projections, the following feasibility gaps were identified:

- Small Scenario – 165-Key Conference Hotel: **($39.1 million)**
- Large Scenario – 220-Key Conference Center & Hotel: **($55.1 million)**

Medford Projections & Summary

	Small Scenario:	Large Scenario:
	Year 6	**Year 6**
	Year 5 Stabilization	Year 6 Stabilization
Average Daily Rate	$226	$231
Occupancy	77%	75%
NOI ($000s)	$4,621	$6,205
Operating Margin	29%	30%
	($000s)	**($000s)**
Estimated Development Cost	$77,833	$103,778
Supportable Financing	$38,724	$48,657
Estimated Gap	$39,110	$55,120
Gap %	50%	53%

* Stabilization for the small scenario is projected to occur in Year 5. Hunden utilized ADR and NOI projections in Year 6 for both scenarios to provide a more equivalent comparison.

Source: Hunden Partners

Summary of Impacts

The Project is estimated to generate $1.29 billion in net new spending within the local economy if the small scenario is pursued versus $1.69 billion if the large scenario is pursued. As this spending trickles through the economy, the small scenario is estimated to support $575 million in new earnings and 244 full-time equivalent ongoing jobs, while the large scenario is estimated to support $752 million in new earnings and 318 full-time equivalent ongoing jobs over 30 years.

Over 30 years the proposed Project is estimated to generate $49 million in net new hotel and property taxes to the City if the small scenario is pursued. However, if the large scenario is pursued, that figure increases to $67 million.

30-Year Summary of Impacts (Small Scenario)

Net New Spending	(millions)
Direct	$830
Indirect	$322
Induced	$145
Total	**$1,296**
Net New Earnings	**(millions)**
From Direct	$343
From Indirect	$157
From Induced	$74
Total	**$575**
Net New FTE	**Actual**
From Direct	155
From Indirect	61
From Induced	29
Total	**244**
State Taxes	**(millions)**
Hotel Tax (1.5%)	$6.2
Total	**$6.2**
City Taxes	**(millions)**
Hotel Tax (11.0%)	$45.7
Property Tax	$4.3
Total	**$49.9**
Combined Taxes	**$56.2**

Source: Hunden Partners

30-Year Summary of Impacts (Large Scenario)

Net New Spending	(millions)
Direct	$1,084
Indirect	$421
Induced	$188
Total	**$1,693**
Net New Earnings	**(millions)**
From Direct	$447
From Indirect	$208
From Induced	$98
Total	**$752**
Net New FTE	**Actual**
From Direct	202
From Indirect	79
From Induced	37
Total	**318**
State Taxes	**(millions)**
Hotel Tax (1.5%)	$8.4
Total	**$8.4**
City Taxes	**(millions)**
Hotel Tax (11.0%)	$61.9
Property Tax	$5.7
Total	**$67.6**
Combined Taxes	**$76.0**

Source: Hunden Partners

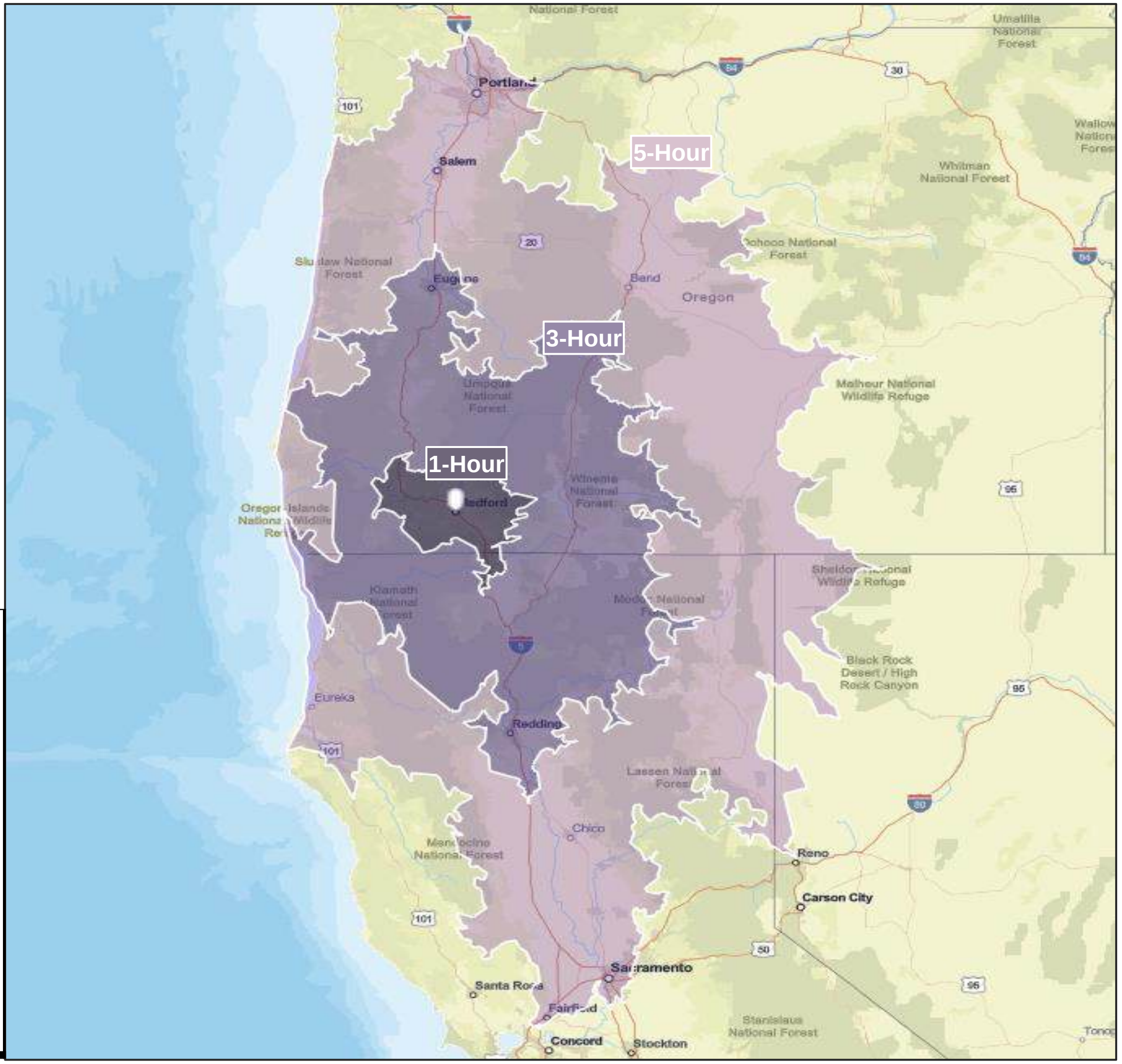
01

Economic, Demographic & Tourism Analysis

Regional Drive Times

The regional drive-time population is a strong indicator of a market's potential to attract a sufficient number of event groups and overnight attendees.

When expanded from a three- to five-hour radius, the population increases significantly to over seven million people, drawing from major markets like Portland and Sacramento. As a result, the Project benefits from a strong regional population that would likely serve as overnight visitors while attending an event in Medford.

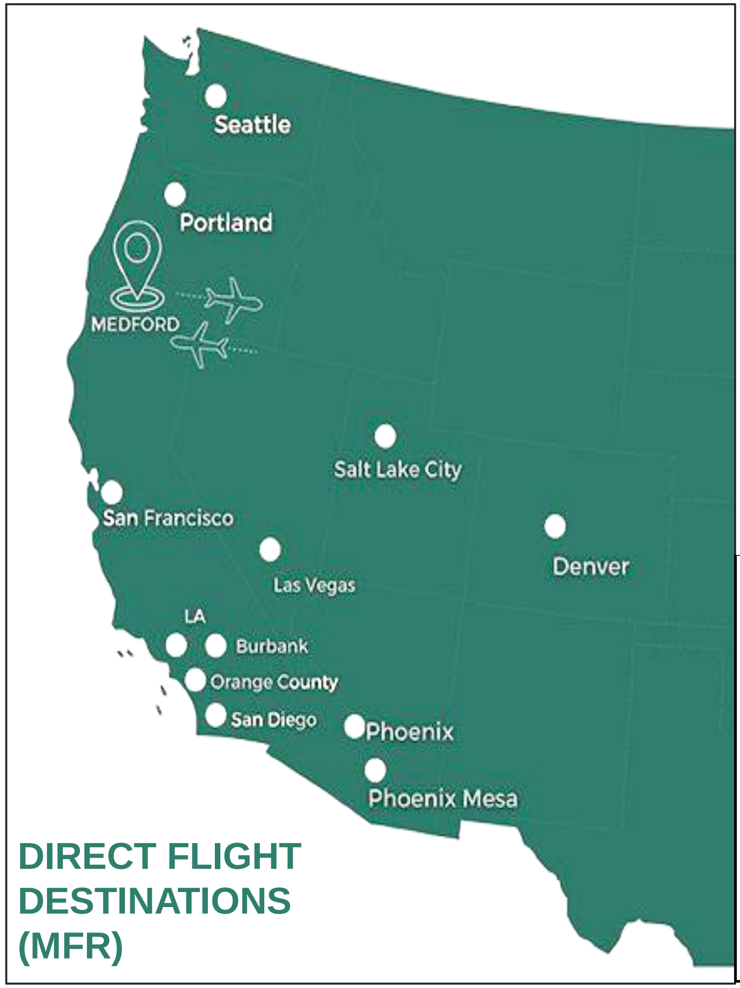


Estimated Drive-Time Statistics from Medford, OR (2023)

	1-Hour	3-Hour	5-Hour
Population	316,095	1,182,218	7,295,956
Households	129,315	483,123	2,804,256
Median Household Income	$60,624	$59,841	$76,220
Median Home Value	$418,207	$383,123	$470,544
Median Age	45.5	44.1	39.2

Source: ESRI

Airport Access



DIRECT FLIGHT DESTINATIONS (MFR)

Facilities that host national events tend to be located within larger markets that offer strong airport access and direct flight service across the country. Although Medford's airport does not provide the air access needed to host national events, it offers strong direct flight service to several major regional cities, including Portland, Seattle, San Francisco, and Salt Lake City. Therefore, Medford is well-positioned to attract event groups from the broader Pacific Northwest region. However, given that airports in smaller markets typically have higher ticket prices, this could pose a challenge for attracting fly-in attendees.

Between Portland and Sacramento, the airports with the greatest passenger traffic are those located in Medford and Eugene. As a result, Medford is likely to maintain a strong competitive edge over other secondary statewide markets when attracting regional event groups.

Airport Passenger Traffic

	Rogue Valley International Medford Airport			Eugene Airport			Portland International Airport		
Year	Enplanements	Deplanements	Total Passengers	Enplanements	Deplanements	Total Passengers	Enplanements	Deplanements	Total Passengers
2019	527,408	526,492	1,053,900	590,326	585,070	1,175,396	9,789,568	9,792,426	19,581,994
2020	244,760	246,497	491,257	264,492	262,483	526,975	3,472,025	3,499,100	6,971,125
2021	436,974	434,824	871,798	560,009	555,698	1,115,707	5,757,666	5,740,590	11,498,256
2022	503,955	502,200	1,006,155	776,877	771,232	1,548,109	7,233,023	7,224,862	14,457,885
2023	478,013	477,308	955,321	836,810	838,627	1,675,437	8,115,842	8,139,248	16,255,090
Average	**438,222**	**437,464**	**875,686**	**605,703**	**602,622**	**1,208,325**	**6,873,625**	**6,879,245**	**13,752,870**

Source: Bureau of Transportation Statistics

02

Conference & Meetings Market Analysis

Oregon Market Trends

Portland Event Market Trends

Hunden utilized Knowland data to assess the event landscape in Portland. Based on the data reported to Knowland in 2023, events most frequently occur at facilities that offer 10,000 to 25,000 square feet or 25,000 to 45,000 square feet of total meeting space.

The Key Performance Indicators (KPIs) below show a considerable decline in event activity in Portland, with significantly fewer bookings and average attendees in 2023 compared to 2019. Feedback from local and regional stakeholders indicates that Portland has struggled with attracting event groups in recent years which has benefited smaller, secondary markets across Oregon in drawing more regional and statewide events.

Portland Market - Meeting Size Trends (2023)

	Total Property Meeting Space (SF)							
Attendee Count	**<2,000**	**2,000 - 6,000**	**6,000 - 10,000**	**10,000 - 25,000**	**25,000 - 45,000**	**45,000 - 75,000**	**75,000+**	**Total**
1 - 50	1	261	132	335	220	36	0	**985**
51 - 100	0	129	118	335	221	15	0	**818**
101 - 300	0	57	141	637	384	71	0	**1,290**
301 - 500	0	0	9	78	219	45	2	**353**
501 - 700	0	0	0	51	51	19	0	**121**
701+	0	0	0	0	172	12	17	**201**
Unclassified	6	139	78	103	95	39	107	**567**
Total	**7**	**586**	**478**	**1,539**	**1,362**	**237**	**126**	**4,335**

Source: Knowland, Hunden Partners

2023 KPIs vs 2019 (Comparison)

Booking Pace %

(34.1)

Down **2,242** Bookings to Comparison

Avg Bookings per Property

111.2

vs **187.9** in Comparison period

Avg Est Attendees

173

vs **304** in Comparison period

Local & Regional Supply Analysis

Relevant Meeting Supply

The table details the relevant indoor meeting and event facilities within Medford and in the greater regional area. The table reflects a considerable lack in local supply, as Rogue Valley Country Club and the Armory are the only indoor facilities that offer sufficient event space in Medford. However, local input indicates that neither facility can effectively compete in the regional market due to the lack of quality and/or standard breakout space typically required by event groups.

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Medford, OR | Relevant Meeting Supply

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* Denotes venues with estimated sizing due to limited square footage information

Source: CVENT, Venue Websites, STR

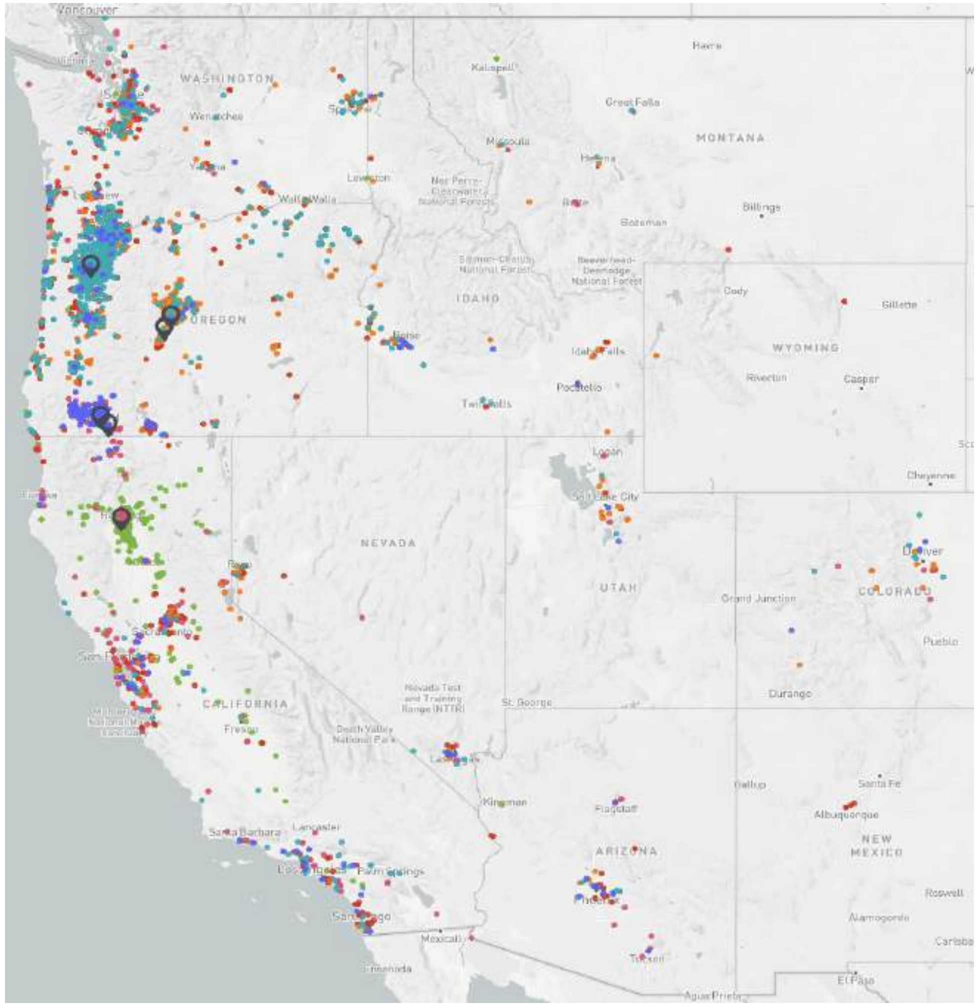
Visitation Behavior to Regional Facilities

Hunden utilized Placer.ai to assess the visitation behavior from January 2023 to May 2024 for several of the Project's regional meeting facilities. During this period, the Salem Convention Center achieved the highest number of total visits. Notably, facilities with more function space tended to attract stronger long-distance visitation, which highlights the importance of having sufficient meeting space that can accommodate large regional events.

Visitation to Regional Meeting Facilities
January 1, 2023 - May 31, 2024

Visitor Origins by Distance from Site	*Rogue Valley Country Club	Win-River Resort	*Ashland Hills Hotel	Salem Convention Center	Riverhouse on the Deschutes	Sunriver Resort
Locals - Within 25 miles	108,500	74,000	46,800	114,700	48,500	25,300
% of Total Visits	89%	83%	52%	56%	47%	24%
Regional - Over 25 miles & Less Than 100 miles	3,900	8,400	6,500	59,300	11,700	13,000
% of Total Visits	3%	9%	7%	29%	11%	12%
Long Distance - Over 100 miles	9,800	6,700	36,300	30,400	43,000	68,800
% of Total Visits	8%	8%	41%	15%	42%	64%
Total Visits	**122,200**	**89,100**	**89,600**	**204,400**	**103,200**	**107,100**

*POI accounts for other components in addition to the facility's actual meeting space. True event-related visitation may be skewed.
Source: Placer.ai



Demand Interviews

Interview Feedback

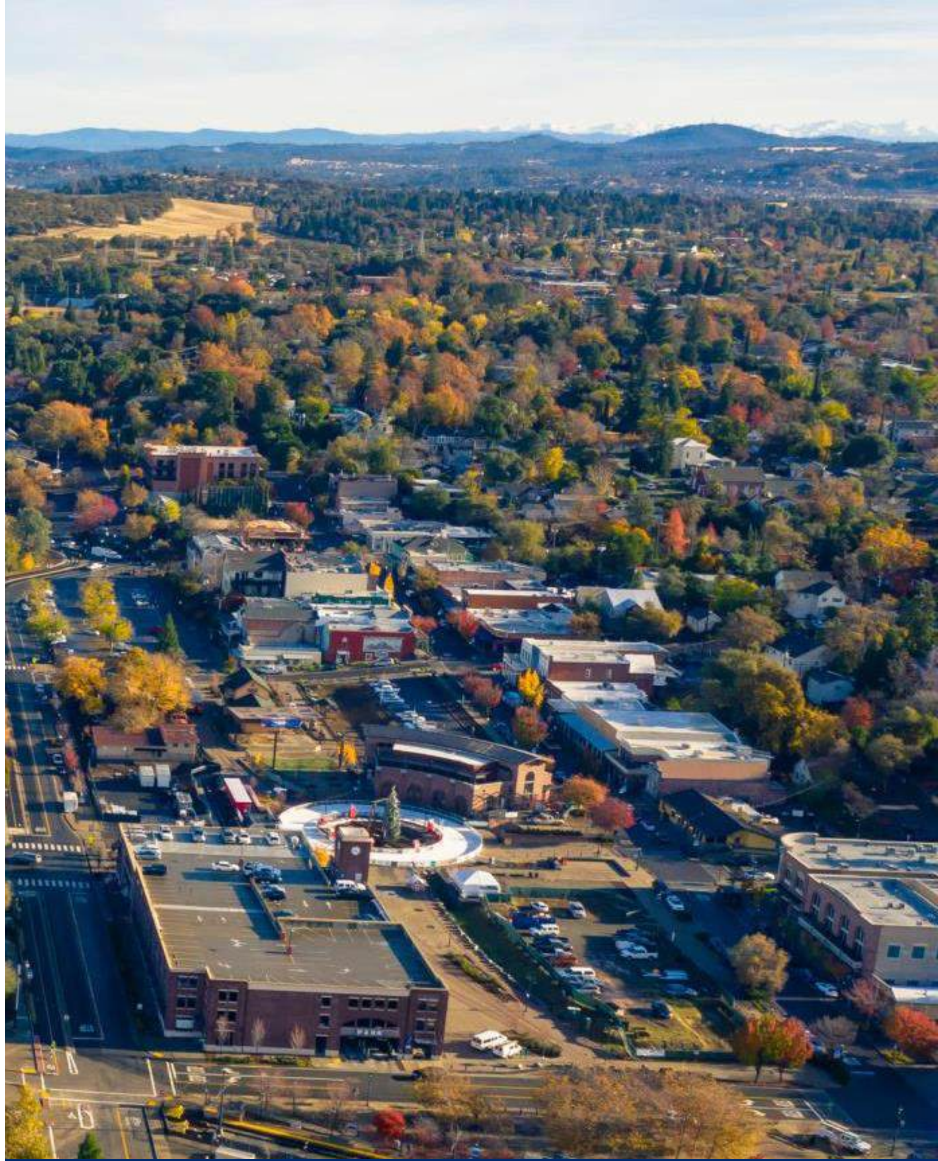
The key takeaways from Hunden's market engagement is summarized below:

- Medford has strong potential to attract regional and statewide associations and government groups. Most statewide associations aim to rotate around the state. However, due to a lack of quality facilities that can accommodate larger groups, the ability to rotate is limited.
- Any quality facility in Oregon that can accommodate 500+ attendees will have a strong ability to attract event groups due to the limited number of statewide facilities outside of Portland that can host large capacities. Recently, Portland's high costs paired with safety concerns have driven event groups to seek alternatives in other secondary markets in Oregon.
- Medford's location within Oregon should not be a major deterrent due to its strong air access to regional cities. Additionally, its proximity to northern California gives Medford a competitive edge over other markets in Oregon.
- In addition to a ballroom capable of accommodating all attendees, a variety of breakout spaces is often a crucial factor for statewide associations and government groups when selecting a host facility. The Graduate in Eugene has become a popular option among these groups due to its strong package of breakout space options.
- In-person attendance for events has not returned to pre-pandemic levels, with many attendees opting for virtual participation during events. Therefore, event planners are increasingly prioritizing a facility's walkability and destination appeal to attract a greater number of in-person attendees.

Implications

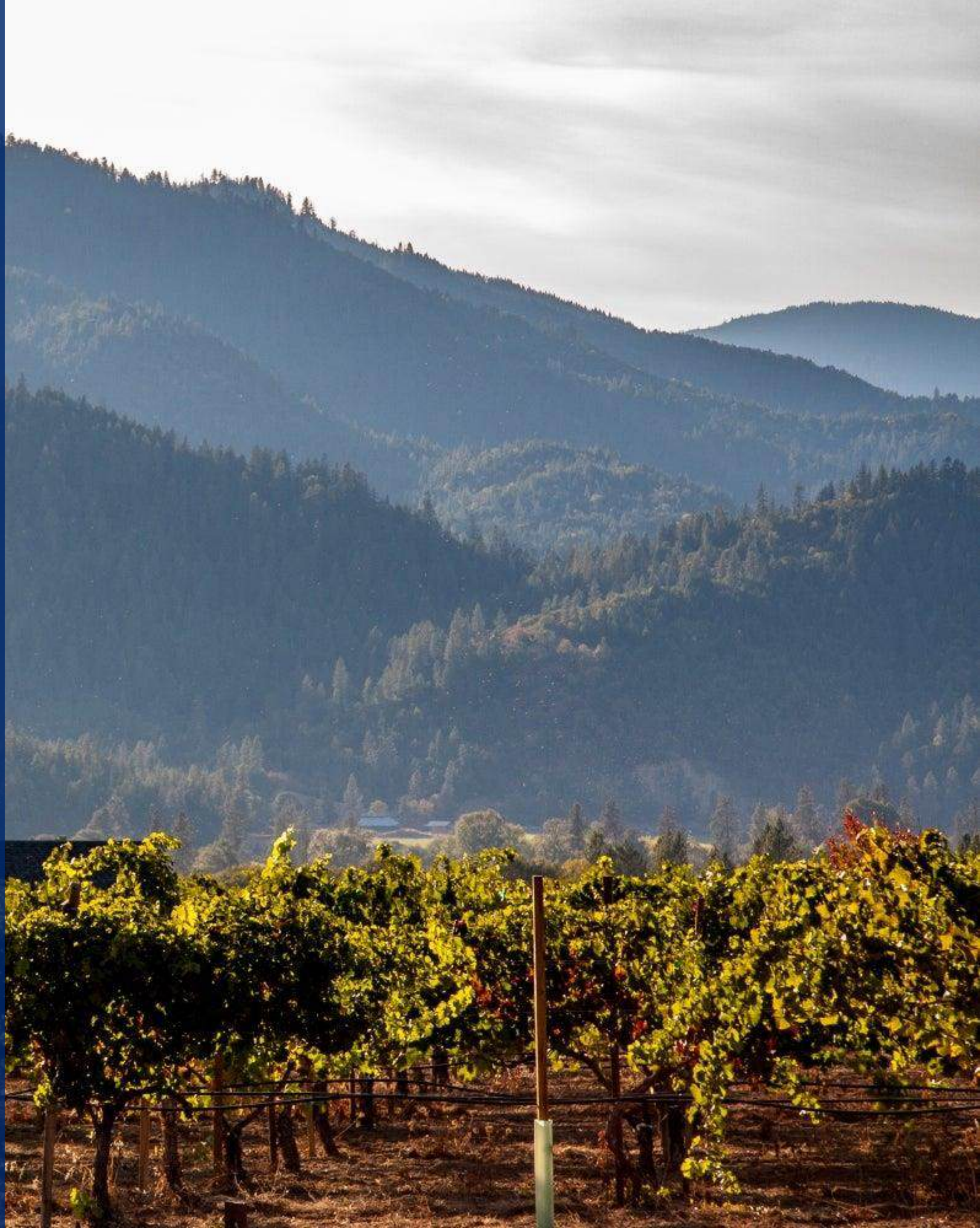
- Based on local and regional feedback, there is significant demand for meeting space within the local market as well as strong potential to draw state associations and regional social, military, educational, religious, and fraternal groups (SMERF) and corporate groups to Medford with the presence of an event-caliber facility.
- Medford is limited in its local meeting space, and the Project benefits from a lack of statewide facilities outside of Portland that have the quality and capacity to accommodate large groups. As more groups seek alternative options outside Portland, Medford stands in a favorable position to meet this growing demand.

Bottom Line: A conference and meeting facility would be supported in the Medford market.



03

Local Hotel Market Analysis



Local Market Overview and Performance

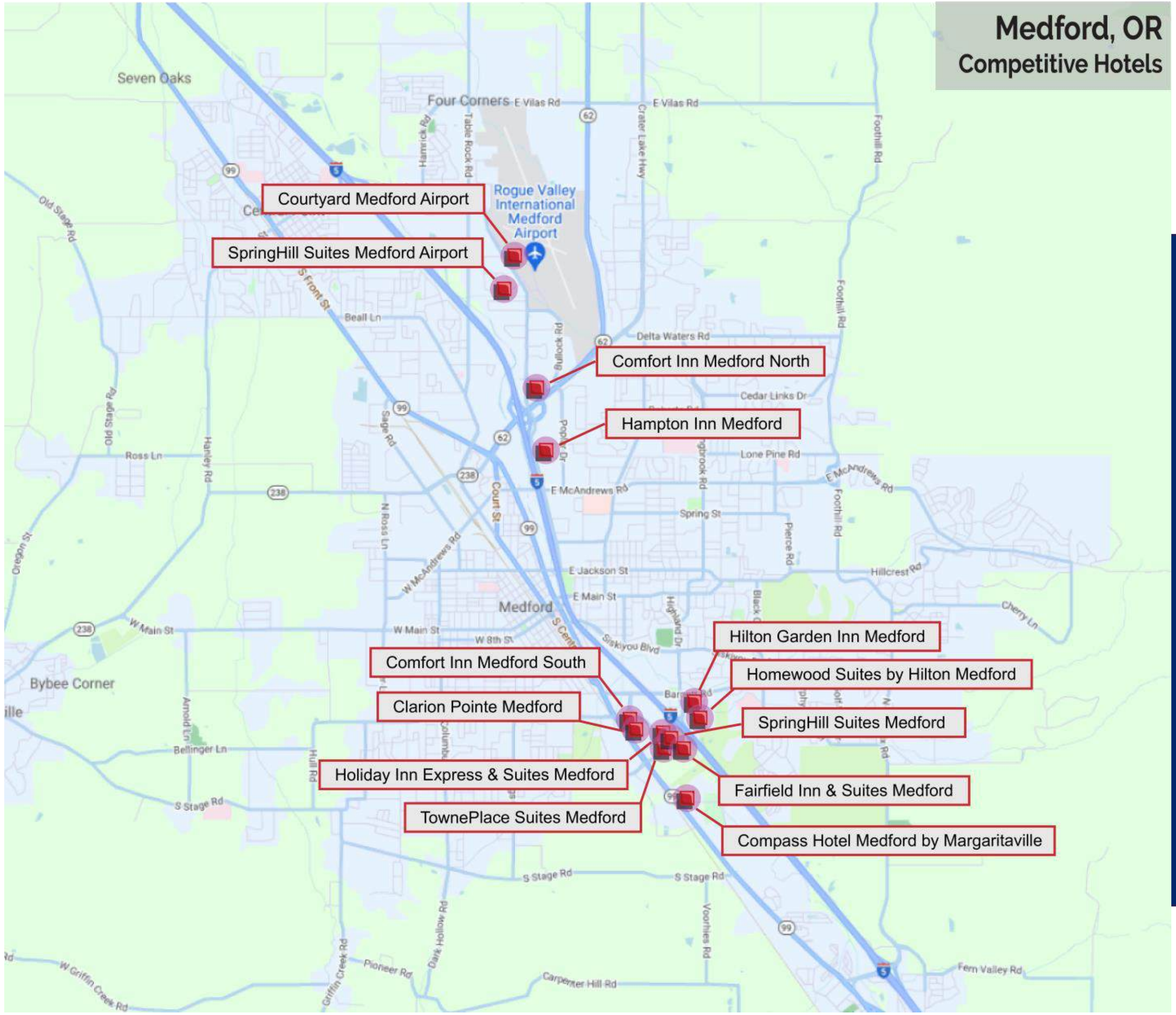
Local Hotel Supply

Hunden analyzed data from Smith Travel Research (STR) on the hotels within a seven-mile radius. This supply includes 49 properties, totaling over 3,200 rooms. The largest percentage of properties comes from upscale and upper midscale properties, followed by midscale. The average age of the hotel supply is 23 years with some recent developments in the last decade.

Lodging Summary - Medford, OR

Chainscale	Rooms	% of Total Rooms	Hotels	Rooms per Hotel	Avg Year Open / Renovated	Avg Age (Years)
Luxury	0	0%	0	–	–	–
Upper Upscale	0	0%	0	–	–	–
Upscale	789	24%	7	113	2013	9
Upper Midscale	659	20%	9	73	2005	17
Midscale	582	18%	6	97	2011	11
Economy	511	16%	8	64	1989	33
Independent	688	21%	19	36	1976	46
Total/Average	**3,229**	**100%**	**49**	**77**	**1999**	**23**

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



Competitive Set Performance

The STR trend set pulled data starting from January 2016 through April 2024. The local competitive set generally has been performing well over the eight-year period with demand steadily increasing prior to 2020. Due to the pandemic, demand experienced a sharp downturn followed by a rapid recovery in 2021 which continued into 2022. Average Daily Rate (ADR) and RevPAR, a product of occupancy and ADR, dropped in 2023 due to the market absorbing new rooms.

Historical Supply, Demand, Occupancy, ADR, and RevPar for Competitive Hotels
Medford, OR | Competitive Set

Year	Annual Avg. Available Rooms	Available Room Nights	% Change	Room Nights Sold	% Change	% Occupancy	% Change	ADR	% Change	RevPar	% Change
2016	631	230,385	–	179,680	–	78.0	–	$123.04	–	$95.96	–
2017	741	270,465	17.4%	206,122	14.7%	76.2	-2.3%	$120.96	-1.7%	$92.18	-3.9%
2018	749	273,286	1.0%	218,327	5.9%	79.9	4.8%	$120.93	0.0%	$96.61	4.8%
2019	832	303,680	11.1%	234,540	7.4%	77.2	-3.3%	$120.43	-0.4%	$93.01	-3.7%
2020	819	299,105	-1.5%	200,945	-14.3%	67.2	-13.0%	$105.89	-12.1%	$71.14	-23.5%
2021	894	326,220	9.1%	275,437	37.1%	84.4	25.7%	$136.56	29.0%	$115.30	62.1%
2022	1,002	365,675	12.1%	286,956	4.2%	78.5	-7.1%	$137.65	0.8%	$108.02	-6.3%
2023	1,166	425,590	16.4%	310,732	8.3%	73.0	-7.0%	$127.46	-7.4%	$93.06	-13.8%
2024 (YTD April)	1,166	139,920	0.0%	90,665	0.0%	64.8	0.0%	$117.32	2.0%	$76.02	2.0%
CAGR (2016-2023)	12.1%	12.1%		10.4%		-0.9%		0.5%		-0.4%	

Source: Smith Travel Research, Hunden Partners

Heat Chart

ADR & Occupancy

The adjacent tables detail the weekly performance of the local competitive set by month from May 2023 through April 2024.

As shown, both rate and occupancy are consistently strong on Tuesdays and Wednesdays, indicating a strong corporate travel market. Fridays and Saturdays recorded the highest ADRs and strong occupancy levels as well, particularly in the summer months.

Occupancy Percent by Day of Week by Month - May 2023 - April 2024

	Sunday	Monday	Tuesday	Wednesday	Thursday	Friday	Saturday	Avg
May - 23	63.5%	69.1%	79.6%	82.2%	78.1%	83.6%	88.0%	**77.7%**
Jun - 23	68.4%	83.0%	88.0%	92.6%	89.8%	91.3%	88.7%	**86.3%**
Jul - 23	75.3%	82.5%	79.9%	87.7%	89.6%	89.7%	92.9%	**85.2%**
Aug - 23	67.8%	83.1%	86.9%	87.7%	83.2%	78.6%	78.3%	**81.3%**
Sep - 23	68.1%	81.8%	88.5%	90.8%	87.5%	83.5%	86.4%	**83.9%**
Oct - 23	54.0%	69.9%	75.4%	81.8%	75.9%	79.7%	78.8%	**73.0%**
Nov - 23	48.1%	68.9%	77.0%	71.7%	63.4%	69.4%	70.0%	**67.0%**
Dec - 23	46.8%	63.5%	72.9%	74.1%	66.0%	63.1%	55.1%	**62.3%**
Jan - 24	46.8%	60.4%	67.3%	68.1%	62.5%	52.7%	49.8%	**58.9%**
Feb - 24	45.6%	65.3%	71.7%	71.6%	62.9%	59.3%	59.4%	**62.3%**
Mar - 24	54.2%	72.6%	75.2%	75.8%	65.0%	67.4%	63.9%	**67.2%**
Apr - 24	51.4%	71.1%	79.0%	78.5%	71.7%	73.0%	68.8%	**70.8%**
Average	**57.5%**	**72.4%**	**78.4%**	**80.0%**	**74.7%**	**74.5%**	**73.5%**	

Sources: Smith Travel Research

ADR by Day of Week by Month - May 2023 - April 2024

	Sunday	Monday	Tuesday	Wednesday	Thursday	Friday	Saturday	Avg
May - 23	$130	$119	$124	$124	$118	$136	$143	**$128**
Jun - 23	$129	$139	$146	$144	$143	$155	$157	**$146**
Jul - 23	$136	$141	$147	$148	$145	$154	$157	**$147**
Aug - 23	$133	$142	$145	$145	$140	$139	$141	**$141**
Sep - 23	$126	$135	$140	$144	$137	$132	$133	**$136**
Oct - 23	$117	$129	$134	$135	$129	$133	$132	**$130**
Nov - 23	$107	$118	$120	$122	$113	$109	$111	**$115**
Dec - 23	$105	$113	$112	$113	$106	$104	$102	**$108**
Jan - 24	$106	$113	$120	$117	$111	$107	$104	**$113**
Feb - 24	$105	$116	$120	$118	$112	$110	$109	**$114**
Mar - 24	$113	$126	$127	$124	$117	$114	$115	**$119**
Apr - 24	$113	$123	$128	$126	$120	$122	$120	**$122**
Average	**$118**	**$126**	**$130**	**$130**	**$124**	**$126**	**$127**	

Sources: Smith Travel Research

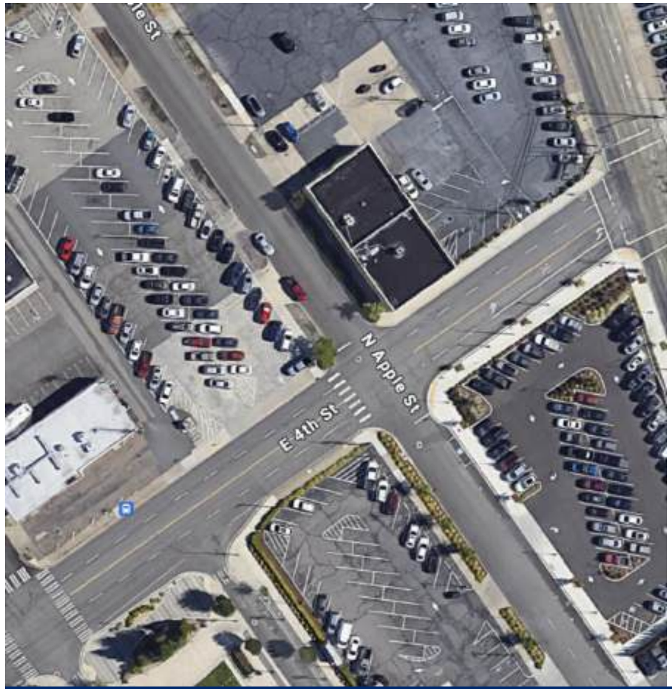
Supply Considerations

The Element by Westin is proposed to be added to the market in downtown Medford.

This project, although influential to the hospitality market does not influence the recommended Project substantially because it will not be a meetings-driven hotel. The Element would be the first quality, competitive hotel in downtown Medford.

An article from May 2024 indicated that a total of eight new hotel properties are in various stages of planning or development in Medford.

The City has indicated a belief in sporting events at Rogue X and other related assets driving tourism through the area. Additionally, Medford benefits from strong weekday corporate activity driven by Lithia as well as year-round medical travel driven by local providers.



element
BY WESTIN

Element by Westin

Location: E 4^{th} St and N Apple St

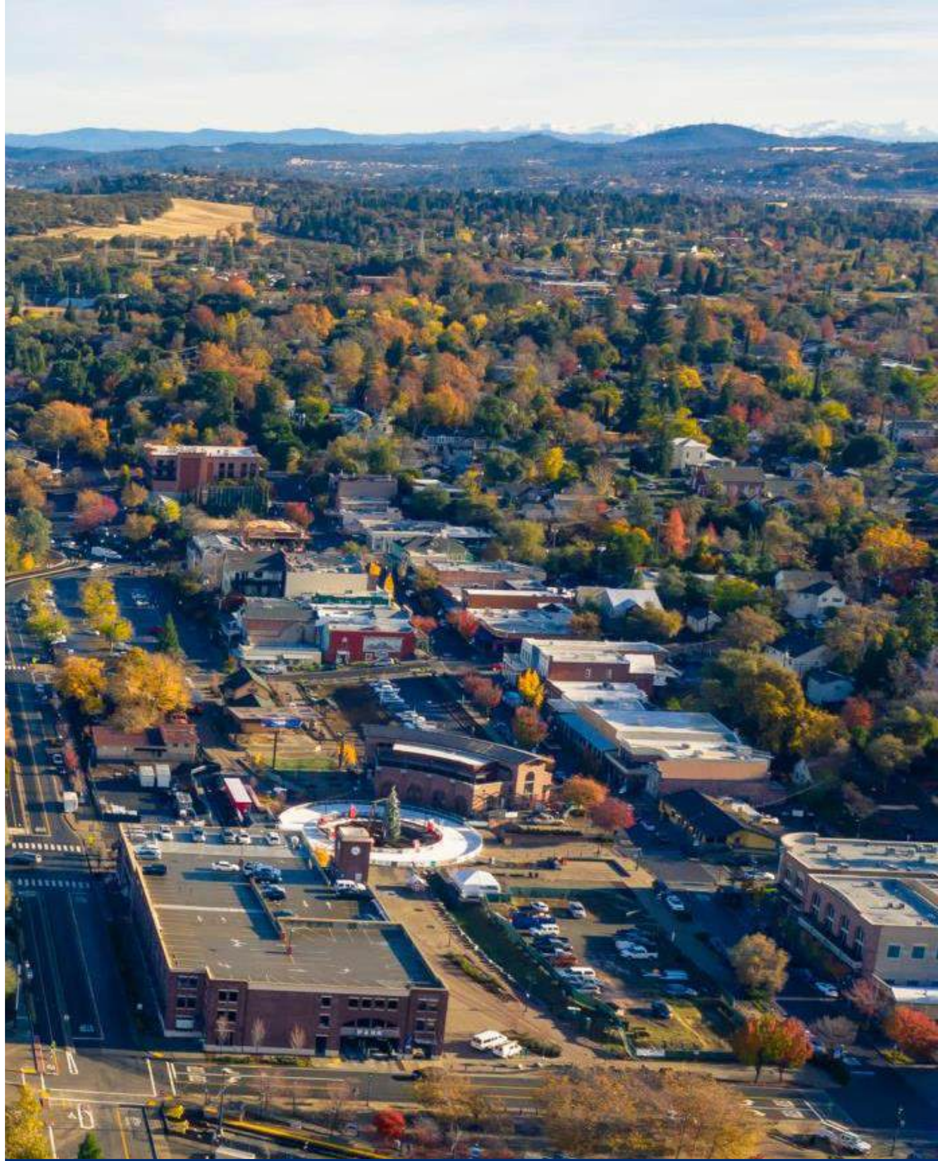
Rooms: 123

Opening: 2027

Hospitality Market Implications

- **Supply:** Two new developments in 2022 added 242 hotels to the Medford competitive market, but the market still lacks any “Upper Upscale” product.
- **Demand:** Despite a decrease in occupancy and ADR in 2023, total room nights sold has increased each year since 2020 and has surpassed pre-pandemic levels of demand. Mondays through Saturdays throughout 2023 routinely achieved occupancies in the mid-to-high 80s, and in peak season, reached as high as 93 percent, indicating the need for more hotel room night availability in the Medford.

Bottom Line: Hotel demand is strong within Medford and additional supply is needed within the city, specifically supporting the downtown market. There is an opportunity for a differentiated hotel product with ample function space in Medford, which is needed to attract meetings and events to the market.



04

Case Studies

Comparable Case Studies Overview

Relevant Case Studies

Venue	Location	Room Count	Year Opened / Renovated	Total Function Space (SF)	Exhibit Space	Ballroom Space	Largest Ballroom	Meeting Space	Meeting Rooms
Hyatt Regency Hotel & Conference Center	Coralville, IA	288	2019	57,876	30000	22,422	15,000	5,454	21
Embassy Suites San Marcos Hotel & Conference Center	San Marcos, TX	283	2016	41,280	-	36,000	28,800	5,280	19
Seaside Civic & Convention Center	Seaside, OR	-	2019	24,568	10500	6,030	6,030	8,038	13
Hyatt Regency Conroe	Conroe, TX	250	2023	24,288	-	21,138	15,061	3,090	12
Embassy Suites Noblesville Conference Center	Noblesville, IN	198	2018	23,906	-	21,620	18,512	2,286	10
Average		**254.75**	**2019**	**34,384**	**20,250**	**21,442**	**16,681**	**4,830**	**15**

Source: CVENT, Venue Websites, STR

Hunden chose these facilities as relevant case studies due to the market similarities and the respective properties' performance given the size and nature of the event space. Understanding what these facilities have done to be successful, the types of events accommodated, how they have performed, and the market that has supported them is critical in formulating Hunden's recommendations for the Project. The table above details the location, year opened or renovated, and function space.

Although the total function space of some of these developments is larger, so are their key counts. Given the current financing environment for large conference hotels, Hunden recommends a slightly scaled back version of these similar projects.

Hyatt Regency Hotel & Conference Center

Location: Coralville, IA

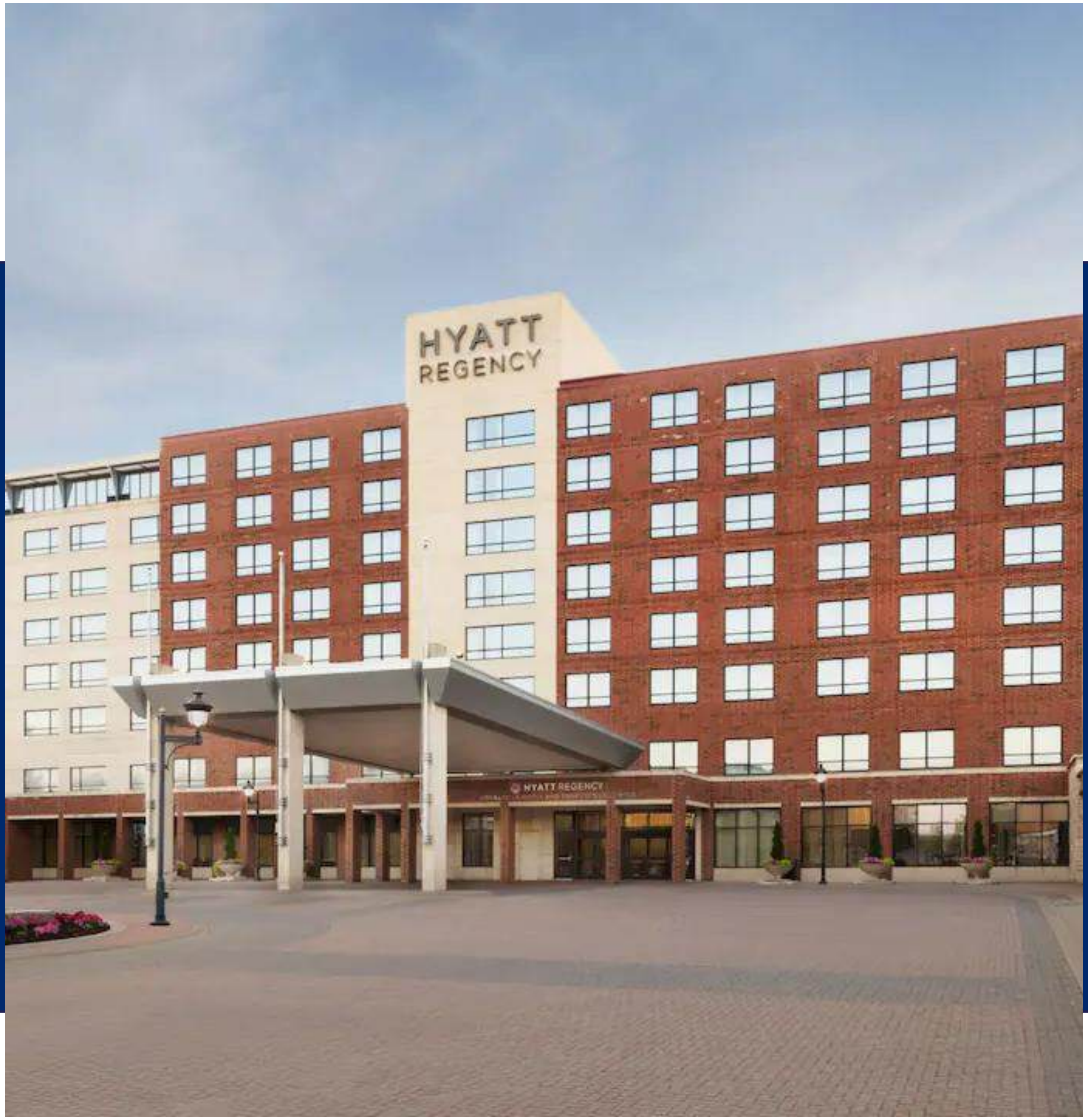
Total Meeting Space: 27,588 square feet

The Hyatt Regency Hotel & Conference Center has two divisible ballrooms at 15,000 and 7,200 square feet, ten small meeting rooms, a 10,000-square-foot outdoor terrace, pre-function space, and a 30,000-square-foot exhibit hall.

The facility opened in 2006 and cost $68 million to build. Owned by the City of Coralville, the facility was operated by Marriott until August 2021 when it was rebranded as a Hyatt Regency. The conference center was modernized through a renovation in 2019.

Notes:

The hotel features a full-service restaurant, Edgewater Grille, in addition to other onsite amenities such as the River Bar, Starbucks Market, a fitness center, and an indoor pool. The hotel is in the heart of a 180-acre, mixed-use development known as Iowa River Landing. The hotel and conference center are managed by Marcus Hotels & Resorts.



Embassy Suites San Marcos Hotel & Conference Center

In 2005, the City of San Marcos agreed to a deal with John Q. Hammons Hotels to create a partnership to build the Embassy Suites Hotel & Conference Center in San Marcos, Texas. In exchange for development of the 11-story, 250-room hotel that cost $40–$50 million to build, the City agreed to build a $15-million, city-owned, adjacent 75,000-square-foot conference center (41,000 square feet of meeting space).

As of 2023, this conference center is still owned by the City. The hotel and conference center is managed by John Q. Hammons Hotels & Resorts.

Notes:

The Embassy Suites is the premier conference facility in Hays County/San Marcos. The facility frequently attracts rotating Texas association business.

Interview Feedback: Embassy Suites San Marcos

Hunden interviewed the Embassy Suites San Marcos to gain insights on the local convention, conference, and meetings market. The following summarizes the key takeaways from that discussion:

- The Embassy Suites is under joint ownership with the City of San Marcos. **The City paid for the meeting space, while the hotel was privately developed.**
- The convention space at the venue primarily attracts association, government, and SMERF business. Management is trying to attract larger conventions, but it is difficult because the venue lacks the required space to host these events. The Embassy Suites attracts approximately 60 percent association, 30 percent leisure, and 10 percent corporate, government, and SMERF business.
- The venue does not directly compete with Austin, which primarily attracts most of the higher-rated corporate business. The venue loses business to other strong association business properties such as the Omni in Corpus Christi, the DoubleTree in North Austin, and association hotels in San Antonio.
- The area needs more entertainment and things to do. Leisure is strong in the summer months due to the activities along the adjacent San Marcos River.
- There is a strong supply of select service hotels in the area. San Marcos needs more quality hotel offerings.

Hyatt Regency Conroe

Location: Conroe, TX

Year Opened: May 2023

Cost: $109 million

Key Features:

- 24,228 square feet of function space with ballroom space accounting for 21,138 square feet. There are two ballrooms, both of which have the capability to split into smaller spaces and four meeting rooms accounting for 3,090 square feet.
- The property includes an onsite restaurant called Conroux and a hotel lobby lounge called Avenue A.

Notes:

The Hyatt Regency in Conroe, Texas, is located near The Woodlands, and is a project completed by Garfield Public/Private. Garfield specializes in public-private partnerships for conference and meetings facilities and hotels.

Hyatt Regency Conroe

The adjacent table details the rentable function space breakdown for the Hyatt Regency Conroe.

The hotel features a 15,000-square-foot grand ballroom that is divisible by six. Additionally, there is a 6,000-square-foot junior ballroom that is divisible by two. Finally, there are 3,000 square feet of meeting space, including two board rooms.

Hyatt Regency Conroe

	Total (SF)	By Division (SF)	Divisions
Exhibit Space	**-**		**-**
Ballroom Space	**21,138**		**8**
Regency Ballroom		15,061	6
A		2,831	1
B		1,836	1
C		2,831	1
D		2,831	1
E		1,901	1
F		2,831	1
Junior Ballroom		6,077	2
A		3,039	1
B		3,038	1
Meeting Space	**3,090**		**4**
Meeting Room 1		1,033	1
Meeting Room 2		1,032	1
Boardroom 1		524	1
Boardroom 2		501	1
Total	**24,228**		**12**

Summary	**SF**	**Rooms/1000 SF**	**Divisions**
Exhibit	-	-	-
Ballroom	21,138	11.8	8
Meeting Rooms	3,090	80.9	4
Total	**24,228**	**92.7**	**12**

Source: Hyatt Regency Baytown

Embassy Suites Noblesville Conference Center

Location: Noblesville, IN

Year Opened: April 2018

Cost: $30 million

Key Features:

- 23,906 square feet of total function space, which includes a 3,108-square-foot ballroom, an 18,512-square-foot conference center, and additional meeting rooms.
- Onsite amenities include restaurant, indoor pool, fitness center, business center, and meeting rooms.
- Walkable amenities include Hamilton Town Center.

Notes:

Hunden interviewed the Director of Sales at Embassy Suites who stated that from a group/convention standpoint, the venue sees about 75 percent association business, 20 percent corporate, and 5 percent SMERF/social demand. The hotel can accommodate groups up to 1,000 and focuses more on larger convention business than sports. Demand is strong in Hamilton County, especially since supply is so limited.

Embassy Suites Noblesville Conference Center

The adjacent table details the rentable function space breakdown for the Embassy Suites Hotel & Conference Center.

The property has no true exhibit space but does offer a divisible ballroom and meeting space. The Waters Conference Center is approximately 18,500 square feet and can be divided into five separate function rooms. The maximum capacity for the conference center is around 2,000 people for a theater-style setup, or 1,550 for a banquet setup. The 5,400 square feet of pre-function space is available to rent for a reception following a conference or event with a capacity of about 250.

Most events hosted at the property are corporate events or banquets. There are three walkable hotels within 0.2 miles from the event center totaling more than 450 rooms. The connected hotel offers 198 guest rooms with room blocks available based on the event. This facility is one of the most utilized event spaces in the local market.

Embassy Suites Noblesville Conference Center

	Total (SF)	By Division (SF)	Divisions
Exhibit Space	**–**		**–**
Full Ballroom Space	**21,620**		
The Waters Conference Center	18,512		5
Waters A		4,512	
Waters B		4,700	
Waters C		4,700	
Waters D		2,300	
Waters E		2,300	
Ditslear Ballroom	3,108		3
Ditslear A		1,036	
Ditslear B		1,036	
Ditslear C		1,036	
Meeting Space	**2,286**		
Stony Creek Meeting Room	1,334		2
Stony Creek Meeting Room A		667	
Stony Creek Meeting Room B		667	
William Conner Board Room		952	
Total	**23,906**		**5**

Summary	SF	Rooms/1000 SF	Divisions
Exhibit	–	–	–
Ballroom	21,620	20.95	3
Meeting Rooms	2,286	198.16	5
Total	**23,906**	**18.95**	8

Walkable Hotels	Room Count	Distance (Miles)	Hotel Class
Embassy Suites (Connected Hotel)	198	–	Upper Upscale
Holiday Inn Express & Suites Indianapolis NE	123	0.1	Upper Midscale
Wyndham Noblesville	132	0.2	Upscale
Total	**453**		

Source: Cvent, STR

Interview: Embassy Suites Noblesville Conference Center

Hunden interviewed the Director of Sales at Embassy Suites Noblesville Conference Center to understand the operations and demand for the event space based on various event types. The following are key takeaways from the interview:

- **From a group/convention standpoint, the facility does about 75 percent association business, 20 percent corporate, 5 percent SMERF/social**
    - For associations there is a minimum of 50-75 room blocks, where the hotel keeps 25 open for transient travelers. Associations typically have 200+ attendees (250-500) and a minimum of $50-75K food & beverage spend
- The Embassy Suites' event space can accommodate groups up to 1,000 and aims to target these larger meetings and events. Though Hamilton County has a lot of sports demand, the Embassy can accommodate only some of that business given their focus on meetings, groups, and food & beverage revenue generation.
- Supportable amenities help drive business such as the Ruoff Music Center which increases summer rates significantly, often reaching $699 for major Ruoff events. The Embassy does not see a lot of compression from downtown Indianapolis but believes that could change with additional event space and hotels.
- Hamilton County needs an additional event venue, preferably with lower food & beverage minimums and affordable rates. The downtown Indianapolis supply is able to offer lower rates; however, safety/parking issues push SMERF business to Hamilton County.
- **The Embassy has had to turn down meetings business due to the lack of availability for 2023-24. There is a potential need for an Embassy Suites meeting space expansion, alongside consideration of a new select service hotel with additional meeting business (100 rooms, approximately 10,000 square feet of meeting space).**

Seaside Civic & Convention Center

Location: Seaside, OR

Year Opened/Renovated: 1971/2019

Cost: $15 million (renovation)

Key Features:

- 24,568 square feet of total function space, which includes a 6,030-square-foot ballroom, 10,500 square feet of flexible exhibit space, and additional meeting rooms.
- Additional pre-function and mezzanine areas add 8,900 square feet, typically used for vendors and social networking events.

Notes:

The Seaside Civic & Convention Center was approved for a renovation and expansion of the then 45-year-old facility in August 2016. Construction of the $15-million project began in May 2018 and was completed in the fall of 2019. The Center performs capital maintenance annually, but a renovation and addition will meet increasing demand for the facility.

Seaside Civic & Convention Center

Location: Seaside, OR
Owner: City of Seaside
Management: City of Seaside

The Seaside Civic & Convention Center (SCCC) is overseen by the SCCC, which makes recommendations to the City Council related to policies, contracts, building improvements, employment, management, rentals, and budgets. The SCCC is made up of seven non-City employees who are residents or business owners in Seaside; they each serve four-year terms.

An increase in lodging taxes was used to fund convention center expansions and upgrades, as well as support operations of the center. Rates at the convention center are fixed; however, lodging taxes help subsidize rental fees to make it more affordable for groups. The Seaside Visitors Bureau provides marketing services, but the convention center handles all contracts internally and distributes RFPs to hotels for groups needing room blocks.

The center's staff of ten full-time employees manage the facility, including event services. Catering is provided exclusively by Oregon Fine Foods. A number of independent and flagged hotels are located within 0.1 miles of the facility.

Seaside Civic and Convention Center

	Total (SF)	By Division (SF)	Divisions
Exhibit Space	**10,500**		**1**
Pacific Room		10,500	
Full Ballroom Space	**6,030**		**2**
Necanicum West		2,948	
Necanicum East		3,082	
Meeting Space	**8,038**		**13**
Seamist Room		465	
Sand Dollar A		289	
Sand Dollar B		272	
Sand Dollar C		272	
Sand Dollar D		340	
Seaside A		567	
Seaside B		783	
Seaside C		567	
Riverside A		1,100	
Riverside B		1,500	
Riverside C		1,100	
Sunrise Room		528	
Sunset Room		255	
Total	**24,568**		**16**

Summary	**SF**	**Rooms/1000 SF**	**Divisions**
Exhibit	10,500	–	1
Ballroom	6,030	73.63	0
Meeting Rooms	8,038	55.24	13
Total	**24,568**	**18.07**	14

Walkable Hotels	**Room Count**	**Distance (Miles)**	**Hotel Class**
Inn at Seaside	48	0.1	Independent
Holiday Inn Express & Suites Seaside Conven	84	0.1	Upper Midscale
SaltLine Hotel Seaside	66	0.1	Independent
Rivertide Suites	70	0.1	Independent
Ascend Collection The Kathryn Riverfront Inn	63	0.1	Upscale
Shilo Inn Suites Oceanside Hotel Seaside	113	0.2	Upper Midscale
Total	**444**		

Source: SCCC, Cvent, STR

Los Angeles Convention Center

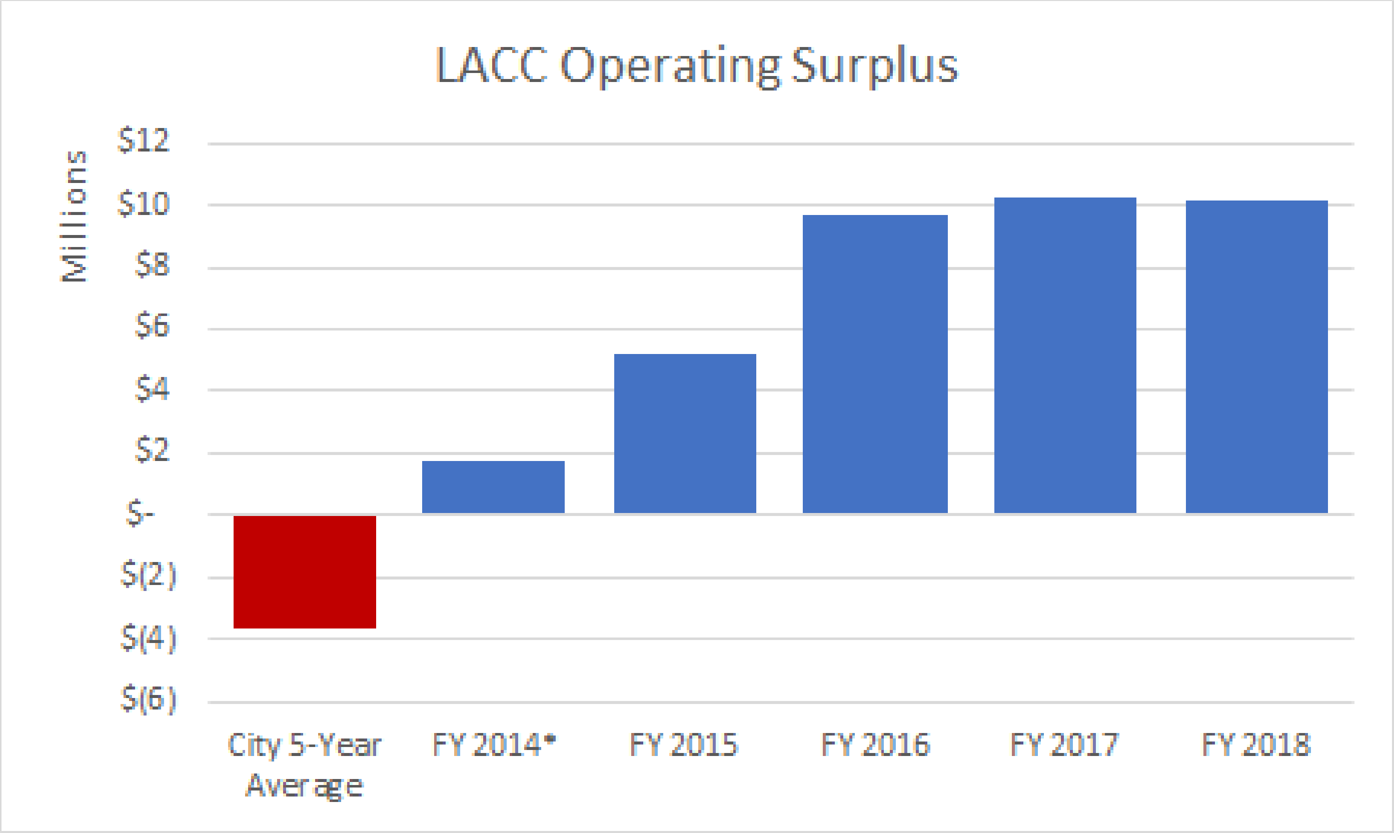
Private Management Impact

Los Angeles Convention Center
Private Management Impact

The following slides on the Los Angeles Convention Center (LACC) were derived from a case study conducted by ASM Global and is confidential information. Although LACC is located in a major market, the influence of private management is still attributable to facilities within smaller markets as well.

Until 2014, the LACC was publicly operated by the City of Los Angeles. In the latter half of 2014, ASM Global took over ownership of the LACC and estimated that it would generate a $7.9 million operating surplus for the City of Los Angeles within its first five years.

By the end of the fourth fiscal year, ASM generated a $10.2 million operational surplus in 2017 and $10.1 million in 2018.

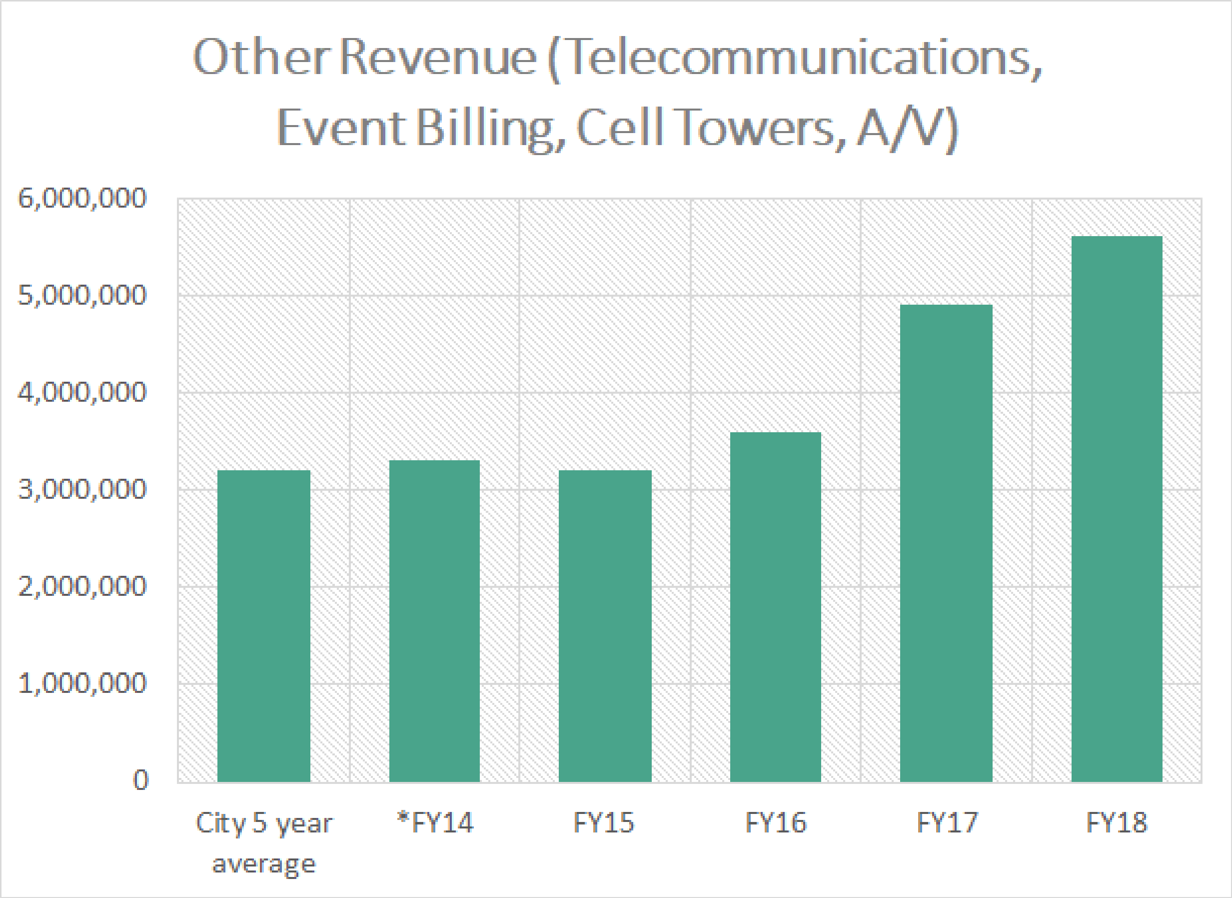


Source: ASM Global

Operational and Organizational Changes

ASM implemented certain operational and organizational changes and improvements to increase efficiency and optimize business processes for the LACC, including the following:

- Renegotiated contract with telecom/ data/WiFi service provider
- Renegotiated and expanded cell tower program
- Updated equipment rental program
- Improved recycling program, resulting in greater diversion rate and reduced landfill fees

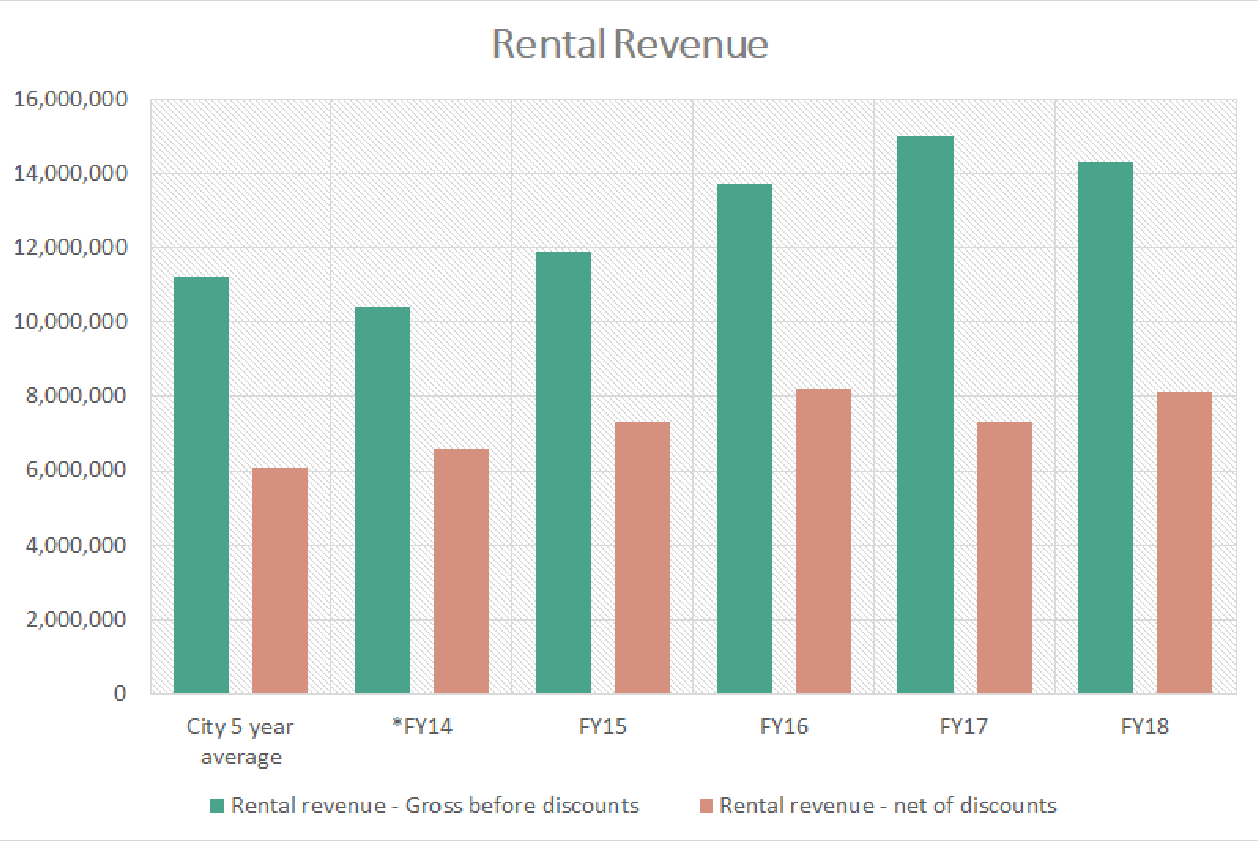


Source: ASM Global

Rental Revenue

The LACC's transition to private management allowed ASM to follow a more impactful approach to sales and marketing, including the following:

- Improved relationship & collaboration with the DMO
- Increased annual citywide booking from 25 to 30 events annually
- Enhanced short-term booking – corporate meetings, filming
- Improved approach to booking events with a focus on maximization
- Partnered with the Levy Group to create a new food & beverage program, "A Taste of LA"



Source: ASM Global

The Chattanoogan Hotel

Funding

The Chattanoogan Hotel

Location: Chattanooga, TN

Year Opened: 2001 (Renovated 2020)

Cost: $43 million

Key Features:

- The 202-key Chattanoogan Hotel features 21,725 square feet of total function space. The Chattanooga Ballroom covers a total of 7,416 square feet and is divisible into four smaller spaces. There is also 14,309 square feet of meeting space across 16 different meeting rooms.
- The property includes an onsite restaurant called Conroux and a hotel lobby lounge called Avenue A.

Notes:

The Chattanoogan Hotel is part of Hilton's boutique, upscale hotel collections. It is within walkable distance from several retail and restaurant offerings as well as the Chattanooga Convention Center. Within proximity to the Chattanoogan Convention Center are several other hotel properties within a walkable distance.

The Chattanoogan Hotel

	Total (SF)	By Division (SF)	Divisions
Exhibit Space	**-**		**-**
Ballroom Space	**7,416**		**4**
Chattanooga Ballroom	7,416		4
Ballroom 1		2,448	1
Ballroom 2		2,448	1
Ballroom 3		1,260	1
Ballroom 4		1,260	1
Meeting Space	**14,309**		**16**
Amphitheater		2,548	**1**
Walker		2,067	1
Rose		1,410	1
Roberts		1,350	1
Kelley		1,000	1
Ochs		960	1
Kinsey Boardroom		729	1
Chambliss		480	1
Crabtree		480	1
Fierson		480	1
Hardy		480	1
Littleton		480	1
Thompson		480	1
Watkins		480	1
Bass		460	1
Andrews		425	1
Total	**21,725**		**20**

Summary	**SF**	**Rooms/1000 SF**	**Divisions**
Exhibit	-	-	-
Ballroom	7,416	27.2	4
Meeting Rooms	14,309	14.1	16
Total	**21,725**	**41.4**	**20**

Source: The Chattanoogan Hotel

Funding Overview

In 2000, the Industrial Development Board of the City of Chattanooga issued $129.2 million of Chattanooga Lease Rental Revenue Bonds (Series 2000 Bonds) with proceeds used to fund the hotel, convention center, and other nearby projects. The Chattanoogan Hotel's total project cost was $43 million, equating to $213,000 per room. Funding included a $20 million investment from the public sector, accounting for 46.5 percent of the total project cost, and a $23 million investment from the private sector, accounting for 53.5 percent of the total project cost.

The City of Chattanooga sold the property in 2018 for $27 million to Ascent Hospitality Group, making it part of the Curio Collection by Hilton. Placing the hotel under private ownership has generated an extra $280,000 in property taxes a year which saves the City $23 million in payments over the remaining life of the bonds used to pay for the hotel. At the time of the sale, the hotel's income and tourist zone tax payments were not enough to pay the hotel's annual debt costs; more than $30 million of debt remained as a larger city bond issue. However, the voters approved an additional half-cent sales tax, allowing the City to pay the annual debt service costs on the bonds issued for the development of the Chattanoogan Hotel along with other projects' costs.

Challenges and Lessons Learned

There are several reasons why a facility may struggle to attract and compete for events. Below, Hunden assesses some of these reasons and provides lessons learned from facilities that have successfully overcome them:

Lack of Sufficient Space: After opening in 1989, the San Diego Convention Center witnessed significant demand for booking events. However, it struggled to compete with larger regional facilities in comparable markets like Los Angeles and San Francisco for large-scale and statewide events. Furthermore, the original footprint limited the size and number of events that the facility was able to accommodate, leading to lost business. The facility recognized the need for sufficient space to attract larger-scale events and compete with other markets across the state. As a result, the facility underwent its first major expansion in 2001 which nearly doubled its footprint.

Lack of Commercial Activity and Complementary Assets: When the George R. Brown Convention Center opened in Houston in 1987, the surrounding area was largely underdeveloped, which posed challenges for attracting major conventions and groups. However, the convention center served as a catalyst for additional commercial development in the area. As the City began to develop and revitalize the area, which included the addition of more hotels, the facility's ability to attract a greater number of events improved significantly.

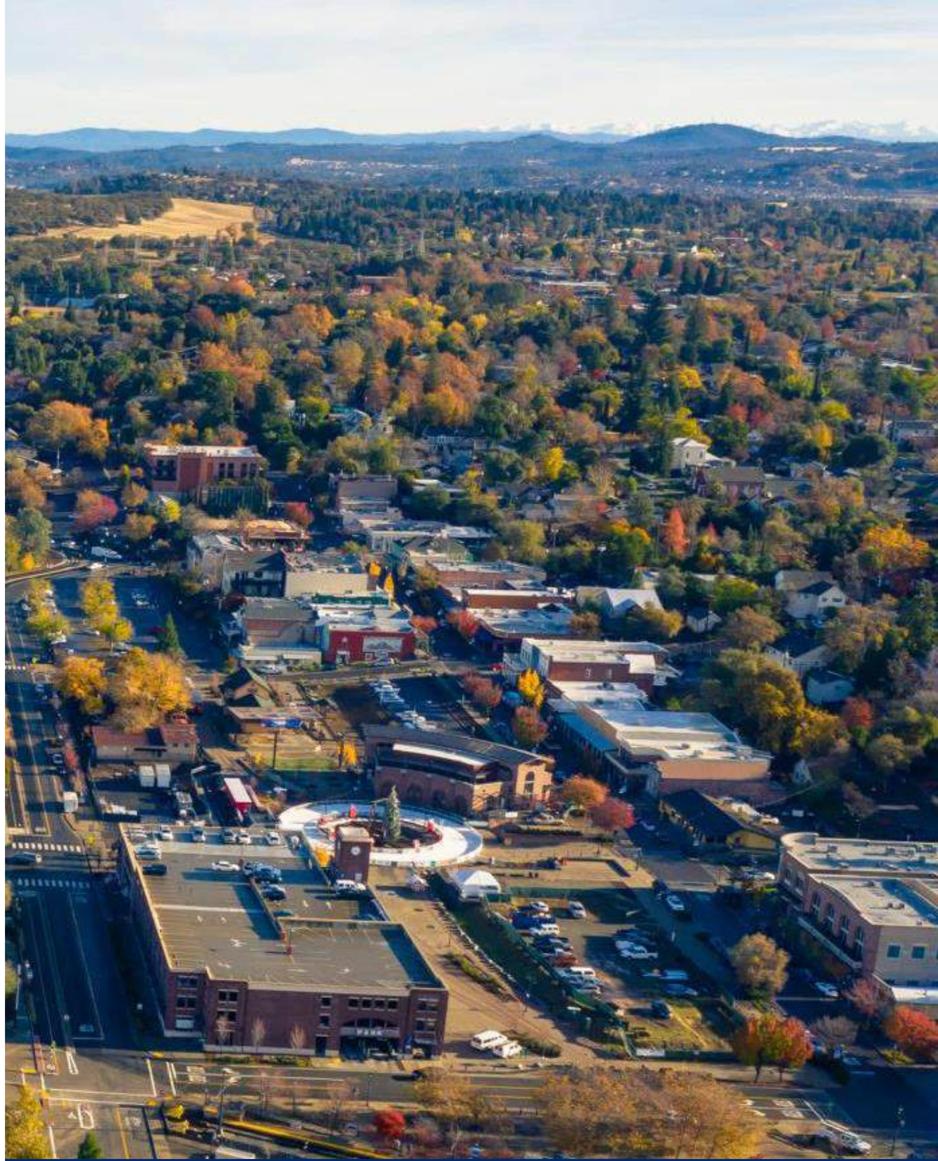
Lack of Onsite Hotels: Several facilities have struggled to attract events due to a lack of a connected hotel or sufficient walkable hotel options. Some examples include the McAllen Convention Center in Texas, Tucson Convention Center in Arizona, and Nashville's Music City Center. The addition of an onsite hotel at these facilities provided increased booking opportunities and the ability to attract events with a greater regional or national draw.

Inefficient Management Structures: In addition to the Los Angeles Convention Center, the Atlantic City Convention Center is another facility that, after awarding management to a new private operator in 2014 and forming Meet AC, saw an eight percent increase in group bookings and a 15 percent rise in convention-related room nights in 2014 compared to 2013. Notably, the City booked more convention room nights in 2014 than it had in the previous 15 years. During the first quarter of 2015, the Meet AC sales team increased its convention activity by 25 percent compared to the first quarter of 2014, and attendee spending increased by 33 percent.

Implications

The case studies lend support to the idea that adding an attached hotel to a large event facility or conference center increases the number of room nights generated from meetings and events. Several physical elements and assets contribute to the success of an event facility, including sufficient function space, local commercial activity, and onsite hotels. Additionally, a facility’s operational structure is critical to its ability to compete for events. Overnight visitors are the most valuable kind of visitors to event facilities and communities, generating strong visitor spending at local establishments during their extended stay and contributing to hotel tax revenues, ultimately leading to a greater economic impact.

This trend stays true in both smaller and larger markets, as meeting planners for all event sizes desire a truly walkable package that combines the “meet & stay” into one location.

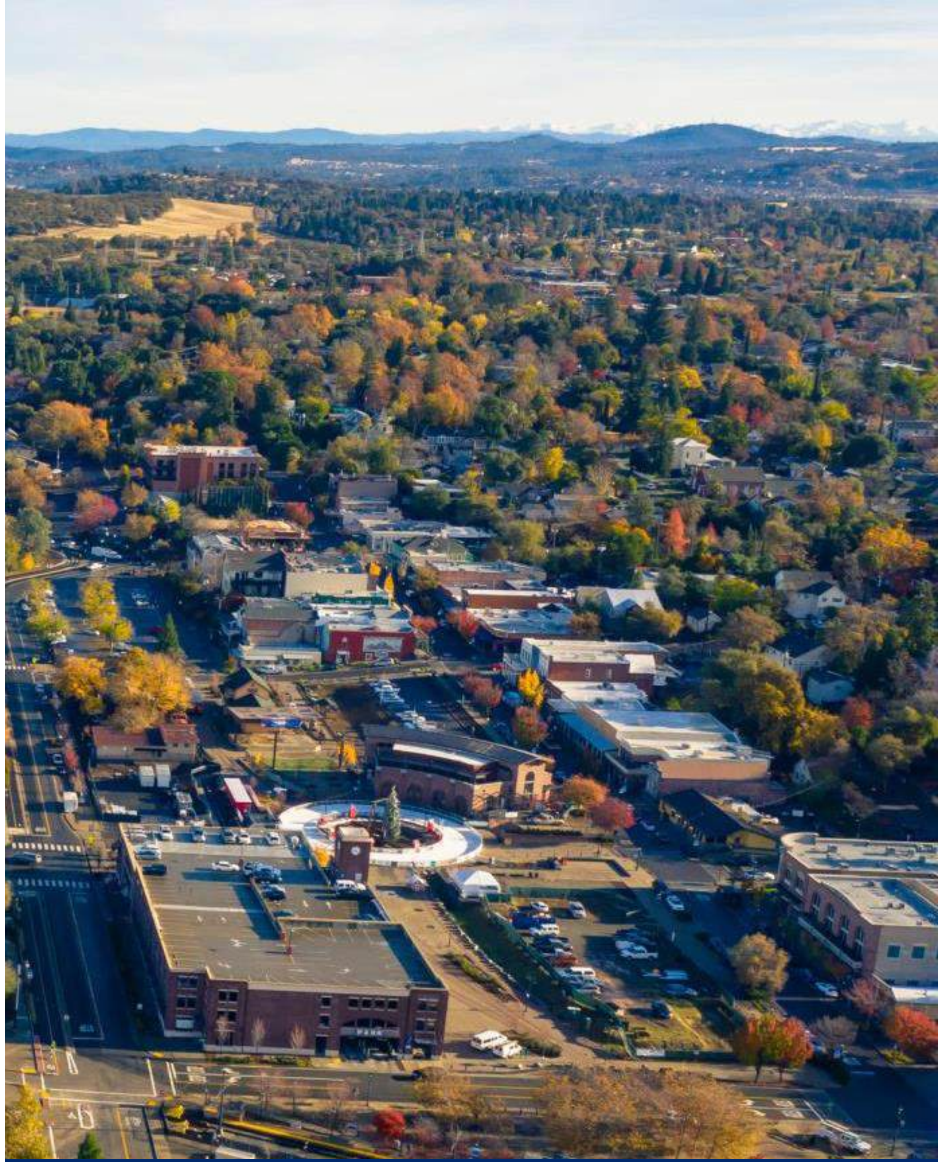


05

Implications & Recommendations

Project Implications

- **Local Need:** The local stakeholder meetings conducted both in-person and virtually solidified the local need for meeting space within Medford.
- **Regional Demand:** Based on the regional supply and demand that was determined through market research and several demand interviews, the Project has **significant opportunity to deliver a high-quality facility that can accommodate large regional groups and statewide associations.**
- **Financing Realities**: Although there is an identified market need, the Project **will likely face financing challenges. Scenarios were provided to account for this reality.**



Recommendations
Small Scenario

Through Hunden's comprehensive analysis of local and regional supply, demand, and market dynamics, two feasible scenarios have been provided. This recommendation stems from both data-driven insights and feedback gathered through interviews.

The Conference Hotel scenario (small) addresses the unmet demand from local groups and offers the quality and size needed to attract small and mid-size regional events.

Hunden emphasizes that to maximize the economic impact and appeal of the Project, it needs to be located within Medford's main economic hub, downtown. Furthermore, the presence of a major anchoring asset within downtown is best positioned to stimulate additional retail and restaurant development.

Medford Conference Hotel Recommendation (Small Scenario)

Size	Size / SF	Capacity
Hotel	165 Rooms	
Total Function Space	18,400 SF	
Ballroom Space	12,000 SF Grand Ballroom 4 Divisible Spaces 3,600 SF Junior Ballroom 3 Divisible Spaces	800 Guests Banquet Style 240 Guests Banquet Style
Meeting Rooms	2,800 SF 2 Divisible Spaces	140 Guests Classroom Style
Food & Beverage	5,000 SF ground-floor restaurant Catering kitchen for event space Upscale rooftop F&B space	
Parking	~325 Spaces 165 for hotel 160 for conference center	
Site Need	5 - 7 acres	

Source: Hunden Partners

Recommendations
Large Scenario

The Conference Center & Hotel scenario (large) not only fulfills the components mentioned in the smaller scenario but also positions the Project to most effectively compete with some of the region's top facilities. Furthermore, it capitalizes on the lack of statewide venues capable of accommodating 500+ attendees.

Hunden emphasizes that to maximize the economic impact and appeal of the Project, it needs to be located within Medford's main economic hub, downtown. Furthermore, the presence of a major anchoring asset within downtown is best positioned to stimulate additional retail and restaurant development.

Medford Conference Center & Hotel Recommendations (Large Scenario)

Size	Size / SF	Capacity
Hotel	220 Rooms	
Total Function Space	26,400 SF	
Ballroom Space	18,000 SF Grand Ballroom 6 Divisible Spaces 4,500 SF Junior Ballroom 3 Divisible Spaces	1,200 Guests Banquet Style 300 Guests Banquet Style
Meeting Rooms	3,900 SF 3 Divisible Spaces	195 Guests Classroom Style
Food & Beverage	5,000 SF ground-floor restaurant Catering kitchen for event space Upscale rooftop F&B space	
Parking	~420 Spaces 220 for hotel 200 for conference center	
Site Need	6 - 10 acres	

Source: Hunden Partners

06

Site Analysis & Recommended Programming

Candidate Sites

The following chapter provides a site overview and analysis of five different candidate locations for the Project. All of the site analysis and graphics within this chapter were conducted and provided by Gensler.

MEDFORD | CANDIDATE SITES

Site characteristics that drive successful Convention/ Conference Centers:

- Adequate size to support proposed program
- Access to Airport/Transit
- Access to Roadway Networks for visitors and service
- Proximity to Hotels
- Proximity to Restaurants/Entertainment
- Room for future Expansion
- Security
- Walkable neighborhoods
- Synergy with adjacent sites

The following sites were considered:

AIRPORT
Adjacent to the Rogue Valley International Medford Airport

NORTHGATE
Retail Shopping Center and Power Centers

ROGUE X
Site of the successful regional sports facility.

DOWNTOWN
Center of existing walkable urban infrastructure

COQUILLE
Property in South Medford owned by the Coquille Tribe

CENTENNIAL GOLF CLUB
Large property with developable parcels adjacent to Golf Course

Gensler

Airport Site

Adjacent to the Rogue Valley International Medford Airport, a few sites are large enough to accommodate the proposed Conference Center hotel.

The site is very convenient for visitors flying into Medford. This can also be seen as a negative, since it does not encourage opportunities for interaction with the greater Medford area.

A cluster of existing hotels are nearby, but there are few other entertainment or walkable destinations.

Northgate Site

The Northgate area is currently a heavily retail-centric area sandwiched between the rail lines on the west and the I-5 on the east. An off-ramp to the Interstate at Rossanley Drive (Rte 238) bisects the area.

The Rogue Valley Mall is toward the east side of this area, with multiple big box retail establishments surrounded by multiple empty sites. Several of these sites are large enough to easily accommodate the largest configurations of the prototypical Conference Center layout.

Multiple standalone restaurants line the roads and there are a few hotels just east of I-5; however, nothing is walkable. The entire area is geared toward vehicular transportation, with large boulevards and surface parking lots defining the majority of the publicly accessible areas.

The numerous sites would support future development of a more custom-built and pedestrian-friendly district, but significant investment would be required to change the character from an automobile-oriented destination to one that would synergize with a convention center district.

Gensler

Rogue X Site

The Rogue Credit Union Community Complex is a successful regional recreation center, with basketball/volleyball courts and a swim center. The complex attracts visitors from across the entire South Oregon region for sporting events.

There are significantly large, undeveloped parcels that could accommodate the Conference Center program. However, original plans, still in place, are for the land to be utilized for soccer fields and park areas.

Some synergies with the programmed events in the Rogue X facility could be achieved.

The surrounding areas to the east, north, and south are developed with industrial and single-family residential uses, which do not offer a great synergy with the Conference program. Similarly, there are few hotels, restaurants or additional entertainment sites within walking distance of the site.

Gensler

Coquille Site

The Coquille tribe controls properties at the southern end of Medford, adjacent to the Lithia and Driveway Fields. These properties front onto South Pacific Highway (OR-99) but are separated by the Compass Hotel.

The southern portion is 2.3 acres and could conceivably be used for parking, although the pedestrian connection between the two sites would not be ideal; guests would need to utilize the sidewalk along the highway past the hotel.

The site's northern portion has good street access with a rectilinear shape that would support an efficient layout. At 7.2 acres, the site is large enough to accommodate a small configuration with surface parking or a large configuration with a parking structure.

This layout would utilize the existing driving range property and provide access to the existing golf course to the northeast. Future use of the golf course would need to be examined, although the property could accommodate future expansion if golf were abandoned.

Despite being next to a newly-built hotel, the remainder of the surrounding light industrial and residential properties are less supportive. The busy highway without walkable areas makes this site less desirable for a conference center.

Centennial Golf Club Site

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The Centennial Golf Club is a privately held golf facility. The entire site, more than 460 acres, contains a single 18-hole course, a clubhouse, and large swaths of currently undeveloped land. These vacant parcels are likely planned for residential development, but several of them are sized and configured in such a way that they would be suitable for the considered Conference Center, including the area identified on the image to the right.

The golf club is at the south end of Medford, across the I-5 Freeway from the Lithia and Driver Fields. Conference Centers immediately adjacent to golf courses can be attractive — especially for some professional events.

The remoteness of this site, relative to central Medford, including hotels and restaurants, is generally a negative. However, if the facility can be developed as a “retreat” location, where all supporting needs can be built in this site, it can be seen as a positive. Still, such an isolated concept does little to support future economic impact for the greater Medford Community.

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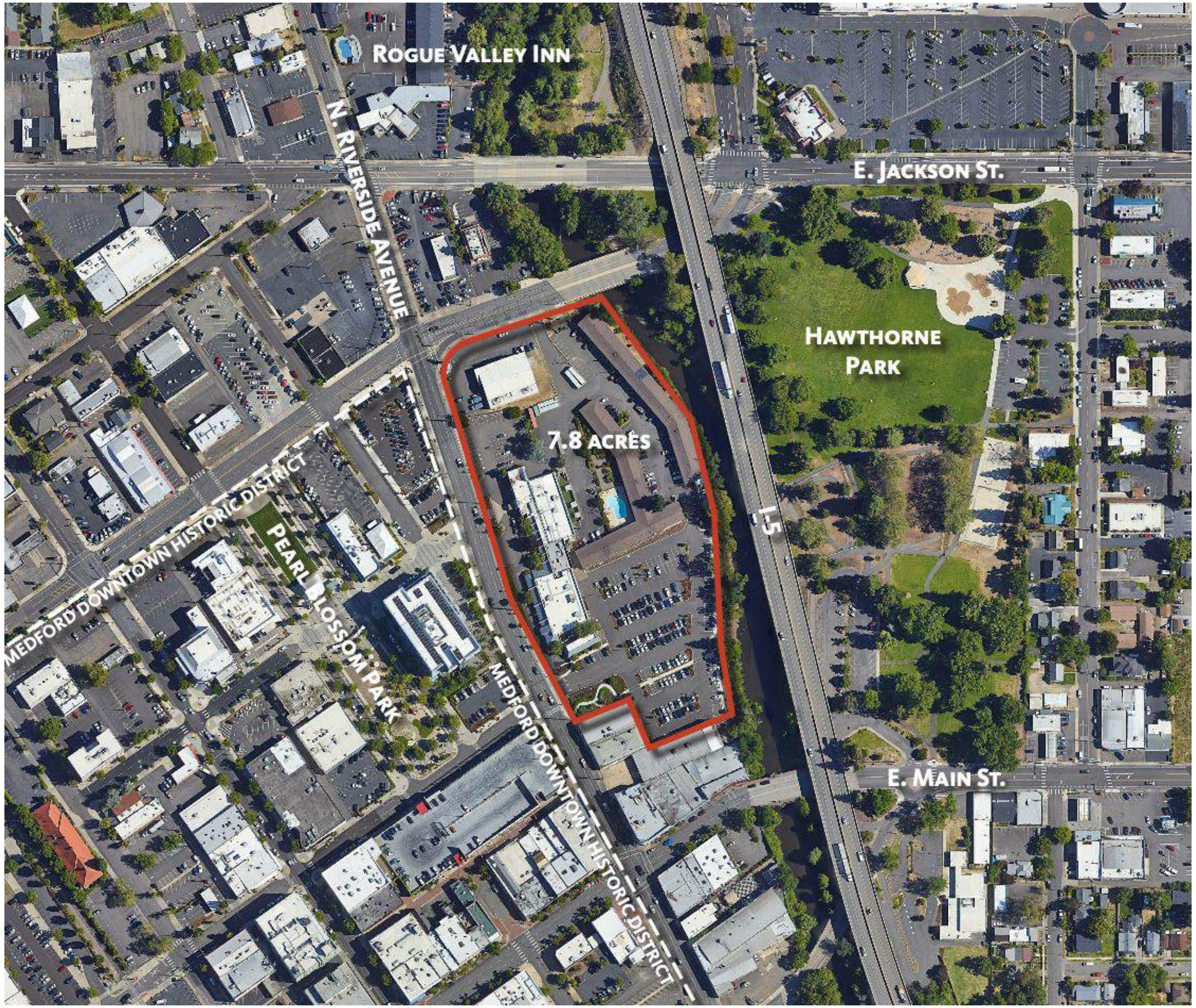
Downtown Site

The Downtown site is the old location of the Inn at the Commons hotel and conference center. The site being considered would also include the corner parcel (the future Tropicana Supermarket and Pear Blossom Park) and privately owned surface parking lot to the south.

The site sits between the I-5 freeway and Bear Creek on the east and the Medford Downtown Historic District on the west. This is one of Medford's most urban areas, with a very walkable district around Pear Blossom Park. A number of restaurants and bars exist within a two-block radius, but not in great density.

Similarly, there are a number of smaller motels north and south along Riverside Avenue. There are also many surface parking lots and a large structure across the street from the proposed site downtown. The existing infrastructure surrounding this site, while not dense, has the capacity for growth without large investment in infrastructure like roads and sidewalks or utilities.

Hawthorne Park is an asset with potential for use for outdoor exhibits in combination with the conference facility. This site was identified as having strong potential, so additional test fits were completed as follows.



Downtown Site Layout

Gensler conducted a preliminary test fit on the downtown site where this project could be developed, in downtown Medford on North Riverside Drive across from the Lithia Headquarters.

The following figure provides a breakdown of the downtown site parameters. The net usable space on the site is 7.78 acres.

Gensler

	SF	Acres	
Inn at the Commons Site			**Notes**
Property 1	230,384 sf	5.29 ac	Some of this property is unbuildable (River)
Property 2	134,009 sf	3.08 ac	
Net Property 1	217,597 sf	5.00 ac	Removing the River
Net Properrty 2	121,446 sf	2.79 ac	
Net Property 1&2	**339,043 sf**	**7.78 ac**	**Net Usable Site**

Downtown Site Prototype

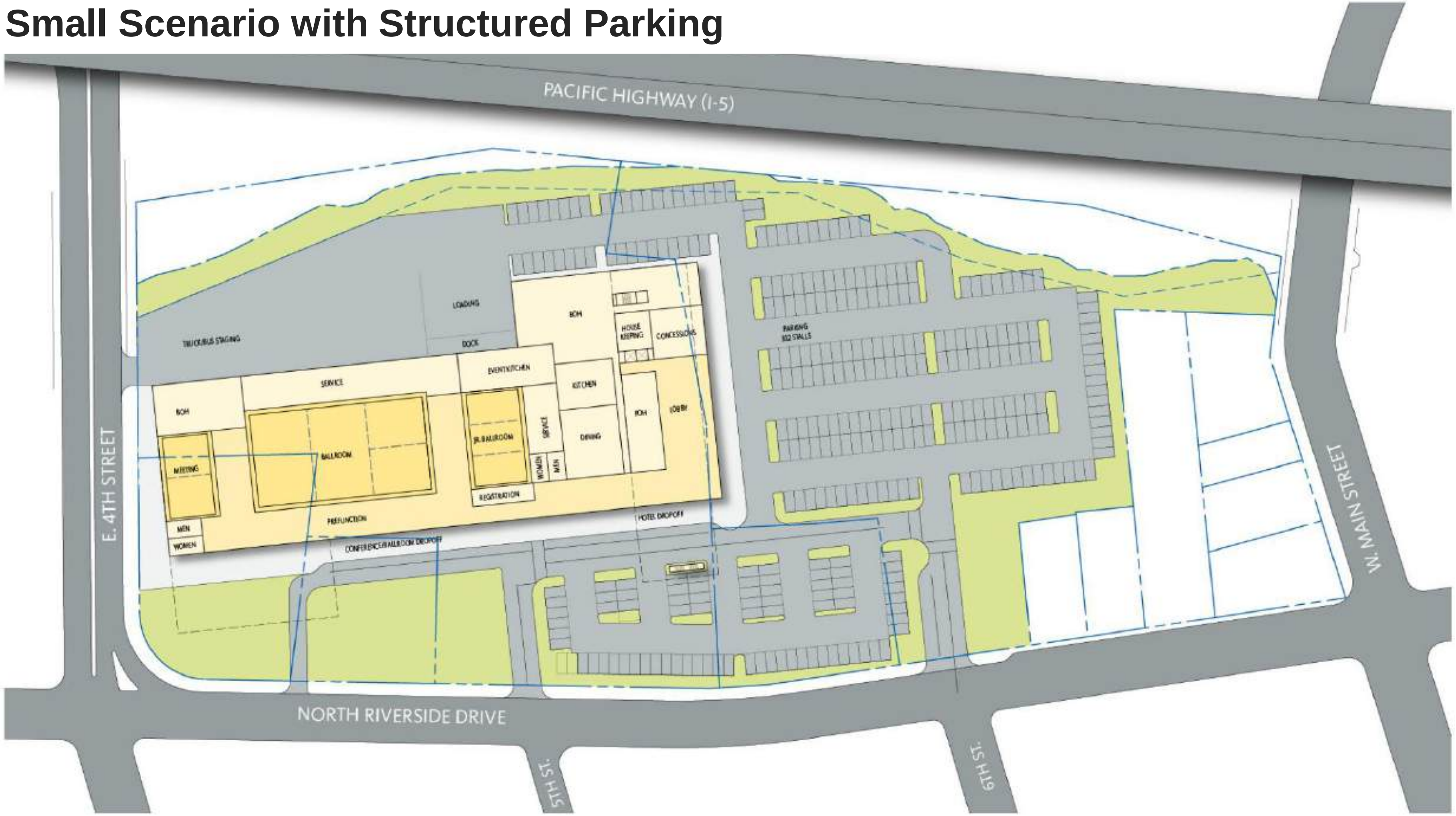
The adjacent table provides an overview of Gensler's recommended prototype programming based on the downtown site layout and Hunden's project recommendations for the hotel and conference facility.

Due to sizing constraints, the large scenario would not be able to accommodate all of its recommended parking spaces if surface parking were implemented. However, structured parking significantly increases construction costs compared to surface parking. Therefore, if the City were to pursue the large scenario, it may be beneficial to evaluate alternative parking options, such as considering additional nearby sites for ancillary parking or offering valet service.

Site Scenario	Site Area		Parking
	SF	Acres	
Scenario A: Small			**325 stalls**
Surface Parking	**316,705 sf**	**7.27 ac**	312 stalls
Parking Structure	226,023 sf	5.19 ac	322 stalls
Scenario B: Large			**420 stalls**
Surface Parking	400,128 sf	9.19 ac	408 stalls
Parking Structure	**252,048 sf**	**5.79 ac**	464 stalls
Inn at the Commons Site			**Notes**
Property 1	230,384 sf	5.29 ac	Some of this property is unbuildable (River)
Property 2	134,009 sf	3.08 ac	
Net Property 1	217,597 sf	5.00 ac	Removing the River
Net Properrty 2	121,446 sf	2.79 ac	
Net Property 1&2	**339,043 sf**	**7.78 ac**	**Net Usable Site**

Recommended Prototype
Small Scenario

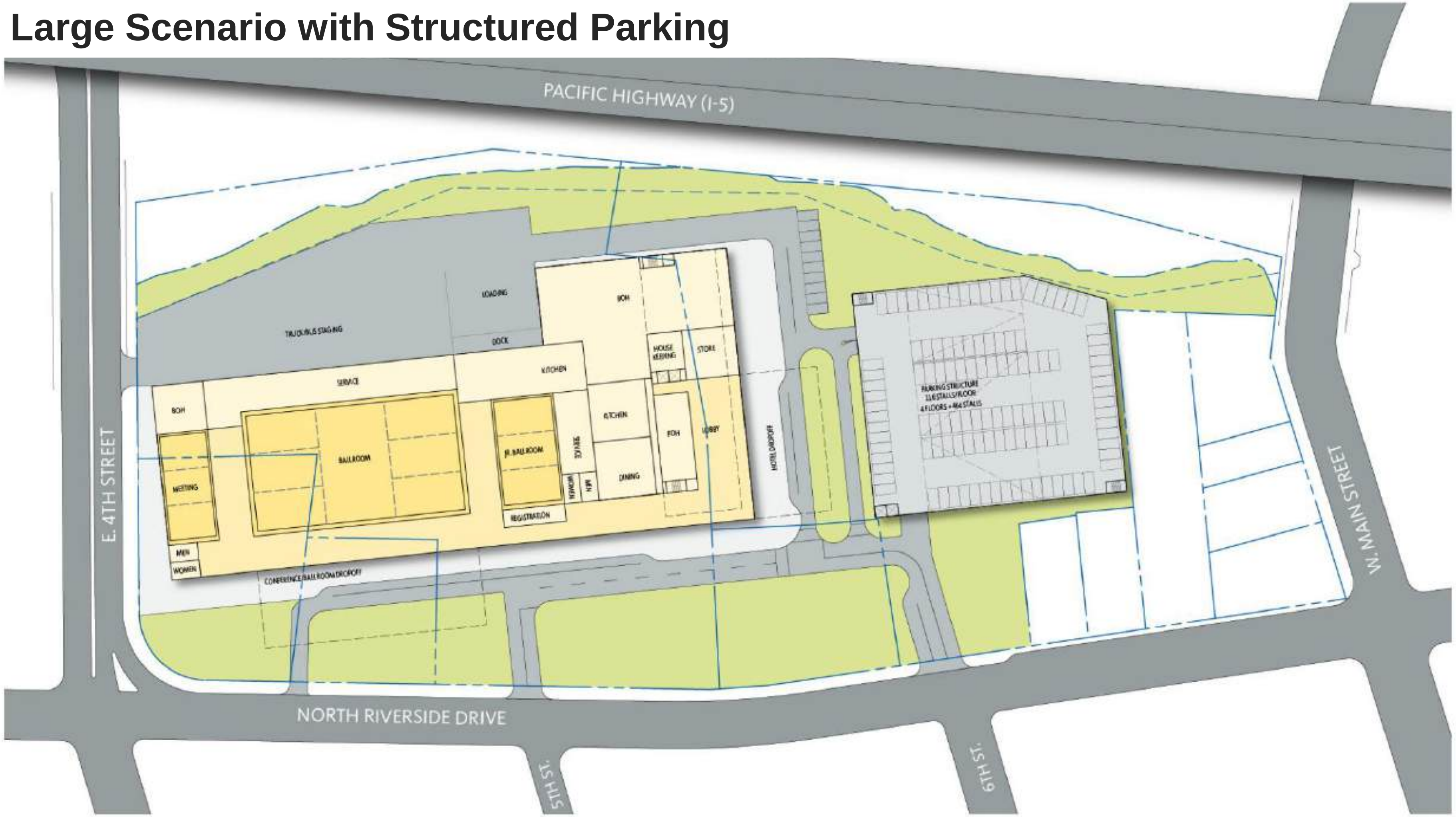
Small Scenario with Structured Parking



NOTES
- 30 keys/floor
- 6 floors of rooms
- Type 3B over Type 1A construction
- Non-Highrise

Recommended Prototype
Large Scenario

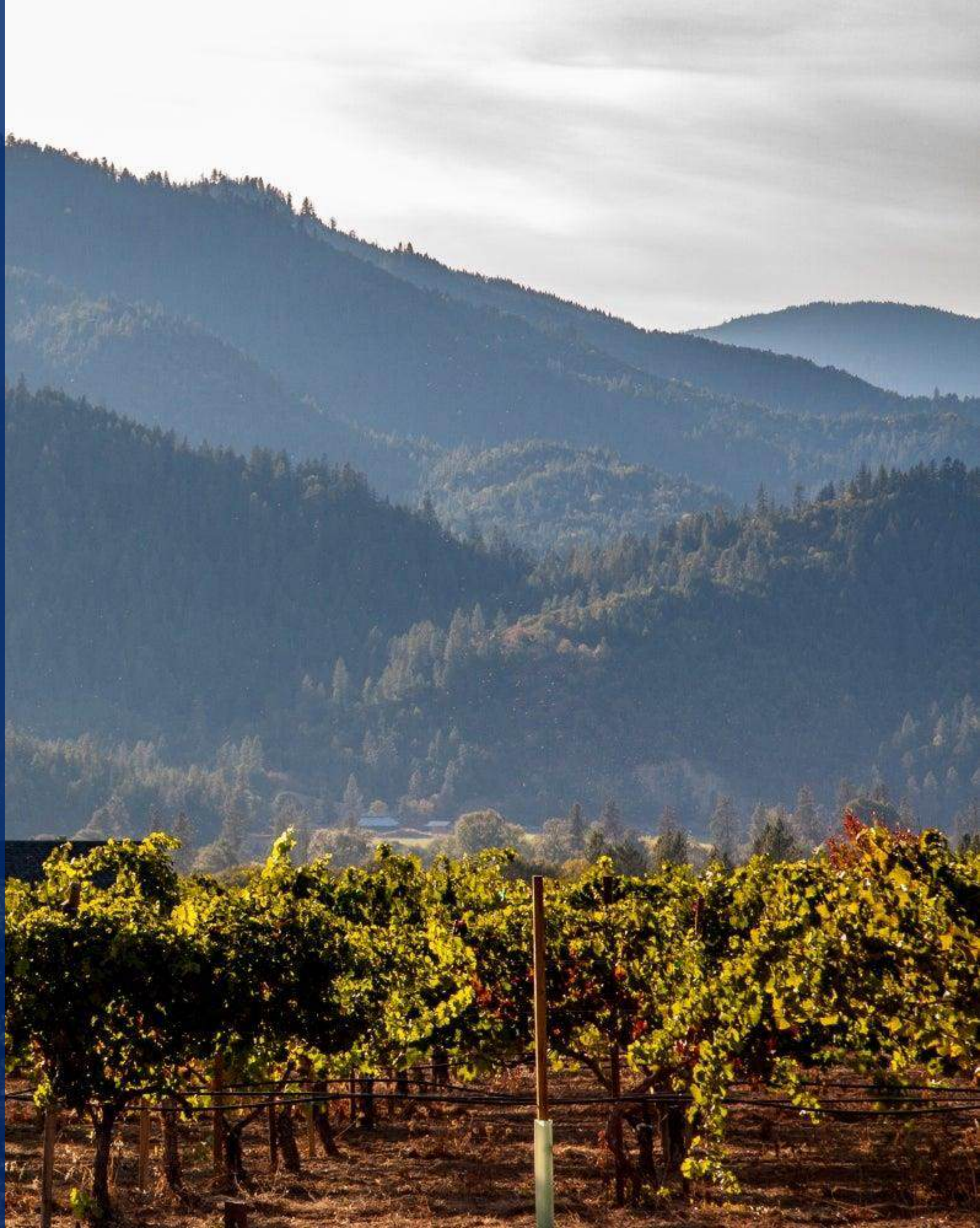
Large Scenario with Structured Parking



NOTES
- 26 keys/floor
- 10 floors of rooms
- Type 1A construction
- Highrise
- 4 story parking structure (34' high)

07

Operating and Management Structures



What is the Industry Doing?

- **More cities are moving to independent entities (boards, authorities, Local Government Corporations, etc.) to own and sustain their major event facilities.** This move to an independent model occurs especially as facilities and complexes become larger and more important to the local economy. The larger the facility or venue, the more likely the move to an independent entity. This both protects the facility from funding issues in general governments and politics, and provides a competitive, mission-focused entity to oversee the long-term success of a public-private benefit enterprise.
- **More cities are moving to private, contracted management, regardless of ownership.** It is nearly unheard of for a facility to move from private management back to public, but every year, more venues move to private management to mitigate many of the issues noted above. With a move to private management, there is more accountability, ability to hire / fire, and a focus on key performance indicators (KPI's), such as revenue, expense, room nights, customer service, and others. Hunden has interviewed many cities who have made the change to private management for entertainment and event venues and witnessed positive results.
- **Focus on Efficiency of Structure and Process.** As cities have worked to treat entertainment and event venues like the competitive businesses that they are, coordination amongst the sales organization, facilities, and hotels is critical. The most successful structures include weekly, monthly, quarterly, and annual coordination amongst sales entities at the venues, hotels, and the DMO. To take it one step further, the most aggressive cities are combining the sales force at the building with the DMO to be one entity. In the case of some, the two sales staffs (building and DMO) are co-located in the same office to shorten the communication loop.
- **Ensures that the Governance Board / Structure / Funding is Solid.** Most strong structures include appointments to their boards from people who know the hospitality and event industry and who can ask the right questions of management and contractors. Political appointees without industry background are minimized. The funding streams are also protected for the facilities and DMO.

City Management

PROS	CONS
▪ Long-term employees ▪ No management fees ▪ Can focus on priorities beyond profit ▪ Consistency	▪ Lack of experience results in less effective operations ▪ Employees do not have an incentive structure to inspire and motivate exceptional service; tough to attract aggressive, proactive employees ▪ Bureaucracy and red-tape can cause delays ▪ Political pressures ▪ Duplication of efforts among facilities ▪ More reactive than proactive

Contracted Private Management

PROS	CONS
▪ Access to talent across their network, vendor relationships, etc. ▪ Exclusive booking software ▪ Competitive event pricing ▪ Incentives can spur high performance ▪ Assessment of venue performance ▪ Experienced staff that understand how to maximize revenue and minimize expenses ▪ Can separate the main organization / city from tough decisions (personnel, payroll, etc.)	▪ Learning curve as new staff comes into facility ▪ Increased management fees, though should be tied to improved performance metrics

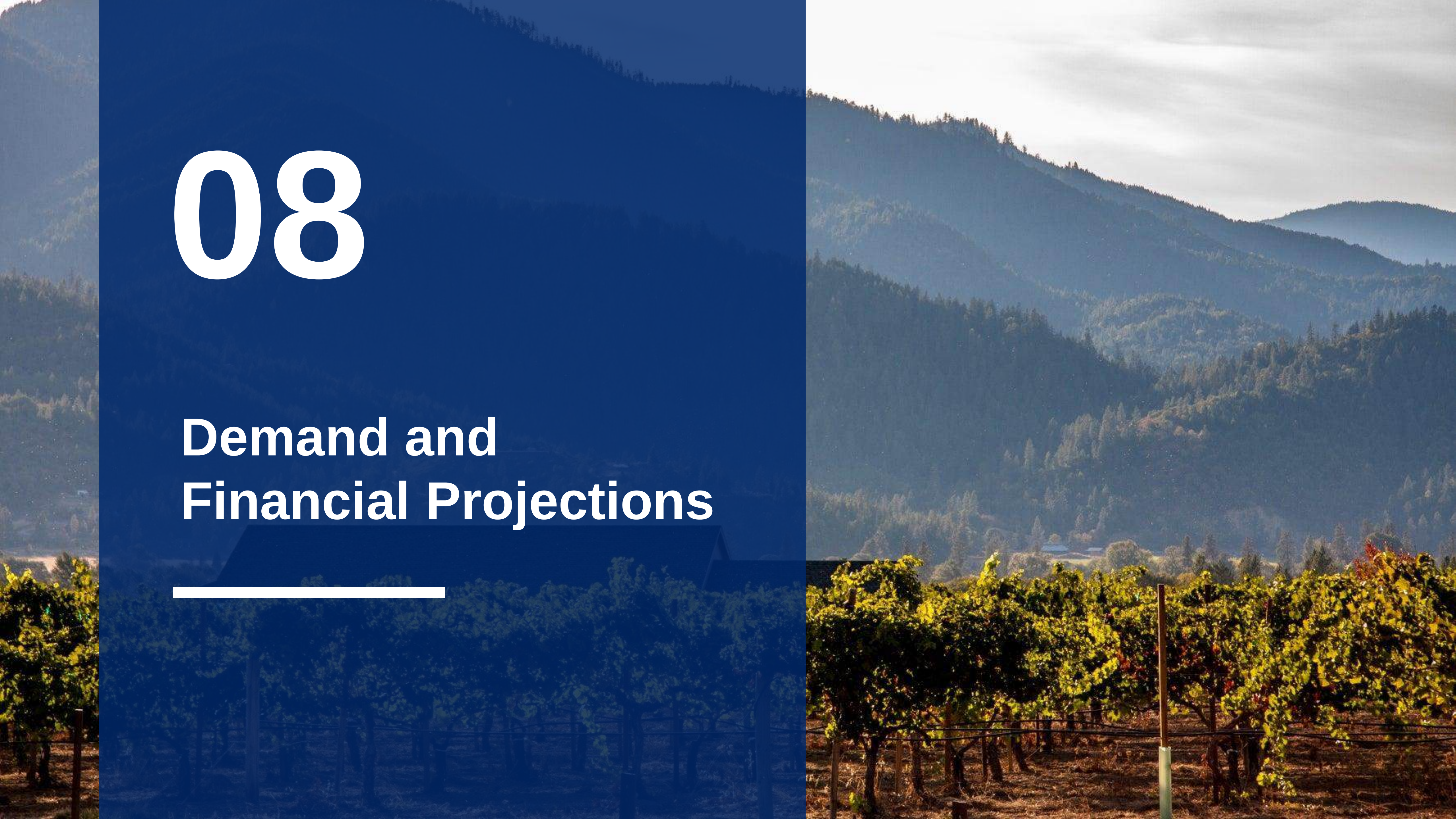
Third-Party Management Implications

The success of a privately managed facility is mainly influenced by the actual individuals in key leadership roles rather than the management company itself. Although nationally-recognized management companies have a strong presence in the industry, this does not necessarily equate to stronger facility management.

Third-party private management structure benefits include the following:

Operating agreement between Manager and City (or quasi-public ownership entity):

- Ownership partners maintain control through approval of operating and capital budgets
- Ownership direction and supervision of policies
- Renegotiated master service and vendor agreements with best practices programs and pricing
- Human resources & professional development services tied to key performance indicators & efficiencies
- Competitive venue management that includes operating, marketing, & hospitality services from a single group
- Upgraded food & beverage service and offerings
- Audio / visual innovation consulting & operating services & FF&E procurement
- Transition of exemplary operating staff to Manager supervision under performance-based compensation – reduces heavy benefit loads related to government employees and reduces overall City staffing costs and increases venue performance



08

Demand and Financial Projections

Summary of Demand and Financials

Summary of Demand and Financials

Hunden completed a comprehensive analysis of the financial performance and feasibility of the proposed Project.

The current financing environment has resulted in challenges related to the development of hotel and conference facility projects. Despite this, there are public financing tools available to assist in the development of these types of projects.

The construction cost estimates include both the hotel and conference center components. Typically, cost estimates in the hospitality industry are evaluated on a per-key basis, allowing for consistent comparisons across similar properties. Furthermore, cost estimates for conference hotel developments tend to combine both components because these properties share infrastructure, amenities, and other services. However, based on past studies that Hunden has conducted where the two components have been separate, roughly 80 percent of the total cost has been attributed to hotel construction, while 20 percent has been attributed to conference facility construction.

Based on Hunden's financial projections, the following feasibility gaps were identified:

- Small Scenario – 165-Key Conference Hotel: **($39.1 million)**
- Large Scenario – 220-Key Conference Center & Hotel: **($55.1 million)**

Medford Projections & Summary

	Small Scenario:	Large Scenario:
	Year 6	**Year 6**
	Year 5 Stabilization	Year 6 Stabilization
Average Daily Rate	$226	$231
Occupancy	77%	75%
NOI ($000s)	$4,621	$6,205
Operating Margin	29%	30%
	($000s)	**($000s)**
Estimated Development Cost	$77,833	$103,778
Supportable Financing	$38,724	$48,657
Estimated Gap	$39,110	$55,120
Gap %	50%	53%

* Stabilization for the small scenario is projected to occur in Year 5. Hunden utilized ADR and NOI projections in Year 6 for both scenarios to provide a more equivalent comparison.

Source: Hunden Partners

Financing Overview

A majority of convention and conference center facilities require some form of public sector involvement due to the high development cost and lack of sufficient private capital available to fund these projects. These developments are rarely feasible on a purely private basis, and municipalities may often provide public financing to help fill the gap between the total construction cost and the amount of equity and debt that a private developer can secure for the project. **The financing gaps assessed for both scenarios represent the estimated amount of public funding that the City will have to provide for construction of the Project**.

A common funding model for these types of projects relies on bond measures backed by taxes. This model involves issuing bonds by the governing authority and repaying them through designated taxes. Meeting facilities rely on public funding for these bonds. Some of the most commonly used taxes by municipalities in this model include:

- Lodging Tax
- Sales/Food & Beverage Tax
- Car Rental Tax
- Tax Increment Financing (TIF): TIFs involve special zones created by city councils to attract new investment in an area. These zones help finance costs of redevelopment and promote growth or revitalization in areas. Taxes attributable to new improvements (tax increments) are set aside in a fund to finance public improvements within the boundaries of the zone. Recapture of property taxes can be used to fund any feasibility gaps for private sector projects via parking and other public items.

Competitive Hotel Set

Hunden's financial projections and market penetration analysis are based on the performance of a selected set of competitive hotels in the Medford market, as shown in the table to the right.

Given the types of properties that conference center visitors typically stay at and the type of caliber that the proposed hotel plans to introduce, Hunden included only upper midscale and upscale properties to more accurately estimate the projected performance of the proposed hotel and its impact on comparable properties.

Consequently, the projected performance metrics, such as ADR and RevPAR, are not representative of market-wide performance, as these included hotel scales command higher rates and different occupancy levels from midscale and economy properties.

Medford Hotel Supply - Competitive Set

Property Name	Miles from Downtown	Rooms	Year Built / Renovated	Hotel Class
Hampton Inn Medford	1.2	75	2008	Upper Mid
Comfort Inn Medford South	1.3	61	1995	Upper Mid
Clarion Pointe Medford	1.4	63	1999	Upper Mid
Holiday Inn Express & Suites Medford	1.6	91	2018	Upper Mid
Hilton Garden Inn Medford	1.6	120	2016	Upscale
SpringHill Suites Medford	1.7	86	2007	Upscale
TownePlace Suites Medford	1.7	75	2007	Upper Mid
Comfort Inn Medford North	1.7	52	1994	Upper Mid
Homewood Suites by Hilton Medford	1.7	109	2008	Upscale
Fairfield Inn & Suites Medford	1.8	92	2021	Upper Mid
Compass by Margaritaville Medford	2.1	111	2022	Upscale
SpringHill Suites Medford Airport	2.6	131	2022	Upscale
Courtyard Medford Airport	2.8	100	2005	Upscale
Total / Average		**1,166**	**2009**	

Source: CoStar, Smith Travel Research

Community-Rate Fee Structure

Some meeting facilities offer discounted or community-rate prices for certain events and groups, such as non-profit organizations, public and government entities, and local groups. Providing discounted space to these organizations can build community engagement and potentially allow facilities to benefit from tax deductions or incentives. Offering community-rate prices also comes with opportunity costs, including the potential risk of lost business and higher-revenue opportunities if the venue must turn away market-rate events. Lost business for market-rate events will likely also result in fewer hotel room nights generated, which can negatively impact the performance of the local hotel market.

In the event that the facility implements a community-rate fee, an optimal structure may involve prioritizing long-term bookings for market-rate clients and allowing community-rate groups to fill remaining gaps in the schedule. Considering that market-rate groups typically plan these events several months in advance, providing community-rate groups the ability to book within a short window such as within 30 days of the event, this can minimize the risk of conflicts with market-rate bookings. Additionally, given that most community-rate groups will likely come from within the local area, booking these events months in advance will not be as critical. Local events typically do not require attendees to book hotel room blocks, travel plans, and additional activities. In addition to building greater community engagement, this structure allows the facility to optimize revenue potential by maximizing market-rate group bookings while filling otherwise vacant days with discounted events.

If the facility adopts this structure, Hunden projects a potential increase in annual meeting space revenue by roughly nine percent for the small scenario or one percent for the large scenario. Hunden’s estimates include an annual total of 20 community events with an 80 percent discount on rental rates.

Hotel Penetration

Medford Hotel Market Growth Small Scenario

The Medford hotel market is largely driven by corporate transient and leisure travelers. Hunden estimates that in 2023, group travelers only accounted for six percent of room nights across the local market. The growth of these demand segments, as well as the supply of hotel rooms planned to enter the market before 2028, is estimated in the following table. Due to the expected increase in supply before 2028, Hunden projects a decline in occupancy based on previous trends that have occurred when new supply has entered the market.

The Project is expected to be a catalyst for increased group visitors in Medford, resulting in a 40 increase in group room nights for the small scenario during its opening year in 2028. Furthermore, the type of economic activity that the Project is anticipated to generate, paired with the assumption that it is located on the downtown site, will likely drive a considerable uptick in corporate visitors as well.

Projected Demand Growth by Segment (Small Scenario)
Medford, OR

Year	Corporate Transient	% Change	Group	% Change	Leisure	% Change	Total Demand	% Change	Total Supply	% Change	Total Rooms	Occupancy
2023	96,606		17,164		196,962		310,732		425,590		1,166	73.0%
2024	97,572	1.0%	17,507	2.0%	198,932	1.0%	314,011	1.1%	425,590	0.0%	1,166	73.8%
2025	107,329	10.0%	18,032	3.0%	212,857	7.0%	338,219	7.7%	511,730	20.2%	1,402	66.1%
2026	112,696	5.0%	18,393	2.0%	219,243	3.0%	350,331	3.6%	511,730	0.0%	1,402	68.5%
2027	116,077	3.0%	18,577	1.0%	221,435	1.0%	356,089	1.6%	556,625	8.8%	1,525	64.0%
2028	126,523	9.0%	26,007	40.0%	232,507	5.0%	385,038	8.1%	616,850	10.8%	1,690	62.4%
2029	135,380	7.0%	32,509	25.0%	239,482	3.0%	407,372	5.8%	616,850	0.0%	1,690	66.0%
2030	140,795	4.0%	35,760	10.0%	244,272	2.0%	420,828	3.3%	616,850	0.0%	1,690	68.2%
2031	143,611	2.0%	38,263	7.0%	246,715	1.0%	428,589	1.8%	616,850	0.0%	1,690	69.5%
2032	145,047	1.0%	39,411	3.0%	249,182	1.0%	433,641	1.2%	616,850	0.0%	1,690	70.3%
2033	145,047	0.0%	39,411	0.0%	249,182	0.0%	433,641	0.0%	616,850	0.0%	1,690	70.3%
2034	145,047	0.0%	39,411	0.0%	249,182	0.0%	433,641	0.0%	616,850	0.0%	1,690	70.3%
2035	145,047	0.0%	39,411	0.0%	249,182	0.0%	433,641	0.0%	616,850	0.0%	1,690	70.3%
2036	145,047	0.0%	39,411	0.0%	249,182	0.0%	433,641	0.0%	616,850	0.0%	1,690	70.3%

Source: Hunden Partners

Medford Hotel Market Growth Large Scenario

Hunden also completed projections on the overall market growth under the Large Scenario recommendation. Hunden estimates the larger facility will result in more robust growth across all segments in the Medford hospitality economy, especially in the group segment.

Due to the large scenario's higher key count and its overall increase in the local hotel market's inventory, Hunden anticipates that it would take an additional year for the demand to stabilize compared to the small scenario.

Projected Demand Growth by Segment (Large Scenario)
Medford, OR

Year	Corporate Transient	% Change	Group	% Change	Leisure	% Change	Total Demand	% Change	Total Supply	% Change	Total Rooms	Occupancy
2023	96,606		17,164		196,962		310,732		425,590		1,166	73.0%
2024	97,572	1.0%	17,507	2.0%	198,932	1.0%	314,011	1.1%	425,590	0.0%	1,166	73.8%
2025	107,329	10.0%	18,032	3.0%	212,857	7.0%	338,219	7.7%	511,730	20.2%	1,402	66.1%
2026	112,696	5.0%	18,393	2.0%	219,243	3.0%	350,331	3.6%	511,730	0.0%	1,402	68.5%
2027	116,077	3.0%	18,577	1.0%	221,435	1.0%	356,089	1.6%	556,625	8.8%	1,525	64.0%
2028	127,684	10.0%	27,865	50.0%	232,507	5.0%	388,056	9.0%	636,925	14.4%	1,745	60.9%
2029	136,622	7.0%	37,618	35.0%	239,482	3.0%	413,722	6.6%	636,925	0.0%	1,745	65.0%
2030	142,087	4.0%	43,261	15.0%	244,272	2.0%	429,620	3.8%	636,925	0.0%	1,745	67.5%
2031	144,929	2.0%	45,424	5.0%	246,715	1.0%	437,067	1.7%	636,925	0.0%	1,745	68.6%
2032	146,378	1.0%	46,786	3.0%	249,182	1.0%	442,346	1.2%	636,925	0.0%	1,745	69.5%
2033	147,842	1.0%	47,254	1.0%	251,674	1.0%	446,770	1.0%	636,925	0.0%	1,745	70.1%
2034	147,842	0.0%	47,254	0.0%	251,674	0.0%	446,770	0.0%	636,925	0.0%	1,745	70.1%
2035	147,842	0.0%	47,254	0.0%	251,674	0.0%	446,770	0.0%	636,925	0.0%	1,745	70.1%
2036	147,842	0.0%	47,254	0.0%	251,674	0.0%	446,770	0.0%	636,925	0.0%	1,745	70.1%

Source: Hunden Partners

Medford Hotel Market Growth
Small Scenario

The Project will be the first high-quality meeting facility with sufficient function space in Medford and the region, likely generating increased demand across all segments, especially group and corporate business. Given the nature of conference hotel business, a significant proportion of the Project's demand mix is expected to come from the group segment. Additionally, other hotels within the local market are projected to witness an increase in group business, as many events will likely require overflow rooms at secondary properties for attendees.

Considering that room night demand from corporate transient travelers will likely increase as well, the leisure segment is expected to see the greatest decline in the local market's demand mix. As a result, the local market will benefit from a stronger diversification of overnight business.

Projected Hotel Stabilized Demand Mix (Small Scenario) vs. Medford (2032)

Segment	Hotel at Stabilization	Competitive Set
Corporate	29%	33%
Group	48%	9%
Leisure	24%	57%
Total	**100%**	**100%**

Source: Hunden Partners

Projected Hotel Stabilized Demand Mix (Large Scenario) vs. Medford (2033)

Segment	Hotel at Stabilization	Competitive Set
Corporate	29%	33%
Group	49%	11%
Leisure	21%	56%
Total	**100%**	**100%**

Source: Hunden Partners

165-Key Conference Hotel (Small Scenario)

Hotel Proforma

At stabilization in 2032, the 165-key conference hotel is projected to operate at a 77 percent occupancy rate and an average daily rate (ADR) of $219.

The conference facility is projected to host a total of 150 annual events at stabilization, with grand ballroom events averaging 360 attendees, and meeting rooms averaging 42 attendees. The hotel F&B is projected to be a significant revenue source for the hotel.

At stabilization, the Project is expected to operate at a 29 percent operating margin, generating $4.47 million in net operating income.

Projection of Revenue & Expenses - Medford Conference Hotel (Small Scenario)

	Year 1				Year 2	Year 3	Year 4	Year 5		Year 6	Year 7	Year 8	Year 9	Year 10
	2028				2029	2030	2031	2032		2033	2034	2035	2036	2037
Room Count	165				165	165	165	165		165	165	165	165	165
Available Room Nights	60,225				60,225	60,225	60,225	60,225		60,225	60,225	60,225	60,225	60,225
Occupancy Rates	50%				62%	73%	76%	77%		77%	77%	77%	77%	77%
Occupied Room Nights	29,871				37,118	43,867	45,640	46,526		46,526	46,526	46,526	46,526	46,526
Average Daily Rate	$190				$199	$207	$213	$219		$226	$232	$239	$247	$247
RevPAR	$ 94.18				$ 122.64	$ 150.52	$ 161.23	$ 169.29		$ 174.37	$ 179.60	$ 184.99	$ 190.54	$ 190.54
RevPAR % Ch. From Prior Year	–				30.2%	22.7%	7.1%	5.0%		3.0%	3.0%	3.0%	3.0%	0.0%
(In $000s)	$	%	PAR	POR	$	$	$	$	%	$	$	$	$	$
REVENUE														
Rooms	$ 5,672	64.3%	$ 34,376	$ 190	$ 7,386	$ 9,065	$ 9,710	$ 10,196	66.4%	$ 10,502	$ 10,817	$ 11,141	$ 11,475	$ 11,475
Hotel F&B	$ 1,605	18.2%	$ 9,728	$ 54	$ 2,054	$ 2,501	$ 2,680	$ 2,814	18.3%	$ 2,898	$ 2,985	$ 3,075	$ 3,167	$ 3,262
Conference F&B	$ 887	10.1%	$ 5,376	$ 30	$ 1,066	$ 1,176	$ 1,212	$ 1,248	8.1%	$ 1,285	$ 1,324	$ 1,364	$ 1,405	$ 1,447
Conference Rental	$ 115	1.3%	$ 696	$ 4	$ 138	$ 152	$ 157	$ 162	1.1%	$ 166	$ 171	$ 177	$ 182	$ 187
Parking	$ 418	4.7%	$ 2,535	$ 14	$ 535	$ 652	$ 698	$ 733	4.8%	$ 755	$ 778	$ 801	$ 825	$ 850
Other Operated Departments	$ 119	1.4%	$ 724	$ 4	$ 153	$ 186	$ 199	$ 209	1.4%	$ 216	$ 222	$ 229	$ 236	$ 243
Total Revenue	**$ 8,817**	**100.0%**	**$ 53,434**	**$ 295**	**$ 11,332**	**$ 13,732**	**$ 14,656**	**$ 15,362**	**100.0%**	**$ 15,822**	**$ 16,297**	**$ 16,786**	**$ 17,290**	**$ 17,464**
DEPARTMENTAL EXPENSES														
Rooms	$ 1,758	**31.0%**	$ 10,657	$ 59	$ 2,216	$ 2,629	$ 2,719	$ 2,753	**24.0%**	$ 2,835	$ 2,921	$ 3,008	$ 3,098	$ 3,098
Hotel F&B	$ 1,156	**72.0%**	$ 7,004	$ 39	$ 1,469	$ 1,775	$ 1,889	$ 1,970	**70.0%**	$ 2,029	$ 2,090	$ 2,152	$ 2,217	$ 2,283
Conference F&B	$ 550	**62.0%**	$ 3,333	$ 18	$ 656	$ 718	$ 733	$ 749	**60.0%**	$ 771	$ 794	$ 818	$ 843	$ 868
Conference Rental	$ 25	**22.0%**	$ 153	$ 1	$ 30	$ 32	$ 32	$ 32	**20.0%**	$ 33	$ 34	$ 35	$ 36	$ 37
Parking	$ 92	**22.0%**	$ 558	$ 3	$ 115	$ 137	$ 143	$ 147	**20.0%**	$ 136	$ 140	$ 144	$ 149	$ 153
Other Operated Departments	$ 62	**52.0%**	$ 377	$ 2	$ 79	$ 95	$ 101	$ 105	**50.0%**	$ 108	$ 111	$ 114	$ 118	$ 121
Total Dept. Expenses	**$ 3,643**	**41.3%**	**$ 22,081**	**$ 122**	**$ 4,564**	**$ 5,386**	**$ 5,617**	**$ 5,755**	**37.5%**	**$ 5,912**	**$ 6,090**	**$ 6,272**	**$ 6,461**	**$ 6,562**
Gross Operating Income	**$ 5,173**	**58.7%**	$ 31,353	$ 173	**$ 6,769**	**$ 8,346**	**$ 9,039**	**$ 9,607**	**62.5%**	**$ 9,910**	**$ 10,207**	**$ 10,514**	**$ 10,829**	**$ 10,903**
UNDIST. OP. EXPENSES														
Administrative and General (excl. Operator)	$ 688	7.8%	$ 4,168	$ 23	$ 861	$ 1,016	$ 1,055	$ 1,075	7.0%	$ 1,108	$ 1,141	$ 1,175	$ 1,210	$ 1,222
Information & Telecommunications	$ 150	1.7%	$ 908	$ 5	$ 170	$ 179	$ 161	$ 138	0.9%	$ 142	$ 147	$ 151	$ 156	$ 157
Sales & Marketing (excl. Program Fee)	$ 679	7.7%	$ 4,114	$ 23	$ 850	$ 1,002	$ 1,041	$ 1,060	6.9%	$ 1,092	$ 1,125	$ 1,158	$ 1,193	$ 1,205
Program Fee	$ 309	3.5%	$ 1,870	$ 10	$ 397	$ 481	$ 513	$ 538	3.5%	$ 554	$ 570	$ 588	$ 605	$ 611
Property Operations and Maint.	$ 423	4.8%	$ 2,565	$ 14	$ 521	$ 604	$ 616	$ 614	4.0%	$ 633	$ 652	$ 671	$ 692	$ 699
Utilities	$ 335	3.8%	$ 2,031	$ 11	$ 408	$ 467	$ 469	$ 461	3.0%	$ 475	$ 489	$ 504	$ 519	$ 524
Total Undistributed Expenses	**$ 2,583**	**29.3%**	**$ 15,656**	**$ 86**	**$ 3,207**	**$ 3,749**	**$ 3,855**	**$ 3,886**	**25.3%**	**$ 4,003**	**$ 4,123**	**$ 4,247**	**$ 4,374**	**$ 4,418**
Gross Operating Profit	**$ 2,590**	**29.4%**	**$ 15,697**	**$ 87**	**$ 3,562**	**$ 4,598**	**$ 5,184**	**$ 5,720**	**37.2%**	**$ 5,907**	**$ 6,084**	**$ 6,267**	**$ 6,455**	**$ 6,484**
FIXED EXPENSES														
Property Taxes	$ 90	1.0%	$ 545	$ 3	$ 180	$ 183	$ 187	$ 191	1.2%	$ 194	$ 198	$ 202	$ 206	$ 211
Insurance	$ 86	1.0%	$ 524	$ 3	$ 109	$ 129	$ 135	$ 138	0.9%	$ 142	$ 147	$ 151	$ 156	$ 157
Management Fee	$ 220	2.5%	$ 1,336	$ 7	$ 283	$ 343	$ 366	$ 384	2.5%	$ 396	$ 407	$ 420	$ 432	$ 437
Reserve for Replacement	$ 265	3.0%	$ 1,603	$ 9	$ 340	$ 481	$ 513	$ 538	3.5%	$ 554	$ 570	$ 588	$ 605	$ 611
Total Fixed Expenses	**$ 661**	**7.5%**	**$ 4,007**	**$ 22**	**$ 912**	**$ 1,136**	**$ 1,201**	**$ 1,251**	**8.1%**	**$ 1,286**	**$ 1,323**	**$ 1,361**	**$ 1,399**	**$ 1,416**
Net Operating Income	**$ 1,929**	**21.9%**	**$ 11,690**	**$ 65**	**$ 2,650**	**$ 3,461**	**$ 3,983**	**$ 4,470**	**29.1%**	**$ 4,621**	**$ 4,761**	**$ 4,906**	**$ 5,055**	**$ 5,069**

Source: Hunden Partners

Supportable Financing Analysis

Based on its cash flows, a development is able to get a varying loan and investment amount. Both investors and lenders have certain return and risk tolerance levels. Supportable financing aims to discover the amount in which both parties would be comfortable adding money into a deal, meeting their minimum return and risk requirements.

Hunden assumed an initial loan interest rate of 8.0 percent, amortized over 25 years. Hunden targeted a debt service coverage ratio of 1.40 in Year 3 and a 17.5 percent ten-year average return on equity.

Based on Hunden's assumptions, the Project is estimated to support approximately $234,690 per hotel room in development costs, while the construction of the Project (conference space included) is estimated to cost approximately $471,718 per key. This leads to an estimated financing gap of approximately $39.1 million or 50 percent of total Project costs.

Supportable Financing ($000s)
Medford, OR | 165-Key Conference Hotel (Small)

	Constr. Yr1	Constr. Yr2	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10
Net Operating Income	$0	$0	$1,929	$2,650	$3,461	$3,983	$4,470	$4,621	$4,761	$4,906	$5,055	$5,069
Interest and Debt Reserve W/D	$504	$1,513	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
	$504	$1,513	$1,929	$2,650	$3,461	$3,983	$4,470	$4,621	$4,761	$4,906	$5,055	$5,069
Debt Service Payment	($504)	($1,513)	($2,472)	($2,472)	($2,472)	($2,294)	($2,294)	($2,294)	($2,294)	($2,294)	($2,294)	($2,294)
Net Income to Repay Equity	$0	$0	($543)	$178	$989	$1,689	$2,175	$2,326	$2,467	$2,612	$2,761	$2,774
Princ. Amount*	$7,202	$21,607	$28,810	$28,354	$27,867	$27,350	$26,902	$26,423	$25,913	$25,367	$24,785	$24,164
Interest	$504	$1,513	$2,017	$1,985	$1,951	$1,846	$1,816	$1,784	$1,749	$1,712	$1,673	$1,631
Less Payment	($504)	($1,513)	($2,472)	($2,472)	($2,472)	($2,294)	($2,294)	($2,294)	($2,294)	($2,294)	($2,294)	($2,294)
Loan Balance	$7,202	$21,607	$28,354	$27,867	$27,345	$26,902	$26,423	$25,913	$25,367	$24,785	$24,164	$23,501

Assumptions	**Loan**	**Refi**
Loan Amount	$28,810	$27,350
Amortization Period (Years)	25	25
Loan Interest Rate	7.00%	6.75%
Annual Debt Service Payment	($2,472)	($2,294)

Sources			
Equity Contribution	$9,914	26%	
Debt	$28,810	74%	**Per Room ($)**
Total Supportable Private Financing	**$38,724**	**100%**	$234,690
Estimated Cost to Build	**$77,833**		$471,718
Gap	**$39,110**	**50%**	**$237,028**

	10-Yr Avg	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10
Debt Service Coverage Ratio	1.76	0.78	1.07	**1.40**	1.74	1.95	2.01	2.08	2.14	2.20	2.21
Return on Equity	**17.6%**	-5.5%	1.8%	10.0%	17.0%	21.9%	23.5%	24.9%	26.3%	27.8%	28.0%
Return on Cost	10.6%	5.0%	6.8%	8.9%	10.3%	11.5%	11.9%	12.3%	12.7%	13.1%	13.1%

* Assumes 25% draw in Construction Year 1; 75% average during Construction Year 2

Source: Hunden Partners

220-Key Hotel & Conference Center (Large Scenario)

Hotel Proforma

At stabilization in 2033, the 220-key conference hotel is projected to operate at a 75 percent occupancy rate and an average daily rate (ADR) of $231.

The conference facility is projected to host a total of 190 annual events at stabilization, with grand ballroom events averaging 480 attendees, and meeting rooms averaging 59 attendees. The hotel F&B is projected to be a significant revenue source for the hotel.

At stabilization, the Project is expected to operate at a 30 percent operating margin, generating $6.20 million in net operating income.

Projection of Revenue & Expenses - Medford Conference Center & Hotel (Large Scenario)

	Year 1				Year 2	Year 3	Year 4	Year 5		Year 6	Year 7	Year 8	Year 9	Year 10
	2028				2029	2030	2031	2032		2033	2034	2035	2036	2037
Room Count	220				220	220	220	220		220	220	220	220	220
Available Room Nights	80,300				80,300	80,300	80,300	80,300		80,300	80,300	80,300	80,300	80,300
Occupancy Rates	45%				59%	70%	73%	74%		75%	75%	75%	75%	75%
Occupied Room Nights	36,529				47,412	56,607	58,434	59,591		60,187	60,187	60,187	60,187	60,187
Average Daily Rate	$191				$202	$212	$218	$225		$231	$238	$245	$253	$260
RevPAR	$ 86.80				$ 119.20	$ 149.30	$ 158.68	$ 166.67		$ 173.39	$ 178.59	$ 183.95	$ 189.47	$ 195.15
RevPAR % Ch. From Prior Year	–				37.3%	25.3%	6.3%	5.0%		4.0%	3.0%	3.0%	3.0%	3.0%
(In $000s)	$	%	PAR	POR	$	$	$	$	%	$	$	$	$	$
REVENUE														
Rooms	$ 6,970	64.4%	$ 31,681	$ 191	$ 9,572	$ 11,989	$ 12,742	$ 13,384	67.7%	$ 13,923	$ 14,341	$ 14,771	$ 15,214	$ 15,671
Hotel F&B	$ 1,517	14.0%	$ 6,897	$ 42	$ 2,028	$ 2,494	$ 2,652	$ 2,786	14.1%	$ 2,898	$ 2,985	$ 3,075	$ 3,167	$ 3,262
Conference F&B	$ 1,470	13.6%	$ 6,683	$ 40	$ 1,767	$ 1,976	$ 2,035	$ 2,096	10.6%	$ 2,159	$ 2,224	$ 2,290	$ 2,359	$ 2,430
Conference Rental	$ 204	1.9%	$ 926	$ 6	$ 245	$ 274	$ 282	$ 290	1.5%	$ 299	$ 308	$ 317	$ 327	$ 337
Parking	$ 511	4.7%	$ 2,325	$ 14	$ 684	$ 841	$ 894	$ 939	4.8%	$ 977	$ 1,006	$ 1,036	$ 1,067	$ 1,099
Other Operated Departments	$ 146	1.4%	$ 664	$ 4	$ 195	$ 240	$ 255	$ 268	1.4%	$ 279	$ 287	$ 296	$ 305	$ 314
Total Revenue	**$ 10,819**	**100.0%**	**$ 49,175**	**$ 296**	**$ 14,491**	**$ 17,814**	**$ 18,860**	**$ 19,763**	**100.0%**	**$ 20,535**	**$ 21,151**	**$ 21,786**	**$ 22,439**	**$ 23,112**
DEPARTMENTAL EXPENSES														
Rooms	$ 2,161	**31.0%**	$ 9,821	$ 59	$ 2,872	$ 3,477	$ 3,568	$ 3,614	**24.0%**	$ 3,759	$ 3,872	$ 3,988	$ 4,108	$ 4,231
Hotel F&B	$ 1,092	**72.0%**	$ 4,966	$ 30	$ 1,450	$ 1,771	$ 1,870	$ 1,950	**70.0%**	$ 2,029	$ 2,090	$ 2,152	$ 2,217	$ 2,283
Conference F&B	$ 911	**62.0%**	$ 4,143	$ 25	$ 1,086	$ 1,205	$ 1,231	$ 1,258	**60.0%**	$ 1,295	$ 1,334	$ 1,374	$ 1,415	$ 1,458
Conference Rental	$ 45	**22.0%**	$ 204	$ 1	$ 53	$ 57	$ 58	$ 58	**20.0%**	$ 60	$ 62	$ 63	$ 65	$ 67
Parking	$ 113	**22.0%**	$ 511	$ 3	$ 147	$ 177	$ 183	$ 188	**20.0%**	$ 176	$ 181	$ 187	$ 192	$ 198
Other Operated Departments	$ 76	**52.0%**	$ 345	$ 2	$ 101	$ 123	$ 129	$ 134	**50.0%**	$ 139	$ 144	$ 148	$ 152	$ 157
Total Dept. Expenses	**$ 4,398**	**40.7%**	**$ 19,991**	**$ 120**	**$ 5,709**	**$ 6,810**	**$ 7,039**	**$ 7,201**	**36.4%**	**$ 7,458**	**$ 7,682**	**$ 7,913**	**$ 8,150**	**$ 8,394**
Gross Operating Income	**$ 6,421**	**59.3%**	$ 29,184	$ 176	**$ 8,782**	**$ 11,004**	**$ 11,821**	**$ 12,562**	**63.6%**	**$ 13,077**	**$ 13,469**	**$ 13,873**	**$ 14,289**	**$ 14,718**
UNDIST. OP. EXPENSES														
Administrative and General (excl. Operator)	$ 844	7.8%	$ 3,836	$ 23	$ 1,101	$ 1,318	$ 1,358	$ 1,383	7.0%	$ 1,437	$ 1,481	$ 1,525	$ 1,571	$ 1,618
Information & Telecommunications	$ 184	1.7%	$ 836	$ 5	$ 217	$ 232	$ 207	$ 178	0.9%	$ 185	$ 190	$ 196	$ 202	$ 208
Sales & Marketing (excl. Program Fee)	$ 833	7.7%	$ 3,786	$ 23	$ 1,087	$ 1,300	$ 1,339	$ 1,364	6.9%	$ 1,417	$ 1,459	$ 1,503	$ 1,548	$ 1,595
Program Fee	$ 379	3.5%	$ 1,721	$ 10	$ 507	$ 623	$ 660	$ 692	3.5%	$ 719	$ 740	$ 762	$ 785	$ 809
Property Operations and Maint.	$ 519	4.8%	$ 2,360	$ 14	$ 667	$ 784	$ 792	$ 791	4.0%	$ 821	$ 846	$ 871	$ 898	$ 924
Utilities	$ 411	3.8%	$ 1,869	$ 11	$ 522	$ 606	$ 604	$ 593	3.0%	$ 616	$ 635	$ 654	$ 673	$ 693
Total Undistributed Expenses	**$ 3,170**	**29.3%**	**$ 14,408**	**$ 87**	**$ 4,101**	**$ 4,863**	**$ 4,960**	**$ 5,000**	**25.3%**	**$ 5,195**	**$ 5,351**	**$ 5,512**	**$ 5,677**	**$ 5,847**
Gross Operating Profit	**$ 3,251**	**30.0%**	**$ 14,776**	**$ 89**	**$ 4,681**	**$ 6,141**	**$ 6,861**	**$ 7,562**	**38.3%**	**$ 7,881**	**$ 8,118**	**$ 8,361**	**$ 8,612**	**$ 8,870**
FIXED EXPENSES														
Property Taxes	$ 120	1.1%	$ 545	$ 3	$ 240	$ 244	$ 249	$ 254	1.3%	$ 259	$ 265	$ 270	$ 275	$ 281
Insurance	$ 106	1.0%	$ 482	$ 3	$ 139	$ 167	$ 174	$ 178	0.9%	$ 185	$ 190	$ 196	$ 202	$ 208
Management Fee	$ 270	2.5%	$ 1,229	$ 7	$ 362	$ 445	$ 471	$ 494	2.5%	$ 513	$ 529	$ 545	$ 561	$ 578
Reserve for Replacement	$ 325	3.0%	$ 1,475	$ 9	$ 435	$ 623	$ 660	$ 692	3.5%	$ 719	$ 740	$ 762	$ 785	$ 809
Total Fixed Expenses	**$ 821**	**7.6%**	**$ 3,731**	**$ 22**	**$ 1,176**	**$ 1,481**	**$ 1,554**	**$ 1,618**	**8.2%**	**$ 1,676**	**$ 1,724**	**$ 1,773**	**$ 1,824**	**$ 1,875**
Net Operating Income	**$ 2,430**	**22.5%**	**$ 11,045**	**$ 67**	**$ 3,506**	**$ 4,660**	**$ 5,307**	**$ 5,944**	**30.1%**	**$ 6,205**	**$ 6,394**	**$ 6,588**	**$ 6,789**	**$ 6,995**

Source: Hunden Partners

Supportable Financing Analysis

Based on its cash flows, a development is able to get a varying loan and investment amount. Both investors and lenders have certain return and risk tolerance levels. Supportable financing aims to discover the amount in which both parties would be comfortable adding money into a deal, meeting their minimum return and risk requirements.

Hunden assumed an initial loan interest rate of 8.0 percent, amortized over 25 years. Hunden targeted a debt service coverage ratio of 1.40 in Year 3 and a 17.5 percent ten-year average return on equity.

Based on Hunden's assumptions, the Project is estimated to support approximately $221,170 per hotel room in development costs, while the construction of the Project (conference space included) is estimated to cost approximately $471,718 per key. This leads to an estimated financing gap of approximately $55.1 million or 53 percent of total Project costs.

Supportable Financing ($000s)
Medford, OR | 220-Key Conference Center & Hotel (Large)

	Constr. Yr1	Constr. Yr2	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10
Net Operating Income	$0	$0	$2,430	$3,506	$4,660	$5,307	$5,944	$6,205	$6,394	$6,588	$6,789	$6,995
Interest and Debt Reserve W/D	$711	$2,133	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
	$711	$2,133	$2,430	$3,506	$4,660	$5,307	$5,944	$6,205	$6,394	$6,588	$6,789	$6,995
Debt Service Payment	($711)	($2,133)	($3,331)	($3,331)	($3,331)	($3,116)	($3,116)	($3,116)	($3,116)	($3,116)	($3,116)	($3,116)
Net Income to Repay Equity	$0	$0	($901)	$175	$1,330	$2,191	$2,828	$3,090	$3,278	$3,473	$3,673	$3,880
Princ. Amount*	$8,889	$26,666	$35,555	$35,069	$34,543	$33,980	$33,498	$32,979	$32,419	$31,816	$31,166	$30,466
Interest	$711	$2,133	$2,844	$2,805	$2,763	$2,633	$2,596	$2,556	$2,512	$2,466	$2,415	$2,361
Less Payment	($711)	($2,133)	($3,331)	($3,331)	($3,331)	($3,116)	($3,116)	($3,116)	($3,116)	($3,116)	($3,116)	($3,116)
Loan Balance	$8,889	$26,666	$35,069	$34,543	$33,976	$33,498	$32,979	$32,419	$31,816	$31,166	$30,466	$29,712
Assumptions	**Loan**					**Refi**						
Loan Amount	$35,555					$33,980						
Amortization Period (Years)	25					25						
Loan Interest Rate	8.00%					7.75%						
Annual Debt Service Payment	($3,331)					($3,116)						
Sources												
Equity Contribution	$13,102	27%										
Debt	$35,555	73%	**Per Room ($)**									
Total Supportable Private Financing	**$48,657**	**100%**	$221,170									
Estimated Cost to Build	**$103,778**		$471,718									
Gap	**$55,120**	**53%**	**$250,547**									

	10-Yr Avg	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10
Debt Service Coverage Ratio	1.74	0.73	1.05	**1.40**	1.70	1.91	1.99	2.05	2.11	2.18	2.25
Return on Equity	**17.6%**	-6.9%	1.3%	10.1%	16.7%	21.6%	23.6%	25.0%	26.5%	28.0%	29.6%
Return on Cost	11.3%	5.0%	7.2%	9.6%	10.9%	12.2%	12.8%	13.1%	13.5%	14.0%	14.4%

* Assumes 25% draw in Construction Year 1; 75% average during Construction Year 2

Source: Hunden Partners

09

Economic, Fiscal and Employment Impact Analysis

Summary of Impacts

Transient Lodging Tax (TLT) and Prepared Food Sales Tax (PFT)

Compared to the City of Medford's TLT rate of 11.0 percent, the average rate imposed by the cities in the adjacent table is 8.5 percent. Excluding the Sunriver Resort, which implements a resort fee specific to the property, the average total TLT is 12.2 percent.

In 2020, Salem successfully passed a two percent Tourism Promotion Area (TPA) tax, the second municipality behind Portland to do so. Revenues from the TPA are used by the DMO, Travel Salem, for purposes such as advertising, sponsorship of special events, and marketing efforts to promote tourism. Up to five percent of the revenues generated from the TPA are retained by the City for administration.

For increases to current local lodging tax rates in Oregon, 70 percent must be used for tourism promotion or tourism-related facilities while 30 percent is unrestricted in use.

A few municipalities across Oregon have also implemented a prepared food sales tax, such as Ashland (five percent), Cannon Beach, five percent), Yachats (five percent), and Grants Pass (three percent).

Transient Lodging Tax Rates

Facility	City	County	Total TLT	State	City	County	TPA	Resort Fee
Riverhouse on the Deschutes	Bend	Deschutes	11.9%	1.5%	10.4%	-	-	-
Sunriver Resort	Sunriver	Deschutes	27.5%	1.5%	-	8.0%	-	18.0%
Salem Convention Center	Salem	Marion	12.5%	1.5%	9.0%	-	2.0%	-
Graduate Eugene	Eugene	Lane	13.0%	1.5%	4.5%	7.0%	-	-
Ashland Hills Hotel	Ashland	Jackson	11.5%	1.5%	10.0%	-	-	-
***Average**	**-**	**-**	**12.2%**	**1.5%**	**8.5%**	**7.5%**	**2.0%**	**18.0%**
Proposed Conference Hotel	**Medford**	**Jackson**	**12.5%**	**1.5%**	**11.0%**	**-**	**-**	**-**

*Calculated average excludes Sunriver Resort

Source: City Websites, Various

City of Ashland Tax Revenues

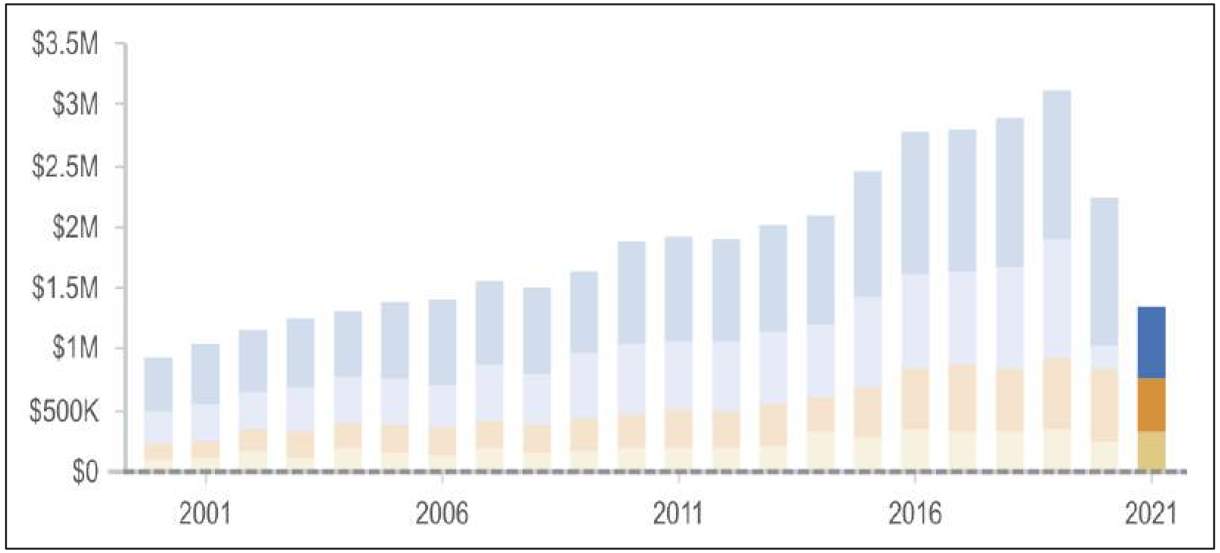
In August 2018, the City of Ashland increased its Transient Occupancy Tax (TOT) from nine percent to ten percent. The following figures provide an overview of Ashland's TOT and food & beverage tax collections, as well as its TOT allocations. Ashland's 4th Quarter of each Fiscal Year (April – June) typically comprises the highest quarterly percentage of TOT collections.

In 2019, Ashland generated roughly $3.12 million in TOT and $2.86 million from its food & beverage tax.

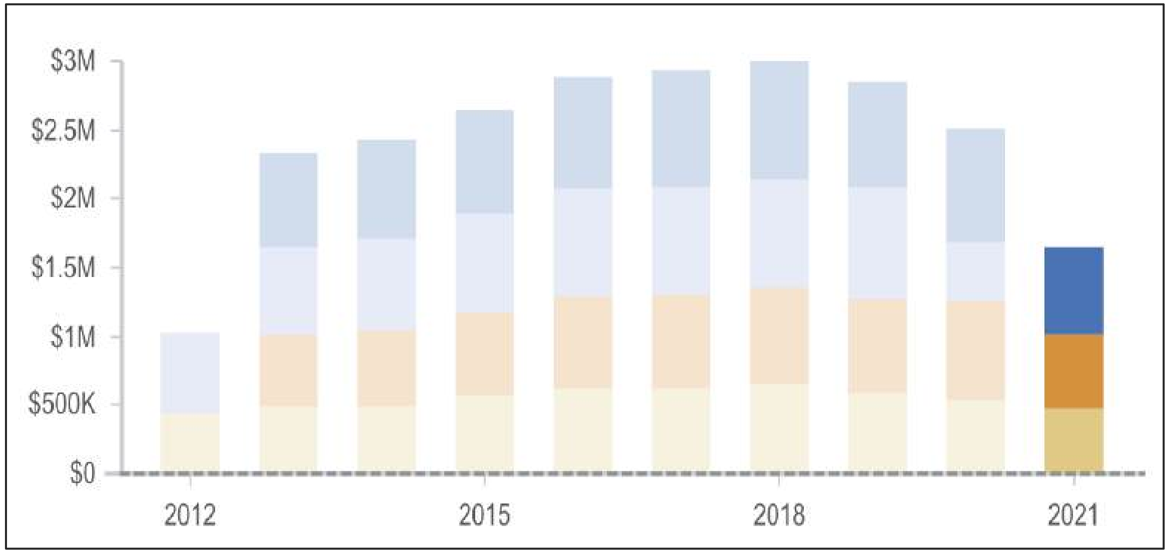
TOT Allocation

	FY 19 Q1	FY 18 Q1
Ashland Chamber of Commerce	$ 111,585	$ 107,810
Oregon Shakespeare Festival	27,498	27,498
Small Grant Organizations	79,703	81,493
Public Art	23,911	23,102
City Tourism Projects	29,204	43,654
Other Restricted TOT	55,607	42,869
Unrestricted General Fund	900,490	897,517
Total	1,227,998	1,223,943

Transient Occupancy Tax



Food & Beverage Tax



Summary of Impacts

The Project is estimated to generate $1.29 billion in net new spending within the local economy if the small scenario is pursued versus $1.69 billion if the large scenario is pursued. As this spending trickles through the economy, the small scenario is estimated to support $575 million in new earnings and 244 full-time equivalent ongoing jobs, while the large scenario is estimated to support $752 million in new earnings and 318 full-time equivalent ongoing jobs over 30 years.

Over 30 years the proposed Project is estimated to generate $49 million in net new hotel and property taxes to the City if the small scenario is pursued. However, if the large scenario is pursued, that figure increases to $67 million.

30-Year Summary of Impacts (Small Scenario)

Net New Spending	**(millions)**
Direct	$830
Indirect	$322
Induced	$145
Total	**$1,296**
Net New Earnings	**(millions)**
From Direct	$343
From Indirect	$157
From Induced	$74
Total	**$575**
Net New FTE	**Actual**
From Direct	155
From Indirect	61
From Induced	29
Total	**244**
State Taxes	**(millions)**
Hotel Tax (1.5%)	$6.2
Total	**$6.2**
City Taxes	**(millions)**
Hotel Tax (11.0%)	$45.7
Property Tax	$4.3
Total	**$49.9**
Combined Taxes	**$56.2**

Source: Hunden Partners

30-Year Summary of Impacts (Large Scenario)

Net New Spending	**(millions)**
Direct	$1,084
Indirect	$421
Induced	$188
Total	**$1,693**
Net New Earnings	**(millions)**
From Direct	$447
From Indirect	$208
From Induced	$98
Total	**$752**
Net New FTE	**Actual**
From Direct	202
From Indirect	79
From Induced	37
Total	**318**
State Taxes	**(millions)**
Hotel Tax (1.5%)	$8.4
Total	**$8.4**
City Taxes	**(millions)**
Hotel Tax (11.0%)	$61.9
Property Tax	$5.7
Total	**$67.6**
Combined Taxes	**$76.0**

Source: Hunden Partners

165-Key Conference Hotel (Small Scenario)

Spending

Direct new spending is classified into five categories: food & beverage, lodging, retail, transportation, and other. Direct spending includes both onsite spending and offsite spending due to new visitors to Medford. Over a 30-year period, direct new spending is estimated to total $829 million. Approximately 50 percent of direct spending is expected to be generated by hotel room revenues.

This new direct spending leads to new indirect and induced spending. Over 30 years, net new spending in the Medford economy is estimated to total $1.29 billion.

Direct Net New Spending ($000s)

	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10	Year 20	Year 30	Total
Food & Beverage	$ 3,433	$ 4,325	$ 5,143	$ 5,462	$ 5,711	$ 5,883	$ 6,059	$ 6,241	$ 6,428	$ 6,621	$ 8,898	$ 11,958	**$ 238,549**
Lodging	$ 5,672	$ 7,386	$ 9,065	$ 9,710	$ 10,196	$ 10,502	$ 10,817	$ 11,141	$ 11,475	$ 11,475	$ 15,422	$ 20,726	**$ 415,039**
Retail	$ 493	$ 631	$ 768	$ 823	$ 864	$ 890	$ 917	$ 944	$ 972	$ 1,002	$ 1,346	$ 1,809	**$ 36,026**
Transportation	$ 1,516	$ 1,940	$ 2,362	$ 2,531	$ 2,658	$ 2,737	$ 2,819	$ 2,904	$ 2,991	$ 3,081	$ 4,140	$ 5,564	**$ 110,806**
Other	$ 403	$ 516	$ 628	$ 673	$ 707	$ 728	$ 750	$ 772	$ 796	$ 820	$ 1,101	$ 1,480	**$ 29,476**
Total	**$ 11,517**	**$ 14,798**	**$ 17,966**	**$ 19,200**	**$ 20,136**	**$ 20,740**	**$ 21,362**	**$ 22,003**	**$ 22,663**	**$ 22,998**	**$ 30,908**	**$ 41,538**	**$ 829,895**

Source: Hunden Partners

Direct, Indirect & Induced Net New Spending ($000s)

	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10	Year 20	Year 30	Total
Direct	$ 11,517	$ 14,798	$ 17,966	$ 19,200	$ 20,136	$ 20,740	$ 21,362	$ 22,003	$ 22,663	$ 22,998	$ 30,908	$ 41,538	**$ 829,895**
Indirect	$ 4,467	$ 5,740	$ 6,970	$ 7,450	$ 7,813	$ 8,047	$ 8,289	$ 8,537	$ 8,794	$ 8,925	$ 11,994	$ 16,119	**$ 322,035**
Induced	$ 2,004	$ 2,572	$ 3,122	$ 3,337	$ 3,500	$ 3,604	$ 3,713	$ 3,824	$ 3,939	$ 4,007	$ 5,385	$ 7,237	**$ 144,512**
Total	**$ 17,988**	**$ 23,109**	**$ 28,058**	**$ 29,986**	**$ 31,448**	**$ 32,391**	**$ 33,363**	**$ 34,364**	**$ 35,395**	**$ 35,930**	**$ 48,287**	**$ 64,893**	**$ 1,296,443**

Source: Hunden Partners

Earnings and Full-Time Jobs

Jobs will be supported both onsite and offsite from the new direct, indirect, and induced spending generated by the Project. Over 30 years the Project is expected to generate $574 million in new earnings, supporting 244 ongoing full-time equivalent jobs.

Net New Earnings & FTE Jobs from Direct, Indirect & Induced Spending ($000s)

	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10	Year 20	Year 30	Total
Net New Earnings													
From Direct	$ 4,768	$ 6,118	$ 7,422	$ 7,931	$ 8,317	$ 8,566	$ 8,823	$ 9,088	$ 9,361	$ 9,515	$ 12,788	$ 17,185	**$ 343,253**
From Indirect	$ 2,173	$ 2,804	$ 3,416	$ 3,653	$ 3,832	$ 3,947	$ 4,066	$ 4,188	$ 4,313	$ 4,354	$ 5,852	$ 7,864	**$ 157,256**
From Induced	$ 1,028	$ 1,323	$ 1,609	$ 1,720	$ 1,805	$ 1,859	$ 1,915	$ 1,972	$ 2,031	$ 2,057	$ 2,765	$ 3,716	**$ 74,258**
Total	**$ 7,968**	**$ 10,245**	**$ 12,447**	**$ 13,304**	**$ 13,954**	**$ 14,372**	**$ 14,803**	**$ 15,248**	**$ 15,705**	**$ 15,927**	**$ 21,404**	**$ 28,765**	**$ 574,767**
Net New FTE Jobs													
From Direct	101	126	148	154	156	156	156	156	156	155	155	155	**155**
From Indirect	40	50	58	61	62	62	62	62	62	61	61	61	**61**
From Induced	19	23	27	28	29	29	29	29	29	29	29	29	**29**
Total	**159**	**198**	**234**	**242**	**247**	**247**	**247**	**247**	**247**	**244**	**244**	**244**	**244**

Source: Hunden Partners

Tax Impacts

Due to the absence of sales tax, the Project's main source of economic impact will be derived from the hotel tax. The Project is expected to generate $49.9 million in City taxes over the first 30 years. These taxes are comprised of the City's 11 percent hotel room tax and property taxes.

Fiscal Impact - Tax Impacts from Direct Net New Spending ($000s)

	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10	Year 20	Year 30	Total
State													
Hotel Tax (1.5%)	$85	$111	$136	$146	$153	$158	$162	$167	$172	$172	$231	$311	$6,226
Total State	**$85**	**$111**	**$136**	**$146**	**$153**	**$158**	**$162**	**$167**	**$172**	**$172**	**$231**	**$311**	**$6,226**
City													
Hotel Tax (11.0%)	$624	$812	$997	$1,068	$1,122	$1,155	$1,190	$1,226	$1,262	$1,262	$1,696	$2,280	$45,654
Property Tax	$90	$93	$95	$98	$101	$104	$107	$110	$114	$117	$158	$212	$4,274
Total City	**$714**	**$905**	**$1,092**	**$1,166**	**$1,223**	**$1,259**	**$1,297**	**$1,336**	**$1,376**	**$1,380**	**$1,854**	**$2,492**	**$49,929**
Combined Taxes	**$799**	**$1,016**	**$1,228**	**$1,312**	**$1,376**	**$1,417**	**$1,459**	**$1,503**	**$1,548**	**$1,552**	**$2,085**	**$2,802**	**$56,154**

Source: Hunden Partners

220-Key Hotel & Conference Center (Large Scenario)

Spending

Direct new spending is classified into five categories: food & beverage, lodging, retail, transportation, and other. Direct spending includes both onsite spending and offsite spending due to new visitors to Medford. Over a 30-year period, direct new spending is estimated to total $829 million. Approximately 52 percent of direct spending is expected to be generated by hotel room revenues.

This new direct spending leads to new indirect and induced spending. Over 30 years, net new spending in the Medford economy is estimated to total $1.69 billion.

Direct Net New Spending ($000s)

	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10	Year 20	Year 30	Total
Food & Beverage	$ 4,138	$ 5,333	$ 6,362	$ 6,698	$ 6,995	$ 7,255	$ 7,472	$ 7,697	$ 7,928	$ 8,165	$ 10,974	$ 14,748	**$ 294,032**
Lodging	$ 6,970	$ 9,572	$ 11,989	$ 12,742	$ 13,384	$ 13,923	$ 14,341	$ 14,771	$ 15,214	$ 15,671	$ 21,060	$ 28,303	**$ 562,282**
Retail	$ 603	$ 806	$ 991	$ 1,054	$ 1,107	$ 1,151	$ 1,186	$ 1,221	$ 1,258	$ 1,296	$ 1,741	$ 2,340	**$ 46,533**
Transportation	$ 1,854	$ 2,478	$ 3,048	$ 3,241	$ 3,404	$ 3,541	$ 3,647	$ 3,757	$ 3,869	$ 3,985	$ 5,356	$ 7,198	**$ 143,126**
Other	$ 493	$ 659	$ 811	$ 862	$ 905	$ 942	$ 970	$ 999	$ 1,029	$ 1,060	$ 1,425	$ 1,915	**$ 38,073**
Total	**$ 14,058**	**$ 18,849**	**$ 23,200**	**$ 24,596**	**$ 25,794**	**$ 26,812**	**$ 27,616**	**$ 28,445**	**$ 29,298**	**$ 30,177**	**$ 40,556**	**$ 54,503**	**$ 1,084,045**

Source: Hunden Partners

Direct, Indirect & Induced Net New Spending ($000s)

	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10	Year 20	Year 30	Total
Direct	$ 14,058	$ 18,849	$ 23,200	$ 24,596	$ 25,794	$ 26,812	$ 27,616	$ 28,445	$ 29,298	$ 30,177	$ 40,556	$ 54,503	**$ 1,084,045**
Indirect	$ 5,453	$ 7,313	$ 9,004	$ 9,547	$ 10,012	$ 10,407	$ 10,720	$ 11,041	$ 11,373	$ 11,714	$ 15,742	$ 21,156	**$ 420,778**
Induced	$ 2,446	$ 3,274	$ 4,025	$ 4,268	$ 4,476	$ 4,653	$ 4,793	$ 4,937	$ 5,085	$ 5,237	$ 7,039	$ 9,459	**$ 188,146**
Total	**$ 21,957**	**$ 29,436**	**$ 36,229**	**$ 38,411**	**$ 40,283**	**$ 41,873**	**$ 43,129**	**$ 44,423**	**$ 45,756**	**$ 47,128**	**$ 63,336**	**$ 85,119**	**$ 1,692,969**

Source: Hunden Partners

Earnings and Full-Time Jobs

Jobs will be supported both onsite and offsite from the new direct, indirect, and induced spending generated by the Project. Over 30 years the Project is expected to generate $752 million in new earnings, supporting 318 ongoing full-time equivalent jobs.

Net New Earnings & FTE Jobs from Direct, Indirect & Induced Spending ($000s)

	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10	Year 20	Year 30	Total
Net New Earnings													
From Direct	$ 5,816	$ 7,782	$ 9,565	$ 10,139	$ 10,632	$ 11,051	$ 11,383	$ 11,724	$ 12,076	$ 12,438	$ 16,716	$ 22,465	**$ 446,850**
From Indirect	$ 2,657	$ 3,591	$ 4,446	$ 4,716	$ 4,949	$ 5,145	$ 5,299	$ 5,458	$ 5,622	$ 5,791	$ 7,782	$ 10,459	**$ 207,947**
From Induced	$ 1,256	$ 1,690	$ 2,086	$ 2,212	$ 2,320	$ 2,412	$ 2,485	$ 2,559	$ 2,636	$ 2,715	$ 3,649	$ 4,904	**$ 97,516**
Total	**$ 9,730**	**$ 13,063**	**$ 16,096**	**$ 17,068**	**$ 17,901**	**$ 18,609**	**$ 19,167**	**$ 19,742**	**$ 20,334**	**$ 20,944**	**$ 28,147**	**$ 37,827**	**$ 752,313**
Net New FTE Jobs													
From Direct	123	160	191	196	200	202	202	202	202	202	202	202	**202**
From Indirect	49	63	75	77	79	79	79	79	79	79	79	79	**79**
From Induced	23	29	35	36	37	37	37	37	37	37	37	37	**37**
Total	**194**	**252**	**301**	**310**	**315**	**318**	**318**	**318**	**318**	**318**	**318**	**318**	**318**

Source: Hunden Partners

Tax Impacts

Due to the absence of sales tax, the Project's main source of economic impact will be derived from the hotel tax. The Project is expected to generate $75.9 million in City taxes over the first 30 years. These taxes are comprised of the City's 11 percent hotel room tax and property taxes.

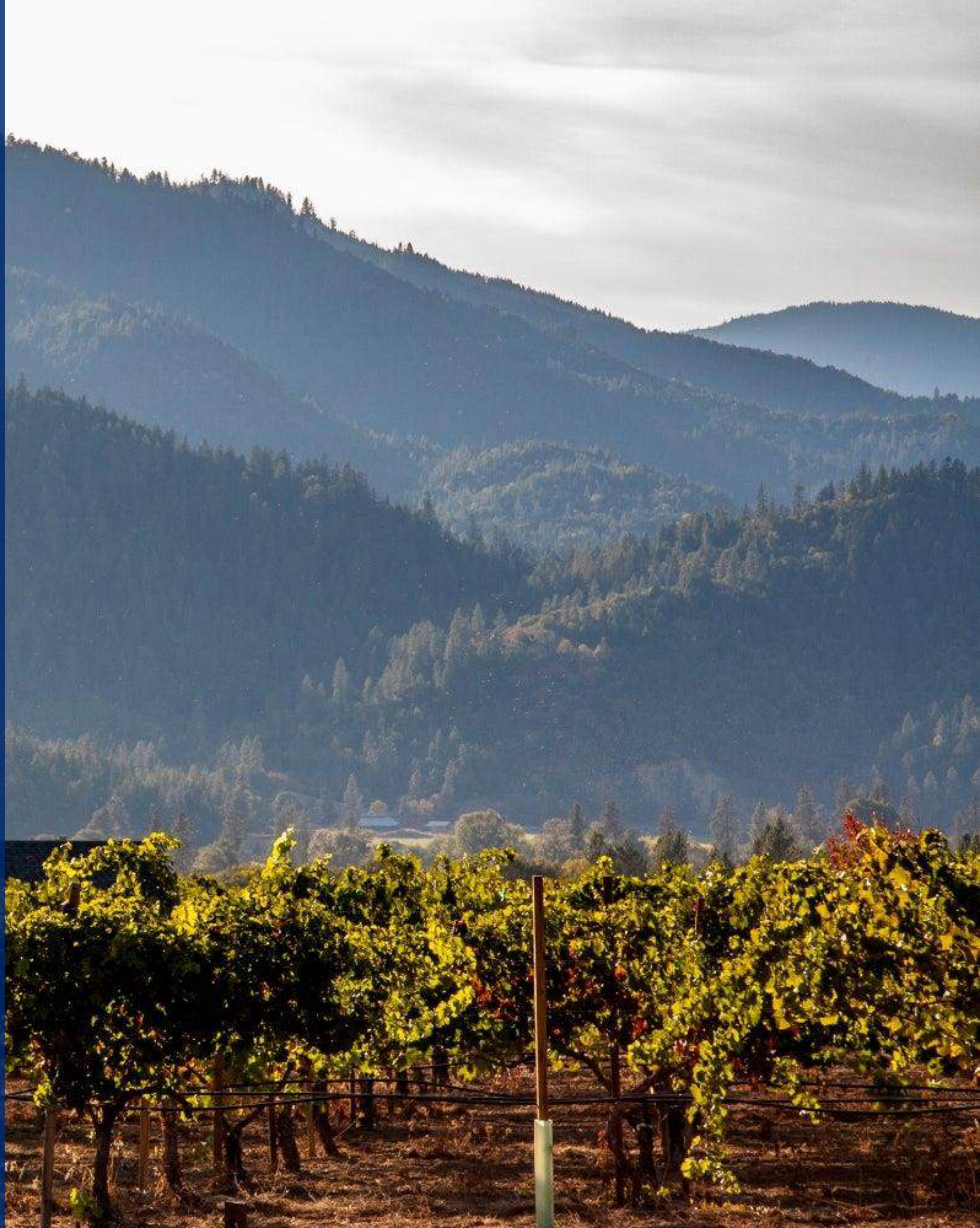
Fiscal Impact - Tax Impacts from Direct Net New Spending ($000s)

	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10	Year 20	Year 30	Total
State													
Hotel Tax (1.5%)	$105	$144	$180	$191	$201	$209	$215	$222	$228	$235	$316	$425	$8,434
Total State	**$105**	**$144**	**$180**	**$191**	**$201**	**$209**	**$215**	**$222**	**$228**	**$235**	**$316**	**$425**	**$8,434**
City													
Hotel Tax (11.0%)	$767	$1,053	$1,319	$1,402	$1,472	$1,532	$1,577	$1,625	$1,674	$1,724	$2,317	$3,113	$61,851
Property Tax	$120	$123	$127	$131	$135	$139	$143	$147	$152	$156	$210	$282	$5,699
Total City	**$886**	**$1,176**	**$1,446**	**$1,532**	**$1,607**	**$1,670**	**$1,721**	**$1,772**	**$1,825**	**$1,880**	**$2,527**	**$3,396**	**$67,550**
Combined Taxes	**$991**	**$1,320**	**$1,626**	**$1,724**	**$1,808**	**$1,879**	**$1,936**	**$1,994**	**$2,054**	**$2,115**	**$2,843**	**$3,820**	**$75,984**

Source: Hunden Partners

Appendix

Executive Summary



Headlines

TOURISM

Medford benefits from a strong sports tourism market driven by Lithia & Driveway Fields and Rogue X.

In terms of leisure tourism, Medford's wineries and outdoor recreation amenities allow the Project to capitalize on a strong destination appeal for regional events.

MEETINGS

Meeting planners are faced with limited options for hosting in Medford. The Rogue Valley Country Club is essentially the only local facility with quality space that can accommodate 100 or more attendees.

Many meeting planners, locally and regionally, do not choose Medford as a destination due to its lack of an event-caliber facility that offers sufficient space and nearby hotel supply.

HOSPITALITY

The existing hotel supply in Medford is minimal. Although there are several proposed hotel projects, most of these are not yet confirmed developments.

There is a significant lack of hotel product in downtown Medford, ultimately limiting the ability to attract event groups and drive strong foot traffic to the market's main economic hub.

WALKABILITY

The presence of walkable lodging, dining, and entertainment has become an increasingly valuable component for conference attendees and meeting planners. Facilities often maximize their potential when they offer these amenities within a walkable distance.

There is an opportunity to deliver this within close proximity to downtown Medford.

Gensler

Building Program

	Scenario A: Small			Scenario B:Large		
Rooms	**165 keys**			**220 keys**		
Typical Bay Size	425 sf			425 sf		
Total Bays	182 sf			242 sf		
Total Guestroom Net Area	77,350 sf			102,850 sf		
Total Guestroom Gross Area		**110,500 sf**	69.9%		**146,950 sf**	70.0%
Total function space		**18,400 sf**	11.6%		**26,400 sf**	12.6%
Ballroom	12,000 sf			18,000 sf		
Junior Ballroom	3,600 sf			4,500 sf		
Meeting Rooms	2,800 sf			3,900 sf		
Food & Beverage		**5,000 sf**	3.2%		**5,000 sf**	2.4%
Other Hotel Amenities		**4,000 sf**	2.5%		**5,000 sf**	2.4%
Hotel BOH		**20,100 sf**	12.7%		**26,650 sf**	12.7%
Function Support	3,750 sf			5,250 sf		
F/B Support	2,100 sf			2,550 sf		
Admin Offices	1,650 sf			2,200 sf		
Employee Facility	1,300 sf			1,750 sf		
Housekeeping	1,650 sf			2,200 sf		
Receiving/Storage	825 sf			1,100 sf		
Maintenance Shops	825 sf			1,100 sf		
MEP	8,000 sf			10,500 sf		
Total Hotel Gross Area		**158,000 sf**	100.0%		**210,000 sf**	100.0%
	958 sf/key			955 sf/key		

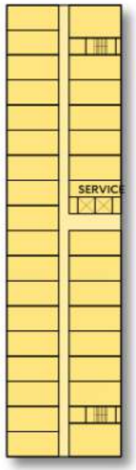
The above table, provided by Gensler, shows a detailed breakdown of the estimated sizing for the two scenarios.

The below table, provided by Gensler, summarizes the estimated square footage and acreage of the small scenario and large scenario, including a comparison of surface versus structured parking. Additionally, the table details the estimated footprint of the downtown site to assess the viability of the different scenarios.

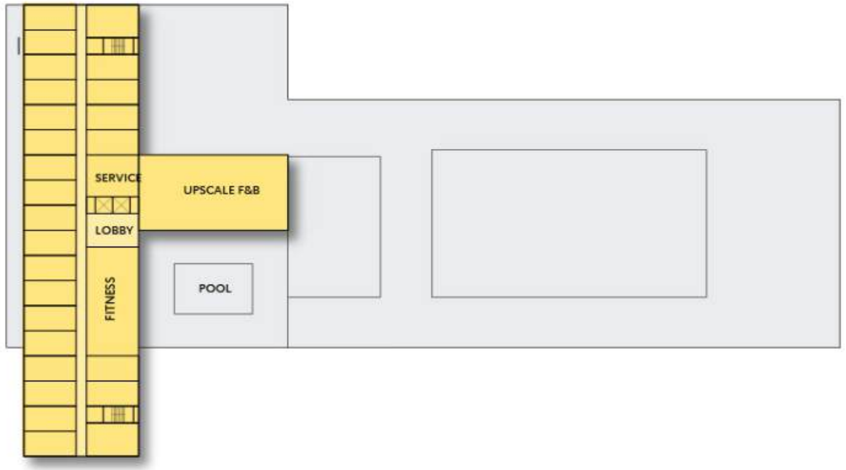
Site Scenario	Site Area		Parking
	SF	Acres	
Scenario A: Small			**325 stalls**
Surface Parking	**316,705 sf**	**7.27 ac**	312 stalls
Parking Structure	226,023 sf	5.19 ac	322 stalls
Scenario B: Large			**420 stalls**
Surface Parking	400,128 sf	9.19 ac	408 stalls
Parking Structure	**252,048 sf**	**5.79 ac**	464 stalls
Inn at the Commons Site			**Notes**
Property 1	230,384 sf	5.29 ac	Some of this property is unbuildable (River)
Property 2	134,009 sf	3.08 ac	
Net Property 1	217,597 sf	5.00 ac	Removing the River
Net Properrty 2	121,446 sf	2.79 ac	
Net Property 1&2	**339,043 sf**	**7.78 ac**	**Net Usable Site**

Small Scenario Site Agnostic – Structured Parking

Gensler

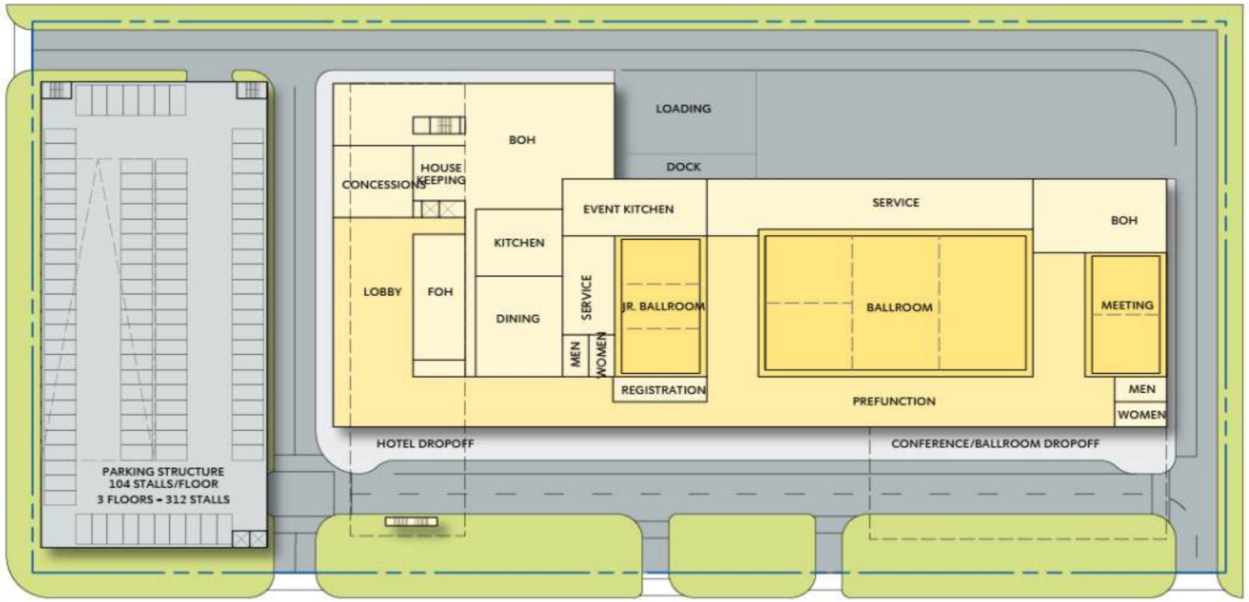


TYPICAL FLOOR PLAN



NOTES
- 30 keys/floor
- 6 floors of rooms
- Type 3B over Type 1A construction
- Non-Highrise
- 3 story parking structure (24' high)

SECOND FLOOR PLAN

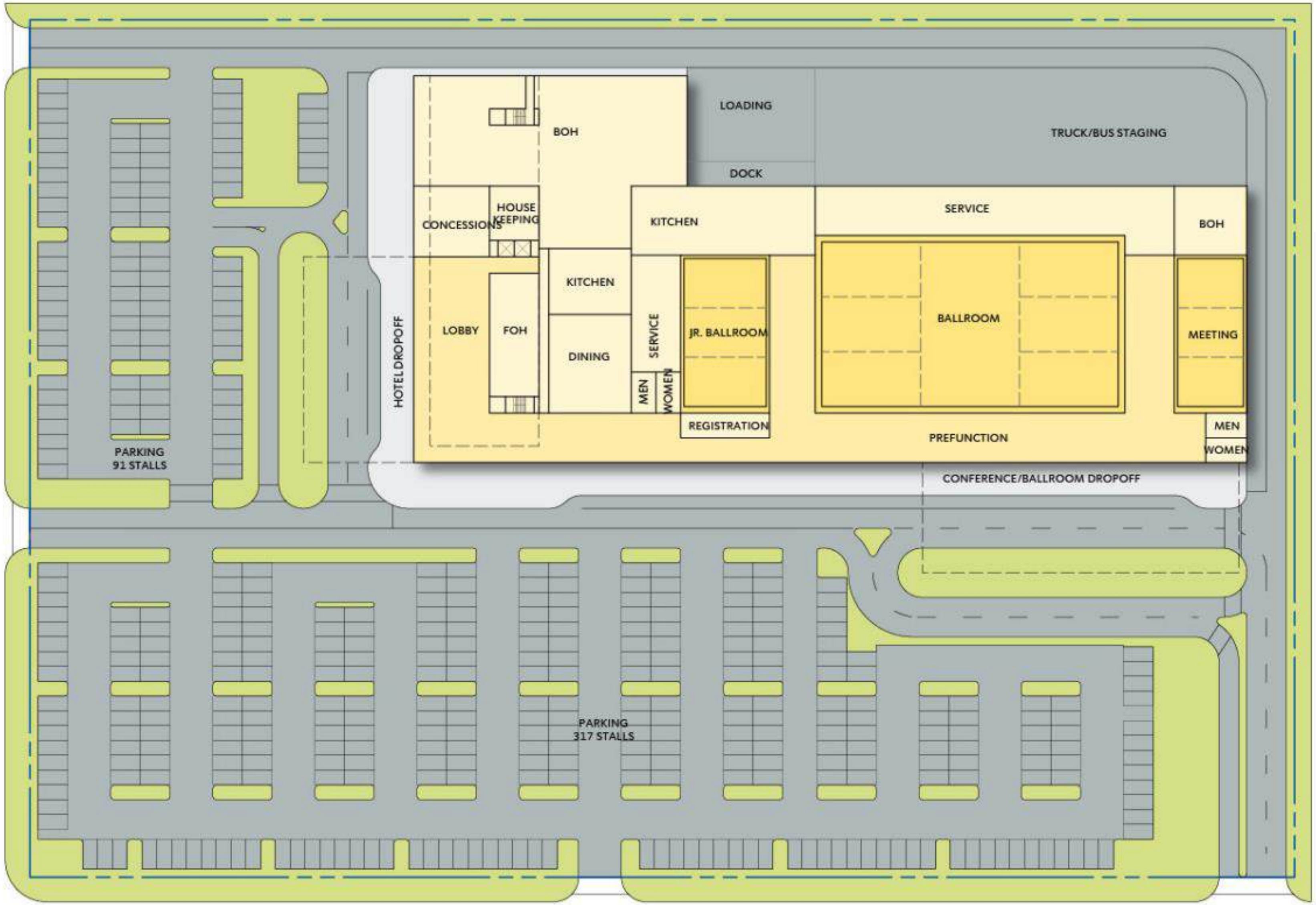


SITE AREA: 5.19 ac.

SITE PLAN
SCALE: 1"=100'

Large Scenario Site Agnostic – Surface Parking

Gensler



NOTES

- 26 keys/floor
- 10 floors of rooms
- Type 1A construction
- Highrise

SITE AREA: 9.19 ac.

01

Economic, Demographic & Tourism Analysis

Population

While the local population is not a particularly strong indicator of regional demand for meeting facilities, markets with larger populations often experience higher demand for meeting space.

Medford, the fourth largest MSA in Oregon, had a population of nearly 227,000 people in 2023. Local and regional indicators within Oregon show that the area has outpaced national population growth since 2010, ultimately benefiting the market with increased overall activity. However, Portland and the greater state of Oregon, have begun to experience a downtown over the past few years, losing residents at one of the fastest rates among all U.S. states.

On the other hand, Medford is anticipating welcoming 30,000 new residents by 2040, which is largely driven by retirees due to Medford's reputation as a medical and retirement hub.

Population and Growth Rates

	2010	2020	2023	2028 Projected	% Change 2010 - 2023
Nationwide					
United States	308,745,538	331,449,281	337,470,185	342,640,129	9.3%
Statewide					
Oregon	3,831,074	4,237,256	4,335,082	4,412,462	13.2%
Marketwide (MSAs)					
Portland	2,226,009	2,512,859	2,583,167	2,644,125	16.0%
Salem	390,738	433,353	444,718	454,196	13.8%
Eugene	351,715	382,971	388,866	393,024	10.6%
Medford	203,206	223,259	226,898	229,443	11.7%
Bend	157,733	198,253	211,844	224,494	34.3%
Citywide					
Medford	75,830	85,902	87,659	89,004	15.6%

Source: U.S. Census Bureau

Colleges & Universities

Meeting facilities located near universities often experience strong activity due to the variety of events these institutions regularly generate, such as graduations, alumni and fraternal events, recruitment and networking sessions, and more.

There are two mid-sized universities located within 25 miles of Medford. Considering the lack of sufficient event space in southwestern Oregon, the Project has potential to attract events from these local universities.

Major universities occasionally travel to cities across the state to organize recruitment receptions for prospective students as well as other small events. Event coordinators at the University of Oregon currently utilize Rogue Valley Country Club when hosting recruitment events in Medford.

Colleges & Universities

Institution	Location	Distance from Medford	Highest Degree Offered	Enrollment
Nearby Universities				
Southern Oregon University	Ashland	14 miles	Masters	5,204
Rogue Community College	Grants Pass	25 miles	Associate	3,423
Major State Universities (10,000+ Enrollment)				
University of Oregon	Eugene	119 miles	Doctorate	23,163
Oregon State University	Corvallis	157 miles	Doctorate	34,292
Oregon Community College	Portland	218 miles	Associate	19,400
Portland State University	Portland	220 miles	Doctorate	21,609

Source: National Center for Education Statistics

Major Employers

Markets with a strong corporate presence often contribute to local demand for meeting facilities as well as increased hotel demand from corporate-related visitors such as clients, trainees, and visiting executives. Medford has a number of private companies with a local headquarter presence, such as Lithia Motors and Harry & David Holdings.

The three most common industries in Jackson County are health care and social assistance, retail trade, and accommodation and food services. These industries comprise 14.9 percent, 13.6 percent, and 7.69 percent of private nonfarm employment, respectively.

Major Local Employers

Company Name	Industry
Providence Health System	Health Care
Lithia Motors	Automotive Dealership
Harry & David Holdings, Inc.	Specialty Retailer
Asante Health Network	Health Care
Pacific Retirement Services	Nonprofit Organization
Amy's Kitchen	Food Manufacturer

Source: Jackson County

Top Attractions

The following table provides an overview of some of Medford's most visited assets in 2023. In addition to the Lithia & Driveway Fields, Medford's recent addition of RogueX will help to further elevate its sports tourism.

Feedback from regional groups indicates a decline in the number of people choosing to attend meetings and events in person as hybrid options become a more common feature. As a result, event planners have begun placing a higher value on a market's destination attributes and leisure assets to entice stronger in-person attendance. Medford's strong presence of wineries and other nature-related assets provides the Project with an opportunity to attract event groups by positioning itself as a unique and compelling destination for prospective attendees.

Medford Area Major Attractions

Name	Distance from Downtown Site	2023 Visits	2023 Visitors	Visit Frequency	% of Visits Over 100 Miles	Type of Attraction
Lithia & Driveway Fields	2.4 miles	663,400	113,400	2.53	15%	Sports Complex
Jackson County Expo	5.7 miles	393,400	160,500	2.51	8%	Fairgrounds
Lava Lanes of Medford	2.9 miles	357,700	122,600	2.93	7%	Bowling Alley
Rogue Valley Family Fun Center	5.2 miles	162,500	103,500	1.56	13%	Amusement Park
RoxyAnn Winnery	2.8 miles	36,400	20,400	1.79	16%	Winery
DANCIN Vineyards	5.3 miles	32,900	25,100	1.31	31%	Winery
2 Hawk Winery	4.7 miles	27,900	11,800	2.38	12%	Winery
Belle Fiore Winery	17.6 miles	21,800	13,300	1.64	28%	Winery

Source: Placer.ai, TripAdvisor, Travel Medford

02

Conference & Meetings Market Analysis

National Market Trends

Conference & Meetings Industry Overview

While the industry is ever-changing, the expectations for ease, convenience, and affordability have consistently increased, along with the demand for authenticity and high-quality flexible spaces. A single event may use many different types of spaces, including exhibit halls, ballrooms, and breakout meeting rooms, increasing the need for well-designed multi-purpose facilities. While the market for a smaller conference center with ballroom and meeting rooms is typically targeted towards smaller conferences, meetings, and social / banquet events, these facilities can also capture smaller trade shows, consumer shows, and assemblies.

Facility Types & Requirements for Various Event Types

Event Type	Conventions with Exhibits	Conventions	Tradeshows	Consumer Shows	Assemblies	Sports Events	Conferences	Meetings	Trainings	Banquets
Attendance Range	150 - 50,000	150 - 15,000	250 - 50,000	250 - 1,000,000	150 - 50,000	500 - 100,000	50 - 2,000	10 - 300	10 - 300	50 - 2,000
Primary Purpose	Info Exchange & Sales	Info Exchange	Sales	Advertising & Sales	Info Exchange	Sports	Info Exchange	Info Exchange	Training	Social, Business & Charity
Facility Requirements	Exhibit Halls, Ballroom, Meeting Rooms, Hotel Block	Ballroom, Meeting Rooms, Hotel Block	Exhibit Halls, Hotel Block	Exhibit Halls	Arena or Exhibit Halls, Hotel Block	Arena, Stadium or Exhibit Halls, Hotel Block	Ballroom, Meeting Rooms, Hotel Block	Meeting Rooms, Hotel Block	Meeting Rooms, Hotel Block	Ballroom
Typical Facility Used	Convention Center & Large Hotels	Convention Center & Large Hotels	Expo Facilities & Convention Centers	Expo Facilities & Convention Centers	Arenas or Convention Centers	Arena, Stadiums, Convention Centers	Convention/ Conference Centers and Hotels	Convention/ Conference Centers and Hotels	Convention/ Conference Centers and Hotels	Convention/ Conference Centers and Hotels

Source: Hunden Partners

Function Space Types

The following outlines the three main function space types for convention and event facilities along with their design elements that are often required by event groups. Medford is lacking facilities in each category, with much of the local supply consisting of more non-traditional event space.

Exhibit Space

Exhibit space tends to accommodate the largest group sizes and typically hosts conventions, trade shows, and sporting events. These spaces often emphasize simplicity, consisting of concrete flat floors, high ceiling heights, and large open spaces that can allow for a variety of event types and setups.

Ballroom Space

Ballrooms are typically larger than meeting rooms and primarily host banquets, conferences, and smaller conventions. Flexibility of these spaces is a crucial element. Quality ballrooms must offer column-free spaces and moveable walls, patterned carpeting, chandeliers, and an overall sleek and swanky design.

Meeting Space

Meeting and boardrooms tend to accommodate smaller audiences and are typically used for business meetings or breakout space during conferences. These spaces are often occupied by table setups. Although design standards for meeting spaces are not as high compared to ballrooms, quality is still a valuable component for many groups.

Pre-Pandemic Level Recovery

The tables below highlight the expected recovery timeline for the meeting and events industry and the main reasons that attendee numbers have not yet returned to pre-pandemic levels.

Expectations on Return to Pre-Pandemic Attendee Levels

Expectation	Percentage
Attendee numbers already recovered	35%
In 2024	42%
Within 2 years	15%
Within 3-5 years	5%
Not expected to return to 2019 levels	3%

Source: 2024 Global Meetings & Events Forecast

Factors Impacting Pre-Pandemic Level Recovery

Factor	Percentage
Attendee health concerns	44%
Cost	42%
Attendee safety concerns	41%
Hosting fewer events for people to attend	29%
Other	5%

Source: 2024 Global Meetings & Events Forecast

Site Selection & Meeting Format

The 2024 Global Meetings & Events Forecast was developed through meeting and event data sources, interviews with industry leaders, and proprietary surveys of meeting professionals.

Selection of meeting location and planned meeting formats are summarized in the following tables. Location and size are the most influential factors for event planners.

Planned Meeting Format

Format	2021	2024
In-person only	31%	63%
Hybrid	31%	19%
Virtual Only	38%	18%

Source: 2024 Global Meetings & Events Forecast

Site Selection Influencing Factors

Factor	Percentage
Ease of travel to location for attendees	35%
Specific location type need (near airport, customer, etc.)	28%
Size of meeting space	25%
Past experience with site	17%
Ability to host hybrid meetings	16%
Preferred supplier programs	16%
Safety concerns	13%
Safety and health protocols	12%
Sustainability	11%
Repeat destination	8%
Resort destination	8%
Food & beverage service	8%
Online reviews	6%

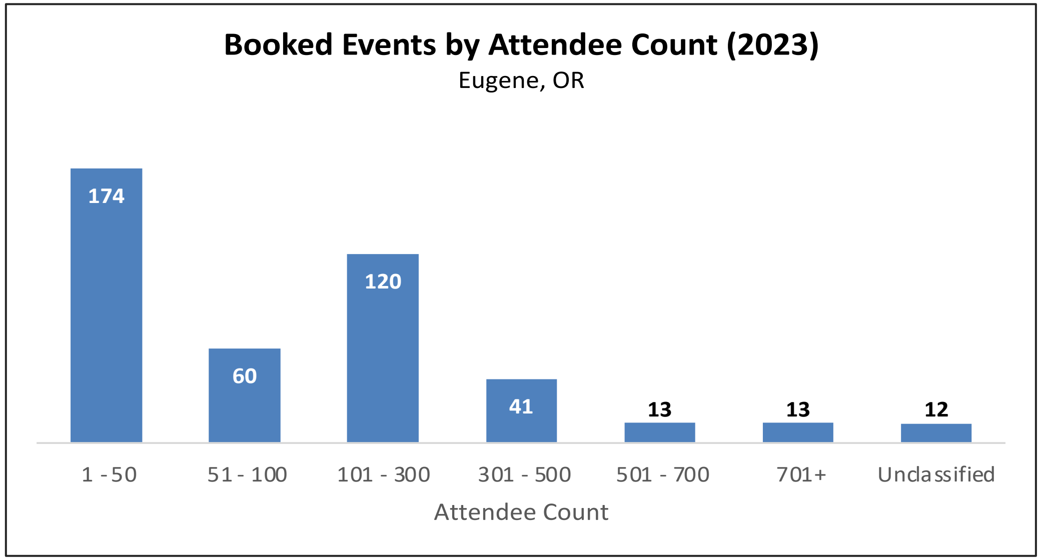
Source: 2024 Global Meetings & Events Forecast

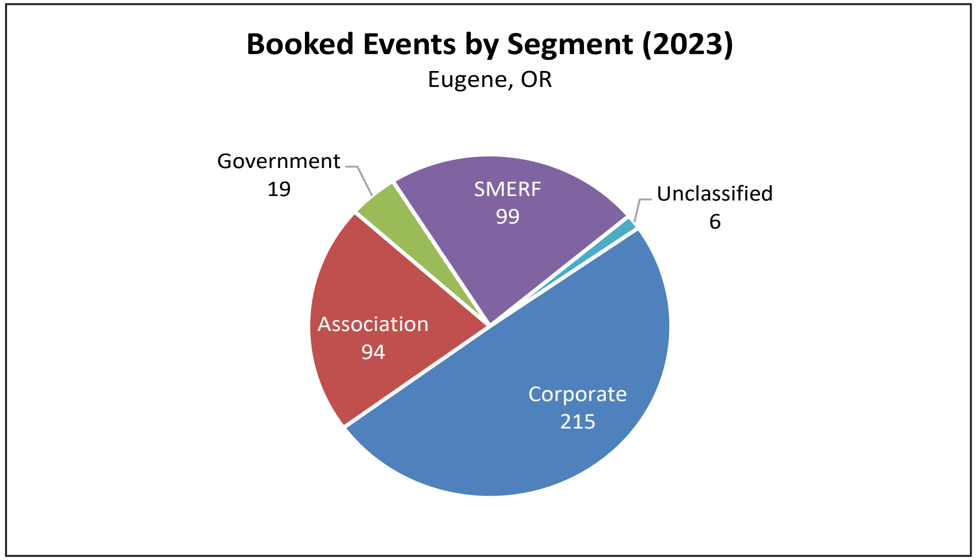
Oregon Market Trends

Eugene Event Market Trends

Hunden utilized Knowland data to assess the event landscape in Eugene. Based on the data reported to Knowland in 2023, half of Eugene's events come from the Corporate segment which is likely attributed to its proximity to the University of Oregon.

The Graduate in Eugene is one of the most utilized facilities in the market. Given that the Project would likely attract the same State Association and Government accounts, Hunden analyzed its performance across these two segments. Since 2020, the facility has hosted 65 State Association and Government events, with several additional regional and national events within this segment as well.





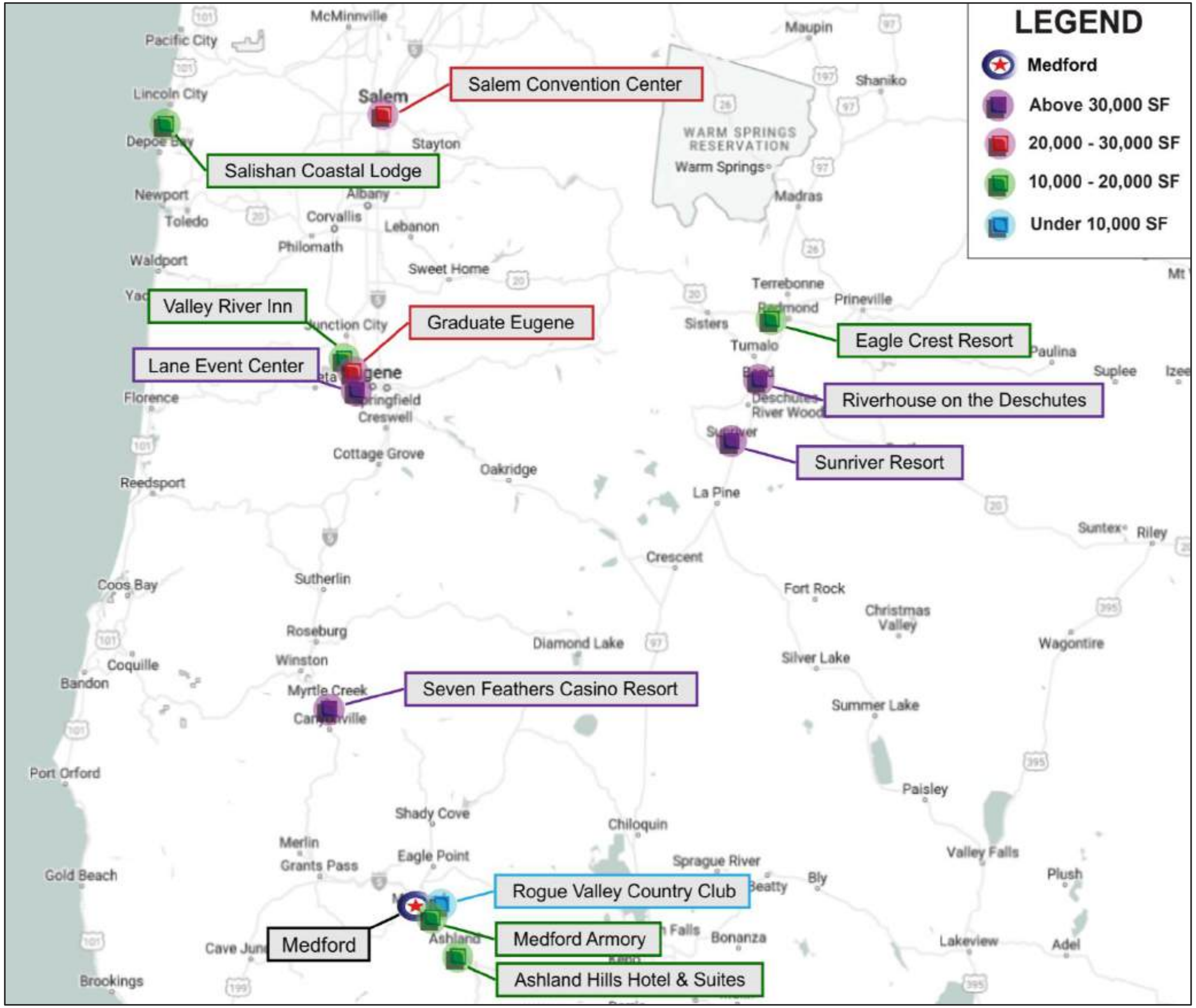
Local & Regional Supply Analysis

Relevant Meeting Supply

The map to the right shows the relevant meeting facilities across the regional Oregon market.

The local area has three relevant facilities, all of which either lack quality space or sufficient capacity for large attendee counts.

The facilities identified as the strongest and most utilized by event groups in demand interviews are between 20,000 to 40,000 square feet. Notably, there is a lack of facilities of this size within the regional market.



Rogue Valley Country Club

The Rogue Valley Country Club is one of Medford's top meeting venues and is typically the host facility for event groups that are specifically looking to hold an event in Medford. The facility can accommodate a maximum of approximately 350 attendees. Based on local and regional feedback, some of the main weaknesses at the facility include its lack of breakout space and overall capacity restraints.

Rogue Valley Country Club

	Total (SF)	Divisions
Exhibit Space	-	-
Ballroom Space	**3,420**	**1**
Grand Valley Ballroom	3,420	1
Meeting Space	**1,500**	**4**
Chandler Egan	720	1
Oak East	600	1
Oak West	600	1
Jackson Library	300	1

Summary	**SF**	**Divisions**
Exhibit	-	-
Ballroom	3,420	1
Meeting Rooms	1,500	4
Total	**4,920**	**5**

Source: RVCC

Ashland Hills Hotel & Suites

The Ashland Hills Hotel is the primary venue for event groups seeking space in southwestern Oregon. Local and regional feedback indicates that the ballroom's inability to comfortably accommodate 500 attendees has led to substantial missed opportunities in attracting regional and statewide groups.

Ashland Hills Hotel

	Total (SF)	Divisions
Exhibit Space	**-**	**-**
Ballroom Space	**10,800**	**7**
Grand Ballroom	6,600	3
Aquarius	*3,125*	*1*
Orion	*1,835*	*1*
Andromeda	*1,640*	*1*
Cosmos Ballroom	2,500	2
Cosmos I	*1,700*	*1*
Cosmos II	*800*	*1*
Galaxy Ballroom	1,700	2
Galaxy I	*1,050*	*1*
Galaxy II	*650*	*1*
Meeting Space	**3,148**	**3**
Stardust Lounge	2,668	1
Board Room I	300	1
Board Room II	180	1

Summary	**SF**	**Divisions**
Exhibit	-	-
Ballroom	10,800	7
Meeting Rooms	3,148	3
Total	**13,948**	**10**

Source: Ashland Hills Hotel

Graduate Eugene

The Graduate is located within miles of the University of Oregon's main campus and is adjacent to the Hult Center, which features a 2,447-seat concert hall, 495-seat theater, and a 3,000-square-foot multipurpose event space. The Hult Center is occasionally used as an ancillary facility for events held at the Graduate. Feedback from regional groups that have held statewide conferences at the Graduate indicates that its diverse package of meeting / breakout spaces was a key factor for selecting it as their host facility.

In 2023, the Graduate hosted a total of 576 events with an average attendee size of 150.

Graduate Eugene

	Total (SF)	Divisions
Exhibit Space	**-**	**-**
Ballroom Space	**19,944**	**9**
Playwrights Hall	11,620	4
O'Neill	*2,988*	*1*
Williams	*2,988*	*1*
Hellman	*2,988*	*1*
Wilder	*2,656*	*1*
Composers Hall	4,434	4
Bloch	*1,647*	*1*
Sousa	*1,647*	*1*
Joplin	*570*	*1*
Seeger	*570*	*1*
Vistas Ballroom	3,890	1
Meeting Space	**2,700**	**5**
Board Room	600	1
Directors Room	600	1
Studio A	500	1
Studio B	500	1
Studio C	500	1

Summary	**SF**	**Divisions**
Exhibit	-	-
Ballroom	19,944	9
Meeting Rooms	2,700	5
Total	**22,644**	**14**

Source: Graduate Eugene

Salem Convention Center & Grand Hotel

The Salem Convention Center is one of the premier facilities located within the Project's regional area, capable of accommodating large attendee counts. It features both a grand and junior ballroom with various divisible size options for smaller groups, as well as several different breakout spaces. Additionally, the convention center is connected to The Grand Hotel, which includes 193 rooms and ancillary breakout spaces for event groups.

Salem Convention Center & Grand Hotel

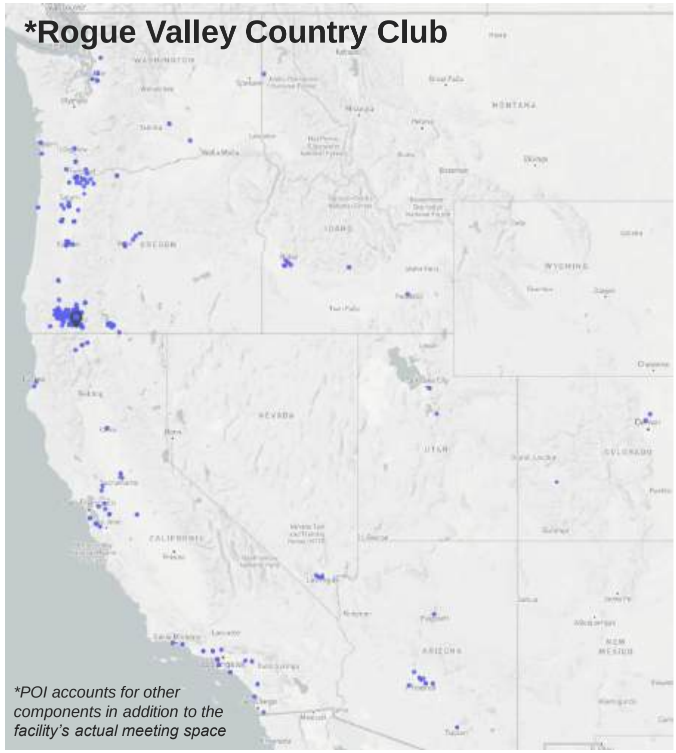
	Total (SF)	Divisions
Exhibit Space	-	-
Ballroom Space	**20,000**	**10**
Willamette Ballroom	11,400	4
Willamette A	*3,000*	*1*
Willamette B	*2,700*	*1*
Willamette C	*2,700*	*1*
Willamette D	*3,000*	*1*
Santiam Ballroom	8,600	6
Santiam 1	*2,300*	*1*
Santiam 2	*1,000*	*1*
Santiam 3	*1,000*	*1*
Santiam 4	*1,000*	*1*
Santiam 5	*1,000*	*1*
Santiam 6	*2,300*	*1*
Meeting Space	**6,184**	**6**
Croisan Creek	3,240	3
Croisan A	*1,080*	*1*
Croisan B	*1,080*	*1*
Croisan C	*1,080*	*1*
The Board Room (Hotel)	1,204	1
Pringle Creek	900	1
The Marion Room (Hotel)	840	1

Summary	**SF**	**Divisions**
Exhibit	-	-
Ballroom	20,000	10
Meeting Rooms	6,184	6
Total	**26,184**	**16**

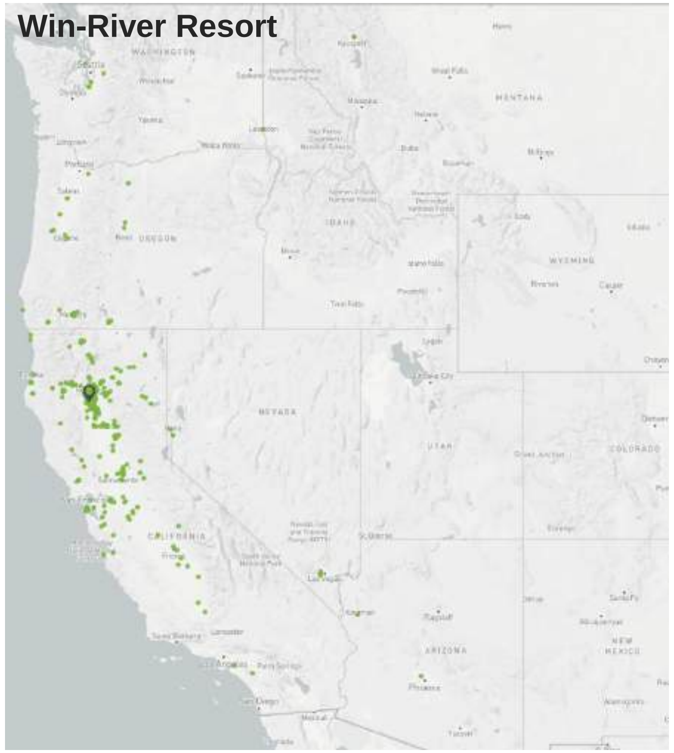
Source: Salem Convention Center

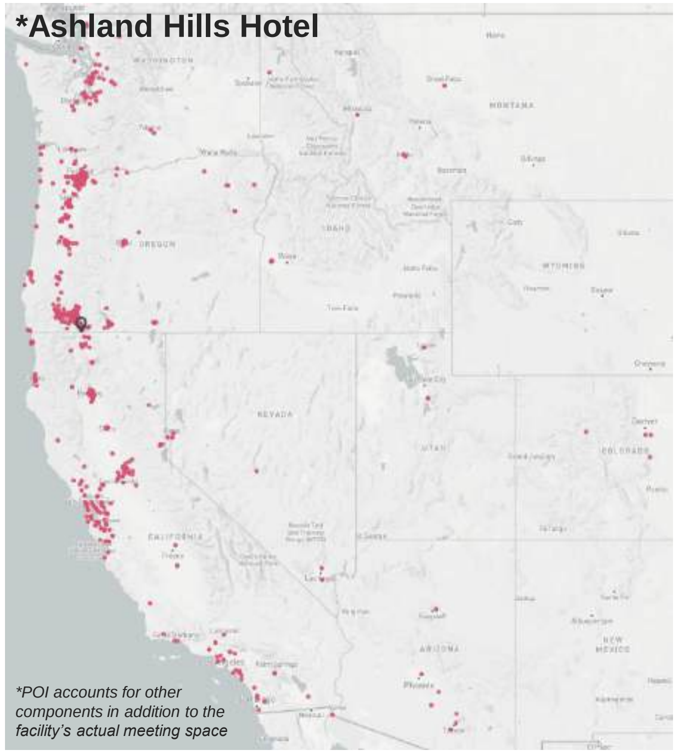
Home Distance of Visitors

The figures below illustrate the home distance of visitors who traveled to local and regional facilities from January 2023 to May 2024. The Win-River Resort attracted a small number of visitors from Oregon but saw considerable activity across northern California. While true event-related visitation for the Rogue Valley Country Club and the Ashland Hills Hotel may be skewed, the figures suggest that the local area is capable of attracting strong long-distance visitation.


***Rogue Valley Country Club**

**POI accounts for other components in addition to the facility's actual meeting space*

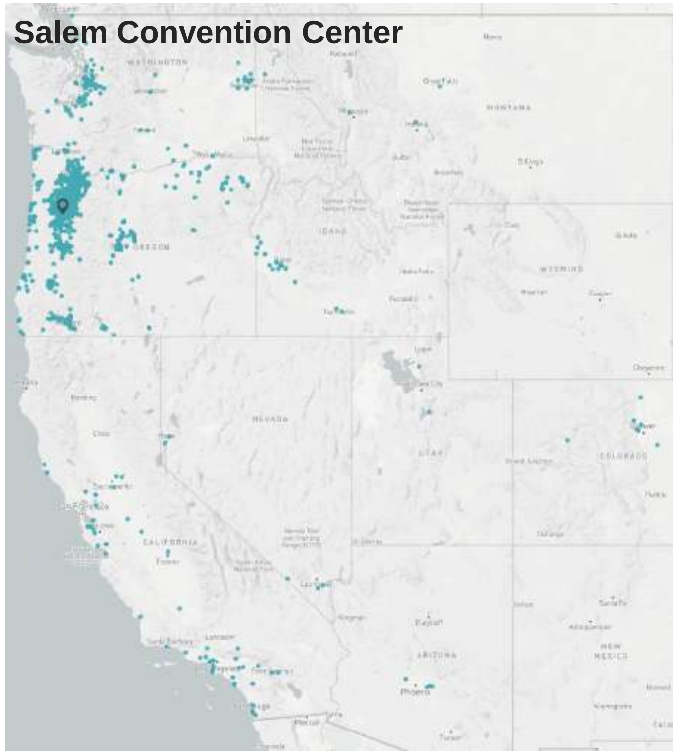

Win-River Resort

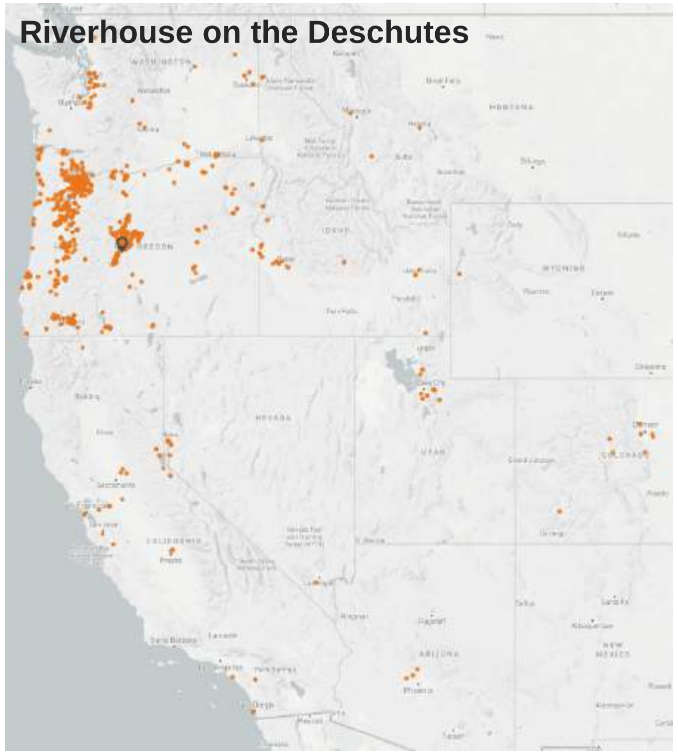

***Ashland Hills Hotel**

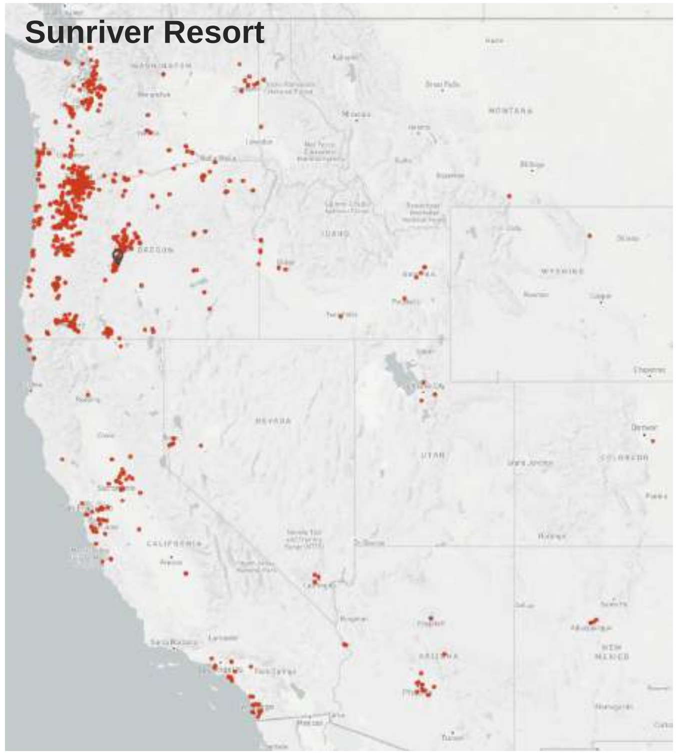
**POI accounts for other components in addition to the facility's actual meeting space*

Home Distance of Visitors

The figures below illustrate the home distance of visitors who traveled to regional facilities from January 2023 to May 2024. All three facilities, which offer over 25,000 square feet of total function space, achieved strong visitation across Oregon and Washington's major markets, as well as from other states across the Pacific Northwest. This visitation behavior indicates that with sufficient function space, the Project has significant potential to attract regional event groups and overnight visitors.

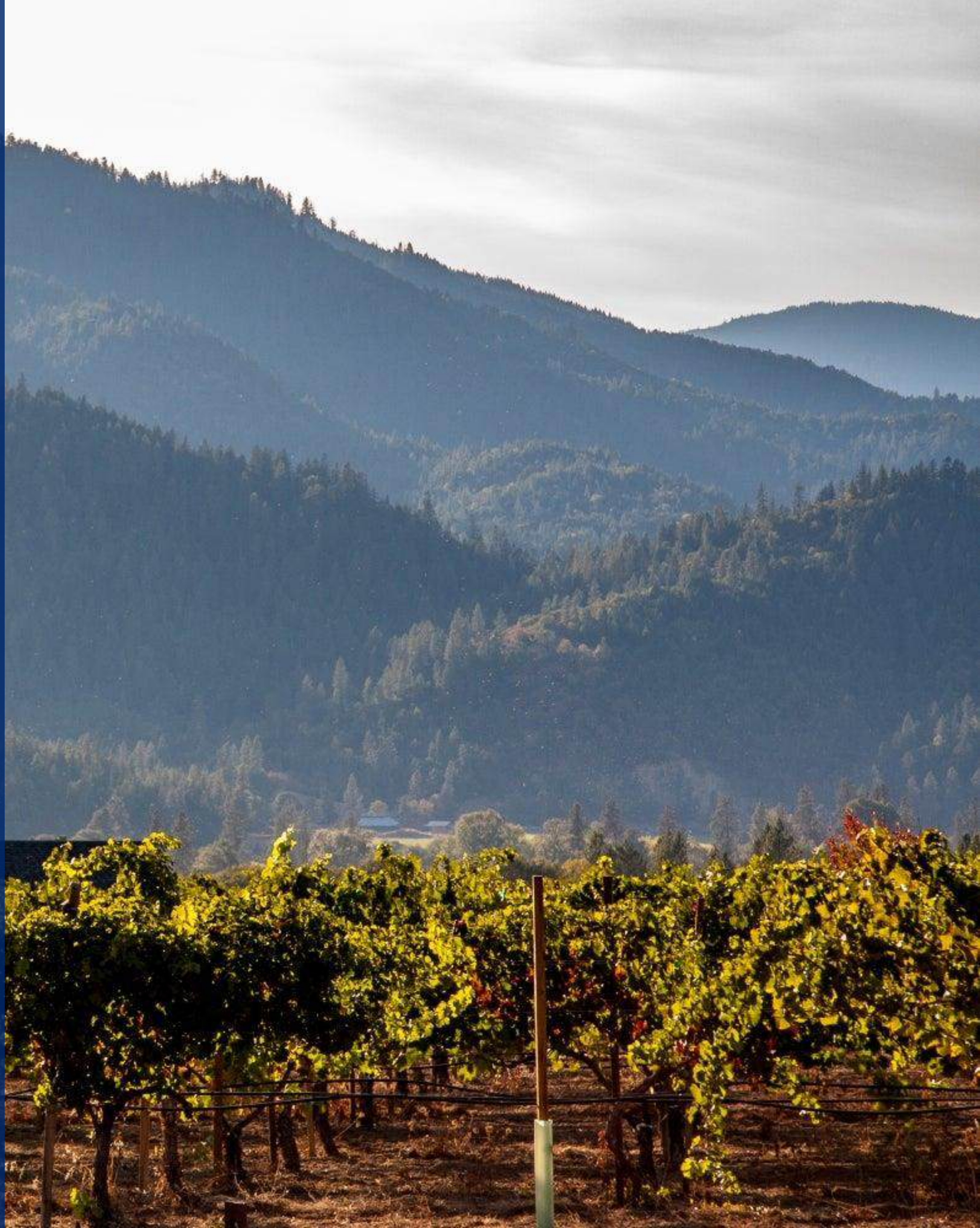






03

Local Hotel Market Analysis



Trends of Note

Brands Multiply. Worldwide, the expansion of brands continues to change the face of the competitive environment. Major brands are competing fiercely, as they are eager to show earnings growth and increased market share to Wall Street. Using multiple brand families clustered in the same corporate structure, proprietary reservation systems, and corporate programs all work in tandem to drive business. Comparing profit potential of a branded hotel to one without a brand is becoming a serious consideration for hotel owners. At the same time, the increased proliferation of brands means that fewer independents struggle for fair share and are using price as the preferred strategy to drive demand.

Boutique Brands. This seemingly incongruous phrase is a trend occurring in the industry. The largest brands have exhausted traditional market segments, so they are seeking to acquire and dominate the last strong hold of the industry: independent boutique hotels. By creating a boutique "collection" or also known as a "soft brand" that can benefit from (and provide distribution to) the primary brand family, both the hotel and brands can prosper. For example, with all traditional niches covered, Marriott has now entered the boutique market with the Autograph Collection. These hotels are neither owned nor operated by Marriott, and do not even carry a Marriott brand, per se, but use the Marriott reservation system to route travelers to these formerly independent hotels. Guests benefit by earning Marriott points and fulfillment of high-quality standards they have come to expect with the Marriott brand.

Companies Consolidate. The buyout/merger of Marriott and Starwood represents the highest peak in value of many brands and companies consolidating. In the past several years, many hotel companies have merged to improve scale and marketplace power, as well as take advantage of the current market dynamics.

Trends of Note

Lifestyle Brands/Retro Motels/Work from Anywhere. The newest trend from brands and independents are the lifestyle hotels targeting Millennials and Gen Z. These concepts focus on active public/social spaces indoors and outdoors, with minimalism ruling the rooms themselves. Active bar/light fare and game areas are also popular in these hotels. For owners/operators, the trend to smaller and spartan rooms with compact designs, as well as limited housekeeping service has helped mitigate rising construction costs, as well as rapidly increasing labor costs. This trend also includes the retro-modern motor lodge theme, with newly built or renovated motels that are targeted to a relaxed lifestyle. In addition, the ‘work-from-anywhere’ concept has soared, especially with younger professionals, and these hotels have benefitted. More and more people are blending work/leisure time by exploring the country and staying in these interesting properties, instead of only working from home.

Shared Spaces and Home/Apartment Rentals. The advent of Airbnb has transformed the lodging industry in the past few years, similar to what Uber and Lyft have done with the hired car industry. Home and apartment rentals through VRBO, Homeaway, and Airbnb add inventory to many compressed and expensive hotel markets. In some places like San Francisco, Silicon Valley and New York, residents rent their homes to travelers in order to pay the rising cost of rent. High occupancies and rising room night rates have made these options viable for travelers and residents.

Micro Hotels. The Micro hotel rooms are a prime example of minimalist living. While the hotel rooms are half the size of traditional hotel rooms (average of 115 - 220 square feet), they are designed to be efficient and fit only the essentials. The need for these rooms came about because of high real estate costs and limited space in large urban areas. To compensate for limited personal space, these hotel brands usually have extensive shared spaces for guests to enjoy. Micro-hotels tend to attract millennials who are comfortable exchanging guestroom size for the experiences of a lifestyle hotel. An example of a micro-hotel brand is Marriott’s Moxy brand.

Local Market Overview and Performance

Competitive Hotel Supply Analysis

There are 13 hotels in the relevant competitive set consisting of upscale and upper midscale properties within a three-mile radius of downtown Medford. These properties were chosen based on the proximity to the sites, year built, varied key counts, and overall quality. The room counts range from 52 rooms to 131 rooms, with the majority of hotels either built or renovated within the last 20 years.

Medford Hotel Supply - Competitive Set

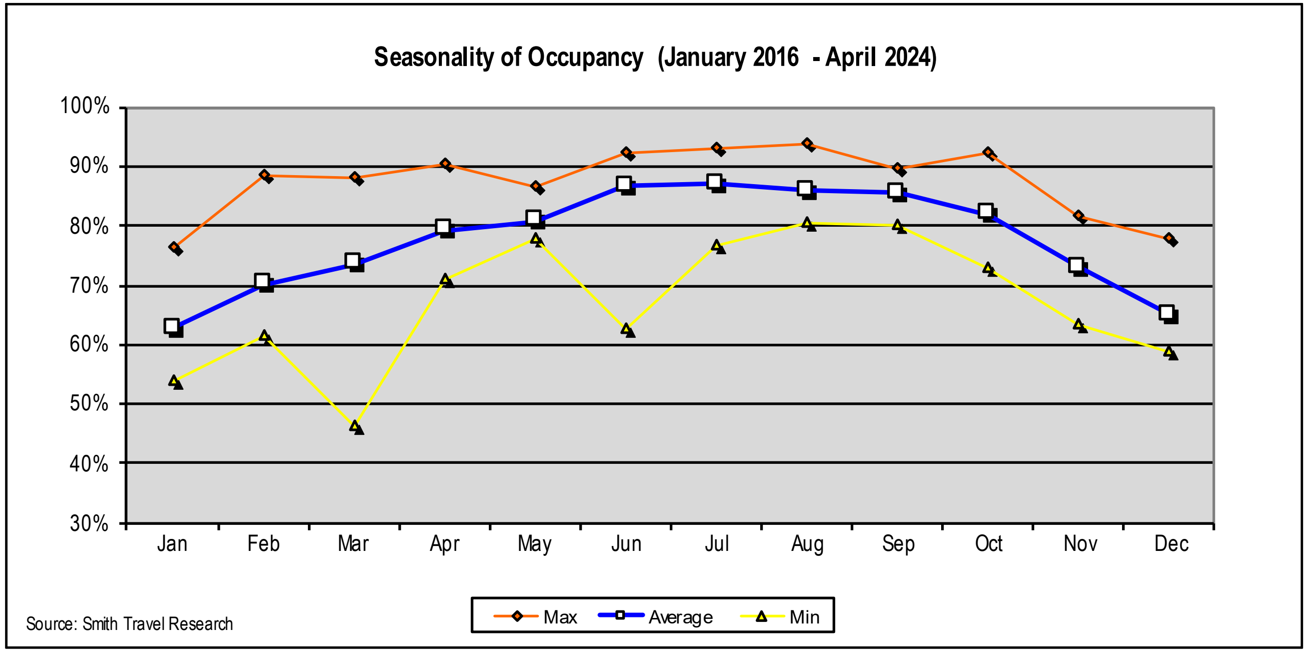
Property Name	City	Miles from Downtown	Rooms	Year Built / Renovated	Hotel Class
Hampton Inn Medford	Medford, OR	1.2	75	2008	Upper Mid
Comfort Inn Medford South	Medford, OR	1.3	61	1995	Upper Mid
Clarion Pointe Medford	Medford, OR	1.4	63	1999	Upper Mid
Holiday Inn Express & Suites Medford	Medford, OR	1.6	91	2018	Upper Mid
Hilton Garden Inn Medford	Medford, OR	1.6	120	2016	Upscale
SpringHill Suites Medford	Medford, OR	1.7	86	2007	Upscale
TownePlace Suites Medford	Medford, OR	1.7	75	2007	Upper Mid
Comfort Inn Medford North	Medford, OR	1.7	52	1994	Upper Mid
Homewood Suites by Hilton Medford	Medford, OR	1.7	109	2008	Upscale
Fairfield Inn & Suites Medford	Medford, OR	1.8	92	2021	Upper Mid
Compass by Margaritaville Medford	Medford, OR	2.1	111	2022	Upscale
SpringHill Suites Medford Airport	Medford, OR	2.6	131	2022	Upscale
Courtyard Medford Airport	Medford, OR	2.8	100	2005	Upscale
Total / Average	**13 hotels**		**1,166**	**2009**	

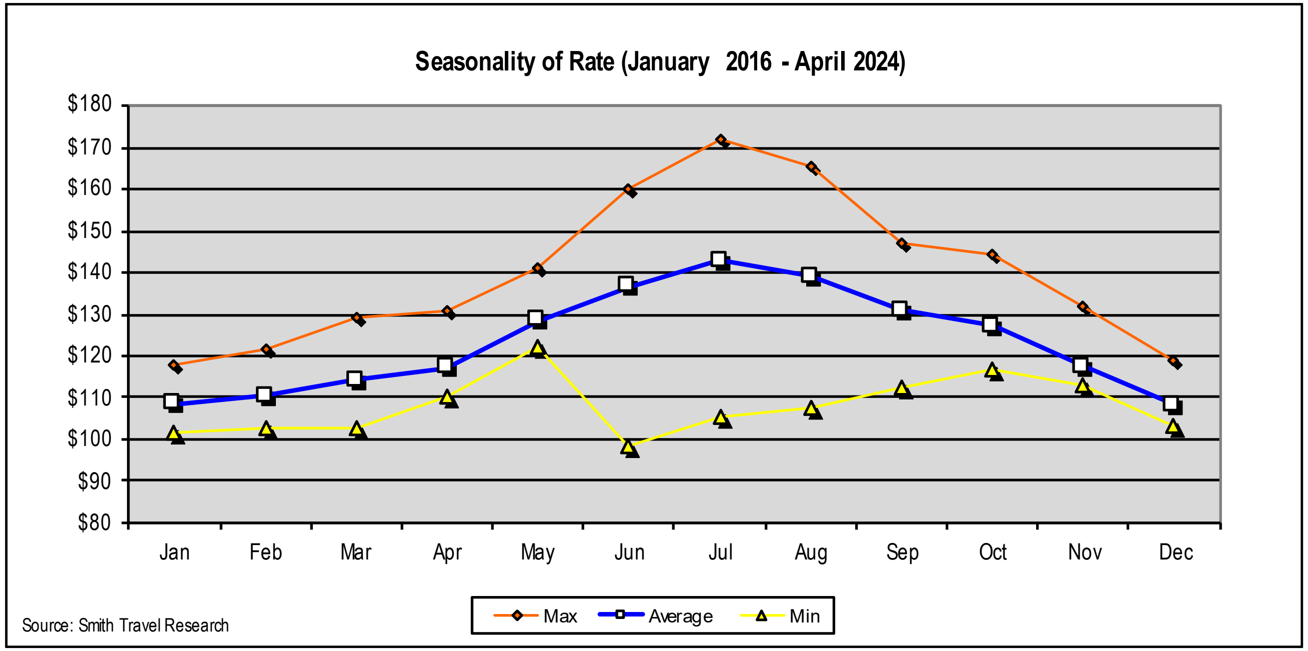
Source: CoStar, Smith Travel Research

Annual Performance

The tables show a visualization of maximum, average and minimum occupancy and daily rates since 2016 for the competitive set.

The Medford market compared to many markets across the country is quite stable when it comes to occupancy and rate.



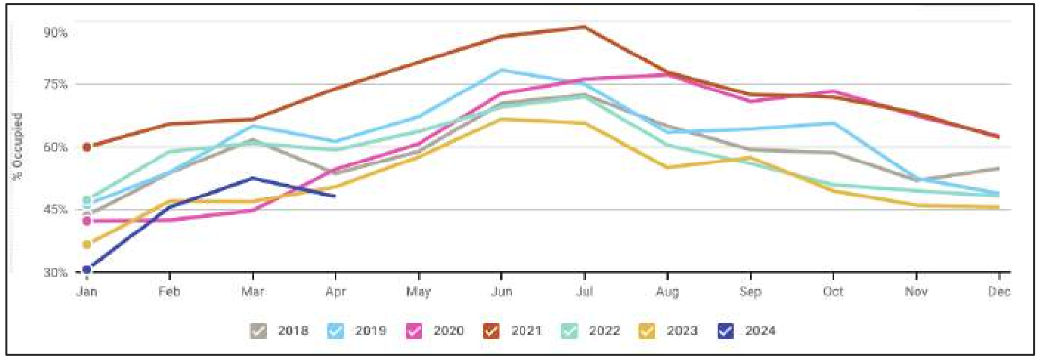


Short Term Rentals Supply

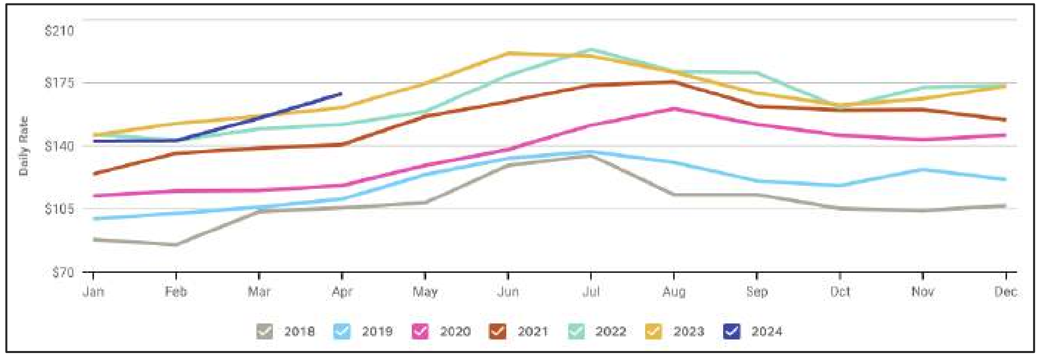
Short-Term Rentals

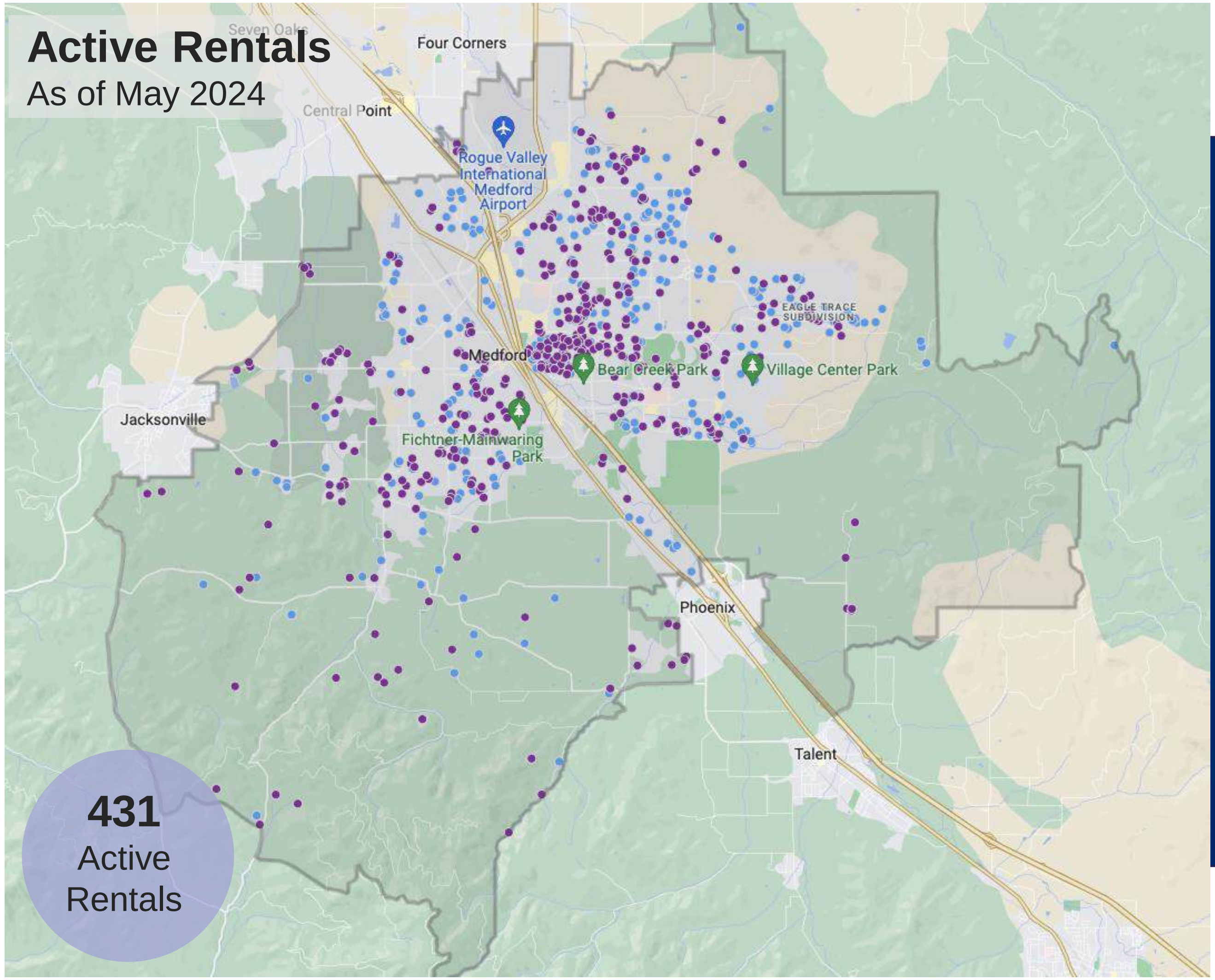
Hunden assessed the short-term rental market in Medford which includes 431 active rentals. The rental market is robust, indicating a strong leisure market, especially in the summer months. Additionally, assisted living facilities in Medford drive overnight stays.

Occupancy



Average Daily Rate





Source: AirDNA

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