BUSINESS PLAN FOR GREATER SUDBURY CONVENTION AND PERFORMANCE CENTRE

City of Greater Sudbury, ON
CBRE File No. :18-APPRHOTELS-0080

Date: June 15, 2018

Prepared for:
City of Greater Sudbury

CBRE

CBRE Valuation & Advisory Services
CBRE Tourism & Leisure Group

CBRE Limited
Valuation & Advisory Services
145 King St. W. Suite 1100
Toronto, ON, M5H 1J8
416.362.2244 Tel
416.362.8085 Fax
www.cbre.ca

June 15, 2018

Ms. Eleethea Savage
Manager of Special Projects
City of Greater Sudbury

Via email: Eleethea.savage@greatersudbury.ca

RE: Business Plan for Greater Sudbury Convention and Performance Centre Project – Final Report

Dear Ms. Savage:

In accordance with the terms of our engagement, CBRE in association with Novita Interpares is pleased to submit the attachedFinal Business Plan for the Greater Sudbury Convention and Performance Centre ("GSCPC").

The Greater Sudbury Convention and Performance Centre ("GSCPC") is a multi-use convention centre and performing arts facility to be located in Downtown Sudbury. The recommended development program for the Greater Sudbury Convention and Performance Centre includes 19,500 square feet of rentable space, with a 13,000 square-foot main plenary/live performance hall featuring 950 theatre-style seats. At this size, the GSCPC could effectively compete with other Tier 3 Convention Centres and regional hotels and event venues for large convention groups in excess of 300 persons, with trade show capacity, banquets of up to 900 persons, and live performance events for up to 950 persons.

While the core business of the Greater Sudbury Convention and Performance Centre will be to attract conventions, meetings and trade shows, having the capacity to convert the largest room into a mid-size live performance venue will both serve the need for performing arts growth in Sudbury, but also attract new sources of demand and revenue for the City. Market and utilization forecasts show the Greater Sudbury Convention and Performance Centre hosting 221 M&C events and 274 event days, as well as 55 Performing Arts events over 70 event days by its stabilized year of operation (Year 5).

The value-added GDP impacts associated with the initial $65.5 million in capital investment in the GSCPC have been estimated at $26 million in direct and indirect impacts, with 93% ($24 million) expected to directly benefit Greater Sudbury. Of this $24 million in GDP, an estimated $15 million in salaries and wages will be generated to support 174 direct jobs in Greater Sudbury, and a further $9.2 million is estimated to result in direct taxes for Greater Sudbury.

The direct economic activity created by operating of the GSCPC in Greater Sudbury has been estimated at $2.3 Million per year, with an additional $1.8 million of GDP produced by indirect and induced sources. By 2023, the GSCPC is expected to contribute a combined $7.6 Million in spending from both its operation and off-site visitor expenditures. At these demand levels, the subject GSCPC is projected to operate at an annual net loss of $272,000 by Year 5. In comparison, Tier 3 Convention Centres in similar jurisdictions to Greater Sudbury across Canada operated at a net loss ranging from $100,000 to over $1 Million in 2015.

The new GSCPC has the potential to be a significant new demand generator. By 2023, the operation of the GSCPC represents a potential 25% increase in Meeting/Convention demand levels to the City compared to levels achieved today, which equates to about 8,000 room nights. In addition, the live entertainment and other events at the GSCPC will attract additional overnight accommodation demand into the downtown core. Additional convention visitors who previously did not utilize Sudbury as a convention location will be expected to induce new demand, thereby driving overnight demand levels higher in the City overall.

The subject Business Plan is based on the assumption that there is sufficient demand in the Greater Sudbury market to support one Convention Centre with 18,000 to 20,000 square feet of rentable space. Should another Convention or Conference Centre project of 14,000 square feet or more be developed in the City, this Business Plan would need to be reassessed.

This report, in its entirety, including all assumptions and limiting conditions, is an integral part of, and inseparable from, this letter. The intended use and user of our report are specifically identified in our report as agreed upon in our contract for services and/or reliance language found in the report. No other use or user of the report is permitted by any other party for any other purpose. Dissemination of this report by any party to non-client, non-intended users does not extend reliance to any other party and CBRE will not be responsible for unauthorized use of the report, its conclusions or contents used partially or in its entirety.

It has been a pleasure to assist you in this assignment. If you have any questions concerning the analysis or if CBRE can be of further assistance, please contact us.

Respectfully submitted,

Fran Hohol, CMC
Senior Director
CBRE Tourism & Leisure Group
Valuation & Advisory Services

Phone: 647-943-3743
Email: fran.hohol@cbre.com

Rebecca Godfrey, CMC, MBA
Director
CBRE Tourism & Leisure Group
Valuation & Advisory Services

Phone: 647-943-3744
Email: rebecca.godfrey@cbre.com

TABLE OF CONTENTS

EXECUTIVE SUMMARY

EXECUTIVE SUMMARY

Background

The Greater Sudbury Convention and Performance Centre ("GSCPC") is a multi-use convention centre and performing arts facility to be located in Downtown Sudbury.

In January 2017, the City of Greater Sudbury (with the financial support of the GSDC) retained CBRE to undertake an Assessment of Work completed to date on the Greater Sudbury Convention and Performance Centre (formerly known as the "Greater Sudbury Synergy Centre") Project, and implications for moving the project forward. Following recommendations from CBRE's Assessment of Work, CBRE was retained again in April 2017 to continue its assessment of the concept and development of a business plan for the facility. CBRE partnered with Brian Arnott, the founding partner of Novita Interpares and a specialist in live performance venues, to undertake the next steps in the process.

The Greater Sudbury Convention and Performance Centre project was presented to City Council on June 28, 2017 along with proposals for other major public projects for Sudbury's downtown core. At that time, all aspects of the GSCPC were confirmed at a conceptual level including market position, building areas and configuration, technology to support a dual purpose convention and live performance venue, operations and staffing, and other features. In May 2018, CBRE was retained to update the subject Business Plan to include current site, market and financial analysis.

As such, the ultimate goal of the subject study has been to define the concept of the Greater Sudbury Convention and Performance Centre, inclusive of its core business function and sources of demand, and potential economic impact for the community. The GSCPC is part of a greater vision for Sudbury's downtown core, in concert with other large scale projects that have yet to be approved. The subject Business Plan clearly defines the GSCPC's market positioning and economic potential as an economic driver for Greater Sudbury.

GSCPC Objectives, Vision and Mission

Building on previous studies, the subject Business Plan has identified the following objectives, vision and mission statement for the Greater Sudbury Convention and Performance Centre:

Objectives

- To provide a multi-use convention and live performance complex;
- To be a catalyst for economic revitalization of Downtown Sudbury;
- To provide for the needs of the arts and culture community;
- To meet the future growth needs of the city; and
- To create a facility with operating efficiencies.

Vision

- Northeastern Ontario's most innovative venue for hosting scalable events for performing arts, conventions, meetings and trade shows.

Mission

- To create a dynamic multi-use facility in Downtown Sudbury that stimulates economic growth by attracting new opportunities to host large-scale conventions, arts/culture performances, trade shows, meetings and community celebrations.

GSCPC Concept

The Greater Sudbury Convention and Performance Centre represents an opportunity to increase the level of meeting/convention activity to City of Greater Sudbury by providing adequate meeting space to host functions in excess of 300 attendees, as well as live performances of over 650 persons.

The key to the success of the GSCPC will be in its ability to provide multi-use space through an automated seating system, which has the capability of transforming the space from a multi-tiered theatrical and concert space to a flat-floor exhibition, plenary or banquet space. The addition of the multi-use convention and performing arts venue will provide a meeting place for the city and an economic catalyst for the revitalization of Downtown Sudbury. Generally speaking, single-purpose Convention Centres and Performing Arts Theatres require annual operating subsidies. The goal will be to effectively program the GSCPC with multiple events (performances, meetings and conventions, banquets, award ceremonies, social events, receptions, trade shows, etc.) in order to reduce annual operating subsidies, while at the same time achieving the greatest economic benefits for downtown businesses and the overall City. In order to ensure effective programs and the greatest economic benefit for Greater Sudbury, the core business of the GSCPC will be to host meetings/conventions and banquet style events. When not in use for meetings and conventions, the Greater Sudbury Convention and Performance Centre will have the unique potential to host live performances and related events, offering 750 automated lift-style seats and 200 balcony seats in the main live performance hall.

The dual-function purpose of the GSCPC presents a new concept to the Sudbury market, combining performing arts, meeting/convention and banquet capacity. The unique model demonstrates both a commitment to the growth of the city's knowledge centre and to the existing arts and culture scene in Sudbury, giving the City the potential to attract professional talent from other urban centres, but also to attract a range of professionals to meet and exchange ideas relative to their industry in a unique location. Greater Sudbury is considered a world class mining centre, and supports a number of academic institutions, and the GSCPC will provide significant opportunities for regional and provincial associations to find a reason to visit.

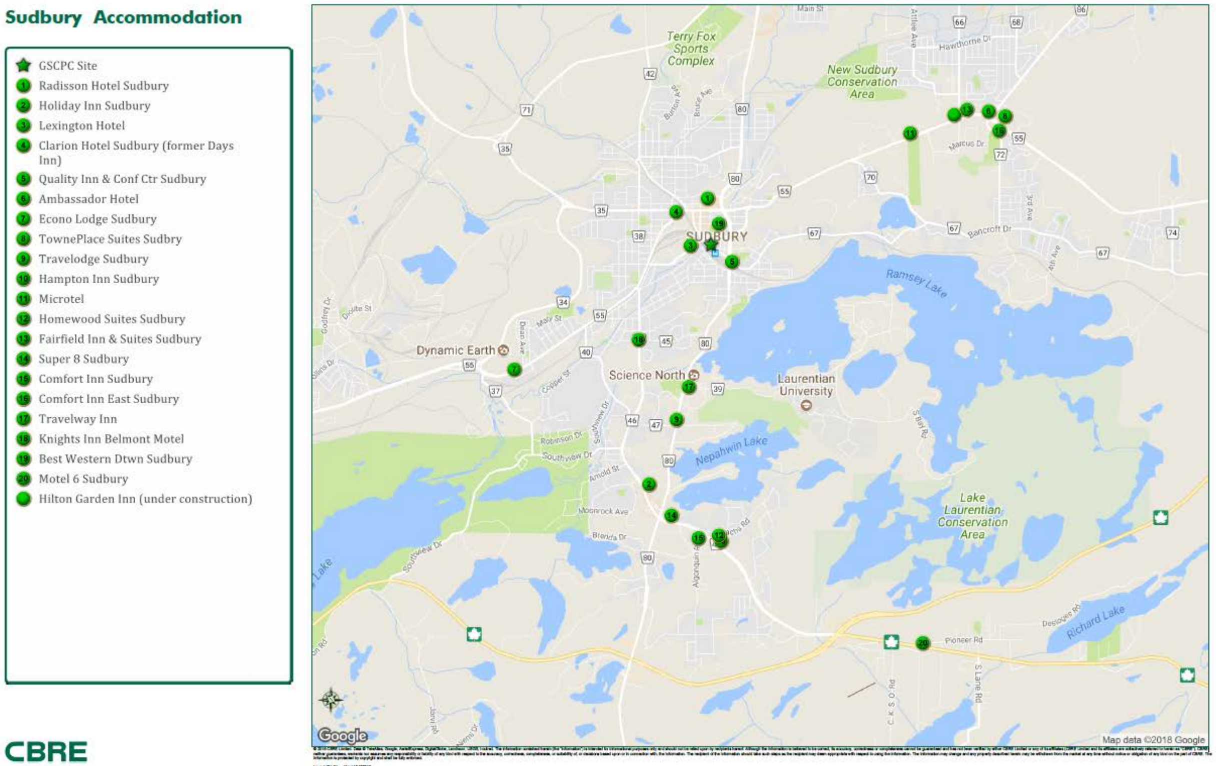
GSCPC Site Analysis

A site evaluation process took place involving community partners as well as a variety of City staff, with input from the consultant. The objective was to lead to a recommended/assumed site for the development of GSCP project.. After reducing from a longer list, the four short listed sites considered by the Site Evaluation Committee were, in alphabetical order:

- Minto Parking Lot, Including Potential to Include Adjacent Lots
- Shaughnessy Parking Lot, Including Potential to Include Adjacent Lots
- Sudbury Community Arena, Assuming Demolition and New Construction
- Sudbury Community Arena, Assuming Renovation

The evaluation process included site tours, collection and analysis of data regarding each of the sites, the identification of evaluation criteria and a weighting and rating system, culminating in an all-day evaluation workshop. The results of this workshop led to the selection of the Sudbury Community Arena site assuming demolition and new construction on that site to offer the primary benefit of new, purpose-built construction as the highest ranking site. That being said, there are uncertainties regarding the timeliness of implementation.

From a Meeting & Convention market perspective, it will be very important for the subject GSCPC to be close to a critical mass of hotels, as the majority of meeting planners view this as a significant factor driving convention location selection. As shown in the following map, there are 5 hotels within walking distance of the subject site in Sudbury's downtown core, with 464 guest rooms, representing 27% of the total rooms supply in the Greater Sudbury Area (1,715 rooms). While much of the new hotel development in the Greater Sudbury market has taken place in the southern and eastern ends of the City, this is still within a 10-15 minute drive of the subject site.



GSCPC Facility Program & Capital Cost

Based on market and comparable research, the recommended development program for the GSCPC includes 19,500 square feet of rentable meeting/convention space and 950 theatre-style seats, 750 of which are incorporated into the automated lift seating system, while 200 are fixed balcony seats. This program is recommended in order for Greater Sudbury to compete effectively in the Ontario market, and reach its potential in the mid-term with the existing and future hotel supply. Inclusive of public areas and front and back of house support space, the full program calls for a building of 60,500 square feet.

GREATER SUDBURY CONVENTION AND PERFORMANCE CENTRE
FACILITY PROGRAM

RENTABLE SPACE	Sq.Ft.	Divisibility	Capacity M&C	Capacity Fixed Seats
Flat Floor Area (Ballroom / Main Hall / Main Theatre)	13,000	3	867	750
Balcony				200
Subtotal - Main Hall	**13,000**	**3**	**867**	**950**
Meeting/Breakout Rooms				
Meeting Room 1	3,500	2	292	
Meeting Room 2	2,500	3	208	
Meeting Room 3	250	1	21	
Meeting Room 4	250	1	21	
Subtotal - Breakout Rooms	**6,500**		**542**	**-**
TOTAL RENTABLE SPACE	**19,500**		**1,408**	**950**
SUPPORT SPACE				
Public Areas	11,500			
Administration	1,300			
Live Performance Support	1,200			
Convention Meeting Support	5,400			
Common Support Space	1,600			
Building Technology and Services	2,700			
Sutotal - Support Space	**23,700**			
NET BUILDING	**43,200**			
Gross up (40%)	17,300			
TOTAL BUILDING	60,500			

Notes: M&C Banquet capacity based on 15 sq.ft. per person; Meeting room capacity based on 12 sq.ft. per person

Source: CBRE Limited and Novita Interpares

Preliminary capital costs for the project, as defined, have been estimated at approximately **$63 Million**, with an additional $2.5 Million estimated for Production and Operational Development, for a total of approximately $65.5 Million. Given the multiple uses of this facility and its location in the Downtown core, the City will be in a good position to leverage available Provincial and Federal government funding opportunities, which may not be the case for other large-scale development projects.

GREATER SUDBURY CONVENTION AND PERFORMANCE CENTRE
PRELIMINARY CAPITAL COST ESTIMATES

	Capital Cost Estimate	Per Sq.Ft.
Construction Cost (60,500 sq.ft.)	$28,737,500	$475
Vertical Lift Transformable Seating (see table below)	$14,725,000	$243
Presentation Systems and Equipment (see table below)	$1,750,000	$29
Furniture, Fixtures & Equipment	$3,150,000	$52
Subtotal Building Costs	**$48,363,000**	**$799**
Soft Costs	$7,254,000	
Contingency	$7,254,000	
Total Capital Cost (rounded)	**$63,000,000**	**$1,041**
Production & Operational Development	$2,500,000	

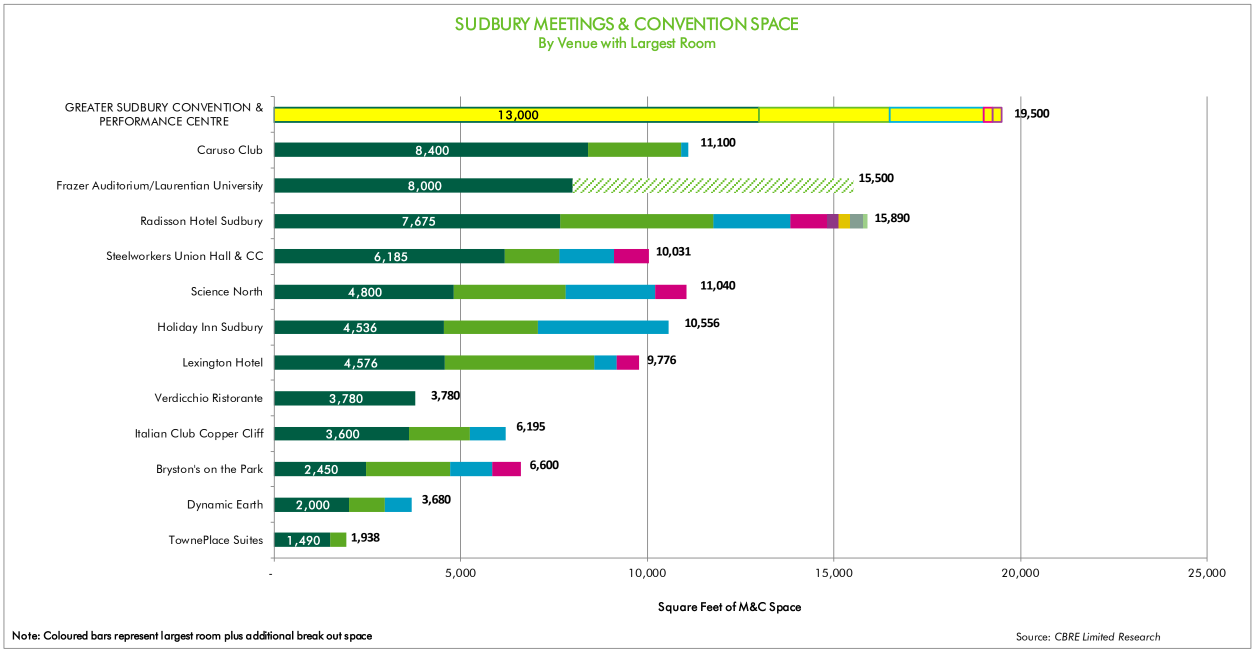
Vertical Lift Transformable Seating	Capital Cost Estimate	Per Seat
Fully Installed Gala System	$6,500,000	$8,667
Finished Floor (5,000 sq.ft.)	$250,000	$263
Chairs (750)	$375,000	$395
Mechanical Pit	$7,500,000	$7,895
Balcony Seating	$100,000	$500
Subtotal Seating System	**$14,725,000**	**$15,500**
Presentation Systems and Equipment	**Capital Cost Estimate**	**Per Seat**
Stage and Rigging	$500,000	
Stage Lighting	$350,000	
Video Presentation	$300,000	
Audio and Video Program Monitoring	$200,000	
Administration & Box Office Fit Up	$150,000	
Loose Equipment and Furnishings	$100,000	
Grand Piano	$150,000	
Subtotal Presentation and Equipment	**$1,750,000**	**$1,842**

Source: CBRE & Novita Interpares Estimate

Disclaimer: Capital costs and preliminary in nature and subject to schematic drawings of the subject building on the designated site, review by Architect and Cost Consultant.

GSCPC Market and Utilizations Projections

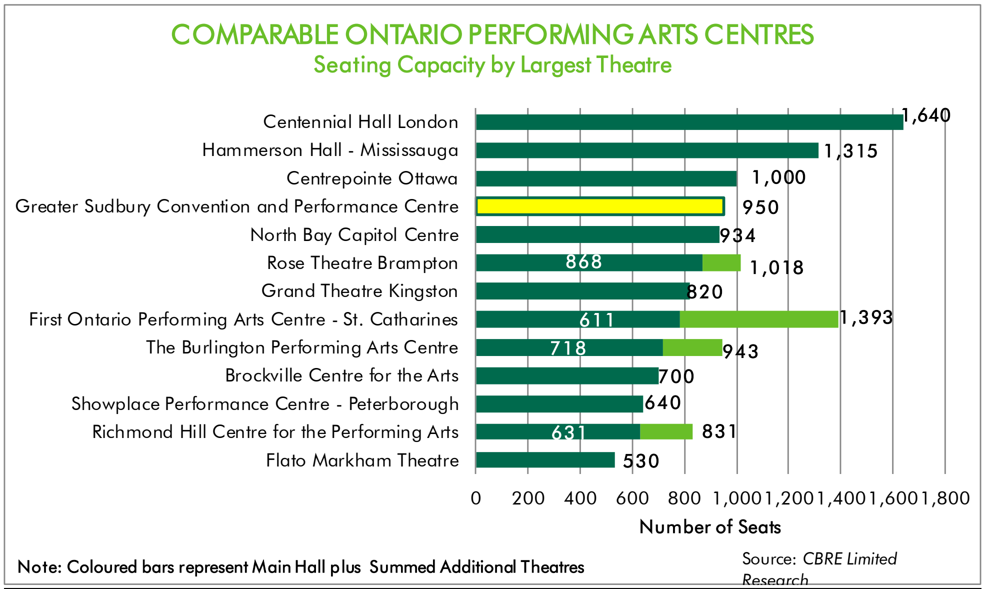
From a **Meeting & Convention** market perspective, the Greater Sudbury Convention and Performance Centre will compete against other Tier 3 Conventions Centres across Canada for convention demand at the provincial and national level, with the majority of smaller meetings and social banquet demand derived from the local and regional hotel and resort market. The following tables highlight the positioning of the GSCPC in relation to these markets from a venue size perspective:



Convention Centre	Location	Total M&C Space	Hotel Rm Inventory	Sq.Ft. Per Hotel Rm	Est. CMA Population 2017
London Convention Centre*	London, ON	48,452	3,489	14	514,207
Blue Mountain Convention Centre	The Blue Mountains, ON	48,377	1,590	30	22,364
Chatham-Kent John D. Bradley Convention Centre	Chatham-Kent, ON	39,703	367	108	105,883
Prince Edward Island Convention Centre*	Charlottetown, PE	36,099	1,441	25	72,405
Penticton Trade and Convention Centre	Penticton, BC	34,165	1,498	23	43,455
St. John's Convention Centre*	St. John's, NL	33,332	2,937	11	214,784
Vancouver Island Conference Centre	Nanaimo, BC	24,853	922	27	107,434
Saint John Trade & Convention Centre*	Saint John, NB	24,735	1,560	16	127,064
Prince George Conference & Civic Centre	Prince George, BC	22,800	2,263	10	84,507
Fredericton Convention Centre**	Fredericton, NB	19,834	1,954	10	101,169
Greater Sudbury Convention and Performance Centre	Sudbury, ON	19,500	1,846	11	165,351

Notes: *Physically connected to a hotel (e.g. by pedway)
** To be connected by pedway to a new Hilton Garden Inn hotel, which is set to open in 2018
Sources: CBRE Limited, Environics Analytics Sitewise 2017

With respect to the GSCPC's positioning in the Ontario Performing Arts market, the following chart shows the subject facility at 950 seats as most comparable to North Bay, Brampton and Ottawa.



The following chart highlights historic demand at Tier 3 Convention Centres of a comparable size to the subject Greater Sudbury Convention and Performance Centre, as well as the Greater Sudbury hotel and event venue markets, in comparison to the GSCPC by event type.

M&C EVENT DEMAND	Greater Sudbury Avg Per Event Venue	TIER 3 Avg Per Centre	GSCPC Projection
Conventions	6	5-50	16
Trade Shows	0	0-7	2
Consumer Shows	0	0-12	2
Meetings	272	36-377	141
Social Events/Banquets	65	11-156	30
Other	14	0-200	30
TOTAL	357	108-586	221

Source: CBRE

As shown, by 2023, the GSCPC is projected to host **221 M&C events over 274 event days**. These events are projected to bring **38,000 attendees** generating 13,860 room nights. In terms of the convention market alone, an estimated 16 Conventions are expected to attract 5,000 delegates to the City, generating 5,470 room nights (about 40% of room nights overall). Furthermore, 50% of the room nights generated for the Greater Sudbury accommodation market through meetings and conventions will be incremental new demand for the City.

When not hosting meetings, conventions and other social banquets, the GSCPC is projected to host **55 live performance events over 70 event days**. Typical event types are expected to include performances through the Sudbury Symphony, events related to the Laugh Out Loud Festival, events generated by the Sudbury Theatre Centre, Sudbury-produced events, touring shows (i.e. through Ontario Presents), and private shows for attendees of conventions and meetings hosted at the GSCPC. These live performances are estimated to generated an estimated **47,000 attendees**, of which 68% are expected to be residents, and 32% will be visitors to Sudbury.

GREATER SUDBURY CONVENTION AND PERFORMANCE CENTRE DEMAND PROJECTIONS	
MEETINGS & CONFERENCE EVENTS	**Projected Events**
Conventions	14 - 16
Trade Shows / Consumer Shows	2 - 4
Meetings	130 - 141
Social Banquets	20 - 30
Other	21 - 30
SUBTOTAL M&C EVENTS	**188 - 221**
LIVE PERFORMANCES	**Projected Events**
Touring Shows	20 - 24
Sudbury Symphony	10 - 11
Sudbury Theatre Centre	2 - 3
Convention-related / Private Events	2 - 4
Other Sudbury Produced Events	11 - 13
SUBTOTAL LIVE PERFORMANCES	**45 - 55**
TOTAL PROJECTED EVENTS	**233 - 276**
TOTAL PROJECTED EVENT DAYS	**291 - 344**
M&C Delegate Days	39,000-50,000
Peforming Arts Centre Attendees	37,000-47,000
Total Attendance	**76,000 - 97,000**

GSCPC Operating Projections

Operating Projections have been prepared for the GSCPC over a five-year projection period. In preparing these projections, we have compared the operating performance of other Tier 3 Canadian Convention Centres, and Greater Sudbury area hotels and other venues with meeting space, as well as mid-size Performing Arts Centres across Ontario. Projections for the subject Greater Sudbury Convention and Performance Centre's results are based on a number of variables, including, but not limited to: the size of the building, occupied space, the number of events/event days, the number of attendees/attendee days and inflation.

Other key assumptions made in the preparation of these projections include:

- The venue will be owned by the City of Greater Sudbury, and projections are net of property taxes and insurance;
- The venue will be operated by third party management firm, and incur an annual management fee of $108,000 in Year 1, increasing by inflation thereafter;
- Food and Beverage will be outsourced to a third party operator;
- A reserve for asset replacement has been included to account for the replacement of furnishings and fixtures as required to maintain the quality of product offered by the GSCPC at 3.0% of revenues per year;
- Inflation rates have been estimated at 2% throughout the projection period; and
- An estimated 14 full-time equivalent positions have been recommended for Year 1, based on industry standards and comparable facilities, equating to approximately $1 million in salaries and benefits.

Operating forecasts for the first five years of operation have been based on 19,500 square feet of rentable space and 950 seats, with the Greater Sudbury Convention and Performance Centre hosting 221 M&C events and 274 event days as well as 55 Performing Arts events over 70 event days by its stabilized year of operation (Year 5).

As shown in the following table, by 2025, Total Revenues are estimated to reach $2.4 million, of which 58% will be from ticket sales ($1 million); 25% from space rental income ($619,000) and 8% from presentation sponsorships. Total Expenses, inclusive of departmental expenses (55%), undistributed operating costs (48%) and other fixed costs (8%) have been projected to reach $2.7 million.

The GSCPC is projected to require approximately **$272,000 in an annual operating grant by Year 5 of its operation.** In comparison, Tier 3 Convention Centres in comparable jurisdictions to Greater Sudbury operated at a net loss ranging from $100,000 to over $1 Million in 2015.

Market Support for One Convention Centre in Greater Sudbury

The subject Business Plan is based on the assumption that there is sufficient demand in the Greater Sudbury market to support one Convention Centre with 18,000 to 20,000 square feet of rentable space. Should another Convention or Conference Centre project of 14,000 square feet or more be developed in the City, this Business Plan would need to be reassessed.

PROFORMA STATEMENT of INCOME and EXPENSES - Year 5
GREATER SUDBURY CONVENTION AND PERFORMANCE CENTRE

		2025	
REVENUES			
Event Revenues			
M&C Space Rentals		$460,000	19%
PAC Space Rentals		$159,000	7%
PAC Touring Show Ticket Sales		$1,039,000	58%
Sponsorships		$140,000	8%
	Subtotal	**$1,798,000**	**74%**
Other Service-Related Revenues			
Box Office Surcharge		$76,000	3%
Retail / Merchandising		$92,000	4%
Food & Beverage Commission		$309,000	13%
AV Rentals		$166,000	7%
	Subtotal	**$643,000**	**26%**
Total Revenues		$2,441,000	100%
DEPARTMENTAL EXPENSES			
Space Rentals & Events		$396,000	64%
Presentation Product - Artists Expense		$488,000	47%
Other Related Presentation Costs		$312,000	30%
Retail Cost of Goods Sold		$46,000	50%
AV Rental Costs		$105,000	63%
Total Departmental Expenses		$1,347,000	55%
UNDISTRIBUTED OPERATING COSTS			
Administration & General		$381,000	16%
Information & Telecommunications		$53,000	2%
Sales and Marketing		$267,000	11%
Property Operations & Maintenance		$227,000	9%
Utilities		$248,000	10%
Total Undistributed Expenses		$1,176,000	48%
OTHER FIXED CHARGES			
Management Fee		$117,000	6%
Reserve for Asset Replacement		$73,000	3%
Total Fixed Charges		$190,000	8%
NET OPERATING INCOME		-$272,000	-11%

Source: CBRE Limited and Novita Interpares

Governing Structure

GSCPC will require professional service in terms of Management, Marketing and Sales, Programming Productions, Food and Beverage catering, and AV and technical logistical services.

The City of Greater Sudbury will own both the site and building for the GSCPC, and employ a separate **non-profit corporation to manage the facility, bid on and host large scale conventions, organize and host meetings, and deliver live performance programming, under contract to the City**. This model will rely on exceptional leadership, governing skills and financial management, and requires municipal approval of its budget, in order to secure an annual operating grant.

The non-profit corporation will be focused solely on achieving the success of the GSCPC, as opposed to the operation being one of several facilities requiring management services from the City. The performance arts component is a high risk entrepreneurial activity that requires flat management structures, as opposed to bureaucratical structures. This model has proved successful in other communities and provides an entrepreneurial environment, which is required to make a performance centre successful, and reduces financial risk for a community. A non-profit corporation also has greater access to fundraising opportunities and sources, and can make use of volunteers to reduce operating costs and enhance community involvement.

The non-profit corporation will have full-time responsibility for the management, operation, sales and marketing of the GSCPC, including full responsibility for the following functional areas of operation:

- Administration
- Sales/Marketing
- Event Programming
- Event Operations

It is assumed that the Food and Beverage operation will be outsourced to a 3rd party operator, reporting to management of the GSCPC.

Because of the dual functionality of the Centre, the GSCPC will also require a **live performance presenting and convention development organization/team**, included as part of the GSCPC's overall corporate structure, development plan and timetable. As its very first steps, this organization will need a statement of purpose and values, measurable goals, a comprehensive development plan, skilled staff and budgetary resources – and a governing structure with a clearly defined set of responsibilities. This latter point is key as the performing arts program will have a wide range of contractual and fiduciary obligations and will need to have the capacity to manage the risks associated with being a presenter.

Three years prior to opening day, the initial roles and functions of the organizations will include the following key tasks among others:

- Put initial development budget in place
- Form a working group to establish corporate structure
- Establish corporate goals, policies and strategies
- Establish an MOU between the governing board, the City of Greater Sudbury Development Corporation as the Ctiy's eligible tourism entity to establish a collaborative approach to marketing, sales and attraction efforts for meeting and convention business opportunities
- Create governance policy manual
- Set critical path timetable
- Confirm job description for Executive Director

Potential Capital and Operating Funding Sources

The following table identifies a range funding resources for potential capital and operating assistance for the GSCPC at various levels of government.

LEVEL OF GOVERNMENT	ORGANIZATION	ASSISTANCE AVAILABLE / PROGRAMS
Federal	FedNor / Industry Canada	• *FedNor has a specific mandate to invest in economic development, business growth and competitiveness, and innovation in Northern Ontario* • Northern Ontario Development Program – Community Economic Development, Business Growth & Competitiveness, Innovation • Community Investment Initiative • Community Futures Program • Invest Canada – Community Initiatives
Federal	Canada Cultural Spaces Fund (CCSF)	• *Covers a wide range of cultural facility needs (i.e. construction and specialized equipment)*
Provincial	Northern Ontario Heritage Northern Fund Corporation (NOHFC)	• *NOHFC invests in northern businesses and municipalities through conditional contributions, forgivable performance loans, incentive term loans and loan guarantees* • Northern Innovation Program • Strategic Economic Infrastructure Program • Northern Community Capacity Building Program • Northern Business Opportunity Program • Northern Ontario Internship Program
Provincial	Ontario Arts Council (OAC)	• *Assists in the development of arts infrastructure*
Provincial	Ministry of Tourism, Culture and Sport – Investment & Development Office (IDO)	• *IDO identifies and develops opportunities for investment, and markets regional investment cases towards investors.* • Celebrate Ontario Program • Tourism Development Fund
Provincial	Ontario Trillium Foundation (OTF)	• *OTF strive to strengthen the voluntary sector through investing in community-based initiatives in Ontario.* • Seed Grants • Grow Grants • Capital Grants • Collective Impact Grants
Municipal	Municipal Accommodation Tax	• *A new Municipal Accommodation Tax will be implemented in Greater Sudbury in September 2018, based on 4% of rooms revenue applied to all accommodation providers. While no decisions have been made to date on how the funds will be allocated and spent, best practices suggest that some of the funds be allocated to meetings, conventions and event tourism.*

Source: CBRE

Economic Impact Contributions

The value-added GDP impacts associated with the initial $65.5 million in capital investment in the GSCPC have been estimated at $26 million in direct and indirect impacts, with 93% ($24 million) expected to directly benefit Greater Sudbury. Of this $24 million in GDP, an estimated $15 million in salaries and wages will be generated to support 174 direct jobs in Greater Sudbury, and a further $9.2 million is estimated to result in direct taxes for Greater Sudbury.

The direct economic activity created by operating of the GSCPC in Greater Sudbury has been estimated at $2.3 Million per year, with an additional $1.8 million of GDP produced by indirect and induced sources. By 2023, the GSCPC is expected to contribute a combined $7.6 Million in spending from both its operation and off-site visitor expenditures. Off-site delegate spending on conventions alone has been estimated at $1.3 million, which equates to an average value of $83,000 per convention in 2023.

The subject GSCPC is projected to operate at an annual net loss of $272,000 by Year 5. In comparison, Tier 3 Convention Centres in similar jurisdictions to Greater Sudbury across Canada operated at a net loss ranging from $100,000 to over $1 Million in 2015.

The new GSCPC has the potential to be a significant new demand generator. By 2023, the operation of the GSCPC represents a potential 25% increase in Meeting/Convention demand levels to the City compared to levels achieved today, which equates to about 8,000 room nights. In addition, the live entertainment and other events at the GSCPC will attract additional overnight accommodation demand into the downtown core. Additional convention visitors who previously did not utilize Sudbury as a convention location will be expected to induce new demand, thereby driving overnight demand levels higher in the City overall.

Conclusion

As noted, while most Convention Centres and Performing Arts Centres are viewed by municipal ownership as “loss” leaders, it is recognized that they also contribute essential economic activity that drives new tax revenues, economic benefit and employment from other services and establishments like hotels, restaurants and retail stores. Unlike other developments being proposed for Sudbury’s CBD, the Greater Sudbury Convention and Performance Centre has the potential to not only put the City on the map with its unique dual-functionality model, but also provide the City with a competitive advantage by attracting high-yield conventions to the area and attracting professional talent in conjunction with the arts and culture community. Furthermore, the anticipated operating synergy benefits, including increased activities, increased hours for part-time staff, and shared personnel and building costs, put this project in a strong position to generate significant GDP impacts for the City of Greater Sudbury, and for the Province of Ontario.

INTRODUCTION

Study Background

In January 2017, the City of Greater Sudbury (with the financial support of the GSDC) retained CBRE to undertake an Assessment of Work completed to date on the Greater Sudbury Convention and Performance Centre (formerly known as the "Greater Sudbury Synergy Centre") Project, and implications for moving the project forward. Following recommendations from CBRE's Assessment of Work, CBRE was retained again in April 2017 to continue its assessment of the concept and development of a business plan for the facility. CBRE partnered with Brian Arnott, the founding partner of Novita Interpares and a specialist in live performance venues, to undertake the next steps in the process.

The Strategic Business Plan for the Greater Sudbury Convention and Performance Centre project was presented to City Council on June 28, 2017 along with proposals for other major public projects for Sudbury's downtown core. At that time, all aspects of the GSCPC were confirmed at a conceptual level including market position, building areas and configuration, technology to support a dual-purpose convention and live performance venue, operations and staffing, and other features. In May 2018, CBRE was retained to update the subject Business Plan to include current site, market and financial analysis.

As such, the ultimate goal of the subject study has been to define the concept of the Greater Sudbury Convention and Performance Centre, inclusive of its core business function and sources of demand, and potential economic impact for the community. The GSCPC is part of a greater vision for Sudbury's downtown core, in concert with other large scale projects that have yet to be approved. The subject Business Plan clearly defines the GSCPC's market positioning and economic potential as an economic driver for Greater Sudbury.

Study Scope

In meeting the current study objectives, CBRE has undertaken the following tasks:

- Met with the GSCPC Working Group and GSCPC facility partners, as well as numerous stakeholders in the community, identified in the following chart:

- Researched the current and projected size of the Greater Sudbury performing arts and meeting/convention markets, with consideration given to the local resident and visitor markets within a 1-hour drive time radius;

- Undertook a competitive supply and demand analysis of key performing arts venues and meeting/convention facilities in Sudbury and other Northern Ontario destinations; as well as Tier 3 Canadian Convention Centres;

- Undertook an historic overview of Sudbury's hotel sector, including the level of demand generated by meetings and convention activity;

- Prepared a facility program for the GSCPC inclusive of functional area quantifications related to live performance and meeting/convention facilities;

- Developed Delegate and Attendee projections for the GSCPC during the first 5 years of operations;
- Prepared Financial Operating Projections for the GSCPC for the first 5 years of operations;
- Undertook an assessment the Economic Impacts of the GSCPC derived through its construction, operation and incremental visitor spending to Greater Sudbury and its downtown;
- Provided commentary on the potential sources of capital and operating funds and the benefits of an adjacent hotel development to the GSCPC site and potential parking requirements for the site with and without an adjacent hotel; and
- Compiled all findings into the subject Business Plan.

This report has been prepared for the party named above for the purpose stated. Any other use or user is unintended by the consultant. The report is subject to those Assumptions and Limiting Conditions contained in Addendum "B" in addition to any assumptions, which may be stated in the body of the report.

GREATER SUDBURY STAKEHOLDER DISCUSSION LIST

	Name	Position	Company/Organization	Interviewed	Date Interviewed
GSCPC Working Committee Members	Wendy Watson	Director, Co-Chair	Greater Sudbury Development Corporation	✓	Apr-17
	John Caruso	Co-Chair	Retired from Public Sector/Consultant	✓	Apr-17
	Brian Koivu	Executive Director	Sudbury Community Foundation	✓	Apr-17
	Carmen Simmons		Retired from Public Sector	✓	Apr-17
	Debbi Nicholson	President & CEO	Greater Sudbury Chamber of Commerce	✓	Sep-17
	Doug Morrison	President & CEO	CEMI		
	Jean Leblanc	Partner/Broker	Mallette-Goring Real Estate Brokerage	✓	Apr-17
	Brian Tremblay	Owner	LeadSource Marketing & Advertising	✓	Apr-17
	Michael Luciw	Principal Architect	Architecture 49	✓	Apr-17
	Viviane Lapointe	Chief Communications and Community Engagement	Health Sciences North	✓	Jan-17
	Scott Overton	Freelance Writer and Author		✓	Apr-17
	Alex Freedman	Chief of Staff	Laurentian University	✓	Sep-17
	Brenda Temblay	Chief Operating Officer	Science North	✓	Apr-17
	Erin Danyliw	Director	Greater Sudbury Development Corporation	✓	Jan-17
	Shelley Ahmed	Communications	City of Greater Sudbury	✓	Sep-17
	Ian Wood	Director, Co-Chair	City of Greater Sudbury	✓	Apr-17
	Eleethea Savage	Special Projects	City of Greater Sudbury	✓	Sep-17
	Dana Jennings	Business Development Officer	City of Greater Sudbury	✓	Apr-17
Hoteliers	Peter Nykilchuk	General Manager	Hampton Inn	✓	Feb-17
	Karim Khamisa	General Manager	Holiday Inn	✓	May-17
	Jim Pitts	Director of Sales	Holiday Inn	✓	Jan-17
	Shelley Peever	General Manager	Lexington Hotel	✓	May-17
	Manoj Nair	General Manager	Radisson Hotel & Conference Centre	✓	May-17
	Abrahan Jose	Sales Manager	Radisson Hotel & Conference Centre	✓	May-17
	Brian Dodds	General Manager	Quality Inn	✓	May-17
	Vina Makkar	Owner/Operator	Super 8 Sudbury & Best Western Downtown Sudbury	✓	May-17
	Tim Lee	General Manager	Fairfield Inn	✓	May-17
	Nadia Pilon	General Manager	Clarion Hotel	✓	May-17
	Xavier Icardo	General Manager	TownePlace Suites	✓	May-17
	Jessica Myerscough	General Manager	Travelway Inn		
	Michelle Wolfe-Bayard	General Manager	Microtel Inn & Suites		
Meeting & Conference Venues	John Cimino	General Manager	Caruso Club	✓	May-17
	Marika Urso	General Manager	Italian Club Copper Cliff	✓	May-17
	Renee LeBera	Senior Manager Visitor Services	Science North / Dynamic Earth	✓	May-17
	Kathyrn Huneaault		Science North / Dynamic Earth	✓	May-17
	Brad Parkes		Laurentian University	✓	Jan-17
	Dominic Giroux	President and Vice-Chancellor, Office of the President	Laurentian University	✓	Feb-17
	Guy Gagne	Food Service Director	Compass Group - Laurentian Catering	✓	May-17
	Mark Gregorini	Owner	Verdicchio	✓	May-17
	Melanie Edy	Owner	Bryston's on the Park	✓	Jan-17
	Katerina Grigull / Roger	Hall Manager / Treasurer	Steelworkers Union Hall		
Performing Arts Venues / Users	Scott Florence	General Manager	Sudbury Theatre Centre	✓	May-17
	Caleb Marshall	Artistic Executive Director	Sudbury Theatre Centre	✓	Jan-17
	Jennifer McGillvray		Sudbury Symphony	✓	Jan-17
	Carol Koziar	Facilities Clerk	Rainbow District School Board (Sheridan Centre)	✓	May-17
	Tammy Frick	Executive Director	Cinefest	✓	May-17
Other Stakeholders	Jason Ferrigan	Planner	City of Greater Sudbury	✓	May-17
	Keith Forrester		Real Estate / Parking City of Sudbury	✓	Jan-17
	Jeff Pafford	Director of Leisure Services	City of Greater Sudbury	✓	Jan-17
	Ron Bidulka	Partner	Price Waterhouse Coopers	✓	Feb-17
	Meredith Armstrong	Manager of Tourism	Greater Sudbury Development Corporation	✓	Jan-17
	Paul Schweyer	Manager Major Event Development Office	City of Greater Sudbury		
	Michael Atkins	Owner	Northern Ontario Business, Sudbury.com, Sudbury Mining Journal and other companies	✓	Feb-17
	Bob Deeth	Principal	Sudbury Secondary School	✓	May-17
	Melissa Zanette	Mayor's Chief of Staff	City of Greater Sudbury		
	Mark Signoretti	Councillor	City of Greater Sudbury	✓	Apr-17
	Lynn Reynolds	Councillor	City of Greater Sudbury	✓	Apr-17
	Lisa Bonin	Owner	Eventful Times	✓	May-17
	Ron Henderson	General Manager, Citizen and Leisure Services	City of Greater Sudbury	✓	Apr-17

Source: CBRE Limited and Novita Interpares

GSCPC CONCEPT AND SITE ANALYSIS

GSCPC Concept

The Greater Sudbury Convention and Performance Centre ("GSCPC") is a multi-use convention centre and performing arts facility to be located in Downtown Sudbury.

By definition, such a facility would serve multiple purposes, functioning as a large-scale convention centre capable of hosting multiple meetings and conventions simultaneously, and as a dedicated space for live performances, including: dance, music and theatre.

From the meeting/convention standpoint, having a facility to host large groups and fill hotel accommodations can bring prestige and economic impact to a destination. A Convention Centre can also host trade shows, which are typically revenue generators for associations, and unlike a Trade & Exhibition Centre, delegates can meet, and attend breakout sessions, trade shows, banquets in the same facility. From a size perspective, the City of Greater Sudbury would be considered a Tier 3 Convention Centre, as it typically attracts a regional drive market, with less non-stop or direct airlift than a major metropolitan hub. Tier 3 Convention Centres in Canada are defined as convention facilities offering less than 50,000 square feet of rentable space. Adding a Performance Centre to a Convention Centre facility provides delegates with additional activities, and has the ability to attract professionals to enjoy local talent and touring shows, thereby bringing added social and economic benefits to a destination.

Dating back to the early 1970s, the former City of Sudbury and the City of Greater Sudbury have undertaken approximately four feasibility studies that proposed constructing large performing arts and convention/trade facilities in the city. In all cases, these single purpose buildings were not deemed to be financially sustainable. As a result, the development of local performing arts product in Sudbury has played out mostly in small venues, while meetings/conventions and banquets have been hosted at local hotels and other venues with other core functions (i.e., Fraser Auditorium at Laurentian University and local banquet halls/restaurants). These venues have proven to be constraining for product growth and development, as well as the City's ability to attract larger conventions and other live performance talent. While this condition has not prevented Greater Sudbury from having a vibrant performing arts scene, there are very few presenters in Sudbury who have product capable of drawing up to 1,000 or more, and meetings and conventions have been largely limited in size to groups of up to 300 delegates.

In addition to research on single-purpose facilities, the City commissioned research to identify multi-use facilities in Canada which, by their design, meet a broad spectrum of community needs. Contact was made with a Quebec firm, Gala Systems, which designs and builds automated lift systems for seating and stages, and suggested positive results from operators wherein these facilities had been installed.

Based on the research undertaken, and extensive community consultations, the Synergy Project working group (as it became known) concluded that there was a broad base of support among the groups and individuals consulted for the development of a multi-use community space in the city's downtown core, and that a multi-use facility would present the best operating model with the greatest economic impact for Greater Sudbury. As a result, the concept of the Greater Sudbury Convention and Performance Centre came to the forefront, as a multi-use facility that can meet a broad spectrum of community needs and draw new visitor dollars to the City.

Building on previous studies, the subject Business Plan has identified the following objectives, vision and mission statement for the Greater Sudbury Convention and Performance Centre:

Objectives

- To provide a multi-use convention and live performance complex;
- To be a catalyst for economic revitalization of Downtown Sudbury;
- To provide for the needs of the arts and culture community;
- To meet the future growth needs of the city; and
- To create a facility with operating efficiencies.

Vision

- Northeastern Ontario's most innovative venue for hosting scalable events for performing arts, conventions, meetings and trade shows.

Mission

- To create a dynamic multi-use facility in Downtown Sudbury that stimulates economic growth by attracting new opportunities to host large-scale conventions, arts/culture performances, trade shows, meetings and community celebrations.

The proposed Greater Sudbury Convention and Performance Centre represents an opportunity to increase the level of meeting/convention activity to City of Greater Sudbury by providing adequate meeting space to host functions in excess of 300 attendees, as well as live performances of over 650 persons.

The key to the success of the GSCPC will be in its ability to provide multi-use space through an automated seating system, which has the capability of transforming the space from a multi-tiered theatrical and concert space to a flat-floor exhibition, plenary or banquet space. The addition of the multi-use convention and performing arts venue will provide a meeting place for the city and an economic catalyst for the revitalization of Downtown Sudbury. Generally speaking, single-purpose Convention Centres and Performing Arts Theatres require annual operating subsidies. The goal will be to effectively program the GSCPC with multiple events (performances, meetings and conventions, banquets, award ceremonies, social events, receptions, trade shows, etc.) in order to reduce annual operating subsidies, while at the same time achieving the greatest economic benefits for downtown businesses and the overall City. In order to ensure effective programs and the greatest economic benefit for Greater Sudbury, the core business of the GSCPC will be to host meetings/conventions and banquet style events. When not in use for meetings and conventions, the Greater Sudbury Convention and Performance Centre will have the unique potential to host live performances and related events, offering 750 automated lift-style seats and 200 balcony seats in the main live performance hall.

Both the challenge and opportunity of the Centre will be in balancing the needs of the arts and culture community, while providing additional entertainment options for residents and tourists, and at the same time attracting meeting and convention delegates to the City. Despite the potential challenges, the greatest benefits of the multi-use facility include:

- Generating economic benefits to the City of Greater Sudbury, with greater impacts in the downtown core;
    - The value-added GDP impacts associated with the initial capital investment in the GSCPC have been estimated at $26 million in direct and indirect impacts, with 93% ($24 million) expected to directly benefit Greater Sudbury. By 2023, the GSCPC is expected to contribute a combined $7.3 Million in spending from both its operation and off-site visitor expenditures.
- An opportunity to attract different markets to a unique "jewel box" space in Greater Sudbury's downtown core, that draws more visitors and residents to the downtown;
    - The new GSCPC has the potential to be a significant new demand generator. By 2023, the operation of the GSCPC represents a potential 25% increase in Meeting/Convention demand levels to the City compared to levels achieved today, which equates to approximately 7,000 room nights. In addition, the live entertainment and other events at the GSCPC will attract additional overnight accommodation demand into the downtown core.
- The potential to produce a building that is beyond the customer's expectations with more amenities and public space, while saving money with only one development;
    - The live performance function of the Greater Sudbury Convention and Performance Centre will be accommodated in the same physical space as the main function room through the use of a convertible seating system that will transform the space from a flat floor (banquet) format to a tiered seating (theatre) format. The Gala Systems seating optimizes architectural and structural design, but also allows for optimal usage with fewer "dark days," as compared to building two single purpose facilities.
- Providing increased density in the urban core;
    - The majority of new development in the Greater Sudbury market has taken place in the southern and eastern ends of the City, drawing business away from the urban core. Building the GSCPC at a site located in the downtown core will provide strong economic spinoff for the downtown's concentration of retail, restaurants, businesses, services and attractions.
- Reducing the cost of land and infrastructure requirements in the downtown core, with only one development site;
    - A multi-use facility of 60,500 square feet can be accommodated on a smaller building footprint than two single-use facilities, requiring less parking infrastructure and benefitting from shared back of house and public spaces internally.
- Operating synergy benefits, including increased activities, increased hours for part-time staff, and shared personnel and building costs.

- o In addition to shared building facilities, an estimated 14 full-time equivalent positions are required, and with reduced building costs and operating synergies, the subject GSCPC is projected to operate at an annual net loss of $272,000 by Year 5. In comparison, Tier 3 Convention Centres in similar jurisdictions to Greater Sudbury across Canada operated at a net loss ranging from $100,000 to over $1 Million in 2015.

Municipal governments are increasingly benefitting from this development trend, as evidenced by twin pad arenas, multi-use recreational centres, and the proposed co-location of the Sudbury Library and Art Gallery. In the private sector, the flexibility and competitive advantages of multi-branded hotels or "duplexes" where two brands coexist in the same building footprint (i.e. Courtyard and Residence Inn by Marriott, or Hampton Inn and Homewood Suites by Hilton) is well documented. These properties work particularly well in urban locations where space is minimal, and where there are two distinct demand segments (i.e. extended stay and leisure transient), allowing the two branded portions to share the same staff, back of house, amenities and potentially food and beverage outlets. This concept is already present at the Homewood Suites and Hampton Inn double pad on Regent Street in Greater Sudbury.

The dual-function purpose of the GSCPC presents a new concept to the Sudbury market, combining performing arts, meeting/convention and banquet capacity. The unique model demonstrates both a commitment to the growth of the city's knowledge centre and to the existing arts and culture scene in Sudbury, giving the City the potential to attract professional talent from other urban centres, but also to attract a range of professionals to meet and exchange ideas relative to their industry in a unique location. Greater Sudbury is considered a world class mining centre, and supports a number of academic institutions, and the GSCPC will provide significant opportunities for regional and provincial associations to find a reason to visit.

Furthermore, performing arts markets tend to benefit from having a range of venues that can offer a variety of product, appealing to the many tastes and preferences of the audiences in their catchment area. Markets with large populations make it possible for a wide range of facilities to co-exist and for each to operate at an efficient level. Smaller markets, such as Greater Sudbury, need to cater to the same wide range of tastes and preferences but have fewer ticket buyers. Facilities that can do "double duty," as the Greater Sudbury Convention and Performance Centre, therefore make sense in these markets.

In order to achieve the greatest economic benefits to the community, it is essential that the GSCPC be situated in a central and accessible downtown Sudbury location with its concentration of retail, restaurants, businesses, services and attractions. It will also be very important for the subject GSCPC to be close to a critical mass of hotels, particularly from a meeting/ convention market perspective, as the majority of meeting planners view this as a significant factor driving convention location selection. There are currently 5 hotels within walking distance of the subject site in Sudbury's downtown core, offering a total of 464 guest rooms. Although the majority of new hotel development in the Sudbury market has taken place in the southern and eastern ends of the City, these properties are still within a 10-15 minute drive of the subject site, providing a significant level of accommodation capacity in proximity to the identified site.

GSCPC Site

In August 2017, CBRE and Novita developed site evaluation criteria and a checklist for identifying candidate sites for the proposed GSCPC facility. On October 5, 2017, the project Working Group and City staff met to complete a full site evaluation on four potential options:

- Site A: Minto Parking Lot
  - 2.9 acres (including purchase of existing improvements to the east)
  - Bounded by Minto Street on the west; 2 additional buildings and Van Horne Street on the south; 4 building improvements, additional parking and Shaunessy Street on the east; and Brady Street on the north.
- Site B: Shaunessy East (Sudbury Theatre Centre Parking Lot)
  - 1.37 acres
  - Bounded by Shaughnessy Street on the west; 3 properties and Van Horne Street on the south; Paris Street on the east, and the Sudbury Theatre Centre and Brady Street on the north.
- Site C-1: Existing Sudbury Community Arena Renovation
  - 2.9 acres
  - Bounded by Grey Street on the west; Elgin Street on the south; Minto Street on the east; and Brady Street on the north
- Site C-2: Existing Sudbury Community Arena Demolition
  - 2.9 acres
  - Bounded by Grey Street on the west; Elgin Street on the south; Minto Street on the east; and Brady Street on the north

GREATER SUDBURY CONVENTION AND PERFORMANCE CENTRE – SITE A: MINTO PARKING LOT

Source: City of Greater Sudbury

The results of the site evaluation revealed two recommended sites for the GSCPC: Site A - Minto Parking Lot and Site C-2: Existing Sudbury Community Arena site, subsequent to demolition of the existing arena facility. Both sites are currently owned by the City of Greater Sudbury.

Site A: Minto Parking Lot

The location of Site A has been provided in the adjacent map. It should be noted that the Minto Parking Lot site is only considered suitable in terms of size (2.9 acres) if the City purchased the properties to the east of the highlighted site.

Minimal exaction would be required for development, based on design type, but there is high risk of contamination due to proximity of rail lands. Traffic counts are estimated at 3,000 on Minto Street frontage, however, the impact to the City's parking inventory would be a loss of 159 stalls.

Site C-2: Existing Sudbury Community Arena Demolition

The location of Site C-2 has been provided in the following map, which includes the existing Sudbury Community Arena and associated parking, for a total of 2.9 acres. Cost implications for demolition of the Arena and development of this site are projected to be lower, as compared to the renovation to the existing Arena. Minimal exaction would be required for development, based on design type, but there is also high risk of contamination on this site. Traffic counts are estimated at 4,500 on Elgin Street frontage, and, the impact to the City's parking inventory would be a gain of 150 stalls. If the Sudbury Community Arena were demolished, and an alternate site were chosen, there would be potential for 300 additional spaces.

GREATER SUDBURY CONVENTION AND PERFORMANCE CENTRE – SITE C-2: EXISTING ARENA DEMOLITION

Source: City of Greater Sudbury

The two preferred sites are considered to be a good fit for the subject development from a locational aspect, due to size, proximity to other tourism infrastructure, and the potential economic spinoff for Greater Sudbury's downtown core.

GREATER SUDBURY MARKET ANALYSIS

Introduction

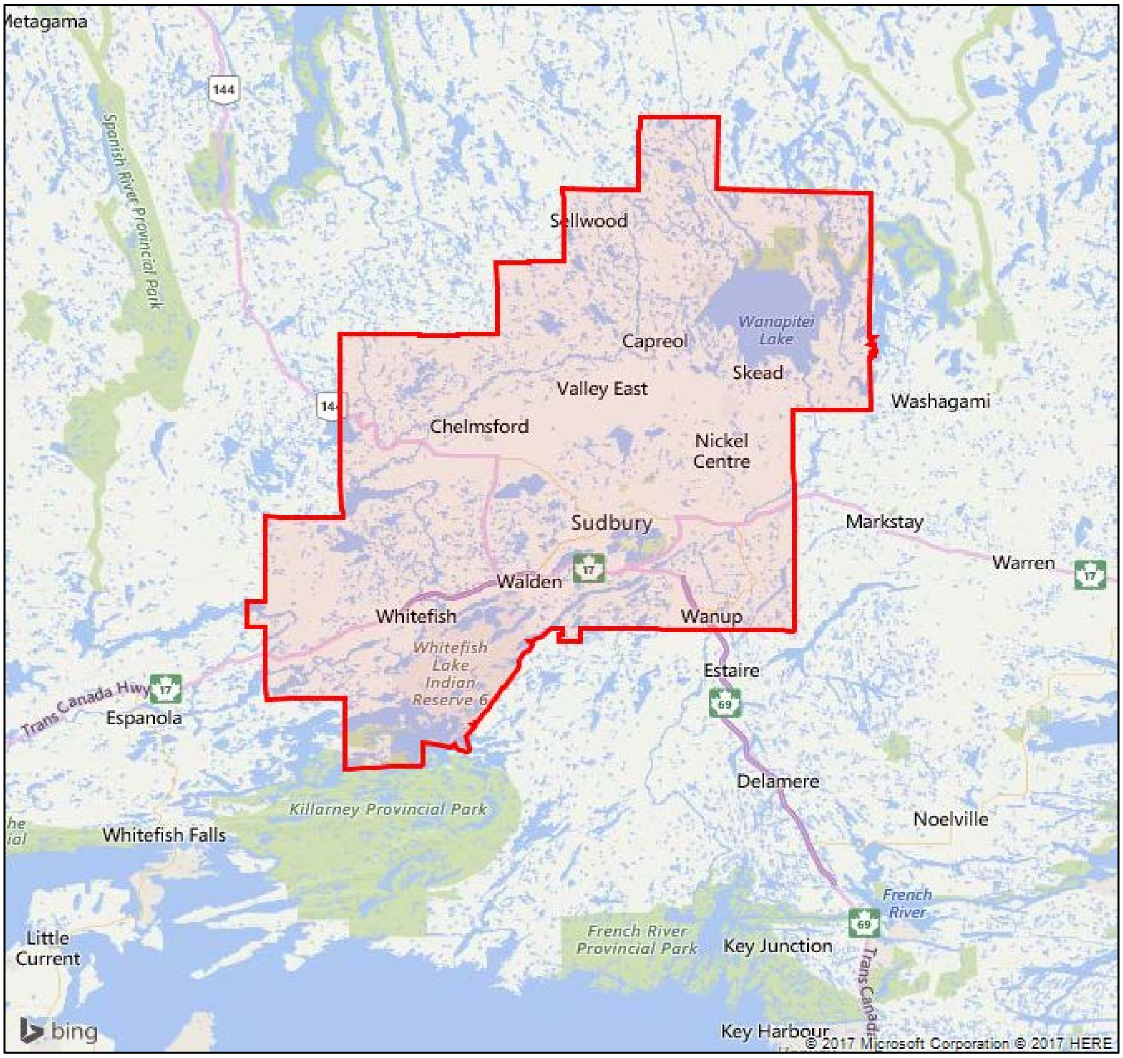
Spanning 3,627 square kilometres in area, the City of Greater Sudbury is the largest municipality in Ontario and second largest in Canada in terms of land mass. Sudbury is centrally located in Northeastern Ontario and is situated on the Canadian Shield in the Great Lakes Basin. As a world class mining centre, Greater Sudbury's mining companies employ an estimated 6,000 people and support a mining supply and service sector cluster of 300 companies that provide an additional 10,000 jobs. In addition, the City is a major regional centre for business and financial services, health care and related research, tourism, education and government; while offering significant post-secondary education, health care institutions and acting as a retail hub for Northeastern Ontario.

The following section provides a summary of the demographics and visitor volumes for Greater Sudbury, where the subject GSCPC is to be located. Census Metropolitan Area 580 (CMA 580) has been used to prepare the demographic and tourism market profile of Greater Sudbury, while the subject GSCPC site location has been used to calculate the drive time population catchment.

Census Metropolitan Areas (CMAs) are defined as very large urban areas that are combined with adjacent urban and rural areas that include a high degree of social and economic integration within the core. Specifically, CMA 580 encompasses the entire City of Greater Sudbury, which represents the amalgamation that took place in 2001 of the former Regional Municipality of Sudbury (former municipalities of Capreol, Nickel Centre, Onaping Falls, Rayside-Balfour, Sudbury, Valley East and Walden) and several unincorporated townships (Aylmer, Cleland, Dill, Dryden, Fraleck, Mackelcan, Parkin, Rathbun and Scadding), as well as Whitefish Lake First Nation and Wanapitei First Nation.[1] The boundaries of Greater Sudbury are detailed on the following map.

[1] Source: *Statistics Canada; 2011 Census of Canada, 2001 Census Dictionary*

MAP OF GREATER SUDBURY (CMA 580)



Source: *Sitewise Environics Analytics 2017*

Greater Sudbury Resident Population

Greater Sudbury's demographic profile has been prepared based on Sitewise Environics Analytics 2016 data and is summarized in the table below.

GREATER SUDBURY (CMA 580) DEMOGRAPHIC PROFILE

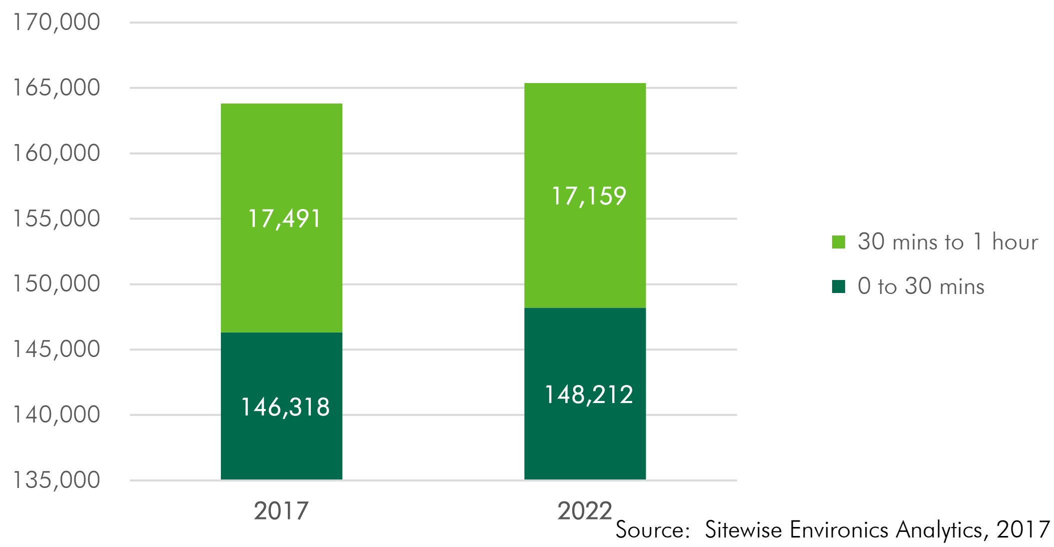
Population 2017 Census	% of Canadian Total	% Change 2012-2017	Average Annual Growth Rate 2012-2017	
165,351	0.4%	0.1%	0.2%	
Household Income – 2017 Average				
% Above/Below National Average	Total Income 2017	% Canadian Total	Per Capita	Hhlds. $100,000+
3.2% above	$7,050,789,000	0.5%	$42,651	38.5%
Household Spending – 2017 Average				
% Above/Below National Average	Total Household Spending 2017	% Canadian Total	Per Capita	Per Household
0.4% Below	$7,667,546,276	0.5%	$46,371	$107,845

Source: Sitewise Environics Analytics, 2017

- As Northern Ontario's largest centre, Greater Sudbury was home to 165,350 residents in 2017, achieving 0.1% growth over 2012 levels and accounting for 0.5% of the Canadian population. Sudbury's population is expected reach 167,640 by 2022, an increase of 1.4% over 2017.
- Greater Sudbury residents made up about 71,100 households, at an estimated 2.29 persons per household.
- At $99,170 in 2017, the average household income in Greater Sudbury was estimated to be 3.4% above the national average; with about 38.5% of households making more than $100,000 per year at a per capita income of $42,650.
- Dissimilar to household income, household spending in Greater Sudbury is about 8% below the national average; with a per capita spend of approximately $46,400.
- The median age in Greater Sudbury was 42.9 years in 2017, with a fairly equal distribution of men to women. The population is two years older than the provincial average.
- Household income was about is 3% higher than the National average, while household spending was less than 1% lower than the National average.
- About 28% of the people in the City identify as francophone.

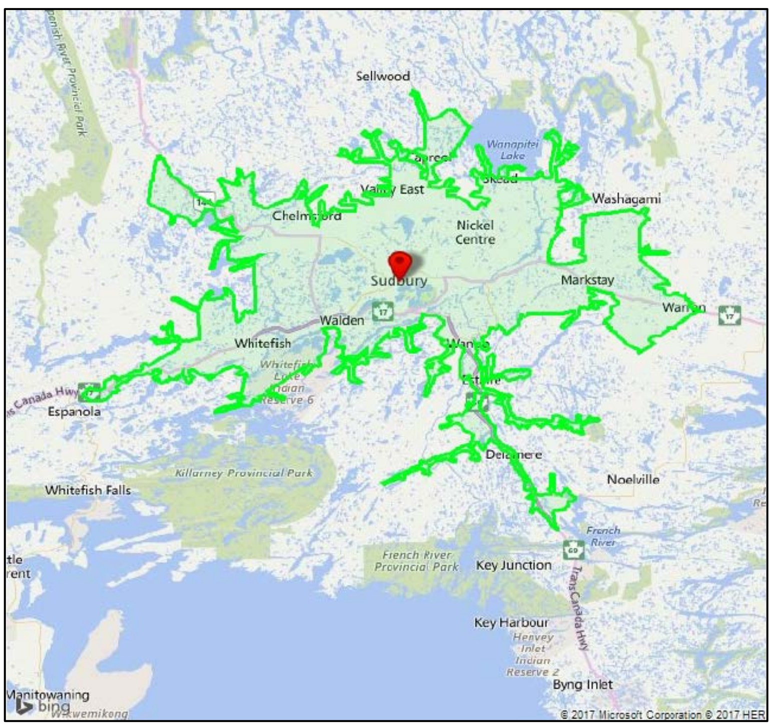
As shown below, the total available population within a 1-hour drive of the GSCPC site is approximately 164,000 people, accounting for 99% of the Greater Sudbury residential population. By 2022 the population of this catchment area is expected to increase by 1% to 165,400 residents.

DRIVE TIME POPULATIONS TO GSCPC SITE 2017-2022



Source: Sitewise Environics Analytics, 2017

DRIVE TIME MAP CATCHMENT WITHIN 1-HOUR OF GSCPC SITE



Source: *Sitewise Environics Analytics 2017*

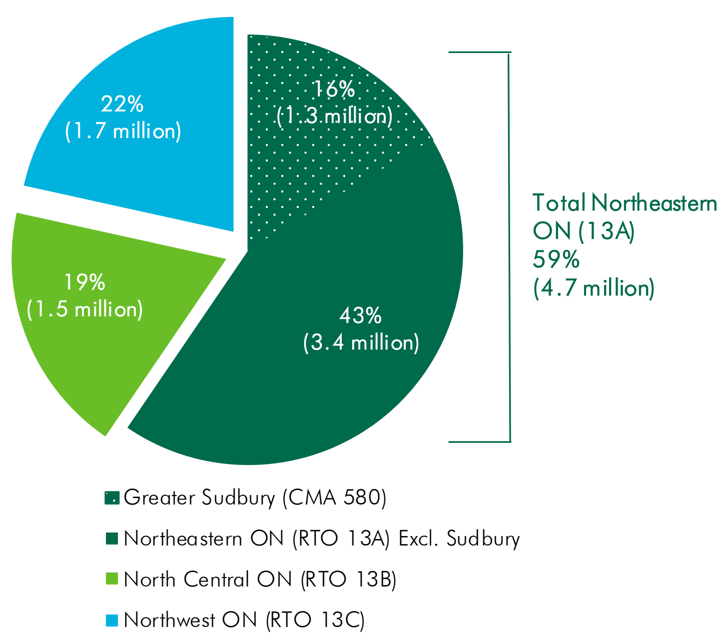
Greater Sudbury Visitor Market

The volume and value of tourism in Canada is measured by Statistics Canada through two primary surveys: the Travel Survey of Residents of Canada (TSRC) and International Travel Survey (ITS). In turn, the Ontario Ministry of Tourism, Culture and Sport (MTCS) customizes the data to reflect specific sub-regional provincial regions and the formats required by MTCS's Tourism Regional Economic Impact Model (TREIM). In Canada, a domestic tourist is someone who takes an "out-of-town" trip for one or more nights, or a same day out-of-town trip that takes them at least 40 km one-way from his/her home.

Regional Tourism Organization 13 (RTO 13) encompasses all of Northern Ontario and is further broken down into 3 smaller regions: Northeastern Ontario (RTO 13A), specifically consisting of Nipissing, Sudbury, Timiskaming and parts of Cochrane, North Central Ontario (RTO 13B) and Northwest Ontario (RTO 13C). Within Northeastern Ontario (RTO 13A) is Census Metropolitan Area 580 (CMA 580), which is defined as the Greater Sudbury area.

In 2016, there were approximately 8 million visits to Northern Ontario, of which Northeastern Ontario comprised approximately 59%. Specifically, an estimated 16% of Northern Ontario's person visits were made to Greater Sudbury, while 43% were made to other Northeastern Ontario areas.

GREATER SUDBURY VISITS AS A PROPORTION OF TOTAL RTO 13 VISITATION - 2016



Source: *TSRC 2016 and ITS 2014 Statistics Canada, MTCS*

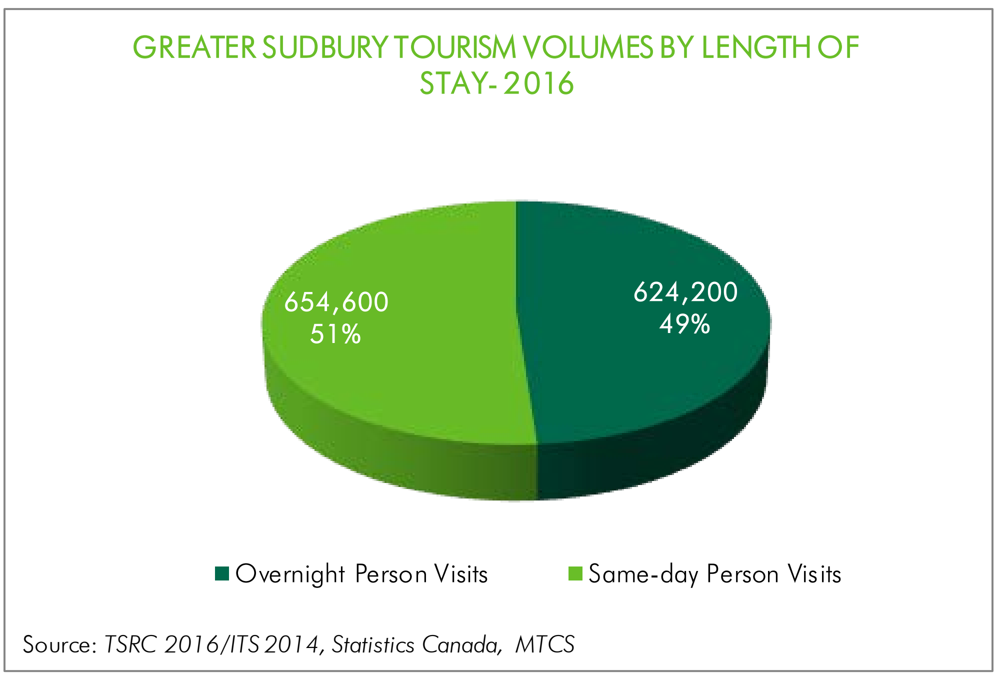
In total, Northeastern Ontario attracted an estimated 5 million person visits in 2016, achieving a 28% increase over 2010. Of total Northeastern Ontario visitation, Greater Sudbury accounted for approximately 28%, attracting 1.3 million visits in 2016 and achieving growth of 20% over 2010 visitation levels. As a proportion of Northeastern Ontario's overall person visits, Greater Sudbury has showed slight fluctuations over the historic 8-year period, from a high of 31% in 2006 to a low of 27% in 2008 largely due to slower person visit growth in comparison to that of overall Northeastern Ontario.

GREATER SUDBURY HISTORIC PERSON VISITS

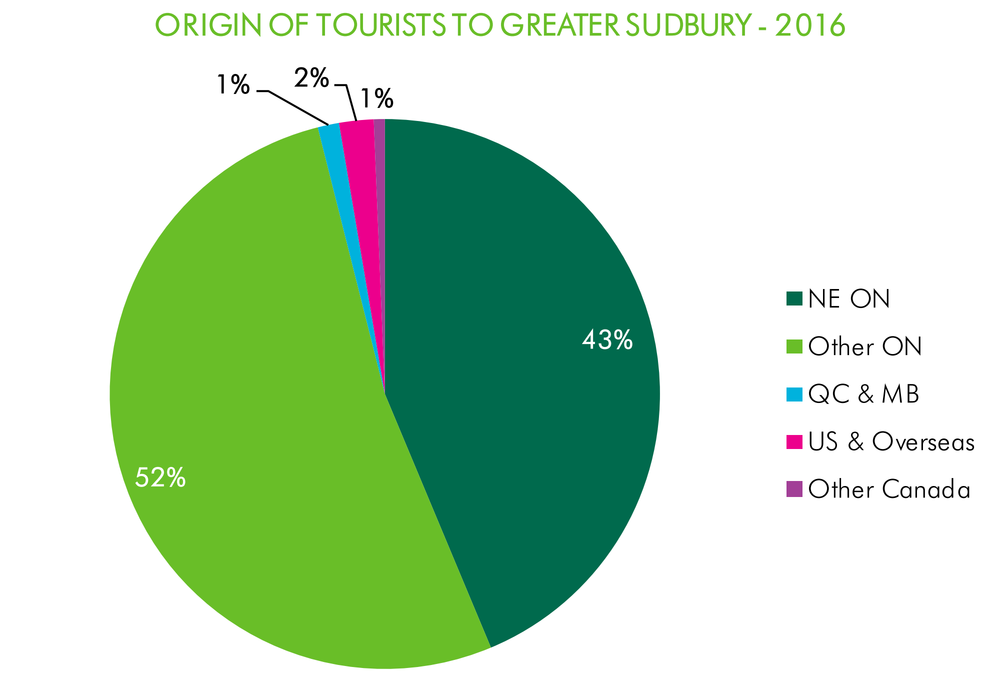
Year	Greater Sudbury (CMA 580)	Northeastern ON (RTO 13A)	Greater Sudbury Mkt Share
2016	1,279,000	4,638,000	28%
2010	1,068,000	3,627,000	29%
2008	875,000	3,186,000	27%
2006	1,151,000	3,769,000	31%

Source: *TSRC/ITS 2006-16, Statistics Canada, MTCS*

As shown below, overnight visits to Greater Sudbury comprised 51% of total trips (654,600 visits), while same day visits accounted for the remaining 49% (624,200 visits).

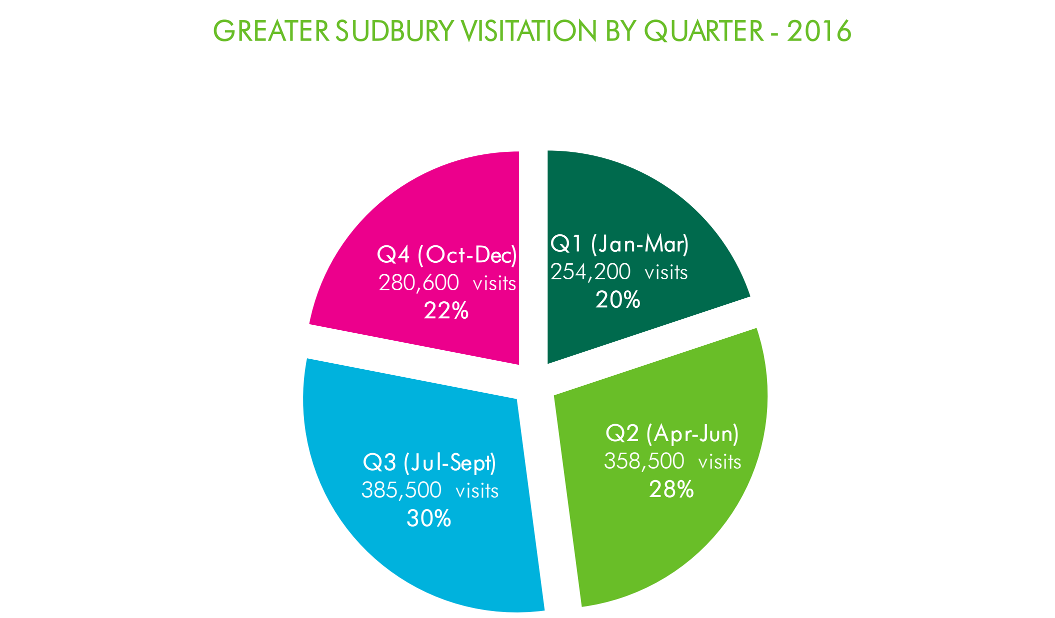


Northeastern Ontario residents travelling to Greater Sudbury comprise 43% of overall visitation (554,500 trips), while other Ontario residents accounted for 52% (664,600 trips) and residents from Quebec and Manitoba made up 1% (15,900) of total visits. Visitation from the U.S. and overseas generated 2% of the total (25,700 visits), while other Canadian provinces constituted approximately 1% of visits (8,200).



Source: 2016 *TSRC/2014 ITS 2014, Statistics Canada, MTCS*

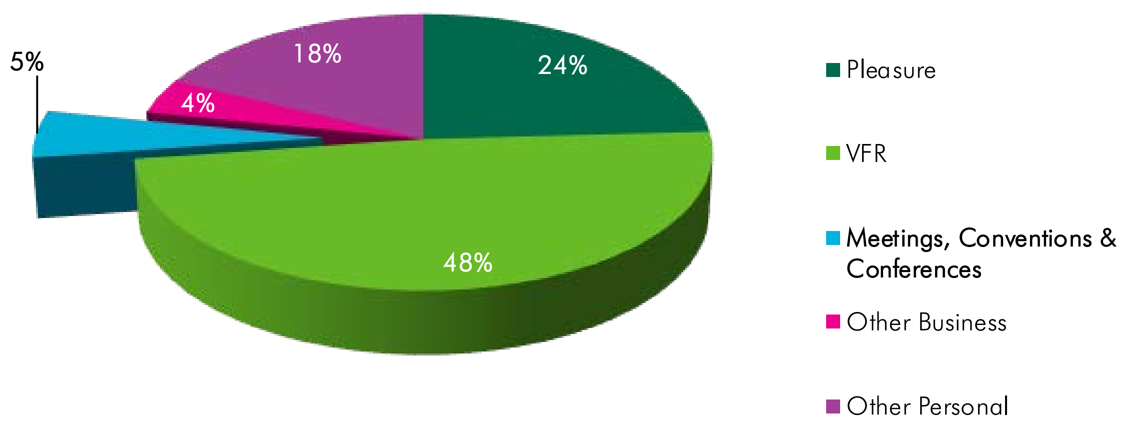
From a seasonality perspective, visitation to Greater Sudbury was highest from July to September (Quarter 3) with 30% of total visits, followed closely by April to June (Quarter 2) with 28%. Slight fluctuations in visitation were seen in the remaining period, with October to December (Quarter 4) accounting for about 22% of visitation and January to March (Quarter 1) slightly lower at 20%.



Source: 2016 *TSRC/ITS 2014, Statistics Canada, MTCS*

As a regional hub for many Northeastern Ontario residents, the majority of trips to Greater Sudbury are made to visit friends and relatives (48%), followed by trips made for other personal reasons such as shopping (18%) and those made for pleasure purposes (24%). The remaining trips are made for the primary purpose of business (9%), comprised of 5% of trips made for meetings, conventions and meetings, and 4% for other business matters.

GREATER SUDBURY VISITATION BY PURPOSE OF TRIP - 2016



Source: 2016 *TSRC/ITS 2014, Statistics Canada, MTCS*

In 2016, there were 121,000 business visitors to Greater Sudbury, of which **70,000 were convention delegates**. This represents just under one-quarter of the total business volumes to Northeastern Ontario, and 19% of business volumes to Northern Ontario. Given that the City of Greater Sudbury is the largest centre in Northern Ontario and home to approximately 25% of Northern Ontario's population, the City is currently attracting less than its fair share of business travellers and meeting/convention delegates at 19% of total demand.

BUSINESS VISITOR VOLUMES TO NORTHERN ONTARIO - 2016

	Greater Sudbury	Northeastern ON	Northern ON	Greater Sudbury Share NE ON	Greater Sudbury Share N ON
Convention, Meeting & Conferences	69,800	308,200	376,300	23%	19%
Other Business	51,200	234,900	557,100	22%	9%
Total Business Visits	**121,000**	**543,100**	**933,400**	**22%**	**13%**

Source: 2016 *TSRC/ITS 2014, Statistics Canada, MTCS*

Compared to other regions in Northern Ontario, RTO13A attracts the greatest share of convention and meetings delegates at approximately 308,000 visits, representing 82% of total convention and meetings visits to Northern Ontario in 2016. However, Greater Sudbury only attracted approximately 1-in-every-4 of the meetings and convention visits to Northeastern Ontario and 1-in-every-5 meetings and convention visits to

Northern Ontario. At the same time, Greater Sudbury attracts twice as many meetings and convention delegates as RTO 13C and RTO 13B.

BUSINESS VISITOR VOLUMES BY REGION IN NORTHERN ONTARIO - 2016

	Greater Sudbury	RTO 13A	RTO 13B	RTO 13C	Total RTO 13
Convention, Meeting & Conferences	69,800	308,200	33,500	34,600	376,300
Other Business	51,200	234,900	210,300	116,000	557,100
Total Business Visits	121,000	543,100	243,800	150,600	933,400

Source: 2016 *TSRC/ITS 2014, Statistics Canada, MTCS*

Greater Sudbury's Cultural & Performing Arts Market

Within an Ontario context, the performing arts market in Sudbury has the following notable features: it is substantially bi-cultural, with 28% of the population reporting (2017) French as their mother tongue; it is relatively small, having a CMA population of about 165,000 with less disposable income than the provincial average; and it also has less competition in terms of market demand, as there is only one other city (North Bay) within a two-hour drive.

A custom 2014 Statistics Canada reports that Canadian households spend an average of $1,068 on Entertainment annually, of which $115 is spent on live sporting AND performing arts.[2] As discussed, Sudbury has about 71,100 households which equates to approximately $7.7 million in available spending annually. While this may seem a large number at first glance, a single sold-out championship Sudbury Wolves game in the new 5,800 seat arena at $20 average ticket would represent consumer spending of $115,000. Similarly, a single show in a sold-out 1,000 seat venue at $50 average would represent consumer spending of $50,000. In other words, the available spending in Greater Sudbury for live sporting events and performing arts can be more quickly depleted by large-scale events.

Consumer spending on live performance and live sporting events has been fluctuating in recent years. However, the introduction of new facilities, such as the GSCPC and other large-scale developments in Sudbury, will help to generate increases in ticket prices for all venues, thereby improving overall revenues for existing facilities. New cultural facilities will also add both to Sudbury's destination appeal and to its potential to generate incremental income since cultural tourists spend nearly twice as much as non-cultural tourists per visit at $667 vs. $374 (based on the afore-mentioned 2014 Statistics Canada report).

Consumer spending on live sporting events and performing arts is often combined with retail expenditure. Based on retail sales per capita, the Greater Sudbury CMA is ranked 15th of 39 Canadian urban markets of 100,000 or more population. According to FP Markets Canadian Demographics, the total retail sales

[2] Spending on Live Performing Arts Events only accounted for $6.7 Million of Greater Sudbury resident spending, or $94 per household.

estimate of $2.4 billion in 2011 confirmed Greater Sudbury as the premier retail centre of Northeastern Ontario. Thus, new facilities also have the potential to augment retail sales for the City.

Sudbury's Visitor Market – Cultural Activities

Of the total 1.3 million visits made to Greater Sudbury, about 6% (71,400 visits) included a cultural activity component. Specifically, 1% of visits to Greater Sudbury (14,300 person visits) included trips to cultural performances. This represents about 20% of the total visitor volume that frequented cultural performances as part of their trip to Northeastern Ontario, and 9% to Northern Ontario.

PERSON VISITS BY THOSE THAT PARTICIPATED IN CULTURAL ACTIVITIES - 2016

	Greater Sudbury	% of Total Person Visits	Northeastern ON	Northern ON	Greater Sudbury Share NE ON	Greater Sudbury Share N ON
Festivals/Fairs	12,300	1%	22,800	74,300	54%	17%
Cultural Performances	14,300	1%	39,000	94,400	37%	15%
Museums/Art Galleries	44,800	4%	86,400	163,800	52%	27%
Total Visits W Cultural Activity Participation	71,400	6%	148,200	332,500	48%	21%

Source: 2016 *TSRC/ITS 2014, Statistics Canada, MTCS*

The following chart shows the volume of visitors engaging in cultural activities on trips to North Central and Northwest Ontario, in relation to Northeastern Ontario, in 2015.

PERSON VISITS BY THOSE THAT PARTICIPATED IN CULTURAL ACTIVITIES - RTO 13 - 2016

	Greater Sudbury	% of Total Activities	Northeastern ON (RTO 13A)	% of Total Activities	North Central ON (RTO 13B)	% of Total Activities	Northwest ON (RTO 13C)	% of Total Activities
Festivals/Fairs	12,300	1%	22,800	1%	14,900	1%	44,900	2%
Cultural Performances	14,300	1%	39,000	1%	12,000	1%	45,400	2%
Museums/Art Galleries	44,800	3%	86,400	2%	41,800	3%	46,200	2%
Total Visits W Cultural Activity Participation	71,400	5%	148,200	3%	68,700	5%	136,500	7%
Total Number of Activities Participated In	1,365,000	100%	4,301,300	100%	1,438,200	100%	1,986,600	100%

Source: *TSRC/ITS 2014-16, Statistics Canada, MTCS*

Science North represents a core leisure, cultural and educational demand generator for visitors to Greater Sudbury and Northeastern Ontario overall. As another indicator of visitor interest to cultural institutions, attendance levels at Science North, including the Dynamic Earth attraction, grew from approximately 194,000 in 2014/15 to 207,000 in 2015/16, to 292,000 in 2016/17.

Sudbury's Cultural & Performing Arts Market – Demographics

PRIZM5 classifies Canadians into one of 68 Lifestyle Segments, based on their demographics, marketplace preferences and psychographic social values. The top 5 lifestyle types in Greater Sudbury by population include a mix of segments comprised largely of older residents, as well as some young and middle-aged clusters. With a significant proportion of Greater Sudbury's population comprised of older/aging individuals, a few of the top resident groups have been classified as having a general interest in attending local venue concerts, theatre and/or playhouse productions, as identified below.

These 5 Prizm5 lifestyle types represent an available market of almost 65,000 residents with an interest in attending performances at the Greater Sudbury Convention and Performance Centre, representing 39% of the existing population, which is considered a strong sample in relation to other jurisdictions.

GREATER SUDBURY TOP 5 PRIZM5 LIFESTYLE TYPES BY POPULATION - 2017 ESTIMATES

PRIZM5 Lifestyle Segment (#)	Population in Greater Sudbury	% of Total Population	Description
Fresh Air Families (24)	20,514	13%	• Middle-aged, middle-income exurbanites • Feature a mix of middle-aged couples and families with children of all ages • Enjoy the great outdoors, particularly fishing, boating, snowmobiling and camping
Aging & Active (51)	14,653	9%	• Older and mature, lower-middle-income town households • Close to half the household maintainers are over the age of 55 and many are now retired • Members of this segment spend much of their free time outdoors, walking, hunting and fishing. Residents are involved in their local communities and **spend evenings at local venues, taking in concerts and community theatre productions**
Low-Rise Renters (68)	10,908	7%	• Young, low-income city singles and families • Nearly a third of household maintainers are under 35 years old • With tight budgets they fashion low-cost lifestyles, engaging in outdoor activities like skateboarding and playing basketball, going to the movies, and enjoying the city parks and gardens near their communities
Satellite Burbs (09)	9,117	6%	• Older, upscale exurban couples and families • A mix of middle-aged families and older couples • Their idea of entertainment is going to a **community theatre, music concert** or movie theatre, and for vacations, they're more likely than average Canadians to go camping, boating or touring in a recreational vehicle.
Our Time (39)	8,954	6%	• Older and mature, lower-middle-income suburbanites • Filled with over-60 singles, couples and widowed individuals • Their low-key lifestyle revolves around close-to-home leisure activities and travel. • Enjoy evenings at the **local community playhouse** or dinner theatre with friends, as well as **concerts** by a favourite rock or pop performer.
TOTAL AVAILABLE POPULATION	**64,146**	**39%**	

Source: *Environics Analytics, Sitewise 2017*

Greater Sudbury Accommodation Market Overview

In order to more precisely identify hotel market trends as they relate to the potential GSCPC, CBRE has prepared an accommodation market overview using data collected by CBRE Hotels. CBRE Hotels collects top line (occupancy and average daily rate) data on close to 1,900 properties across Canada representing over 60% of the Canadian industry's 380,000 rooms. Our database is considered a standard source of reliable data for most markets.

Hotel Supply

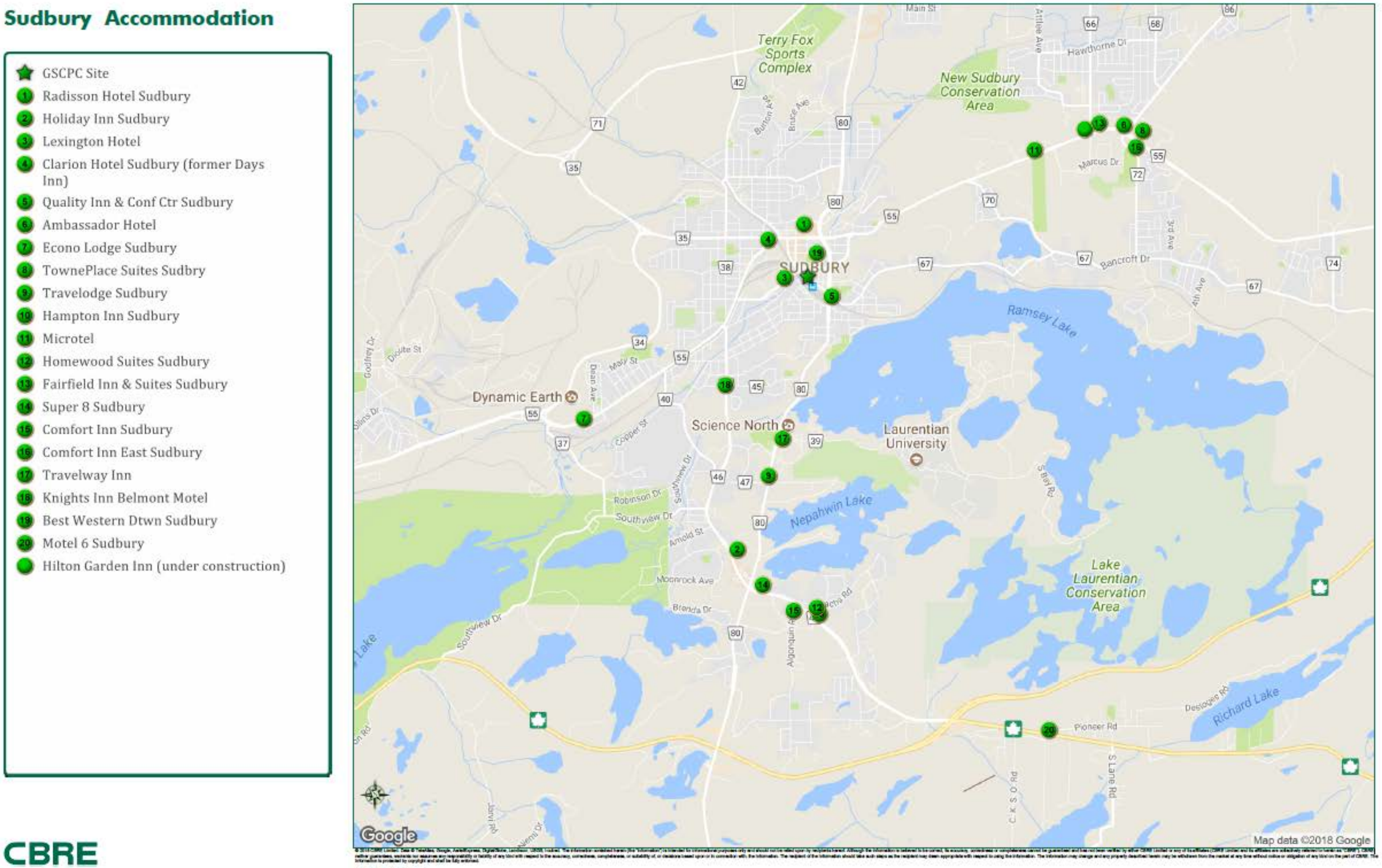
The Sudbury accommodation market is currently comprised of 20 properties, which offer a total of 1,715 rooms. In terms of new supply, the Hilton Garden Inn is under construction and expected to open by Spring 2019, and a 150-room hotel is planned adjacent to the new Arena/Event Centre in the Kingsway Entertainment District. Meeting and convention space offered within Sudbury hotels equates to approximately 62,750 square feet, ranging from approximately 300 square feet offered at the Best Western and Super 8 to almost 16,000 square feet offered at the Radisson Hotel. Overall, the Radisson Hotel Sudbury, Holiday Inn Sudbury and Lexington Hotel offer the largest spaces, with approximately 10,000 to 16,000 square feet of meeting and convention space each. The Radisson Hotel in downtown Sudbury offers the most banquet capacity at 400 persons, followed by the Holiday Inn and Lexington Hotel which can accommodate approximately 300 persons for a banquet. A map showing the location of each hotel property in relation to the GSCPC site is included on the next page.

HOTEL MEETING SPACE
SUDBURY, ON

No.	Property	Rooms	Location	Banquet Capacity	M&C SF
1	Radisson Hotel Sudbury	143	Downtown	400	15,890
2	Holiday Inn Sudbury	139		335	10,566
3	Lexington Hotel	77	Downtown	300	9,776
4	Clarion Hotel Sudbury (former Days Inn)	103	Downtown	250	5,618
5	Quality Inn & Conf Ctr Sudbury	98	Downtown	125	5,318
6	Ambassador Hotel	45			5,000
7	Econo Lodge Sudbury	34			3,375
8	TownePlace Suites Sudbury	105			1,938
9	Travelodge Sudbury	140			1,872
10	Hampton Inn Sudbury	121			874
11	Microtel Inn & Suites	100			750
12	Homewood Suites Sudbury	85			635
13	Fairfield Inn & Suites Sudbury	81			538
14	Super 8 Sudbury	85			300
15	Comfort Inn Sudbury	78			
16	Comfort Inn East Sudbury	79			
17	Travelway Inn	84			
18	Knights Inn	23			
19	Best Western Dtwn Sudbury	45	Downtown		300
20	Motel 6 Sudbury	50			
	2018 Accommodation Supply	1,715			62,750
21	Hilton Garden Inn (Under Construction)	119		Not Confirmed	
22	*Proposed True North Hotel (In Planning Stage)*	*150*		Not Confirmed	
	Total	1,984			62,750

Source: *CBRE Limited Research*

ACCOMMODATION MARKET MAP



CBRE

Historic Accommodation Performance

Based on our research, the Greater Sudbury hotel market has achieved the following results in recent years:

GREATER SUDBURY ACCCOMMODATION MARKET PERFORMANCE RESULTS

Year	Hotel Rooms*	Rooms Available	% Change	Rooms Occupied	% Change	Occupancy	Change	ADR	% Change	RevPAR	% Change
2013	1,640	598,600	-	377,088	-	63.0%	-	$109.61	-	$69.05	-
2014	1,640	598,776	0.0%	372,533	-1.2%	62.2%	-0.8	$109.05	-0.5%	$67.84	-1.7%
2015	1,574	574,510	-4.1%	389,197	4.5%	67.7%	5.5	$113.54	4.1%	$76.92	13.4%
2016	1,620	591,300	2.9%	398,089	2.3%	67.3%	-0.4	$112.60	-0.8%	$75.81	-1.4%
2017	1,688	616,120	4.2%	402,096	1.0%	65.3%	-2.1	$115.06	2.2%	$75.09	-0.9%
Compounded Annual Growth Rate		0.7%		1.6%		0.9%		1.2%		2.1%	
April 2017 YTD	1,679	203,159	-	112,982	-	55.6%	-	$113.51	-	$63.12	-
April 2018 YTD	1,690	204,546	0.7%	126,045	11.6%	61.6%	6.0	$116.53	2.7%	$71.81	13.8%

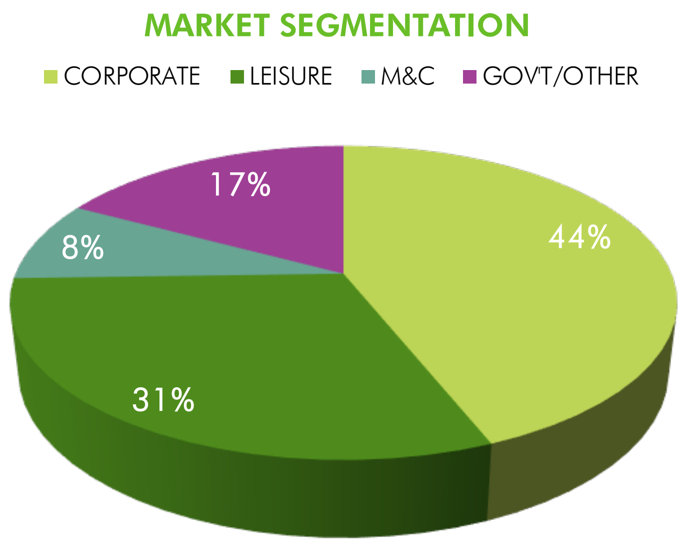
* Based on Hotel Room Inventory on an annualized basis
Source: CBRE Hotels

- The hotel market represents a range of property types, inclusive of full service, limited service, focused service and extended stay-properties in Sudbury, Ontario.
- Over the past five years, room supply has fluctuated. In 2015, the market experienced a decline of 4% in supply, as a result of 57 rooms coming out of inventory for renovation in January 2015 at the Holiday Inn Sudbury. In 2016, 42 rooms were added back to the overall inventory on an annualized basis, with the opening of the new 100-room Microtel Inn & Suites Sudbury in July 2016.
- In line with a decrease in supply, demand growth increased to 4.5% in 2015. This was followed by demand growth of 2.3% in 2016, accompanied by a 2.9% increase in supply.
- Market Average Daily Rate ("ADR") increased at a compounded annual rate of 1.2% over the historic period, increasing from $109.61 in 2011 to $114 in 2015. After achieving growth of 4.1% in 2015, ADR fell by 0.8% in 2016 to $112.60. In 2017, the market achieved a rate growth of 2.2% to close the year at an ADR of $115.06.
- As a result of increased room night demand and ADR growth, Revenue Per Available Room ("RevPAR") growth reached 13.4% in 2015. With larger growth in supply than in occupied room nights and ADR, RevPAR decreased by 1.4% in 2016 and a further 1.0% in 2017 to $75.09.
- As of year-to-date April 2018, the market occupancy has improved by 11.5% to 61.6%, up 6 percentage points, suggesting that the recent growth in supply (Microtel Inn and Motel 6) is being absorbed. At the same time, ADR has improved by 2.7% to $116,53, compared to the January to April 2017 period, at $113.51.

Market Segmentation

In most markets, overall demand varies based on the nature of travel. Lodging demand is typically generated from four different segments: Corporate, Group/Meeting, Leisure travelers, and Other which includes government, contract, and/or crew business.

On the basis of CBRE Hotels market research, and discussions with local hoteliers, the estimated market segmentation for the Sudbury hotel market in 2017 is presented below:



Source: *CBRE Hotels*

DEMAND SEGMENTATION - HOTEL MARKET 2017		
Segments	Room Night Demand	%
CORPORATE	176,489	44%
LEISURE	123,097	31%
M&C	33,243	8%
GOV'T/OTHER	69,064	17%

Compiled by CBRE Hotels

- With approximately 176,500 occupied room nights, or 44% of total nights, the corporate segment made up the largest proportion of demand within the market in 2017.
- The leisure segment accounted for about 123,100 occupied room nights, comprising 31% of market demand.
- The government/other segment generated about 69,100 occupied room nights or 17% of demand within the competitive market.
- The meeting/convention segment generated the least amount of demand at approximately 33,200 room nights, or 8% of demand within the market.

Room Supply Changes

Based on discussions with local hotel operators and representatives of the City of Greater Sudbury planning and economic development departments, there are several new hotel developments proposed or under construction within the Sudbury accommodation market. These projects are summarized below:

SUMMARY OF PROPOSED NEW SUPPLY

No.	Name	Rooms	Probability	Type	Opening Date	Status
1	Motel 6 Sudbury	50	100%	Limited Service Hotel	1-Jul-17	OPEN
2	Hilton Garden Inn	119	100%	Limited Service Hotel	1-Apr-19	UNDER CONSTRUCTION
3	Proposed True North Entertainment Hotel	150	100%	Full Service Hotel	1-Jan-22	PLANNING STAGES
	Total	*319*				

Source: CBRE Hotels

- The Motel 6 Sudbury opened in July 2017, at 1222 Pioneer Road with 50 rooms.
- A 119-room Hilton Garden Inn is under construction at the corner of Kingsway and Barrydowne Road (1400 Kingsway) within a busy shopping district.[3] The hotel recently received building permits and construction of the hotel began in Summer 2017, with completion slated for early 2019; and
- A 150 room focused-service hotel has been proposed as part of the Entertainment District. At this stage, the project is preliminary in nature, with no definite plans.

CBRE has made several attempts to determine the level of new hotel supply entering the marketplace, however, it is impossible to determine every hotel that will be developed in the future, when they will be completed, or their potential impact on the market. As such, we have only included those properties that have received final building permits and the projects have been confirmed by Planning officials.

Implications for GSCPC

Approximately 164,000 people reside within a 1-hour drive of the GSCPC, and this population is expected to increase by over 1% to reach about 165,400 residents by 2022. Furthermore, with about 65,000 Sudbury residents or 39% of the population represented by Prizm5 groups demonstrating a general interest in attending local venue concerts, theatre and/or playhouse productions, expectations bode well for continued growth in residential interest for the performing arts centre component of the GSCPC.

The introduction of new live performance and sporting facilities, such as the GSCPC, will help to generate increases in ticket prices for all venues, thereby improving overall revenues for existing facilities. New cultural facilities will also add both to Sudbury's destination appeal and to its potential to generate incremental income, such as retail sales for the City.

[3] Source: *www.thesudburystar.com*

With regard to visitation levels, Greater Sudbury attracted 1.3 million visits in 2016, achieving growth of 20% over 2010. Looking at length of stay, overnight visits comprised 51% (654,600 visits) of total trips to Sudbury. Of total Greater Sudbury visits, approximately 5% of trips (70,000 visits) were made for meetings and conventions and about 1% of total visits (14,300 visits) included trips to cultural performances. These statistics are strongly tied to the availability of accommodations in the Sudbury market.

Sudbury currently hosts 20 accommodation properties, which offer a total of 1,715 rooms and approximately 62,750 square feet of meeting and convention space. In 2016 and 2017, with the opening of the new 100-room Microtel Inn & Suites Sudbury in July 2016 and the 50-room Motel 6 in July 2017, a 7% supply increase was accompanied by 3% demand growth, but Market Average Daily Rate ("ADR") increased to a 5-year high of $115. As of year-to-date April 2018, the market occupancy has improved by 11.5% to 61.6%, up 6 percentage points, suggesting that the recent growth in supply (Microtel Inn and Motel 6) is being absorbed. At the same time, ADR has improved by 2.7% to $116,53, compared to the January to April 2017 period, at $113.51.

From a demand segmentation perspective, Sudbury is largely a corporate transient market (44%), with the meeting/convention segment generating only 8% of hotel room night demand. This is largely a function of the capacity of existing meeting and convention venues, as well as booking windows for large-scale events. Based on a 2015 survey by Professional Convention Management Association, more than two-fifths of meeting planners report that they are booking their large meetings more than 3 years in advance; 24% are booking 2 to 3 years ahead; 24% are booking only 1 to 2 years out; and 10% are booking their large meetings in under one year. Overall the average booking window for large events was 2.5 years in 2015.[4]

The City of Greater Sudbury is known as both a world class mining centre, and regional centre for business and financial services, health care and research, tourism, education and government for Northeastern Ontario. In general, Greater Sudbury is well positioned for future increased visitation to the area. However, despite efforts to promote Sudbury as a cultural tourism centre and an attractive destination to hold meetings and conventions and, without a dedicated facility for either purpose it has been difficult to effectively grow these markets directly.

Further, the live performance function of the Convention and Performance Centre will not be a visitor attraction in itself. Visitors will be drawn to the performing arts product on offer in the venue at any given time. While visitor numbers for live performance events in the Convention and Performance Centre would not be expected to be large, particularly in the early years, there is significant potential for growth in this market segment both in the number of visitors and in visitor spending – as previously noted in this report, cultural tourists spend nearly twice as much per visit as non-cultural tourists.

[4] Convene's 26th Annual Meetins Market Survey, Feb 2017

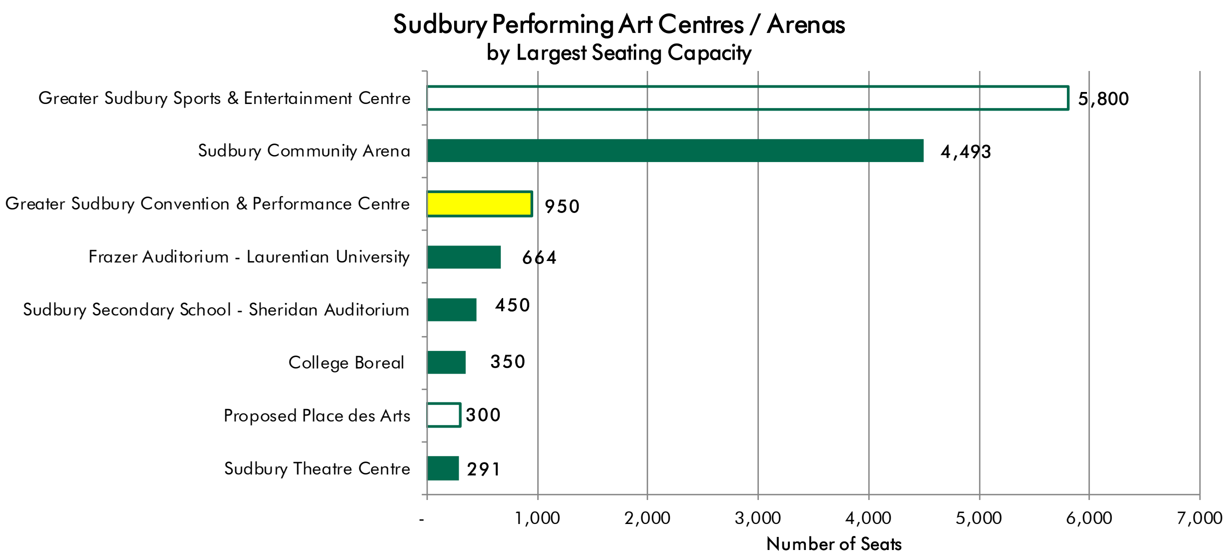
COMPETITIVE PERFORMING ARTS CENTRE SUPPLY AND DEMAND ANALYSIS

Introduction

In order to define the size of the market in which the GSCPC will compete and to give insight into what the facility program should include, the following section examines existing and proposed performing arts centres/arenas in Greater Sudbury, other comparable Northern Ontario facilities and other competitive mid-size Ontario performing arts centres.

Greater Sudbury Performance Centre Supply & Demand

In the local marketplace, there are currently 5 venues that are being used to host performing arts events and concerts, offering in the range of 291 to 4,493 seats. The only purpose-built arts centre is the Sudbury Theatre Centre, while the other venues would all be categorized as having an alternative primary use (Secondary School, University, College or Arena). The comparative seating capacity of existing and proposed Sudbury performing arts centres/arenas has been summarized in the graph below. While this list is not exhaustive, it captures the primary venues offering in excess of 275 seats for live performance events in Greater Sudbury.



Note: Additional theatre space is offered at Laurentian University (365 seats) and College Boreal 122 seats)

Source: *CBRE Limited Research*

Since the founding of Northern Lights Festival Boreal in 1972, Greater Sudbury has been a destination for cultural tourism in the summer with festival attendance at the Grace Hartman Amphitheatre of more than 10,000 every year. Estimates provided to the GSCPC Working Group by previous consultants identified 500,000 attendees at 2,000 events by 31 organizations in 2012 in Greater Sudbury. According to stakeholder feedback and CBRE/Novita analysis, competitive performance venues in Greater Sudbury generated an audience of approximately 160,000 in 2016.

Types of live performance events hosted at comparable Sudbury performance venues include the following:

- Concerts
- Classical / Symphony
- Seasonal Events / Family Shows
- Plays / Dramas
- Dance
- Comedy (i.e. Laugh Out Loud festival)
- Sporting Events
- Fundraising / Galas

Live performance attendance levels have been limited by the fact that excluding the Sudbury Theatre Centre, these venues have an alternate primary use. The Sudbury Symphony, for instance, hosted 4 events at the Fraser Auditorium in 2016. Availability at this venue is limited to Thursdays and Fridays (after 4:30 pm) and weekends during the academic year; available during the fall and winter break, as well as during the December exam sessions; with full availability starting the 2nd week of April until the end of August.

Although the Sudbury Community Arena provides the most seats among current venues, it is home to the OHL's Sudbury Wolves and is primarily utilized for large scale concert-type events during the non-ice season from May to August. Further it has received poor feedback from high profile producers and talent. Other major events, such as the Laugh Out Loud Comedy Festival, formerly hosted 2 large mainstage shows attracting 2,000-4,000 visitors each at the Arena, but without the ability to attract mainstage talent, the Festival has only hosted 5 smaller shows averaging 140 visitors each in recent years.

While Laurentian University's Fraser Auditorium is a mid-size venue, it is essentially a lecture hall. Its location and ownership – within an academic building at Laurentian University – are additional disadvantages. By comparison, although the Sudbury Theatre Centre only has 291 seats, it has presented a full season annually for over four decades. Under the right conditions, STC could potentially produce larger events at the subject GSCPC, but only on an occasional basis.

In terms of proposed facilities, according to the Feasibility Study completed for the Place des Arts in July 2015, this venue is projected to attract more than 50,000 visitors to the marketplace on an annual basis[5]. The arrival of Place des Arts will formalize and sustain Sudbury's tradition of small venues, yet the 300-seat theatre will be housed within a multi-use building with 7 other tenants focusing primarily on the needs of the Francophone market in Sudbury.

Similarly, the advent of a new arena/entertainment centre will satisfy the need to accommodate popular music concerts drawing 2,000 or more. The core business of the new arena/entertainment centre will be ice sports and large-scale trade shows. The arena will have the capacity to create a temporary "concert bowl" within this venue, which will provide the capacity and reduce the risk associated with a dedicated facility for large concerts. It will also be effectively replacing the existing Sudbury Community Arena.

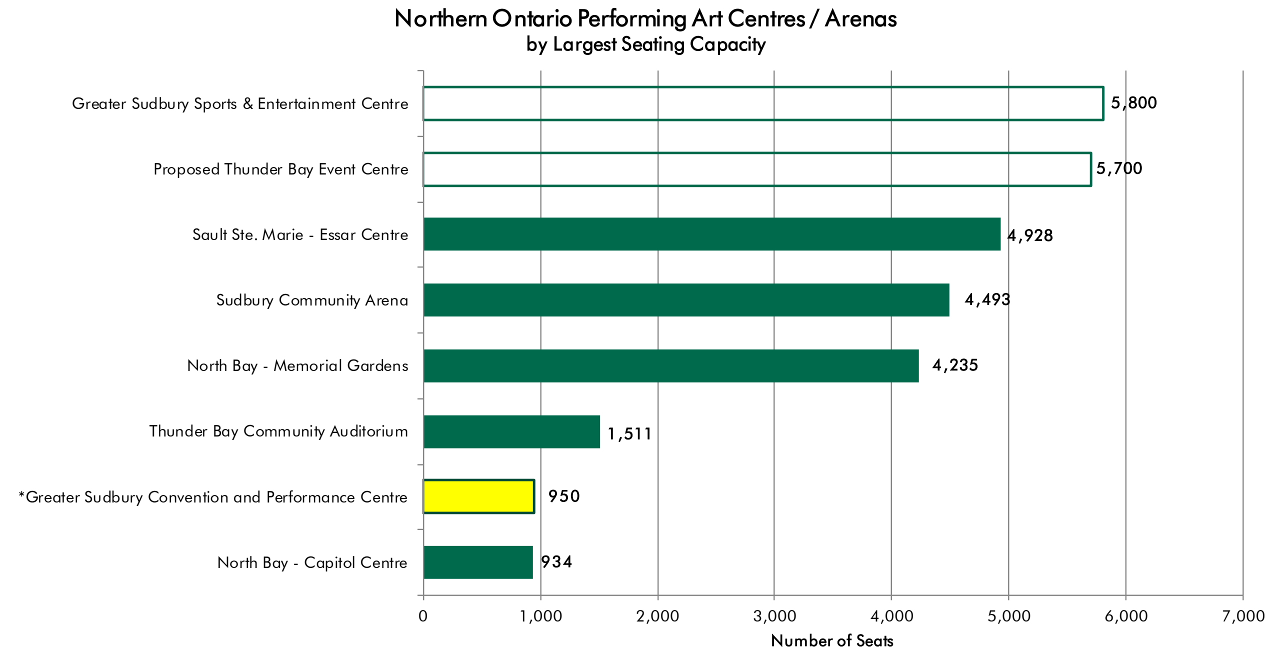
---

[5] *Gagné LeClerc Group Conseil, July 2015. Sudbury Place des Arts – Summary of the Feasibility Study.*

Northern Ontario & Other Ontario Performance Venue Supply & Demand

Northern Ontario Performance Centre Supply

In addition to local competition, the GSCPC will compete for attracting productions, as well as demand amongst large Northern Ontario venues with over 900 seats each. As shown below, Northern Ontario venues are primarily comprised of arenas/sports complexes that have large amounts of fixed seating for events such as concerts, as well as convertible ice surfaces for trade shows. Existing facilities in Northern Ontario offer in the range of 934 to 4,928 seats.



Note: Coloured bars represent largest seating capacity theatre/arena plus additional break out space capacity

Source: *CBRE Limited Research*

Other Ontario Performance Venue Supply

In addition to other Northern Ontario venues, a survey of 10 selected mid-size live performance venues in various performing arts markets across Ontario was undertaken to assist in determining the market potential for performance demand in Greater Sudbury. The venues selected for the subject survey are located outside of major metropolitan areas, with the exception of Burlington, which is part of the Greater Toronto Area. The 9 other venues draw their audiences predominantly from within their local communities, as will be the case with the GSCPC in Greater Sudbury. As such, the correlation between seat count and market size is more comparable. While many of these venues also have smaller program rooms within their complex, this survey concentrates on the offerings in the main hall, as this will be the primary offering for live performances at the GSCPC.

The following chart highlights the total number of theatre style seats available in the main hall at competitive Ontario performance venues that are considered comparable to the GSCPC recommended facility program. These comparable Ontario facilities offer in the range of 626 to 1,640 seats. Survey findings indicate that the average seating capacity at these 10 facilities is in the order of 946, which is on par with the recommended seating complement of the GSCPC.

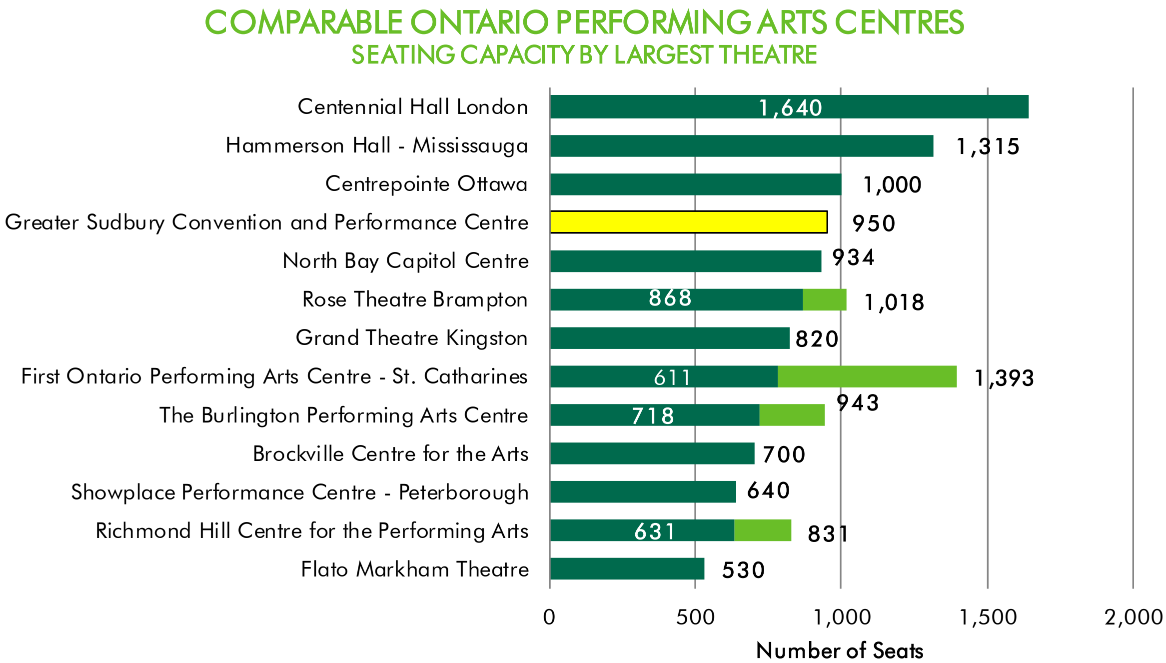
COMPARABLE MID-SIZE ONTARIO PAC AND COMMUNITY POPULATION

Venue	City	2017 Population Est	Approximate Seats in Main Hall
Centennial Hall	London	514,207	1,640
Thunder Bay Community Auditorium	Thunder Bay	124,825	1,511
Sanderson Centre	Brantford	146,081	1,125
Greater Sudbury Convention and Performance Centre	Sudbury	*165,351*	*950*
North Bay Capitol Centre	North Bay	66,421	934
River Run Centre	Guelph	155,877	785
FirstOntario PAC	St. Catharines	411,995	775
Burlington PAC	Burlington	199,858	718
Brockville Centre for the Arts	Brockville	39,378	700
Showplace Theatre	Peterborough	123,858	640
Capitol Theatre	Windsor	334,533	626
AVERAGE		*207,489*	*946*

Source: CBRE Limited & Novita Interpares

In the Northern Ontario sample, the most comparable facility to the GSCPC is North Bay's Capitol Centre, which is a conversion of a former movie theatre. However, North Bay is a much smaller market than Greater Sudbury, and less of a regional hub. As such, from a demand perspective, Greater Sudbury will also be considered comparable to Burlington, Kingston and Guelph, which offer main halls of 718 to 820 seats respectively within their primary performance venues.

The following chart highlights the total seating capacity available at comparable mid-sized venues across Ontario.



Note: Coloured bars represent Main Hall plus Additional Theatre/Studio space typically utilized by community groups, local theatre groups, dance schools, etc.

Source: *CBRE Limited Research*

Spending on Live Performances in Ontario

The following chart further defines household spending on live performances at other comparable jurisdictions in Ontario. Based on Statistics Canada data compiled by Environics Analytics for Sitewise software, the average spending on live performing arts events in the comparable Ontario sample was $7.8 Million, or approximately $93 per household in 2017. As shown, at $94 per household, spending in Greater Sudbury is slightly above the average in non-metropolitan centres across Ontario with performing arts centres, and comparable from a demographic perspective to Guelph, Burlington and Kingston.

COMPARABLE MID-SIZE ONTARIO CITY SPENDING ON LIVE PERFORMANCE - 2017

	City	2017 Population	2017 Total Spending on Live Performing Arts Events	2017 Live Performance Spending Per Household	PAC Main Hall Seats
1	Peterborough	123,858	$12,550,027	$242	650
2	Thunder Bay	124,825	$6,738,366	$124	1,500
3	Guelph	155,877	$6,759,888	$111	785
4	Burlington	199,858	$7,883,105	$101	720
5	Windsor	334,533	$12,941,530	$96	1,200
6	Greater Sudbury	165,351	$6,681,654	$94	*950*
7	Brantford	146,081	$4,368,715	$77	1,125
8	North Bay	66,421	$2,231,533	$77	930
9	London	514,207	$14,962,305	$70	1,600
10	St. Catharines	411,995	$12,717,250	$75	775
11	Kingston	171,292	$4,729,026	$65	820
12	Brockville	39,378	$939,946	$54	700
	AVERAGE	204,000	$7,792,000	$93	980

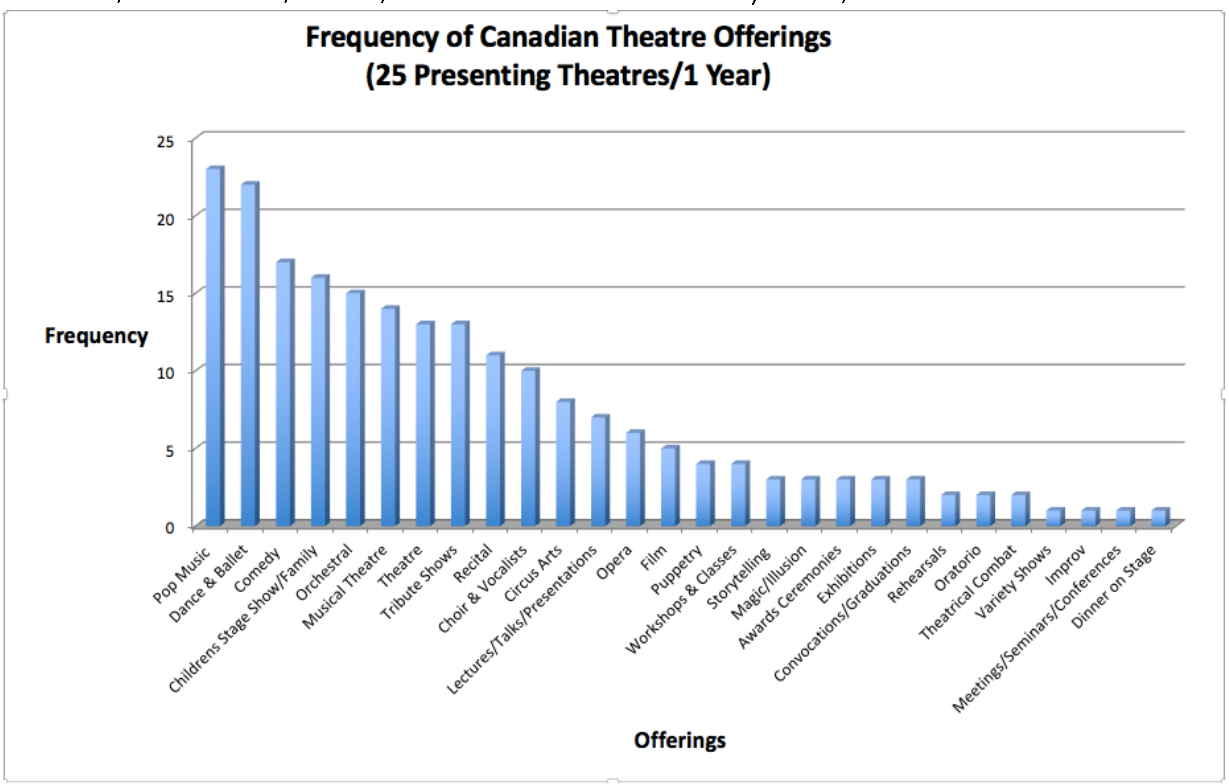
Source: Sitewise Household Spend Recreation 2017 Estimate, Environics Analytics based on Statistics Canada data

Live Performance Programming Trends in Comparable Ontario Markets

A program of live performance events forms a large part of the business plan for the Greater Sudbury Convention and Performance Centre. The following section examines the existing market for live performance product in terms of both touring and local product across Canada, and at 10 comparable Ontario facilities, which has formed the basis for the subject GSCPC event projections.

The following graph represents the profile of live performance offerings in 25 public venues across Canada for the 2015/2016 programming season. As such, it describes the live performance industry in Canada as it manifests itself in venues such as the proposed GSCPC.

Within the 28 listed event categories, the overwhelming majority of the offerings is music: popular music, orchestral, tribute shows, recitals, choirs and vocalists followed by dance, ballet and musical theatre.



Source: Novita Interpares

At the present time, there is a considerable amount of product touring throughout Ontario (identified in this Business Plan as the "Ontario Presents" network) that could be attracted to Greater Sudbury both to serve local audiences and to provide usage for the Convention and Performance Centre. Ontario Presents is a province-wide network of performing arts touring and presenting organizations that work collaboratively to facilitate the distribution of live, performing arts shows into communities across Ontario. Its members include municipal performing arts centres; not-for-profit, volunteer, community presenters; touring artists/arts organizations, artists' agents, and industry service consultants.

Based on the current season at the 10 comparable Ontario venues surveyed for the subject Business Plan, five broad trends in product offerings have been identified based on the 2016/2017 performance calendars, which have been described in the following pages.

Group 1: Products which occur as Many Events in Every Venue

- Tribute Bands/Classic Albums/Nostalgia Music
  - By far the most ubiquitous offering, this product is generally targeted at audiences who came of age in the 1970s and 1980s and is therefore time limited as a main source of programming.
- Popular Music Concerts – Current Acts
  - The next most prevalent offering, this product consists of solo performers and small ensembles, mostly Canadian artists, and it covers a wide range of genres and styles. This is an evergreen source of programming.
- Stand-up Comedy
  - This popular product includes both performers who are associated with television shows and performers who are marquee artists from the stand-up comedy circuit. Some venues arrange connections with festivals and producers such as Just for Laughs. As social commentary, this type of programming has broad appeal and is an perennial source -- even as social norms change.
- Shows for Kids
  - Every venue offers programming for children. However, this product is aimed at parents and grandparents who will be looking for brand value that children recognize (e.g., The Wiggles, anything Disney) or that they themselves recognize. Due to the size of the Main Halls in this survey (averaging well over 700 seats), events rely on spectacle more than storytelling. This is an timeless source but highly dependent on available product.

Group 2: Products which occur as Many Events in Most Venues

- Classical Music Concerts and Orchestral Music
  - "Classical" music is still a universal product which has many genres and styles and often has the local symphony orchestra at its centre. This product includes concerts by the orchestra, with imported soloists, concerts with imported soloists and ensembles, as well as local outreach concerts. There is a wide variety of product on the touring market and this product is most prevalent where there is a robust local orchestra presence.
- Dance and Ballet
  - There is relatively little touring product of dance and ballet, but communities which have dance and ballet schools contain a small but dedicated audience. Dance competitions are a sub-set of this group and have both their own product and their own audience. Dance is also often a big part of ethno-cultural identity.
- Annual and Seasonal Presentations
  - Programming can be created for any annual or seasonal celebration. Productions of "The Nutcracker" occur annually in many communities. In places where there are dance schools, recitals typically occur in December and June and can occupy multiple days. Editions of the

Kiwanis Music Festival occur in many communities. Depending upon the ethnic and national origins of community members, ethno-culturally events and celebrations appropriate to a public venue can be developed.

Group 3: Products which occur as Some Events in Many Venues

- Public Celebrations, Awards Shows and Special Events
    - This group of products is generally classified as "non-theatrical" and tend to be one-of-a-kind or events that occur in different locations every year. This product requires active solicitation by the program management.
- Cabaret Concerts
    - This type of product can occur in various genres including classical "pops," Broadway show tunes or music around a theme. This product is locally developed and often produced by the program management.
- Musical Plays
    - There is very little of this product on the touring market but perennial favourites are often locally produced. Many local high schools produce shows such "Grease" and "Bye Bye Birdie."
- Drama and Spoken Word
    - There is very little of this product on the touring market but many places have a community theatre group (or in Sudbury's case, professional) that can produce locally. Venue size becomes an issue above 500 seats.

Group 4: Product which occurs as Some Events in Several Venues

- Jazz and Blues Festivals
    - This product tends to be available in a festival format rather than individual concerts. While folk festivals which have stayed attached to rural locations and the great outdoors, jazz and blues festivals have become the prevalent urban music festival and occur both indoors and outside. Jazz and blues festivals occur mostly in the summer.
- Choral Concerts
    - There is a limited supply of this product on the touring market. The potential for this product depends on choral music programs in the local schools and the amount of choral music in the local churches.
- Graduations and Convocations
    - The size of the market for these events is proportional to the number of secondary and post-secondary institutions and programs within a given community. Event organizers are looking for large seating capacity and good quality of facility and services.

- Film Screenings and Film Festivals
  - This increasingly popular product includes screenings of single films often related to a theme, style or cause and short duration festivals where many screenings occur in a short period of time including feature films, documentaries and short subjects.

Group 5: Other Noteworthy Product Offerings

- Famous Persons/Speakers
  - The appeal of this type of product (which appears to be under-utilized) is to see and hear a famous person make a live presentation. This is often a premium ticket offering and is usually related to current events. Program opportunities related to famous people may also be tied to other events (e.g., the most famous author in town for a literary festival.)
- Concert Bands
  - This product includes military bands, "big" bands, jazz bands, etc. A small but loyal audience exists especially in communities with military connections or with a strong high school band program.
- Gospel and Inspirational Concerts
  - The appeal of this product is the uplifting experience of an exuberant sing-a-long. The size of the audience for these concerts is often related to the styles of worship within the local religious communities and runs the gamut from spirituals and hymn-sings to Handel's Messiah.
- Camp Programs for March Break and Summer
  - Only two of the venues surveyed offered school-break programs. This is a product which could be a supplementary offering after other core business programs are up and running.
- Live Stream Video – Sport and Culture
  - While many such programs are pre-licensed to local vendors (e.g., cinema chains), the potential for events such as e-game competitions is enormous.
- Circus Arts, Acrobats, Illusionists
  - This type of offering has universal appeal but there is very little product to choose from. Sub-sets such as kung-fu demonstrations have brand value and appeal where there is a martial arts community.

The following chart provides a summary of event performance at the 10 comparable mid-sized Ontario venues over the 2016/2017 season.

2016/2017 LIVE PERFORMANCE DEMAND AT COMPARABLE ONTARIO VENUES

10 COMPARABLE ONTARIO PERFORMING ARTS CENTRE	TOTAL EVENTS	RANGE of EVENTS per PAC	TOTAL EVENT DAYS	AVG EVENT DAYS PER PAC
Group 1: Products which occur as Many Events in Every Venue	126	3 to 44	157	16
Tribute Bands/Classic Albums/Nostalgia Music				
Popular Music Concerts – Current Acts				
Stand-up Comedy				
Shows for Kids				
Group 2: Products which occur as Many Events in Most Venues	95	6 to 29	119	12
Classical Music Concerts and Orchestral Music				
Dance and Ballet				
Annual and Seasonal Presentations				
Group 3: Products which occur as Some Events in Many Venues	27	0 to 9	34	3
Public Celebrations, Awards Shows and Special Events				
Cabaret Concert				
Musical Plays				
Drama and Spoken Word				
Group 4: Products which occurs as Some Events in Several Venues	22	1 to 9	27	3
Jazz and Blues Festivals				
Choral Concerts				
Graduations & Convocations				
Film Screenings and Film Festivals				
Group 5: Other Noteworthy Product Offerings	26	1 to 8	33	3
Famous Persons/Speakers				
Concert Bands				
Gospel & Inspirational Concert				
Camp Programs for March Break and Summer				
Live Stream Video - Sport and Culture				
Circus Arts, Acrobats, Illusionists				
TOTAL EVENTS	296	25 to 80	370	37

Source: CBRE Limited and Novita Interpares

As shown, the 10 comparable Ontario venues hosted a total of 296 events or 370 event days in 2017. (An "event day" is a day when one or more public performances occur and does not include days specifically for set-ups, rehearsals, etc.) Each of the 10 venues hosted 25 to 80 events in 2017, and an average of 37 event days. At 126 events in 2017, or 42% of total events, the most prolific event types were those identified as "Group 1", including: tribute band and popular music concerts, stand-up comedy and shows for kids.

It should be noted that existing local capacity and interest can produce a high level of specific type of programming; for example, the amount of dance in the River Run Centre in Guelph and the amount of orchestral programming in the Capitol Theatre in Windsor.

Implications for GSCPC

Within Greater Sudbury there are 5 venues that range in size from 290 to 4,500 seats and are currently used to host performing arts events/concerts. Of these, the only purpose-built arts centre is the Sudbury Theatre Centre, which offers 291 seats. In addition to current supply, there are three proposed venues including Place des Arts (300 seats), the Library (100 seats) and the planned Event Centre (5,800 seats). Based on current and proposed supply, it appears that there is a gap in Sudbury's mid-sized live performance facility inventory. A survey of selected mid-size live performance venues in various performing arts markets across Ontario further indicates that the average seating capacity is approximately 946 seats, and average household spending on live performances was in the range of $93 in 2017. At average household spending of $94 in Greater Sudbury, according to Environics Analysis data in 2017, and a similar size population to Guelph and Kingston, the recommended facility program of 950 seats for the GSCPC is considered reasonable.

In terms of other proposed facilities in Sudbury, the Place des Arts would not be directly competitive with the offerings in a larger venue such as that proposed for the Greater Sudbury Convention and Performance Centre, but it would add new competition for leisure spending, as would the new Sports and Entertainment Centre. Increased seating capacity for live events in a new arena/entertainment centre would add a considerable number of tickets, even without increasing the number of concerts which have been typically offered per season. All performing arts markets benefit from having a range of venues which can offer a variety of product appealing to the many tastes and preferences of the audiences in their catchment area. Markets with large populations make it possible for many facilities to co-exist and operate at efficient levels. Small markets need to cater to the same wide range of tastes and preferences but have fewer people to purchase tickets in each sub-market segment. Sudbury is in this latter category. However, should all of these facilities be developed, Sudbury would still have a gap in its cultural facility inventory – that being a mid-size live performance centre (which typically seats 700 to 1,200).

In terms of demand, while Greater Sudbury has a vibrant live performance scene, there is currently very limited capacity in the cultural community to produce or present events for a mid-size venue. Apart from festivals, the Sudbury Symphony Orchestra is currently the only local product source with a proven record of filling more than 700 seats (at a current rate of 6 to 10 times a year.) No other current local producer appears to have product for a mid-size venue. Some of these producers may have the ability to grow, but this is most likely a longer term proposition. The creation of a mid-size venue would definitely help in the development of local product but this is a longer-term process requiring a deliberate effort toward defined cultural goals. Consequently, in the near term future, most product for a mid-size venue in Sudbury would come from the touring circuit.

Programming in the Convention and Performance Centre can also be built on the established market base at venues such as the Grace Hartman Amphitheatre and Sudbury Theatre Centre, both through complimentary summer programming and through offerings throughout the season which would appeal to these market segments. Further, many conventions offer attendees a private concert as part of the convention experience. This amenity is most common in corporate events and the Greater Sudbury Convention and Performance Centre would be adding value to its sales appeal to meeting planners if it had the capacity for concerts.

Through its block booking program, Ontario Presents will be a prime source for product which is already touring in Ontario but not otherwise coming to Greater Sudbury. By participating in the Ontario Presents touring network, the Convention and Performance Centre will have access to a wide range of live performance attractions catering to local tastes and preferences which are not currently being served. Greater Sudbury may not be part of a large metropolitan area such as the GTA; however, it is considered a regional hub in Northeastern Ontario. As such, if the GSCPC is on the Ontario Presents circuit, it will have the potential to offer the same level of touring product as North Bay, due to its larger accommodation and population base.

There are several commercial presenters who provide touring product across Ontario and who have been active over the years in the Greater Sudbury market. These presenters include Canadian companies such as Jones Entertainment Group and US companies such as Live Nation. These and other presenters offer popular entertainment acts and have tended to focus on the Sudbury Community Arena with its large seating capacity, better income potential and reduced risk.

As noted in this Business Plan, the core business of the GSCPC will be space rental. The Convention and Performance Centre will rent space to meeting and convention organizers and to presenters of live entertainment. There are local live entertainment presenters such as the Sudbury Symphony Orchestra who are already presenting in Sudbury and there are other organizations which may respond to the opportunities created by a new facility. Service clubs are occasional but regular presenters in many communities. A new local presenting organization could also be created specifically to present in the Convention and Performance Centre. Such a local presenting organization would likely access product from the Ontario Presents network or it might partner with managers and promoters which represent product suitable for a 950-seat venue. Managements such as the Feldman Agency have a large roster of suitable popular acts and promoters such as JCL Productions and Sonic Concerts also represent current music talent. Some live acts can be booked through genre organizations (e.g., Bluegrass Canada) or specialist promoters such as Balkanto. The Jones Entertainment Group has also had a relationship with Sudbury's Summerfest.

It should be noted that the City of Greater Sudbury recently released a Greater Sudbury Cultural Plan (2015-2020) and Cultural Action Plan, which incorporates a Vision for Greater Sudbury as "a Northern cultural capital," with goals set to integrate cultural assets and spaces in future planning by merging the Cultural Plan with other CGS strategic plans, and creating a centralized events calendar. These are significant initiatives that bring together local arts and culture organizations, artists, media and City staff, and provide excellent platform for the GSCPC as its production and development gets underway.

COMPETITIVE MEETING AND CONFERENCE VENUE SUPPLY ANALYSIS

Introduction

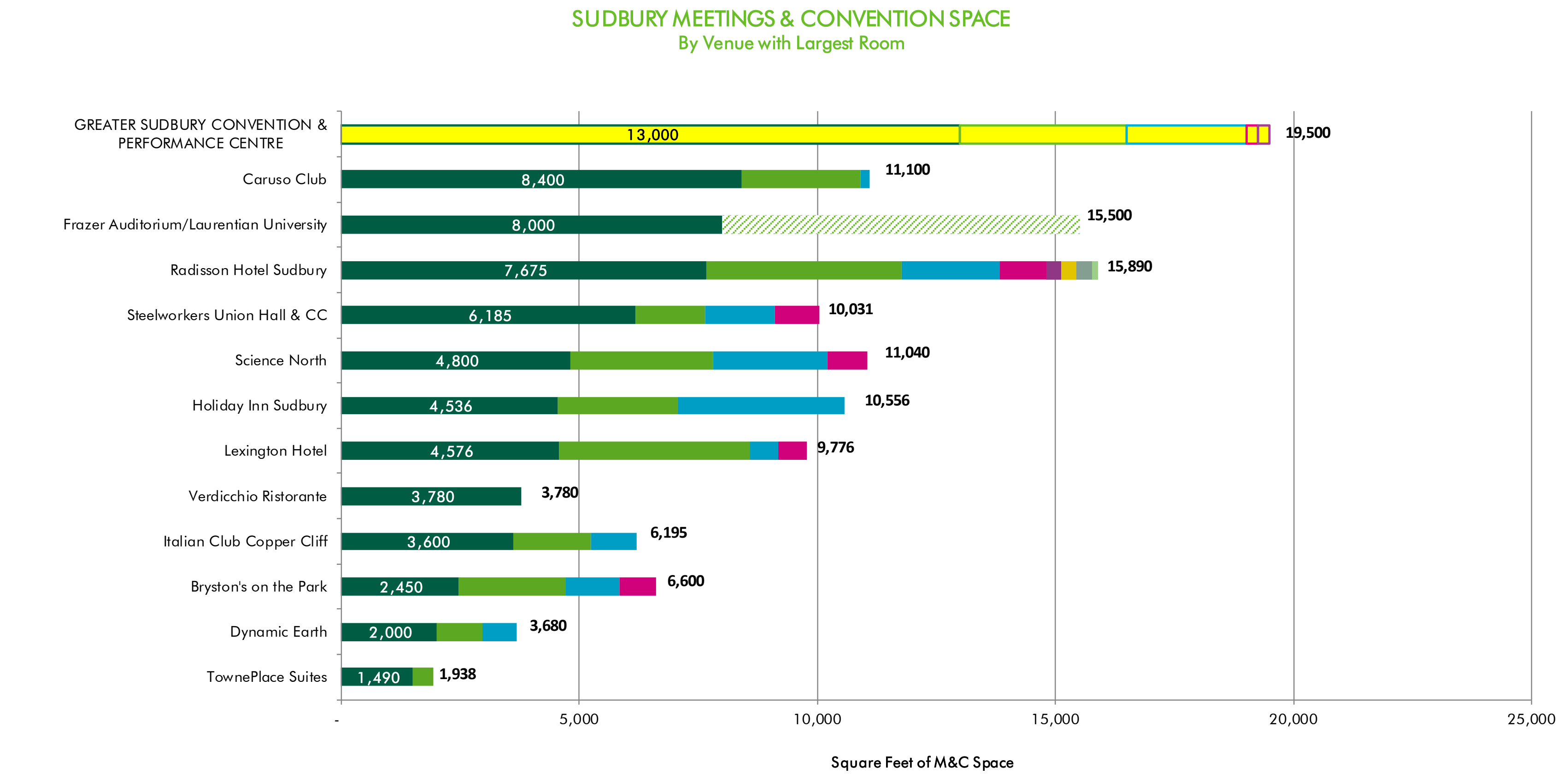
The following section examines the meeting and convention venue supply in which the GSCPC facility would compete. Locally, there are a number of hotels and other unique meeting/convention venues in Sudbury that would compete with the GSCPC for small to mid-scale meeting, conventions, and social event business. With a centralized location in Northeastern Ontario, the subject venue would also compete with sizeable hotel venues in other areas of Northern Ontario for meeting and event business and on a larger scale with Tier 3 Convention Centres for national convention demand.

For the purposes of analysis, venues examined in the following discussion have been presented in order of largest contiguous room offered, to give insight into the maximum size of conventions that can be hosted. It should also be noted that capacity estimates per room/venue have been estimated at 12 square feet per person.

Greater Sudbury Meeting and Banquet Venues

Within the local Sudbury market, three hotels offer approximately 10,000 to 16,000 square feet of rentable space and would compete with the GSCPC for regional social and corporate events such as banquets, holiday parties, and corporate meetings and training sessions. They would also compete for small to mid-sized association, and convention business at the local, provincial and national level. In addition to hotels, other venues such as Societa Caruso, Laurentian University, Steelworkers Union Hall and Convention Centre and Science North are positioned effectively to attract local groups hosting social or business-related meetings and events. The following graph provides a summary of competitive Sudbury meeting and convention venue offerings, sorted by the largest contiguous room available.

The total size of local competitive meeting and banquet facilities equates to approximately 106,400 square feet of space offered at 11 venues. Total space offerings range from a low of just under 2,000 square feet provided at the TownePlace to a high of approximately 16,000 square feet offered at the Radisson Hotel Sudbury. With regard to the largest meeting room offered, square footage ranges from 1,500 square feet to an estimated 8,400 square feet at Societa Caruso, which equates to a maximum meeting capacity of 125 to 700 attendees respectively. Due to a shortage of venues that have the ability to host functions in excess of 350 persons in one space, as well as a low level of audiovisual capabilities and a lack of consistency in quality service at some local venues, it appears that there is an opportunity to increase meeting/convention activity in Sudbury by providing adequate meeting space.



Note: Coloured bars represent largest room plus additional break out space

Source: *CBRE Limited Research*

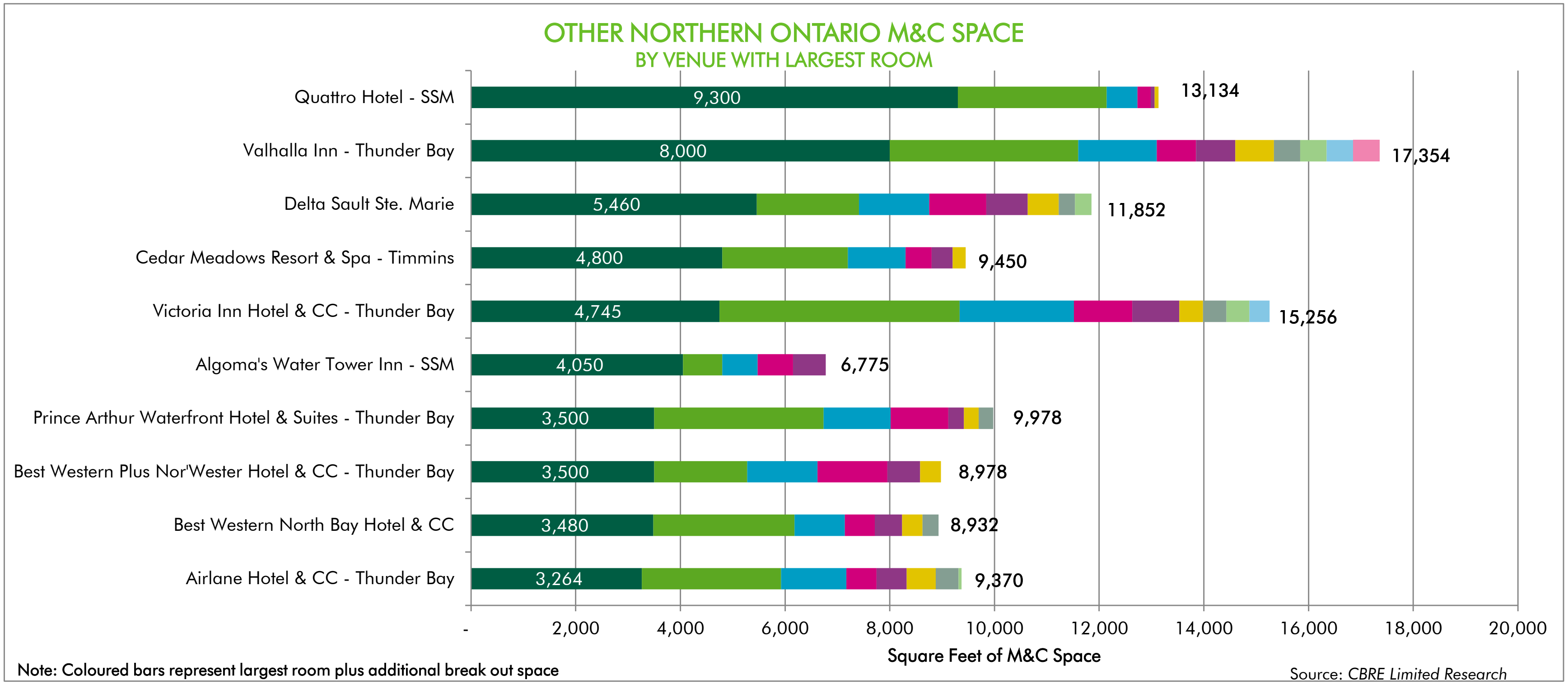
SUDBURY PRIMARY MEETING & BANQUET SPACE BY VENUE
ESTIMATED CAPACITY BY LARGEST MEETING ROOM

Property	Largest Meeting Room	Estimated Capacity (Based on 15 SF per person)	Total M&C SF
Caruso Club	8,400	560	11,100
Laurentian University	8,000	533	15,500
Radisson Hotel Sudbury	7,675	512	15,890
Steelworkers Union Hall & CC	6,185	412	10,031
Science North	4,800	320	11,040
Holiday Inn Sudbury	4,536	302	10,566
Lexington Hotel	4,576	305	9,776
Verdicchio Ristorante	3,780	252	3,780
Italian Club Copper Cliff	3,600	240	6,195
Bryston's on the Park	2,450	163	6,600
Dynamic Earth	2,000	133	3,680
TownePlace Suites	1,490	99	1,938
AVG	4,791	319	8,841

Source: CBRE Limited Research

Other Northern Ontario Meeting and Banquet Venues

Within other major Northern Ontario cities, there are a number of hotels that offer more than 7,000 square feet of meeting and event space and as such would also compete with the subject GSCPC. The total size of these competitive facilities range from 7,000 square feet offered at the Airlane Hotel and Conference Centre to 17,000 square feet offered at Valhalla Inn. When considering largest room offerings, the Quattro Hotel offers the biggest room at 9,300 square feet (estimated capacity of 620 persons/banquet style), followed by the Valhalla Inn which offers an 8,000 square feet room (capacity of 533 persons/banquet style).


OTHER NORTHERN ONTARIO M&C SPACE
BY VENUE WITH LARGEST ROOM
Quattro Hotel - SSM
9,300
13,134
Valhalla Inn - Thunder Bay
8,000
17,354
Delta Sault Ste. Marie
5,460
11,852
Cedar Meadows Resort & Spa - Timmins
4,800
9,450
Victoria Inn Hotel & CC - Thunder Bay
4,745
15,256
Algoma's Water Tower Inn - SSM
4,050
6,775
Prince Arthur Waterfront Hotel & Suites - Thunder Bay
3,500
9,978
Best Western Plus Nor'Wester Hotel & CC - Thunder Bay
3,500
8,978
Best Western North Bay Hotel & CC
3,480
8,932
Airlane Hotel & CC - Thunder Bay
3,264
9,370
-
2,000
4,000
6,000
8,000
10,000
12,000
14,000
16,000
18,000
20,000
Square Feet of M&C Space
Note: Coloured bars represent largest room plus additional break out space
Source: *CBRE Limited Research*

OTHER NORTHERN ONTARIO M&C SPACE -ESTIMATED CAPACITY OF LARGEST MEETING ROOM

Property	Largest Meeting Room	Estimated Capacity (Based on 15 SF per person)
Quattro Hotel – SSM	9,300	620
Valhalla Inn – Thunder Bay	8,000	533
Delta Sault Ste. Marie	5,460	364
Cedar Meadows Resort & Spa – Timmins	4,800	320
Victoria Inn Hotel & CC – Thunder Bay	4,745	316
Algoma's Water Tower Inn – SSM	4,050	270
Prince Arthur Waterfront Hotel & Suites – Thunder Bay	3,500	233
Best Western Plus Nor'Wester Hotel & CC – Thunder Bay	3,500	233
Best Western North Bay Hotel & CC	3,480	232
Airlane Hotel & CC – Thunder Bay	3,264	218
AVG	5,010	334

Source: *CBRE Limited Research*

Tier 3 Canadian Convention Centres

Tier 3 Convention Centres are defined as stand-alone Canadian convention facilities, offering less than 50,000 square feet of rentable space. Tier 3 Convention Centres tend to be municipally-owned and located in centres with populations ranging from 20,000 to 510,000 persons. As a Tier 3 Canadian Convention Centre, the subject GSCPC would compete for national convention demand amongst other national Tier 3 Centres. The following table provides a summary of the rentable space provided within Tier 3 Canadian Convention Centres, as well as total city hotel room inventory and estimated 2016 population.

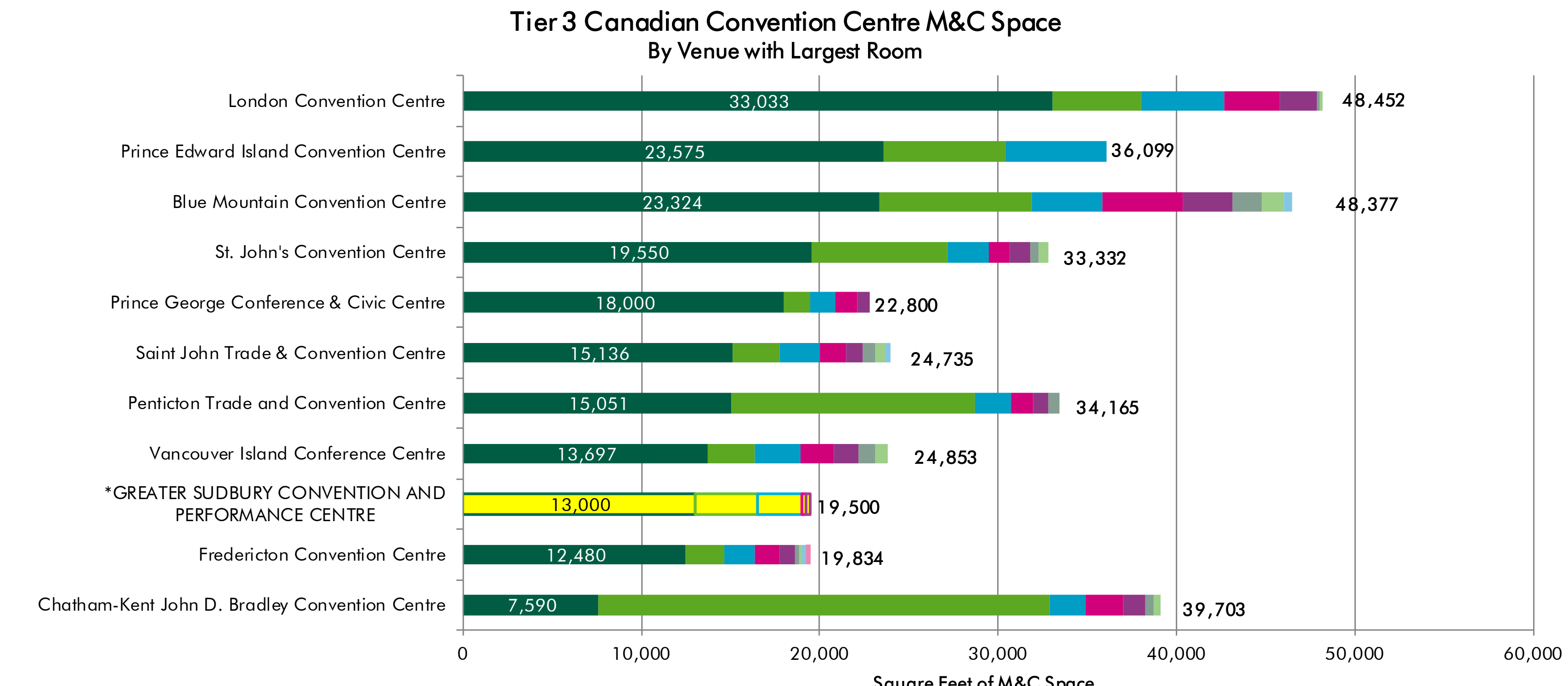
The size of the convention centres ranges from 19,500 square feet provided by the subject Greater Sudbury Convention and Performance Centre to 48,500 offered at the London Convention Centre. As shown below, Tier 3 Centres offer approximately 11 (Sudbury, Prince George, Fredericton) to 108 square feet (Chatham-Kent) of meeting space per hotel room.

Tier 3 Canadian Convention Centre Supply, Hotel Room Inventory and Estimated Population - 2017

Convention Centre	Location	Total M&C SF	Estimated Capacity (based on 15 SF)	Hotel Room Inventory	M&C SF Per Hotel Rm	Est. CMA Population 2017
London Convention Centre*	London, ON	48,452	3,230	3,489	14	514,207
Blue Mountain Convention Centre	The Blue Mountains, ON	48,377	3,225	1,590	30	22,364
Chatham-Kent John D. Bradley Convention Centre	Chatham-Kent, ON	39,703	2,647	367	108	105,883
Prince Edward Island Convention Centre*	Charlottetown, PE	36,099	2,407	1,441	25	72,405
Penticton Trade and Convention Centre	Penticton, BC	34,165	2,278	1,498	23	43,455
St. John's Convention Centre*	St. John's, NL	33,332	2,222	2,937	12	214,784
Vancouver Island Conference Centre	Nanaimo, BC	24,853	1,657	922	27	107,434
Saint John Trade & Convention Centre*	Saint John, NB	24,735	1,649	1,560	16	127,064
Prince George Conference & Civic Centre	Prince George, BC	22,800	1,520	2,263	11	84,507
Fredericton Convention Centre**	Fredericton, NB	19,834	1,322	1,954	11	101.169
Greater Sudbury Convention & Performance Centre* **	**Sudbury, ON**	**19,500**	**1,300**	**1,846**	**11**	**165,351**

Notes: *Physically connected to a hotel (e.g. by pedway)
** To be connected by pedway to a new Hilton Garden Inn hotel, which is set to open in 2018
*** Sudbury Accommodation Inventory, including opening of Hilton Garden Inn in 2019
CMA for Blue Mountain Convention Centre is Collingwood, Ontario.
Sources: *CBRE Limited, Environics Analytics Sitewise 2017*

The graph presents Canadian Tier 3 Convention Centres by the largest contiguous room offered. As shown, the London Convention Centre has the largest room at 33,033 square feet, after completing a main floor renovation that was under construction from the end of 2015 until August 1st, 2016. Comparatively, the Chatham-Kent John D. Bradley Convention Centre's largest banquet room is the smallest at 7,590 square feet.



Notes: Coloured bars represent largest room plus additional break out space
Chatham-Kent CC largest banquet space is 7,590 sq.ft. - total includes 25,310 sq.ft. of expo space

Source: *CBRE Limited Research*

Implications for GSCPC

A combined total of approximately 97,000 square feet of space is offered at 11 competitive meeting and banquet venues in Sudbury. On a per venue basis, total meeting and banquet space ranges from 3,680 to 15,890 square feet, with the size of the largest meeting room offered in the range of 2,000 to 8,400 square feet. In order to accommodate larger events in Sudbury, it appears that there is a need for a venue that provides more than 9,000 square feet of space in its largest room.

When considering other Northern Ontario cities, the total size of competitive facilities ranges from 7,000 to 17,000 square feet in size, with the largest room offerings from 3,000 to 9,300 square feet. As a result, in order to compete with major venues in other Northern Ontario cities, the GSCPC will offer more than 9,500 square feet of space in its single largest room.

On a larger scale, competitive Canadian Tier 3 Convention Centres offer between 20,000 to 48,500 square feet each. Overall, Tier 3 Centres offer an estimated 11 to 108 square feet of meeting space per hotel room. In order to hold a competitive position with the smaller Tier 3 Convention Centres, the subject GSCPC will offer between 19,000 to 25,000 square feet of meeting and convention space, with the size of the largest room in the range of 8,000 to 15,000 square feet. In order to accommodate convention demand, additional breakout rooms would also be provided.

When interviewed, local stakeholders highlighted their frustrations of planning large events in Sudbury due to a lack of appropriately sized venues, as well as poor sound systems/audiovisual capabilities at many facilities. Specifically, they identified a shortage of Sudbury venues that have the ability to host conventions in excess of 300 people (with adequate breakout space and AV services) and banquets of more than 500 persons.

Stakeholders identified that the only venue with the ability to comfortably host conventions and meetings of 300 people with at least 4 breakout rooms and capacity for a trade show is the Holiday Inn, while smaller meetings of 200 people or less can be accommodated at Bryston's by using the Main Hall, Library, the Bryston Room and basement for breakout sessions.

Finding banquet spaces for large groups of more than 500 people was also identified as a challenge. As a result of having the largest banquet room, Caruso Club typically becomes the default venue used for large groups, however available parking can be problematic. Steelworkers Union Hall & Conference Centre can also be used to host large banquets, however can be less flexible than other venues, has lower quality food offerings, and has preferred customers/special events that take precedent over others. Smaller banquets of 200 people can be comfortably held in Natura Event Space at Verdicchio Ristorante, a well-equipped facility that offers screens and projectors to groups and is known for quality food and beverage offerings.

Due to a shortage of venues that have the ability to host functions in excess of 300 persons in one space, as well as a low level of audiovisual capabilities and a lack of consistency in quality service at some local venues, there is an opportunity to increase meeting/convention activity in Sudbury by providing adequate meeting space. With 13,000 square feet in a main plenary room, and 6,500 square feet of additional meeting and breakout rooms, the GSCPC will become the only venue in Sudbury with the potential to host large-scale conventions, inclusive of a trade show component, for groups of over 300 people.

In order to gain a competitive position within the market, the Greater Sudbury Convention and Performance Centre will have the ability to host more than 300 people for meetings/conventions (including supportive breakout space) and more than 500 people for banquets, while also providing adequate available parking in the downtown core. In addition, the Centre will need to provide a consistent level of high quality service, top-of-the-line audiovisual capabilities and quality food and beverage offerings.

COMPETITIVE MEETING AND CONVENTION DEMAND ANALYSIS

Introduction

For the purposes of analysis, CBRE collected historic performance data from the competitive meeting & convention venue market, and assembled event data through a number of sources including: CBRE's internal Trends in the Hotel Industry database, interviews with General Managers and Sales & Marketing Directors at competitive hotels and meeting and banquet venues, and secondary research.

CBRE also collected historic event data from the competitive Tier 3 Convention Centres across Canada. Event data was assembled through a number of sources including: interviews with Convention Centre operators, Convention Centre and DMO Annual Reports, and secondary research.

Competitive Tier 3 Convention Centre Market

The subject Greater Sudbury Convention and Performance Centre will compete against other Tier 3 Conventions Centres for Convention demand at the provincial and national level, with the majority of Meetings and Food & Beverage demand derived from the local and regional hotel and resort market.

For the purposes of the subject market assessment, the various types of Convention Centre demand have been stratified into 6 segments as summarized in the following table, with CBRE's market analysis undertaken at both the national and local level.

COMPETITIVE CONVENTION CENTRE DEMAND ANALYSIS

<table>
<tr><th colspan="2">Convention Centre Demand Segmentation</th><th>CBRE Competitive Analysis</th></tr>
<tr><td>1.</td><td>Conventions
• Provincial/Regional
• National
• US/International</td><td rowspan="3"><u>Provincial/Regional National Level:</u>
Tier 3 Convention Centres</td></tr>
<tr><td>2.</td><td>Trade Shows</td></tr>
<tr><td>3.</td><td>Consumer Shows</td></tr>
<tr><td>4.</td><td>Meetings</td><td rowspan="3"><u>Local/Regional Level:</u>
Greater Sudbury and Other Northern Ontario</td></tr>
<tr><td>5.</td><td>Food & Beverage – Social Events</td></tr>
<tr><td>6.</td><td>Other Events</td></tr>
</table>

Source: CBRE Limited

Conventions

Types of Convention Demand

Convention demand includes: Canadian and provincial associations, international associations, US associations; corporate planners, and the incentive groups and third party planners, which include site selection agencies such as Helms Briscoe, Experient, Meetings Direct, etc. Association-hosted events provide the largest share of business for Convention Centres.

Canadian associations comprise the majority of Convention demand amongst the Tier 3 competitive supply. These associations tend to rotate their conventions across the country in an east, central, west pattern, with a requirement for large exhibition space and a number of breakout rooms. This market tends to book one to four years ahead and looks for competitive rates for both hotels and meeting venues.

Provincial/regional associations tend to be smaller and even more budget conscious and rotate within the province. Depending on their charter, these associations may be limited to where they can meet – for example, only in Ottawa or Toronto.

The **international association** segment is seen as a long term investment, with the larger Tier 1 cities attracting the majority of international demand to Canada (Toronto, Montreal and Vancouver). Although international associations are moving towards internal professional management, the majority of these associations still work under a volunteer basis or are managed by 3rd party association management firms. Booking windows of three to six years are typical and competition for this segment is much greater as these associations must rotate meetings around the globe to member countries. Furthermore, these organizations tend to consider destinations which will help increase their profile and/or cause. International associations look to destinations willing to not only act as host but help offset the costs associated with the convention. Successful international association destination hosts require local champions or ambassadors to agree to chair or lobby on behalf of the destination. Canadian sister association approval must generally be solicited before moving to an international invitation to host.

The **US association** market already tends to do meetings and conventions in Canada. This market is aware of Canada's Tier 1 cities, but would not be as familiar with Tier 3 destinations. The larger association conventions prefer to work with the local city DMO to secure this type of business.

In terms of the **corporate** segment, most large corporations have a dedicated meetings manager and/or meetings department. These organizations tend to look for destinations offering mid to upscale hotel room blocks, state of the art meeting facilities and a culturally diverse offering. With the global distribution of offices, these large corporations tend to move their meetings around the country and/or the world. These meetings tend to have shorter booking windows of less than 2 months to 1 year and tend to ask for fewer financial concessions of host cities, in comparison to the association meetings market.

Within the Convention segment, the subject Greater Sudbury Convention and Performance Centre will largely compete for **Provincial and Regional Association demand.**

Convention Demand – Competitive Tier 3 Market Performance 2015-2016

In 2015, the 9 competitive Tier 3 Canadian Convention Centres hosted an estimated 150 conventions, for an average of 17 conventions per Centre. In 2016, Convention demand at 10 Tier 3 Centres increased to an estimated 157 conventions, representing 5% growth. Of the 157 Conventions hosted in the competitive market in 2016, approximately 47% of demand was comprised of conventions of less than 250 delegates, with 41%

being conventions of 251-500 delegates in size, 10% being conventions of 501-1,000 delegates, and just 3% being events of over 1,000 delegates. As a point of comparison, the estimated number of conventions hosted at standalone convention centres across Canada on an annual basis (including Tier 1 and Tier 2 centres) is in the range of 550-650.

**TIER 3 CONVENTION CENTRES
HISTORIC DEMAND**

CONVENTIONS BY SIZE	2015	2016
<250	74	73
251-500	60	64
501-1,000	13	16
1,000+	3	4
TOTAL CONVENTIONS	**150**	**157**

Source: *CBRE Limited*

The majority of delegates hosted by the competitive Tier 3 Convention Centres in 2015 (79%) originated from within Ontario, with approximately 18% stemming from the rest of Canada and 2% from U.S. and International sources.

Trade and Consumer Shows

Types of Exhibition Demand

Trade Shows are business related events which can be stand-alone exhibitions or associated with major Conventions. Trade Shows form an important component of many association conventions by providing a revenue source for the event. Tradeshows require column free exhibition space, meeting rooms, AV capabilities and are increasingly incorporating more digital technology to track trading at the event.

Consumer Shows are public events, where exhibitors display and sell services and goods to consumers, and typically charge an admission fee. Attendees come to shop and learn. Stand-alone exhibitions are often developed and owned by entrepreneurial exhibition organizers, with a number of the larger exhibitions hosted in major cities across Canada.

Trade and Consumer Shows can also be combined events, open to attendees and then open to the public. Trade and Consumer Shows tend to be held in Tier 1 and 2 Centres, as these facilities offer dedicated exhibition space and are located in major urban centres. Demand for Consumer Shows is largely derived from the local resident population.

Exhibition Demand – Competitive Tier 3 Market Performance 2015-2016

Between 2015 and 2016, the competitive Convention Centre market hosted an estimated 20 to 23 Trade Shows, for an average of 2 Trade Shows per Centre. The number of Consumer Shows within the competitive market averaged less than 50. Each Convention Centre attracted an average of 3 Consumer Shows in both 2015 and 2016.

Meetings

The competitive Tier 3 Convention Centres hosted an estimated 1,600 meetings in 2016, of which approximately 39% were local meetings of one day in duration and not requiring overnight accommodation, and 61% were non-local meetings. On average, each Convention Centre attracted 159 to 187 meetings annually over the past 2 years.

Food & Beverage/Social Events

Food & Beverage demand at Convention Centres is derived from banquet functions associated with conventions and meetings as well as locally based social events, including Christmas parties, weddings, galas, fundraising events, etc.

The competitive Tier 3 Convention Centre market catered to an estimated 530 banquets in 2016, averaging 53 food and beverage events per Centre.

Other Events

Other types of demand within the competitive Tier 3 Convention Centre market include all other events not specifically described within the former demand segments, including but not necessarily limited to: concerts, dances, graduations, award ceremonies, sports-related and other special events. Based on the competitive market analysis, comparable Tier 3 Conventions Centres attracted approximately 550 other events in 2016, for an average of 55 events per Centre.

The following chart highlights historic demand at Tier 3 Convention Centres of a comparable size to the subject Greater Sudbury Convention and Performance Centre over the last 2 years by event type and average events per centre.

TIER 3 CONVENTION CENTRES HISTORIC DEMAND

EVENTS BY TYPE	2015	2016
Conventions/Conferences	150	157
Trade Shows	20	23
Consumer Shows	44	47
Meetings	1,681	1,589
Food & Beverage	545	529
All Other Events	569	553
TOTAL	**3,009**	**2,898**
AVG PER CONV CENTRE	**2015**	**2016**
Conventions/Conferences	17	16
Trade Shows	2	2
Consumer Shows	5	5
Meetings	187	159
Food & Beverage	61	53
All Other Events	63	55
AVG EVENTS PER CENTRE	**334**	**290**

Source: *CBRE Limited*

Sudbury Hotel & Event Venue Market

In addition to competing with Tier 3 Convention Centres for events, the Greater Sudbury Convention and Performance Centre will also compete for meeting and event demand with popular local venues and hotels that offer a significant amount of event space. The following table summarizes the total space offerings at competitive local venues and hotel event spaces. Twelve local event facilities were identified, representing a total of 42 available rooms and approximately 100,000 square feet of rentable space.

As the second largest venue, Laurentian University offers upwards of 15,500 square feet of event space, however, a significant portion of this space (approximately 7,500 square feet) is dedicated classroom or lecture hall space (Frazer Auditorium), which are largely used for internal meetings, thereby not producing rental revenue.

Interviews with local event facilities were conducted to assess the current and future demand dynamics within the Sudbury market. The following table presents the market results based on these interviews, as well as our knowledge of the local Sudbury event market.

As shown, local event facilities typically operate at 28% utilization, with much higher rates of utilization on Saturdays, followed by Mondays and Wednesdays. There are approximately 4,300 events currently existing in the local market, with 76% of these being meetings, 12% being social banquets such as holiday parties, retirement parties, and anniversaries, 6% being weddings and 2% being conventions. The remainder (4% of events) are other events such as graduations or concerts. The average cheque within the competitive set of the competitive event and banquet facilities in Sudbury is in the range of $20-$35 per person.

It should be noted, however, that the recommended facility program and utilization projections for the subject GSCPC have been based on the facility's potential to compete within the Tier 3 Canadian Convention Centre market, and generate new demand for the City of Greater Sudbury. Although the GSCPC will operate within the Sudbury hotel and event venue market, it will not be positioned to compete directly for small meetings within the local Sudbury facilities due to higher rental rates, however it will compete for mid-size meetings, conventions and banquet business amongst all local facilities.

EXISTING SUDBURY COMPETITIVE M&C MARKET

Facilities	Total
Event Venues	12
Function Rooms	42
Total Square Feet	98,586
Total Seating Capacity	8,213
Average Seating Capacity per room	196
Utilization	**Total**
Monday to Wednesday	30.2%
Thursday and Friday	26.6%
Saturday	44.1%
Sunday	7.5%
Total	**28.0%**
Events	**Total**
Monday to Wednesday	1,994
Thursday and Friday	1,164
Saturday	963
Sunday	165
Total	**4,285**
Segmentation	**Total**
Conventions/Conferences	1.7%
Meetings	76.1%
Social Banquets	11.8%
Weddings	6.4%
Other	4.0%
Total	**100.0%**
Events	**Total**
Conventions/Conferences	72
Meetings	3,261
Social Banquets	504
Weddings	276
Other	172
Total	**4,285**

Source: CBRE Limited

RECOMMENDED GSCPC FACILITY PROGRAM

Introduction

Based on the market and comparable research, the following section details the recommended development program for the subject Greater Sudbury Convention and Performance Centre as a multi-use performing arts and convention centre offering 19,500 square feet of rentable space, with the main plenary/live performance hall featuring 13,000 square feet and 950 theatre-style seats. At this size, the GSCPC could effectively compete for large meeting and convention groups in excess of 300 persons, and banquets of up to 900 persons.

The live performance function of the Greater Sudbury Convention and Performance Centre will be accommodated in the same physical space as the main function room through the use of a convertible seating system that will transform the space from a flat floor (banquet) format to a tiered seating (theatre) format. At 10 square feet per seat, this 13,000 square foot room would accommodate 9,500 square feet for seating, 2,500 square feet for a stage and 1,000 square feet for related backstage assembly and circulation. From this perspective, the GSCPC will also have the capacity to host live performances of over 650 persons.

In order to best accommodate the current gap in the market in terms of meetings and conventions, banquets, and live performances, and meet the core mandate of the Greater Sudbury Convention and Performance Centre, the following chart provides the recommended facility program. Capacities for each meeting room are based on 12 square feet per delegate, with banquet capacity based on 15 square feet per person (based on round tables of 8 to 10 persons).

As shown in the following table, including both rentable space (19,500 SF) and support space (23,700 SF), the net building requirement is 43,200 square feet, which when grossed up at 40% equates to a 60,500 square-foot building footprint.

GREATER SUDBURY CONVENTION AND PERFORMANCE CENTRE
FACILITY PROGRAM

RENTABLE SPACE	Sq.Ft.	Divisibility	Capacity M&C	Capacity Fixed Seats
Flat Floor Area (Ballroom / Main Hall / Main Theatre)	13,000	3	867	750
Balcony				200
Subtotal - Main Hall	**13,000**	**3**	**867**	**950**
Meeting/Breakout Rooms				
Meeting Room 1	3,500	2	292	
Meeting Room 2	2,500	3	208	
Meeting Room 3	250	1	21	
Meeting Room 4	250	1	21	
Subtotal - Breakout Rooms	**6,500**		**542**	**-**
TOTAL RENTABLE SPACE	**19,500**		**1,408**	**950**
SUPPORT SPACE				
Public Areas	11,500	Main Lobby Assembly, Coat Check, Public washrooms, Connection Corridors, Box Office, Box Office Administration, FOH Manager Station, Fixed Bar(s), Storage of bar supplies/portable bars, Gift Shop		
Administration	1,300	Reception, Management and Administration Offices, Internal Meeting Room, Kitchenette, Printing Room		
Live Performance Support	1,200	Office, Visiting Company Office, Dressing Room, Green Room, Audio Storage/Workroom, Lighting Storage/Workroom, Stage Maintenance Workroom, Piano Storage, Stage Storage		
Convention Meeting Support	5,400	Kitchen, Food Prep, Plating, Dishwashing, Freezer and Cold Storage, Dry Storage for tableware/linens, etc. Catering Office. Storage for chairs, tables, platforms.		
Common Support Space	1,600	Staff/performance entrance, Staff locker rooms, Common washrooms, Communications /broadcast room, Main loading dock, Secure holding room, Recycling room, Custodian's		
Building Technology and Services	2,700	HVAC Room, Main electrical room, Emergency power room, Water main/sprinkler system, Telephone equipment room		
Sutotal - Support Space	**23,700**			
NET BUILDING	**43,200**			
Gross up (40%)	17,300			
TOTAL BUILDING	**60,500**			

Notes: M&C Banquet capacity based on 15 sq.ft. per person; Meeting room capacity based on 12 sq.ft. per person

Source: CBRE Limited and Novita Interpares

As shown in the following table, in terms of the meeting/convention and banquet function, the facility program at the subject GSCPC includes the main plenary room and 4 smaller meeting rooms, with the potential to breakout to 10 rooms, which is in line with other Tier 3 Convention Centres of comparable size in order to accommodate multiple functions in the same venue.

The Plenary / Ballroom is expected to cover 13,000 square feet, divisible by 3, with a reception capacity of 1,000 guests (or banquet capacity of 867), and could be combined to make either one large space or up to 3 alternative combinations. These configurations would be appropriate for exhibition, banquet and tradeshow functions, as well as larger convention groups.

Meeting Room configurations range from 250 square feet to 3,500 square feet. Meeting Room 1 is divisible by 2 and can accommodate groups of 125 and 167 separately, or 292 combined, while Meeting Room 2 (divisible by 3) can accommodate groups of 42, 63, 104 or 208 combined. Meeting Rooms 3 and 4 both have a capacity of 21 in classroom style at 12 square feet per person.

The overall size of the facility, the total square footage allotted to the main plenary (13,000 square feet), and the overall meeting space (6,500 square feet), have all been appropriately allocated. As currently configured, the "comfort capacity" of the facility for one convention in the range of **500 delegates,** who would require 6,000 square feet of primary meeting space in one room, 7,000 square feet of "dining" space in a second room, and at least 3,000 square feet of tradeshow space in a third room or in the crush space[6], with a further 6,000 square feet of meeting breakout space. No other facility in Sudbury has the potential to comfortably host more than one convention of more than 300 delegates.

[6] Crush space is defined as the lobby area or common area of a convention / performance venue that can accommodate the largest crowd expected for a reception

GREATER SUDBURY CONVENTION AND PERFORMANCE CENTRE
RENTABLE MEETEING/CONFERENCE SPACE

Rentable Space	Total SF	Divisibility	Breakouts (SF)	Capacity
Plenary/PAC/Ballroom	13,000	3		867
Ballroom A			6,000	400
Ballroom B			4,000	267
Ballroom C			3,000	200
Meeting Room 1	3,500	2		292
			2,000	167
			1,500	125
Meeting Room 2	2,500	3		208
			1,250	104
			750	63
			500	42
Meeting Room 3	250	1	250	21
Meeting Room 4	250	1	250	21
TOTAL RENTAL SPACE	19,500	10	19,500	1,408

Notes: M&C Banquet capacity based on 15 sq.ft. per person; Meeting room capacity based on 12 sq.ft. per pe

Source: CBRE Limited and Novita Interpares

Addendum "A" graphically depicts the subject GSCPC's positioning within the Performing Arts markets in Sudbury, Northern Ontario and Ontario; and within the Sudbury, Northern Ontario and Tier 3 Canadian Convention Centre markets, with 19,500 square feet of rentable space and 950 theatre-style seats.

Plenary / Live Performance Hall Design

The 13,000 square foot plenary room will be a three storey, clear span space capable of being divided into three small rooms through the use of motorized partition walls. The room will therefore provide multiple flat floor formats for meetings and banquets. When used in the live performance format, an automated seating system will provide 750 seats on tiers. These seating tiers will occupy about 50% of the floor area. At the top of the seating tiers and above the lobby, a mezzanine balcony will provide a further 200 fixed seats. The flat floor area facing the tiered seating will be used as the stage and backstage assembly/circulation. Above the stage, a motorized rigging system will allow for the quick installations of the masking draperies and track that will define the stage area. The stage area can be made larger or smaller depending on the type of performance. Also above the stage, there will be a lighting grid with automated fixtures for lighting the performance. The room will be designed with a low noise HVAC system and appropriate acoustic treatment of the walls.

GSCPC Capital Cost Estimates

Indicative capital cost estimates for the subject GSCPC have been prepared based on the recommended facility size of 60,500 square feet. CBRE and Novita have prepared high level cost estimates based on benchmarked capital costs from comparable precedent convention centres, performing arts centre and industry estimates.

Preliminary capital costs for the project, as defined, have been estimated at approximately **$63 Million**, with an additional $2.5 Million estimated for Production and Operational Development, for a total of approximately $65.5 Million.

Production and Operational Development is an essential aspect of public venue development, particularly with the dual-functionality of the GSCPC. The estimated $2.5 Million is expected to cover the following tasks:

1. Capital Development
    a. Capital Revenue Plan
    b. Funder and Donor Cultivation
    c. Partnerships and Sponsorships
    d. Capital Project Oversight

2. Operational Development
    a. Recruitment of CEO
    b. Operational Plan and 5 Year Budget
    c. Information and Communication Platform

3. Pre-opening Operations
    a. Temporary Office
    b. Operating Protocols, Manuals and Job Descriptions
    c. Staff Recruitment and Training
    d. Market Development and First Year Sales

4. Launch
    a. Communications Plan
    b. Launch Budget
    c. Opening Week Events

Given the multiple uses of this facility and its location in the Downtown core, the City will be in a good position to leverage available Provincial and Federal government funding opportunities, which may not be the case for other large-scale development projects currently being proposed for Greater Sudbury.

GREATER SUDBURY CONVENTION AND PERFORMANCE CENTRE
PRELIMINARY CAPITAL COST ESTIMATES

	Capital Cost Estimate	Per Sq.Ft.
Construction Cost (60,500 sq.ft.)	$28,737,500	$475
Vertical Lift Transformable Seating (see table below)	$14,725,000	$243
Presentation Systems and Equipment (see table below)	$1,750,000	$29
Furniture, Fixtures & Equipment	$3,150,000	$52
Subtotal Building Costs	**$48,363,000**	**$799**
Soft Costs	$7,254,000	
Contingency	$7,254,000	
Total Capital Cost (rounded)	**$63,000,000**	**$1,041**
Production & Operational Development	$2,500,000	

Vertical Lift Transformable Seating	al Cost Estimate	Per Seat
Fully Installed Gala System	$6,500,000	$8,667
Finished Floor (5,000 sq.ft.)	$250,000	$263
Chairs (750)	$375,000	$395
Mechanical Pit	$7,500,000	$7,895
Balcony Seating	$100,000	$500
Subtotal Seating System	**$14,725,000**	**$15,500**
Presentation Systems and Equipment	**al Cost Estimate**	**Per Seat**
Stage and Rigging	$500,000	
Stage Lighting	$350,000	
Video Presentation	$300,000	
Audio and Video Program Monitoring	$200,000	
Administration & Box Office Fit Up	$150,000	
Loose Equipment and Furnishings	$100,000	
Grand Piano	$150,000	
Subtotal Presentation and Equipment	**$1,750,000**	**$1,842**

Source: CBRE & Novita Interpares Estimate

Disclaimer: Capital costs and preliminary in nature and subject to schematic drawings of the subject building on the designated site, review by Architect and Cost Consultant.

Business Plan: Greater Sudbury Convention and Performance Centre

MARKET AND OPERATING PROJECTIONS

Introduction

Market projections have been prepared for both the competitive Sudbury convention/event venue and Tier 3 Convention Centre market, along with the Sudbury and Ontario Performing Arts Centre market, together with 5-year utilization forecast for the Greater Sudbury Convention and Performance Centre based on an opening year of 2021. Projections for the subject facility include the number of events by type, as well as delegates / attendees and incremental room nights generated for the City of Greater Sudbury.

Market Demand Analysis – Convention Centre Component

Based on historic demand levels, competitive supply factors and economic forecasts, 5-year projections have been prepared for the competitive Tier 3 Convention Centre market, in terms of Conventions, Trade and Consumer Shows, Meetings, Food & Beverage/Social Events, and Other Events.

Conservative growth rates of 1.0% per annum have been forecast for each of the demand segments over the next 4 years (2017 to 2020). With the Greater Sudbury Convention and Performance Centre entering the market in 2021, the total number of events has been projected to increase to 3,078, increasing to 3,219 by 2025.

COMPETITIVE MARKET FORECAST - GREATER SUDBURY CONVENTION AND PERFORMANCE CENTRE

Supply Projections[1]	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Total Supply										
Number of Convention Centres	10	10	10	10	10	11	11	11	11	11
Total Square Feet	315,981	332,647	332,647	332,647	332,647	352,147	352,147	352,147	352,147	352,147
Supply growth		*0.0%*	*0.0%*	*0.0%*	*0.0%*	*10.0%*	*0.0%*	*0.0%*	*0.0%*	*0.0%*

Demand Projections[2]	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Conventions/Conferences										
Number of Events	157	158	160	162	163	167	170	172	174	175
demand growth		*0.9%*	*1.0%*	*1.0%*	*1.0%*	*2.3%*	*1.9%*	*1.0%*	*1.0%*	*1.0%*
Trade Shows										
Number of Events	23	23	23	24	24	25	25	25	26	26
demand growth		*1.0%*	*1.0%*	*1.0%*	*1.0%*	*3.0%*	*2.0%*	*1.0%*	*1.0%*	*1.0%*
Consumer Shows										
Number of Events	47	47	48	48	49	51	52	52	53	53
demand growth		*1.0%*	*1.0%*	*1.0%*	*1.0%*	*4.0%*	*2.0%*	*1.0%*	*1.0%*	*1.0%*
Meetings										
Number of Events	1,589	1,605	1,621	1,637	1,654	1,687	1,712	1,729	1,746	1,764
demand growth		*1.0%*	*1.0%*	*1.0%*	*1.0%*	*2.0%*	*1.5%*	*1.0%*	*1.0%*	*1.0%*
Food and Beverage / Social Events										
Number of Events	529	534	540	545	550	561	570	576	581	587
demand growth		*1.0%*	*1.0%*	*1.0%*	*1.0%*	*2.0%*	*1.5%*	*1.0%*	*1.0%*	*1.0%*
All Other										
Number of Events	553	559	564	570	575	587	596	602	608	614
demand growth		*1.0%*	*1.0%*	*1.0%*	*1.0%*	*2.0%*	*1.5%*	*1.0%*	*1.0%*	*1.0%*

Summary[3]	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Total										
Conventions/Conferences	157	158	160	162	163	167	170	172	174	175
Trade Shows	23	23	23	24	24	25	25	25	26	26
Consumer Shows	47	47	48	48	49	51	52	52	53	53
Meetings	1,589	1,605	1,621	1,637	1,654	1,687	1,712	1,729	1,746	1,764
Food and Beverage / Social Ever	529	534	540	545	550	561	570	576	581	587
All Other	553	559	564	570	575	587	596	602	608	614
Total Events	**2,898**	**2,927**	**2,956**	**2,986**	**3,016**	**3,078**	**3,125**	**3,156**	**3,188**	**3,219**

[1] Supply Projections - Based on the annual growth in the # of function rooms

[2] Demand Projections - Based on annual growth in the # of events by day of the week

[3] Summary - The # of events based on the demand projections. Utilization is the number of actual events divided by the total possible events (operating days X # of function rooms)

Source: CBRE Limited

GSCPC Meeting/Convention and Banquet Utilization Forecasts

The market potential for M&C events at the Greater Sudbury Convention and Performance Centre has been based on the following factors:

- Economic influences;
- Competitive supply factors;
- Stakeholder engagement; and
- Sudbury's current situation and potential as a meetings destination.

In projecting utilization rates for the GSCPC during its first 5 years of operation, the concept of "fair market share" has been utilized. This concept states that a facility or destination will attract event demand in the same proportion as its share of function space and its destination. The basis assumption is that all things are equal, however: different hotels/resorts, Convention Centres and destinations achieve different levels of market penetration based on various competitive factors including location, access, venue, accommodation supply, delegate/consumer preferences, pricing, incentives and marketing and sales strategies. Market penetration levels in excess of 100% (fair market share) indicate that a Convention Centre and/or Destination Host City possess competitive advantages relative to the market as a whole; while competitive weaknesses are reflected in penetrations of less than 100%. Fair market share is a universally accepted analytical tool used to measure the market position of hospitality assets relative to its completion.

The following tables provide a summary of CBRE's demand projections for the GSCPC from all event types, relative to its competitive Tier 3 Convention Centre market. In its first year of operation, the GSCPC is projected to attract 14 major conventions, increasing to 16 conventions per year, by its stabilized 3rd year of operation. Given that Sudbury is the largest centre in Northern Ontario, with a diversified economy, excellent transportation connectivity to Southern Ontario and Quebec, and is bilingual, the City is well positioned to attract meetings and conventions in the education, health care, mining, environmental and tourism sectors as well as municipal, provincial federal government and indigenous group meetings. Examples include, but are not limited to: Associations of Municipalities of Ontario, Ontario Association of Chiefs of Police, Economic Development Council of Ontario, Canadian University Boards Association, Ontario Builders Association, Ontario Association of Radiologists, Ontario Provincial Planners Institute, Ontario Motorcoach Association, Travel Media Association, Astrophysics Convention, Canadian Association of Science Centres, North American Mining Expo, etc.

The GSCPC is not expected to attract its fair share of Trade and Consumer Shows, since most of these events have historically been held at the Sudbury Arena, and will likely be part of the event demand attracted to the new Sports and Entertainment Complex planned for Sudbury. Trade and Consumer Show Events at the GSCPC will be of a quality level that requires higher caliber service and facilities, i.e. Wine and Food shows, as opposed shows featuring large scale equipment, etc. A key part of GSCPC management's strategic focus will be to focus on trade shows as a function of convention business, as opposed to stand-alone trade and consumer shows.

Overall, the new GSCPC is projected to attract 188 M&C related events (conventions, trade and consumer shows, meetings, social banquets, weddings and other events) in its first year of operation, increasing to 221 events by Year 5. The Greater Sudbury Convention and Performance Centre is projected to achieve less than its fair market share of event business amongst its competitive Convention Centre market, ranging from 67% in Year 1 to 77% in Year 3.

GREATER SUDBURY CONVENTION AND PERFORMANCE CENTRE
MEETING AND CONVENTION PROJECTIONS

SUPPLY	2021	2022	2023	2024	2025
GREATER SUDBURY CONVENTION AND PERFORMANCE CENTRE	1	1	1	1	1
Total Supply	11	11	11	11	11
Fair Share of Supply	9.1%	9.1%	9.1%	9.1%	9.1%
DEMAND PROJECTIONS	**2021**	**2022**	**2023**	**2024**	**2025**
Conventions/Conferences					
Number of Events	167	170	172	174	175
Fair Share of Events	15	15	16	16	16
Penetration Rate	90%	95%	100%	99%	98%
Total Events Captured	**14**	**15**	**16**	**16**	**16**
Ratio to Total Events	7.3%	7.2%	7.1%	7.1%	7.1%
Trade Shows					
Number of Events	25	25	25	26	26
Fair Share of Events	2	2	2	2	2
Penetration Rate	50%	60%	75%	74%	74%
Total Events Captured	**1**	**1**	**2**	**2**	**2**
Ratio to Total Events	0.6%	0.7%	0.8%	0.8%	0.8%
Consumer Shows					
Number of Events	51	52	52	53	53
Fair Share of Events	5	5	5	5	5
Penetration Rate	30%	40%	40%	40%	39%
Total Events Captured	**1**	**2**	**2**	**2**	**2**
Ratio to Total Events	0.7%	0.9%	0.9%	0.9%	0.9%
Meetings					
Number of Events	1,687	1,712	1,729	1,746	1,764
Fair Share of Events	153	156	157	159	160
Penetration Rate	85%	88%	90%	89%	88%
Total Events Captured	**130**	**136**	**141**	**141**	**141**
Ratio to Total Events	69.3%	66.6%	64.0%	64.0%	64.0%
Food & Beverage / Social Events					
Number of Events	561	570	576	581	587
Fair Share of Events	51	52	52	53	53
Penetration Rate	40%	50%	58%	57%	57%
Total Events Captured	**20**	**26**	**30**	**30**	**30**
Ratio to Total Events	10.9%	12.7%	13.7%	13.7%	13.7%
All Other Events					
Number of Events	587	596	602	608	614
Fair Share of Events	53	54	55	55	56
Penetration Rate	40%	45%	55%	54%	54%
Total Events Captured	**21**	**24**	**30**	**30**	**30**
Ratio to Total Events	11.2%	11.9%	13.6%	13.6%	13.6%
Total Demand					
Market Major Events	3,078	3,125	3,156	3,188	3,219
Fair Share of Market Events	280	284	287	290	293
Market Penetration	67%	72%	77%	76%	76%
TOTAL EVENTS	**188**	**204**	**221**	**221**	**221**

Source: CBRE Limited

In estimating the number of delegates to be hosted by the new GSCPC and associated room nights generated, the following assumptions have been utilized for each type of event:

Conventions

- Conventions of less than 250 delegates will average 200 persons, with larger Conventions of 251-500 delegates attracting 400 attendees, and Conventions of over 500 averaging 600 delegates.
- The average Convention will be 2 days in duration.
- Approximately 75% of delegates will stay overnight, at an average of 2 nights, with a multiple occupancy factor of 1.2 guests per room.

Based on these assumptions, the GSCPC is projected to attract 4,375 convention delegates and an estimated 5,470 room nights from its 14 Conventions in Year 1, increasing to 5,000 delegates and 6,250 room nights by Year 3.

In terms of the estimated value at projected conventions at the GSCPC, based on the average spending profile of convention attendees in Canada as at 2014, and Average Daily Rate estimates for accommodations in Sudbury, the typical convention delegate is expected to spend $248 per event.

AVERAGE SPENDING PROFILE BY GSCPC ATTENDEES, 2021

Avg Spend of Business Events in Canada	Avg Spend
Provincial Delegates	$109
National Delegates	$401
International Delegates	$1,152
Primary Sudbury Hotels ADR	$138
Avg Spend per Convention Delegate to GSCPC (Yr1)	**$248**
Avg Spend Per Convention Delegate Day (Yr 1)	**$106**

Source: The Economic Contribution of Business Events in Canada, 2012 Base Year, Published July 2014 and CBRE Assumptions inflated to 2021

This equates to total spending of $1.3 Million on the 16 conventions projected to be hosted by the GSCPC in 2023, or an estimated value of **$82,700 per convention in off-site delegate spending** (including spending at accommodations, local restaurants, local transportation, parking, car rentals, attractions and entertainment, retail, recreation, but excluding spending associated with registration fees, meals and other expenditures at the events on-site at the GSCPC).

Trade Shows

- Trade Shows will average 500 attendees.
- The average Trade Show will be 2 days, with 60% of attendees staying overnight for 1.5 nights, based on single occupancy.

The GSCPC is projected to attract 560 delegates and 505 room nights during its first year of operation, increasing to 865 attendees and approximately 780 room nights by Year 3.

Consumer Shows

- Consumer Shows will average 1,000 attendees.
- The average Consumer Show will be 3 days, with 10% of attendees staying overnight for 1 night, based on 2 guests per room.

The GSCPC is projected to attract 1,385 attendees and 70 room nights during its first year of operation, increasing to 1,905 attendees and 95 room nights by Year 3.

With the new Sports and Entertainment Centre projected to open in the Sudbury market over the same period as the GSCPC, it has been assumed that most of the Trade Show and Consumer Show demand in the Sudbury market will go to that facility. Trade and Consumer Show Events at the GSCPC will be of a quality level that requires higher caliber service and facilities, i.e. Wine and Food shows.

Meetings

- The typical meeting hosted at the GSCPC will be 1.2 days in duration at an average size of 75 delegates.
- It is expected that the majority of meetings demand will be drawn from regional sources, with an estimated 35% of guests staying overnight, at an average of 1.2 nights, based on 1.1 guests per room.

The number of delegates attending meetings at the Convention and Performance Centre has been estimated at 9,775 in Year 1 increasing to 10,610 by Year 3. It is estimated that this demand segment will generate 3,730 room nights in Year 1, increasing to 4,050 room nights by Year 3.

Food & Beverage / Social Events

- Food and Beverage events include any social event held at the GSCPC which includes food and beverage services (i.e. banquets, awards ceremonies, weddings, fundraisers, etc.)
- Food and Beverage related events are expected to be 1 day events with an average of 350 persons.
- These types of events will attract larger guest parties, of which an estimated 20% will require overnight accommodations, averaging 2.0 guests per room and 1 night in duration. While the majority of demand for these events will be regional in nature, we have assumed that 20% of guests will be from out of town, thereby requiring overnight accommodations.

By its 3rd year of operation, the Greater Sudbury Convention and Performance Centre is expected to host 10,625 guests stemming from Food & Beverage / Social Events, generating 1,060 room nights for the City.

Other Events

- Other events are expected to be 1 day events with an average of 300 persons.
- An estimated 30% of attendees are expected to be from out of town, and will require overnight accommodations, averaging 1.2 guests per room and 1 night in duration.

By its 3rd year of operation, the Greater Sudbury Convention and Performance Centre is expected to host 9,025 guests stemming from Other Events, generating 1,355 room nights for the City.

Total Delegates and Room Nights

The following table provides a summary of the total delegates and room nights generated by the subject Greater Sudbury Convention and Performance Centre over its first 5 years of operation.

Based on the preceding analysis, the GSCPC is forecast to host 221 M&C related events, attracting 38,000 delegates/attendees, which in turn will generate 13,860 room nights by its 3rd year of operation. An estimated 50% of room nights generated by functions held at the Convention and Performance Centre will be incremental new demand for the City because of the new Convention Centre, equating to an estimated 6,750 additional room nights. Additional convention visitors who previously did not utilize Sudbury as a convention location will be expected to induce new demand, thereby driving overnight demand levels higher in the City overall.

GREATER SUDBURY CONVENTION AND PERFORMANCE CENTRE
TOTAL PROJECTED DELEGATES/ATTENDEES AND ROOM NIGHTS GENERATED

	Year 1	Year 2	Year 3	Year 4	Year 5
Type of Event					
Conventions/Conferences	14	15	16	16	16
Trade Shows	1	1	2	2	2
Consumer Shows	1	2	2	2	2
Meetings	130	136	141	141	141
Food & Beverage / Social Events	20	26	30	30	30
Other Events	21	24	30	30	30
Total Events	**188**	**204**	**221**	**221**	**221**
Delegates					
Conventions/Conferences	4,370	4,700	5,000	5,000	5,000
Trade Shows	560	690	870	870	870
Consumer Shows	1,390	1,890	1,910	1,910	1,910
Meetings	9,770	10,210	10,610	10,610	10,610
Food & Beverage / Social Events	7,150	9,070	10,620	10,620	10,620
Other Events	6,320	7,310	9,030	9,030	9,030
Total Delegates	**29,560**	**33,870**	**38,040**	**38,040**	**38,040**
Event Days					
Conventions/Conferences	32	34	37	37	37
Trade Shows	2	3	3	3	3
Consumer Shows	3	4	4	4	4
Meetings	156	163	170	170	170
Food & Beverage	20	26	30	30	30
Other Events	21	24	30	30	30
Total Event Days	**235**	**255**	**274**	**274**	**274**
Delegate Days					
Conventions/Conferences	10,250	11,020	11,720	11,720	11,720
Trade Shows	1,120	1,370	1,730	1,730	1,730
Consumer Shows	2,770	3,770	3,810	3,810	3,810
Meetings	11,730	12,260	12,730	12,730	12,730
Food & Beverage / Social Events	7,150	9,070	10,620	10,620	10,620
Other Events	6,320	7,310	9,030	9,030	9,030
Total Delegate Days	**39,340**	**44,800**	**49,640**	**49,640**	**49,640**
Room Nights					
Conventions/Conferences	5,470	5,880	6,250	6,250	6,250
Trade Shows	500	620	780	780	780
Consumer Shows	70	90	100	100	100
Meetings	3,730	3,900	4,050	4,050	4,050
Food & Beverage /Social Events	890	1,130	1,330	1,330	1,330
Other Events	1,580	1,100	1,350	1,350	1,350
Total Room Nights	**12,240**	**12,720**	**13,860**	**13,860**	**13,860**
2023 Projected M&C Room Nights in Sudbury			34,840		
Incremental New M&C Room Nights to Sudbury			6,750		

Source: *CBRE Limited*

GSCPC Performing Arts Utilization Forecasts

As discussed, the core business of the GSCPC will be to host conventions, meetings and banquet style events. When not in use for the afore-mentioned 235 to 275 meeting/convention related event days, the Greater Sudbury Convention and Performance Centre will have the unique potential to host live performances and related events, offering 750 automated lift-style seats and 200 balcony seats in the main live performance hall.

Similar to the meetings and convention utilization forecasts, the market potential for live performance events at the GSCPC has been based on the following factors:

- Economic influences;
- Competitive supply factors;
- Stakeholder engagement; and
- Sudbury's current situation and potential as a cultural centre and performing arts destination.

In estimating the number of live performance events to be hosted by the new GSCPC, the following assumptions have been utilized for each type of event:

Sudbury Produced Shows

- Sudbury Symphony
    - The Sudbury Symphony is currently utilizing the Fraser Auditorium at Laurentian University, along with the Glad Tidings Church and All Nations Church, to produce up to 10 shows annually, with an average attendance of 700 persons. With the new GSCPC, the Symphony has the potential to increase its performances to 11 per year.

- Laugh Out Loud Festival
    - Laugh Out Loud Comedy Festival spans 5 days in March, over 2 weekends and includes 5 small shows that typically have an attendance of 140 people each. Currently, the Festival uses a variety of different venues to host shows, however they used to use the Sudbury Arena for two primary mainstage shows where they sold upwards of 2,000 tickets. The Festival is interested in once-again producing larger shows with quality talent, similar to the events that were formerly held at the Sudbury Community Arena. The subject GSCPC has the potential to accommodation the Festival's needs for an estimated 2 events that span 4 days each per year.

- Sudbury Theatre Centre (STC) events
    - There are approximately 400 to 500 seasonal subscriptions at the Sudbury Theatre Centre. The STC can currently only be used for one event at a time and with access to a second venue like the GSCPC, they could undertake multiple events. It has been estimated that the GSCPC would host up to 2 to 3 events produced by the STC, with each event being held over 2 days.

- **Other Sudbury Produced Events**
  - Other potential events which could be held at the GSCPC include film presentations, year-end presentations by local dance schools, seasonal presentations, children's theatre events, lectures, etc.
  - Because priority will be given to booking and hosting large-scale Meetings and Conventions. Touring Shows and Sudbury-produced shows requiring 950 seats and/or 13,000 square feet of flat floor space, Other Sudbury Produced Events will be scheduled based on a short-term availability basis. Booking policies will be put into place as part of the Centre's Operations Plan, denoting preferred booking windows for each type of event.
  - It has been estimated that the GSCPC would host 9 to 11 Other Sudbury produced events over its first 5 years of operation, spanning 11 to 15 event days.

Touring Shows

- **Ontario Presents/Other Touring Shows**
  - Most civic theatres in Ontario belong to a network (Ontario Presents) which shares booking information and tour coordination. This network would be a prime source for product at the GSCPC, which might tour to a mid-size venue in Sudbury. Based on a review of other mid-size Ontario venues that belong to the network, it has been estimated that at least 20 to 24 Ontario Presents productions could be hosted at the GSCPC per year, with some productions held over 2 nights, and others one night, for an average of 1.5 nights.

- **Convention Market / Private Shows**
  - Many conventions offer attendees a private concert as part of the convention experience. This amenity is most common in corporate events and the Greater Sudbury Convention and Performance Centre would be adding value to its sales appeal to event planners if it had this capacity. The Greater Sudbury Convention and Performance Centre's convention function is a potential market (through private concerts) for its live performance function. The GSCPC is projected to attract 2 to 3 convention-related private shows on an annual basis, which would be available to convention delegates.

Total Performing Arts Events

The following table provides a summary of the total delegates and room nights generated by the Greater Sudbury Convention and Performance Centre over its first 5 years of operation.

Based on the preceding analysis, the Greater Sudbury Convention and Performance Centre is forecast to host 55 live performance events over 70 event days by its 3rd year of operation, attracting an estimated 47,000 attendees, of which close to 70% will derive from the resident market and 30% will be overnight and same-day visitors to Sudbury.

PROJECTED PERFORMING ARTS EVENTS AND ATTENDANCE LEVELS, (2021 TO 2025)
GREATER SUDBURY CONVENTION AND PERFORMANCE CENTRE

Number of Performance Events	2021		2022		2023		2024		2025	
Sudbury-Produced Events										
Sudbury Syphony	10		10		11		11		11	
Laugh out Loud Comedy Festival	2		2		2		2		2	
Sudbury Theatre Centre	2		3		3		3		3	
Other Locally Produced Events	9		10		11		11		11	
Subtotal	23	51%	25	50%	27	49%	27	49%	27	49%
Touring Events										
Ontario Presents/Other Touring Events	20		22		24		24		24	
Convention Private Events	2		3		4		4		4	
Subotal	22	49%	25	50%	28	51%	28	51%	28	51%
TOTAL EVENTS	45	100%	50	100%	55	100%	55	100%	55	100%
Number of Performance Dates										
Sudbury-Produced Events										
Sudbury Syphony	10		10		11		11		11	
Laugh out Loud Comedy Festival	4		4		4		4		4	
Sudbury Theatre Centre	4		6		6		6		6	
Other Locally Produced Events	11		13		15		15		15	
Subtotal	29	52%	33	52%	36	51%	36	51%	36	51%
Touring Events										
Ontario Presents/Other Touring Events	25		28		30		30		30	
Convention Private Events	2		3		4		4		4	
Subtotal	27	48%	31	48%	34	49%	34	49%	34	49%
TOTAL PERFORMANCE EVENT DAYS	56	100%	64	100%	70	100%	70	100%	70	100%
AVAILABE MARKET SEGMENTS										
Resident Market	26,500	71%	29,700	70%	31,800	68%	31,900	68%	32,000	68%
Overnight Tourists	7,600	20%	8,700	21%	10,300	22%	10,300	22%	10,300	22%
Same-Day Tourists	3,100	8%	3,800	9%	4,500	10%	4,500	10%	4,600	10%
TOTAL ATTENDANCE	37,200	100%	42,200	100%	46,600	100%	46,700	100%	46,900	100%

Source: CBRE Limited and Novita Interpares

Estimated spending on performances at the GSCPC in 2023, based on off-site resident and visitor spending (i.e. on meals, local transportation, parking, etc.), as well as projected Average Daily Rates for Sudbury accommodations, has been forecast to reach $960,000. This equates to an estimated value of **$17,500 per performing arts event in off-site delegate spending**, not including ticket costs or any food and beverage purchased on-site at the GSCPC.

GSCPC Operating Revenue and Expense Forecast

Operating Projections have been prepared for the Greater Sudbury Convention and Performance Centre over a five-year projection period. In preparing these projections, we have compared the operating performance of other Tier 3 Canadian Convention Centres, and Sudbury area hotels & other venues with meeting space, as well as other mid-sized Performing Arts Centres across Ontario. Projections for the subject Greater Sudbury Convention and Performance Centre's results are based on a number of variables, including, but not limited to: the size of the building, occupied space, the number of events/event days, the number of attendees/attendee days and inflation. It should be noted that financial operating projections for the Centre are net of any property taxes and insurance, as the building's insurance is assumed to be covered by an umbrella policy with the City.

GSCPC Staffing Schedule

The total Year 1 full-time staffing requirements for the Greater Sudbury Convention and Performance Centre have been presented in the following table. As shown, an estimated 14 full-time equivalent positions are recommended, which based on industry standards and comparable facilities, equates to just over $1 Million in payroll and benefits in Year 1.

GREATER SUDBURY CONVENTION AND PERFORMANCE CENTRE
MANAGEMENT STAFFING SCHEDULE

Position	Payroll
Executive Director	$100,000
Executive Assistant	$50,000
Financial Officer	$70,000
Front of House Mgr	$50,000
Box Office Manager	$50,000
Director of M&C Events	$65,000
Event Manager	$50,000
Production Manager	$60,000
AV / Production Manager	$60,000
Customer Service	$50,000
Director of Marketing	$70,000
M&C Sales	$50,000
Facility Manager	$65,000
Custodian	$50,000
Total Payroll	**$840,000**
Benefits (25%)	$210,000
TOTAL PAYROLL & BENEFITS	**$1,050,000**

Source: *CBRE Limited and Novita Interpares*

Departmental Revenues and Expenses

Event Revenues and Expenses

Space Rentals for Meeting & Convention Events

Space rental rates for Convention Centres tend to be negotiated according to a number of factors, including: the size and duration of the event; ancillary revenues generated from food and beverage activities; exhibition requirements; and the number of room nights required from the hotel sector. Generally speaking, rental rates are highest for conventions, multi-day large meetings and conventions, and lowest for local meetings and other events.

The following table provides an overview of Year 1 rental rates for the GSCPC based on rates achieved at comparable Tier 3 Convention Centres. Rates have been inflated by 2% on an annual basis for the balance of the project period, to increase with inflation. The model reflects an effective rental income at 90% of the total for each year, after discounting, equating to $0.05 per available rentable square foot. Discounting of space rental rates will likely be required to negotiate and attract major city-wide events that generate multiple room nights for the Sudbury accommodation market. However, it is recommended that the Convention Centre should not provide discounts for small social events and local meetings.

GSCPC M&C Space Rental Rates - Year 1

Assumptions	Sq.Ft.	Rental Rates	Per Sq.ft.
Plenary/PAC/Ballroom	13,000	$5,000	$0.38
Meeting Room 1	3,500	$1,575	$0.45
Meeting Room 2	2,500	$1,125	$0.45
Meeting Room 3	250	$113	$0.45
Meeting Room 4	250	$113	$0.45
Lobby Reception	4,000	$1,800	$0.45
Year 1 Achieved Rental Income from M&C Events		$354,000	$0.05

Source: CBRE Limited

Space Rentals for Sudbury-Produced Performing Arts Events

Rental rates for the Performing Arts venue have been based on a range of per seat rates, as depicted in the following table.

In Year 1, the GSCPC is projected to host 23 Sudbury-produced Performing Arts events at an average rental rate of $3,325, 10 Symphony rehearsals at $1,000 and 23 set up/take down days at an average of $1,660, for a total of just under $125,000 in venue rental income, increasing to just under $159,000 by Year 5.

GSCPC Performance Venue Rental Rates

Assumptions	Seats	Rental Rate Per Seat	Revenue	Per Sq.Ft.
	950	$2.00	$1,900	$0.15
	950	$3.00	$2,850	$0.22
	950	$4.00	$3,800	$0.29
	950	$5.00	$4,750	$1.36
Rehearsals			$1,000	$0.08
Set Up Take Down		50% of Rental Rate		
AVG Rental Rate			$3,325	$0.26
Year 1 Achieved Rental Income from PAC Events			$125,000	

Source: *CBRE Limited and Novita Interpares*

Space Rental and Box Office Expenses

Space rental expenses include payroll and benefits associated with a Director of M&C Events, Event Manager, Production Manager, Front of House Manager and Box Office Manager plus cost of labour for box office operations and set up and tear down of all events.

In the GSCPC's1st year of operation, direct expenses are projected at an estimated $388,000, or 81% of total space rentals for M&C and performance event rentals related to Sudbury-produced shows. By Year 5, departmental expenses are projected to reach $447,000.

Ticket Sales from Touring Performing Arts Events

In Year 1, the GSCPC is projected to host 22 touring presentations over 27 event days at an average ticket price of $40.00 with an average audience sell of 70% of the 950-seats available, resulting in ticket sales of $718,000. As the number of touring presentations increases to 28 events held over 34 days by Year 5, GSCPC income from ticket sales of presentations is projected to reach an estimated $1 million.

Presentation Product – Artists Expenses

Assuming an average of $12,500 spent on each presentation, the live performance program at the GSCPC would spend in the order of $338,000 to purchase product in Year 1, increasing to $488,000 by Year 5, representing approximately 47% of ticket sales.

Other Related Presentation Expenses

An additional $8,000 per touring presentation will be spent on promoting and managing the event for a total annual cost of $216,000 in Year 1, increasing to $312,000 by Year 5.

After artists fees and other presentation related expenses, the net income from touring presentations is projected to be in the range of $164,000 in Year 1 to $239,000 by Year 5, representing 23% of revenues. The subject projections have been based on achieving an average audience sell of 70%. A typical break-even point would be in the range of 65% (615 seats sold out of 950 seats available).

Presentation Sponsorships

Sponsorships of individual presentations is a form of low-key advertising which benefits local sponsors by connecting them with a like-minded audience. Built over time through careful cultivation and management, a mature sponsorship program could generate an average of $5,000 per event, for an annual total in the order of $110,000 in Year 1, increasing to $140,000 by Year 3.

Other Service-Related Revenues and Expenses

Box Office Charges

The GSCPC will operate its own box office, and take a ticket sale surcharge from all tickets sold whether for a touring presentation or rental event. Assuming a Box Office Surcharge of $2.50 per performing arts ticket, this source would produce annual revenue in the order of $93,000 in Year 1, increasing to $127,000 by Year 5. Box office labour expenses have been estimated at $1.00 per ticket, resulting in net revenues of $56,000 in Year 1, increasing to $76,000 by Year 5.

Retail/Merchandising

Retail/merchandising income has been estimated at $1.00 per capita, with 50% cost of goods sold, for net retail income of $33,000 in Year 1, increasing to over $46,000 by Year 5.

Food and Beverage Commission

For the purposes of our analysis, we have assumed that the Food and Beverage will be outsourced to a third party operator, with the GSCPC retaining a 15% commission on all food and beverage sales.

Food and beverage revenues have been projected on a delegate day basis, at $19.80 per capita in Year 1, increasing by inflation and utilization for the balance of the projection period.

At these levels, the GSCPC is expected to generate $1.5 Million in revenues for Year 1, increasing to approximately $2 Million by Year 5. At a 15% commission rate, the GSCPC is projected to generate $227,000 in F&B commissions in Year 1, increasing to $309,000 by Year 5.

AV Rentals

Other revenue sources include income from customer services for exhibit set-up for third parties, A/V and equipment rental, promotions and other minor sources of income. A/V and other operating revenues have been estimated at an average of $695 in Year 1 which at 188 event days equates to total revenues of $131,000 in Year 1, increasing to $166,000 by Year 5 of operation.

Other Event Services payroll and benefits include A/V Technician at $60,000 plus benefits, and direct operating expenses, which have been projected at 10% of other event revenues. Total expenses approximate $94,000 or 72% of Other Event Services revenues in Year 1, decreasing to an estimated 63% of revenues by Year 5.

Undistributed Expenses

Administration and General

This category includes the salary and wages of administrative staff, credit card commissions, cash overages and shortages, bad debt expense, data processing, executive office expenses, general insurance, professional fees, security and travel. Salaries and wages include the Executive Director, Executive Assistant, and Finance Officer at $298,000 plus 25% for employee benefits in Year 1.

Other Administrative expenses, including professional fees/services, finance charges and other direct costs have been estimated at approximately $54,000 in Year 1, increasing to an estimated $59,000 by Year 5. As such, total administrative and general expenses have been estimated at $352,000 in Year 1, or 20% of total revenues.

IT and Communications

This category consolidates all system-related technology expenses and includes four major categories: labour costs and related expenses, cost of services, system expenses and other expenses. IT and Communications have been estimated at $49,000 in Year 1 increasing to $53,000 by Year 5.

Sales and Marketing

A Marketing Director will oversee the Sales and Marketing Department, which will also include a position for M&C Sales and Customer Service. The total payroll and benefits for the department have been estimated at $203,000 in Year 1, increasing with inflation to an estimated $220,000 by Year 5.

It has also been forecast that the department will budget $43,000 towards sales and promotion. Total marketing and sales expenses are expected to reach $246,000 in Year 1, or 14% of gross revenues.

Property Operation and Maintenance

This expense category consists of salaries, wages and employee benefits for a Facility Manager and a Custodian, normal building maintenance, electrical and mechanical equipment, grounds maintenance, operating supplies, maintenance contracts, furniture cleaning and repair, waste removal and uniforms. For the purposes of these projections, we have allocated $210,000 in Year 1, increasing to $227,000 by Year 5, representing 12% of total revenues.

Utilities

Energy expenses, related to the heat, light and power of the GSCPC, have been projected at $3.50 per square foot, equating to $229,000 in Year 1 for a total building of 60,500 square feet, increasing to over $248,000 by Year 5.

Other Fixed Charges

Management Fee

For the purposes of this analysis, we have assumed that the GSCPC will be operated by a 3rd party management firm, at an annual fee of $108,000 in Year 1, increasing by inflation thereafter.

Provision for Capital Replacement

A reserve for asset replacement has been included to account for the replacement of furnishings and fixtures as required to maintain the quality of product offered by the GSCPC. As a percentage of gross revenues, these expenditures have been projected at 3.0% per year. This will amount to an estimated $330,000 over the five-year projection period.

Operating Forecasts

Operating forecasts for the first five years of operation have been based on 19,500 square feet of rentable space and 950 seats, with the Greater Sudbury Convention and Performance Centre hosting 221 M&C events and 274 event days as well as 55 Performing Arts events over 70 event days by Year 5 of its operation (2025).

As shown in the following operating statement, the subject GSCPC is projected to operate at a net loss of $493,000 in Year 1, decreasing to a net loss of $272,000 by Year 5.

PROFORMA STATEMENT of INCOME and EXPENSES - 2021 to 2025
GREATER SUDBURY CONVENTION AND PERFORMANCE CENTRE

	2021		2022		2023		2024		2025	
Facility										
Rentable Space (sq.ft.)	19,500		19,500		19,500		19,500		19,500	
# Seats	950		950		950		950		950	
Total Building (sq.ft.)	60,500		60,500		60,500		60,500		60,500	
M&C Events										
Total M&C	188		204		221		221		221	
Total M&C Event Days	235		255		274		274		274	
Total M&C Attendees	29,600		33,900		38,000		38,000		38,000	
Total M&C Attendee Days	39,300		44,800		49,600		49,600		49,600	
PAC Events										
Total PAC Events	45		50		55		55		55	
Total PAC Event Days	56		64		70		70		70	
Total PAC Attendees	37,200		42,200		46,600		46,700		46,900	
TOTAL EVENTS	233		254		276		276		276	
TOTAL EVENT DAYS	291		319		344		344		344	
TOTAL ATTENDANCE	66,800		76,100		84,600		84,700		84,900	
TOTAL ATTENDEE DAYS	76,500		87,000		96,200		96,300		96,500	
REVENUES										
Event Revenues										
M&C Space Rentals	$354,000	20%	$399,000	19%	$442,000	19%	$451,000	19%	$460,000	19%
PAC Space Rentals	$125,000	7%	$138,000	7%	$153,000	7%	$156,000	7%	$159,000	7%
PAC Touring Show Ticket Sales	$718,000	55%	$893,000	57%	$999,000	58%	$1,019,000	58%	$1,039,000	58%
Sponsorships	$110,000	8%	$125,000	8%	$140,000	8%	$140,000	8%	$140,000	8%
Subtotal	$1,307,000	73%	$1,555,000	74%	$1,734,000	74%	$1,766,000	74%	$1,798,000	74%
Other Service-Related Revenues										
Box Office Surcharge	$56,000	3%	$65,000	3%	$73,000	3%	$74,000	3%	$76,000	3%
Retail / Merchandising	$67,000	4%	$78,000	4%	$88,000	4%	$90,000	4%	$92,000	4%
Food & Beverage Commission	$227,000	13%	$262,000	12%	$297,000	13%	$303,000	13%	$309,000	13%
AV Rentals	$131,000	7%	$145,000	7%	$160,000	7%	$163,000	7%	$166,000	7%
Subtotal	$481,000	27%	$550,000	26%	$618,000	26%	$630,000	26%	$643,000	26%
Total Revenues	$1,788,000	100%	$2,105,000	100%	$2,352,000	100%	$2,396,000	100%	$2,441,000	100%
DEPARTMENTAL EXPENSES										
Space Rentals & Events	$351,000	73%	$366,000	68%	$381,000	64%	$388,000	64%	$396,000	64%
Presentation Product - Artists Expense	$338,000	47%	$419,000	47%	$469,000	47%	$479,000	47%	$488,000	47%
Other Related Presentation Costs	$216,000	30%	$268,000	30%	$300,000	30%	$306,000	30%	$312,000	30%
Retail Cost of Goods Sold	$34,000	51%	$39,000	50%	$44,000	50%	$45,000	50%	$46,000	50%
AV Rental Costs	$94,000	72%	$97,000	67%	$100,000	63%	$102,000	63%	$105,000	63%
Total Departmental Expenses	$1,033,000	58%	$1,189,000	56%	$1,294,000	55%	$1,320,000	55%	$1,347,000	55%
UNDISTRIBUTED OPERATING COSTS										
Administration & General	$352,000	20%	$359,000	17%	$366,000	16%	$373,000	16%	$381,000	16%
Information & Telecommunications	$49,000	3%	$50,000	2%	$51,000	2%	$52,000	2%	$53,000	2%
Sales and Marketing	$246,000	14%	$251,000	12%	$256,000	11%	$261,000	11%	$267,000	11%
Property Operations & Maintenance	$210,000	12%	$214,000	10%	$218,000	9%	$223,000	9%	$227,000	9%
Utilities	$229,000	13%	$234,000	11%	$238,000	10%	$243,000	10%	$248,000	10%
Total Undistributed Expenses	$1,086,000	61%	$1,108,000	53%	$1,129,000	48%	$1,152,000	48%	$1,176,000	48%
OTHER FIXED CHARGES										
Management Fee	$108,000	6%	$110,000	6%	$113,000	6%	$115,000	6%	$117,000	6%
Reserve for Asset Replacement	$54,000	3%	$63,000	3%	$70,600	3%	$72,000	3%	$73,000	3%
Total Fixed Charges	$162,000	9%	$173,000	8%	$183,600	8%	$187,000	8%	$190,000	8%
NET OPERATING INCOME	-$493,000	-28%	-$365,000	-17%	-$255,000	-11%	-$263,000	-11%	-$272,000	-11%

Source: CBRE Limited and Novita Interpares

GSCPC ECONOMIC IMPACT

Introduction

While most Convention Centres and Performing Arts Centres are viewed by municipal ownership as “loss” leaders, it is recognized that they also contribute essential economic activity that drives new tax revenues, economic benefit and employment from other services and establishments like hotels, restaurants and retail stores. It is largely because of this benefit that communities “accept” annual losses from facility operations because it is the sole or primary source of new business activity in the central business district.

For the purposes of this analysis, the economic impact of the capital investment for the GSCPC has been calculated, followed by the impact of its operation by the venue’s first stabilized year (Year 3, 2023), together with the impact of off-site visitor spending. A summary for the total economic impact of capital investments, operations and off-site visitor spending follows.

Estimating the Economic Contribution of Business Events in Canada

The number of meetings and conventions, live performances and arts events and the amount of revenue they can generate, has fluctuated historically in line with the global economy, but the value of the sector has always been somewhat vague. Only now are governments starting to recognize that the meetings and performing arts sectors can create a genuine economic contribution, separate from the hospitality industry.

Until recent years, there has been a knowledge gap in the measurement of the meetings and business events sector’s contribution to the national, regional and local economies. The knowledge gap has now been addressed through 3 national studies:

- In 2006, MPI Foundation Canada initiated the first-ever national study of the economic contribution of meetings activity (The Economic Contribution of Meetings Activity in Canada, released in 2008 for base year 2006);
- In 2009, an update of the Canadian Economic Impact Study (CEIS 2.0) was undertaken through modeling the original data linked to officially reported tourism statistics that extended the timeframe for reported meetings activity in 2008; and
- Building on the foundation of the previous work, in July 2014, the 2012 Canadian Economic Impact Study (CEIS 3.0) was released using 2012 as the base year, with economic contributions reported not only at the national level, but also at the regional and municipal levels. The 2012 CEIS 3.0 study was commissioned by the Meeting Professionals International Foundation of Canada (MPIFC) and was undertaken by Maritz Research Canada, the Conference Board of Canada Greenfields Services Inc. and the Canadian Tourism Human Resource Council, with input gathered through 3,400

completed surveys from venue managers, meeting organizers, exhibitors, speakers, delegates, and destination marketing organizations (DMOs).[7]

If developed, the direct operating and capital expenditures made by the GSCPC will affect every aspect of economic activity, however will not be a true measure of its economic impact. This identifies only part of the effects of management's and visitor spending on the economy, which is illustrated by tracking the impact of expenditures through the various sectors of the economy. For example, when a meeting includes food and beverage components (initial expenditures), it can be traced back through the wholesale, food and related industries, to the agricultural producers.

The initial expenditure will, firstly impact the front line business (Direct Impact). In this case, the GSCPC's rentals/performances are the front line businesses. Direct Impacts are the effects associated with the "first round" of expenditures related to the activities under study, including:

- Labour income paid to employees;
- Purchases of goods and services used in the operations (e.g. event supplies); and
- Sales and other indirect taxes paid to governments in conjunction with the above expenditures.

The GSCPC will create demands on their suppliers, and those suppliers will create demands on their suppliers, generating further income, employment and taxes (Indirect Impact). The supplier purchases materials, services and equipment to sustain the requirements generated by tourism expenditures and his/her purchases in turn give rise to employment, income and taxes in those industries supplying them, and so on.

This is not the end. Industries generate income and this is re-spent by households and businesses on consumption and investment, creating even more demands in the economy (Induced Impacts). All of this economic activity is in response to the original Centre's operating and/or visitor's expenditure.

The same kind of economic activity can also be traced by the initial capital investment to build the subject facility. Specifically, it can be traced to capital costs involved in undertaking construction of the new facility, seating and staging technology, and furniture, fixtures and equipment for example.

The definition of Economic Impact refers to the employment and the value-added accruing to the residents of Greater Sudbury, and at the provincial level. Employment impacts are measured in **jobs**. This includes full-time, part-time, seasonal employment, as well as both employed and self-employed. **Value-added (also referred to as Gross Domestic Product)** measures the economic value created through the production of goods and services and is one of the most commonly used indicators of economic activity. Value-added impacts consist of the following:

- Labour income, which includes wages and salaries and supplementary labour income (benefits) to workers;
- Business income, which includes net before-tax income of unincorporated business and corporate business income before deductions for depreciation, interest and corporate income taxes; and

[7] Meetings Activity Profile Report (CEIS 3.0), 2012 Base Year, pg. 3

- Government income, which consists of indirect taxes as well as goods and services purchased from the government. Indirect taxes include taxes such as sales taxes and property taxes, but exclude personal income taxes and corporate income taxes.

The Economic impacts presented in this study measure the **direct, indirect and induced impacts**.

Economic Impact of Capital Investment

As shown in the following table, an estimated $65.5 million will be spent in the initial capital expenditure required to develop the GSCPC.

Value Added Impacts

The additional value associated with the initial capital investment has been estimated at $26 million on a direct and indirect basis. As a result of re-spending of labour income and/or profits earned in the direct and indirect industries, a further $5.6 million has been estimated for induced impacts. Of the $33 million in total GDP generated by the capital investment, 90% ($29.7 million) is expected to directly benefit Greater Sudbury.

Employment Impacts

Approximately $23.6 million will trickle down into wages and salaries from the $33 million in Provincial GDP. Close to $21 million (94%) of wages and salaries will be retained within Greater Sudbury. These wages will support 178 direct, 53 indirect and 67 induced jobs in Ontario, for a total of 298 jobs province-wide.

Revenues to Government

The capital investment for development of the GSCPC will contribute to total annual direct taxes of $9.2 million in Greater Sudbury, with approximately $4 million in Federal Taxes, $4 million in Provincial Taxes and $830,000 in Municipal Taxes.

ECONOMIC IMPACTS OF CAPITAL INVESTMENT
GREATER SUDBURY CONVENTION AND PERFORMANCE CENTRE

Total Impact of Capital Investment				
	Greater Sudbury	Rest of Ontario	TOTAL	
Total Capital Spending	**$65,500,000**			
Gross Domestic Product (GDP)				
Direct	$20,255,000	$520,000	$20,775,000	63%
Indirect	$3,834,000	$1,377,000	$5,211,000	16%
Induced	$5,635,000	$1,389,000	$7,024,000	21%
Total	**$29,724,000**	**$3,286,000**	**$33,010,000**	**100%**
Labour Income				
Direct	$14,645,000	$379,000	$15,024,000	64%
Indirect	$2,823,000	$1,014,000	$3,837,000	16%
Induced	$3,720,000	$999,000	$4,719,000	20%
Total	**$21,188,000**	**$2,392,000**	**$23,580,000**	**100%**
Employment (Jobs)				
Direct	174	4	178	60%
Indirect	39	14	53	18%
Induced	52	15	67	22%
Total	**265**	**33**	**298**	**100%**
Direct Taxes				
Federal	$4,211,000	$95,000	$4,306,000	46%
Provincial	$4,131,000	$74,000	$4,205,000	45%
Municipal	$830,000	$1,000	$831,000	9%
Total	**$9,172,000**	**$170,000**	**$9,342,000**	**100%**
Total Taxes				
Federal	$6,714,000	$618,000	$7,332,000	51%
Provincial	$5,616,000	$480,000	$6,096,000	43%
Municipal	$892,000	$9,000	$901,000	6%
Total	**$13,222,000**	**$1,107,000**	**$14,329,000**	**100%**

Sources: CBRE Limited and Ontario Ministry of Tourism, Culture and Sport TREIM Model

Economic Impact of Operations

The following table provides a summary of the economic impacts of expenditures related to projected GSCPC operations within Greater Sudbury and the rest of Ontario.

Value Added Impacts

Projected operating revenue of $4 million by the third stabilized year (2023) will translate into an estimated $3.3 million in Gross Domestic Product for Greater Sudbury on a direct and indirect basis, with a further $90,000 benefiting the balance of the province. An additional $1 million will be realized in induced impacts provincially through the re-spending of labour income and the profits generated by direct and indirect businesses benefitting from projected on-site visitor and operating expenditures at the GSCPC.

Overall the GSCPC is projected to generate $4.1 million in GDP for Greater Sudbury in 2023.

Employment Impacts

Of the $3.3 million in direct and indirect GDP generated for the province, an estimated total of $2.7 million would filter down into wages and salaries within Ontario, with about 98% expected to be retained in Greater Sudbury. The GSCPC's related induced spending would contribute a further $696,000 in wages and salaries within Ontario, of which $584,000 (84%) would benefit Greater Sudbury.

Greater Sudbury would retain 92% (34 jobs) of the total 37 jobs created by the GSCPC.

Revenues to Government

All levels of government would benefit from the GSCPC's operational revenue. By 2023, the annual operation of GSCPC would generate an estimated $630,000 in Federal Government Taxes, a further $659,000 in Provincial Taxes and $4,000 in Municipal Taxes (direct taxes) province-wide.

ECONOMIC IMPACT OF PROJECTED OPERATIONS
GREATER SUDBURY CONVENTION AND PERFORMANCE CENTRE

Total Impact of Projected Operations - Year 3 (2023)				
	Greater Sudbury	Rest of Ontario	TOTAL	
Total Revenue	**$4,086,000**			
Gross Domestic Product (GDP)				
Direct	$2,324,000	$29,000	$2,353,000	54%
Indirect	$929,000	$61,000	$990,000	23%
Induced	$882,000	$152,000	$1,034,000	24%
Total	**$4,135,000**	**$242,000**	**$4,377,000**	**100%**
Labour Income				
Direct	$2,004,000	$21,000	$2,025,000	59%
Indirect	$670,000	$44,000	$714,000	21%
Induced	$584,000	$112,000	$696,000	20%
Total	**$3,258,000**	**$177,000**	**$3,435,000**	**100%**
Employment (Jobs)				
Direct	14	0	14	38%
Indirect	12	1	13	35%
Induced	8	2	10	27%
Total	**34**	**3**	**37**	**100%**
Direct Taxes				
Federal	$630,000	$5,000	$635,000	49%
Provincial	$659,000	$4,000	$663,000	51%
Municipal	$4,000	$0	$4,000	0%
Total	**$1,293,000**	**$9,000**	**$1,302,000**	**100%**
Total Taxes				
Federal	$1,004,000	$46,000	$1,050,000	52%
Provincial	$938,000	$35,000	$973,000	48%
Municipal	$14,000	$1,000	$15,000	1%
Total	**$1,956,000**	**$82,000**	**$2,038,000**	**100%**

Sources: CBRE Limited and Ontario Ministry of Tourism, Culture and Sport TREIM Model

Economic Impact of Off-Site Visitor Spending

In addition to on-site spending at the venue itself, visitors to the GSCPC will generate off-site expenditures at related businesses in Greater Sudbury. The following discusses the methodology used to estimate off-site visitor spending, as well as the related economic impact of visitor spending.

Estimated Off-Site Visitor Spending

Based on findings of the 2012 Canadian Economic Impact Study (CEIS 3.0), the table below shows the average spending of all meeting and business event attendees by expenditure category and origin. On average, international attendees have the highest spend at $3,135; followed by domestic attendees at $952, while local, non-tourist attendees spend the least amount at $194. Excluding meeting registration fees which will benefit the Convention organizer and transportation costs, the average expenditure ranges from $95 for local domestic delegates, $349 for national delegates and $1,003 for international delegates.

MEETING & CONVENTION ATTENDEE'S AVERAGE EXPENDITURES BY POINT OF ORIGIN

Meeting Expenditure Category	Local	National	Int'l
Meeting Registration Fees	$71	$100	$228
Fees for Optional Program Elements (receptions, golf events, etc)	$8	$14	$135
Accommodations	$27	$276	$571
Food and Beverage	$48	$139	$238
Air Transportation	$0	$219	$1,261
Rail Transportation	$1	$5	$59
Water Transportation	$0	$3	$12
Public Ground Transportation	$1	$4	$19
Taxi	$5	$17	$104
Car Rental	$4	$37	$58
Gas	$12	$43	$27
Vehicle Maintenance	$0	$1	$2
Tolls and Parking	$4	$7	$8
Other Transportation	$0	$2	$13
Retail Spending	$6	$50	$165
Travel Services	$1	$3	$36
Spectator Sports	$1	$3	$16
Performing Arts	$1	$5	$31
Museums, Historical Sites, Zoos and Parks	$0	$4	$30
Tours and Sightseeing	$1	$5	$109
Other Entertainment and Recreation	$3	$16	$13
Other	$0	$1	$0
TOTAL	$194	$952	$3,135
Less Mtg Registration & Transportation & Accommodation Costs	$95	$349	$1,003

Source: *The Economic Contribution of Business Events in Canada, 2012 Base Year, Published July 2014*

For the purposes of this analysis, we have excluded meeting registration fees and transportation costs to the destination to better reflect visitor spending that would more likely occur in the local Sudbury economy. Average accommodation spends have also been replaced with the average daily rates achieved by primary Sudbury Hotels. The table below provides a summary of the resulting average of GSCPC attendee expenditures by origin, inflated to 2021.

AVERAGE SPENDING PROFILE BY GSSC ATTENDEES, 2021

	Avg Spend
Provincial Delegates	$109
National Delegates	$401
International Delegates	$1,152
Primary Sudbury Hotels ADR	$138

Source: *The Economic Contribution of Business Events in Canada, 2012 Base Year, Published July 2014*

and CBRE Assumptions inflated to 2021

The estimated visitor spending generated by the GSCPC is highlighted in the following table and has been based on event utilization projections, as well as estimates of spending by out of town visitors. Based on our analysis, the GSCPC would generate direct spending of $7.6 million, which equates to an average of $17,000 per day for Greater Sudbury businesses, or $89 for every person who attends a meeting/convention or event at the Centre (84,600 local and non-local attendees). Furthermore, total off-site visitor spending has been estimated $3.2 million per annum.

The highest yielding events hosted at the GSCPC would be conventions, which are projected to generate $83,000 per event in off-site visitor spending within the City of Greater Sudbury.

GREATER SUDBURY CONVENTION AND PERFORMANCE CENTRE
ESTIMTATED VISITOR SPENDING

Events	2023	
Conventions	16	
Trade/Consumer Shows	4	
Meetings/ Social	202	
Total M&C Events	**221**	
Performing Arts	55	
TOTAL GSCPC EVENTS	**276**	
M&C Delegates	38,000	
M&C Delegate Days	**49,600**	
PAC Attendees	46,600	
Total Delegates/Attendees	**84,600**	
Visitor Spending	**Total Spending**	**Per Event**
Convention Delegate Spending	$1,292,000	$83,000
Trade Show & Consumer Show Visitor Spending	$140,000	$38,000
Non Resident Meeting Spending	$526,000	$4,000
F&B and Other Event Visitor Spending	$312,000	$5,000
Off Site M&C Visitor Spending	**$2,270,000**	$8,000
Off Site Performing Arts Visitor Spending	**$960,000**	$17,000
TOTAL OFF SITE VISITOR SPENDING	**$3,230,000**	**$12,000**
On Site Spending at GSCPC	**$4,341,000**	$16,000
TOTAL VISITOR AND GSCPC SPENDING	**$7,571,000**	**$27,000**
Avg Spending Per Day	*$21,000*	
Avg Spending Per Capita	*$89*	

Source: CBRE Estimates

Economic Impact of Off-Site Visitor Spending

Based GSCPC's total estimated visitor off-site spending of $3.2 million in 2023, the following table summarizes the expected impact of visitor expenditures to related businesses in Greater Sudbury.

Value Added Impacts

Of the $3.2 million in total off-site spending that GSCPC visitors are expected to generate, an estimated $2.2 million would be contributed to Gross Domestic Product for Ontario, with $1.9 million (90%) in GDP for Greater Sudbury.

Employment Impacts

Approximately $1.5 million (68%) of the provincial GDP generated by GSCPC's visitor off-site spending will go towards wages and salaries within Ontario. An estimated $1.3 million of these wages and salaries will be retained in Greater Sudbury. These wages will support 33 jobs in the province, with 91% of jobs (30 jobs) located in Greater Sudbury.

Revenues to Government

Off-site visitor spending would contribute to total annual direct taxes of $621,000 in Greater Sudbury, with approximately $308,000 in Federal Taxes, $419,000 in Provincial Taxes and $2,000 in Municipal Taxes.

ECONOMIC IMPACTS OF ESTIMATED OFF-SITE VISITOR SPENDING
GREATER SUDBURY CONVENTION AND PERFORMANCE CENTRE

Total Impact of Estimated Visitor Spending - Year 3 (2023)				
	Greater Sudbury	Rest of Ontario	TOTAL	
Total Off Site Visitor Spending	**$3,230,000**			
Gross Domestic Product (GDP)				
Direct	$1,276,000	$0	$1,276,000	58%
Indirect	$372,000	$138,000	$510,000	23%
Induced	$327,000	$87,000	$414,000	19%
Total	**$1,975,000**	**$225,000**	**$2,200,000**	**100%**
Labour Income				
Direct	$854,000	$0	$854,000	57%
Indirect	$268,000	$102,000	$370,000	25%
Induced	$213,000	$62,000	$275,000	18%
Total	**$1,335,000**	**$164,000**	**$1,499,000**	**100%**
Employment (Jobs)				
Direct	23	0	23	70%
Indirect	4	2	6	18%
Induced	3	1	4	12%
Total	**30**	**3**	**33**	**100%**
Direct Taxes				
Federal	$308,000	$0	$308,000	50%
Provincial	$311,000	$0	$311,000	50%
Municipal	$2,000	$0	$2,000	0%
Total	**$621,000**	**$0**	**$621,000**	**100%**
Total Taxes				
Federal	$520,000	$43,000	$563,000	55%
Provincial	$419,000	$33,000	$452,000	44%
Municipal	$6,000	$1,000	$7,000	1%
Total	**$945,000**	**$77,000**	**$1,022,000**	**100%**

Sources: CBRE Limited and Ontario Ministry of Tourism, Culture and Sport TREIM Model

Total Economic Impact of GSCPC Operations & Off-Site Visitor Spending

The following table summarizes the total estimated economic impacts that are expected to be produced by the GSCPC after stabilization as a result of operations and off-site visitor spending. In 2023, the GSCPC is expected to contribute a combined $7.3 million in spending from both its operation and off-site visitor expenditures. This translates into province-wide GDP generation of $3.6 million in direct impacts and $2.9 million in indirect and induced impacts.

Overall, the GSCPC is expected to support a total of 37 direct jobs in Greater Sudbury with salaries and wages of $2.8 million. Furthermore, the GSCPC will benefit all levels of government, contributing $1.9 million in direct taxes, of which 99% will benefit Greater Sudbury.

TOTAL ECONOMIC IMPACT OF OPERATIONS & OFF-SITE VISITOR SPENDING
GREATER SUDBURY CONVENTION AND PERFORMANCE CENTRE

Total Impact of Operations & Off-Site Visitor Spending - Year 3 (2023)				
	Greater Sudbury	Rest of Ontario	TOTAL	
Total Operations & Off-Site Visitor Spending, 2023	**$7,316,000**			
Gross Domestic Product (GDP)				
Direct	$3,600,000	$29,000	$3,629,000	55%
Indirect	$1,301,000	$199,000	$1,500,000	23%
Induced	$1,209,000	$239,000	$1,448,000	22%
Total	**$6,110,000**	**$467,000**	**$6,577,000**	**100%**
Labour Income				
Direct	$2,858,000	$21,000	$2,879,000	58%
Indirect	$938,000	$146,000	$1,084,000	22%
Induced	$797,000	$174,000	$971,000	20%
Total	**$4,593,000**	**$341,000**	**$4,934,000**	**100%**
Employment (Jobs)				
Direct	37	0	37	53%
Indirect	16	3	19	27%
Induced	11	3	14	20%
Total	**64**	**6**	**70**	**100%**
Direct Taxes				
Federal	$938,000	$5,000	$943,000	49%
Provincial	$970,000	$4,000	$974,000	51%
Municipal	$6,000	$0	$6,000	0%
Total	**$1,914,000**	**$9,000**	**$1,923,000**	**100%**
Total Taxes				
Federal	$1,524,000	$89,000	$1,613,000	53%
Provincial	$1,357,000	$68,000	$1,425,000	47%
Municipal	$20,000	$2,000	$22,000	1%
Total	**$2,901,000**	**$159,000**	**$3,060,000**	**100%**

Sources: CBRE Limited and Ontario Ministry of Tourism, Culture and Sport TREIM Model

ORGANIZATIONAL STRUCTURE AND GOVERNANCE PLAN

Introduction

The Greater Sudbury Convention and Performance Centre is envisioned as a unique venue that can be quickly transformed from a flat-floor convention and banquet format into a live performance hall with tiered seating. This dual purpose reflects both the mission and goals of the GSCPC, as well as its governance and operating plan. While there may be some opportunities for sharing between the two GSCPC functions, the live performance organization is generally supplemental to the organization that operates the meeting and convention business. The following section outlines how that organizational structure and governance plan will be developed for the Greater Sudbury Convention and Performance Centre.

Governing Structure

The City of Greater Sudbury will own both the site and building for the GSCPC, and employ a separate **non-profit corporation to manage the facility, bid on and host large scale conventions, organize and host meetings, and deliver live performance programming, under contract to the City**. This model will rely on exceptional leadership, governing skill and financial management, and requires municipal approval of its budget, in order to secure an annual operating grant.

The non-profit corporation will be focused solely on achieving the success of the GSCPC, as opposed to the operation being one of several facilities requiring management services from the City. The performance arts component is a high risk entrepreneurial activity that requires flat management structures, as opposed to bureaucratical structures. This model has proved successful in other communities and provides an entrepreneurial environment, which is required to make a performance centre successful, and reduces financial risk for a community. A non-profit corporation also has greater access to fundraising opportunities and sources, and can make use of volunteers to reduce operating costs and enhance community involvement.

The non-profit corporation will have full-time responsibility for the management, operation, sales and marketing of the GSCPC, including full responsibility for the following functional areas of operation:

- Administration
- Sales/Marketing
- Event Programming
- Event Operations

It is assumed that the Food and Beverage operation will be outsourced to a 3rd party operator, reporting to management of the GSCPC.

Ownership will still remain with the City, along with responsibility for Building Operations. The primary benefits of this structure are:

- Moving the day-to-day operations of the facility out of the municipal infrastructure; and
- Allowing for City funding of operating shortfalls.

Under this model, the City is advised to establish an **Advisory Board** providing input into the day to day operation and marketing of the facility. The recommended Board Structure for the GSCPC should be comprised of 10-15 individuals, appointed by the City, representing a cross section of regional business interests and business skills (i.e. accommodations, meetings & conventions, performing arts, food and beverage, education, marketing, finance, retail, etc.). The municipality should also have ex officio representation on the board. The mandate of operating sustainability must be recognized by all board members. The Board will be responsible for reviewing annual operating budgets and business plans as prepared by Management, and ensuring through monthly Management meetings, that the operating budget and plans are being met.

The City will have no control over administration, bookings and marketing decisions. This challenge points to the importance of establishing an Advisory Board to oversee management decisions. The City and Advisory Board will need to issue an open tendering process to all interested parties for the Centre's management and food and beverage contracts.

Establishing Operating Policies and Procedures

A formal policy and procedural plan should be established. This should address the operating philosophy of the GSCPC, as well as establish event booking and pricing policies, with emphasis placed on booking meetings and conventions, but also developing local programming. Other required policies and procedures include, but are not limited to:

- Rental Rate Structure
- Cancellation Policies
- Conflict resolution protocol
- Regional market considerations when bidding

It is recommended that the GSCPC adopt an operating philosophy which is partnership driven. The primary objective of the Centre will be to maximize event sales to the City as a whole, by placing the emphasis on attracting new event demand to the City of Greater Sudbury, with the secondary objective being to minimize the impact of competing with local restaurants, hotels and other event venues for locally generated event demand. With the Advisory Board including a number of representatives from Greater Sudbury's business and tourism industry stakeholders, a partnership-approach will be taken to adopting this operating philosophy to the benefit of both the overall destination and the GSCPC.

Space Rental is the one constant source of revenues for the facility – and the potential profit generated from this department will not change dependent on the governance model. It will be essential to establish an effective booking policy that ensures facility management will control all bookings. Priorities should be put on booking events which generate overnight delegates, as opposed to day use business functions or social events, such as weddings. Any potential public day use of the Convention Centre should be limited to short term booking windows of no longer than 2 months out, with all users being subject to market rental and food and beverage rates. Weddings or social events should be limited to short term booking windows of no longer than 4 months out. This will allow maximum flexibility for the Convention Centre sales team to schedule non-local meeting and convention business as its first priority. Should the Board decide to make any exceptions to this policy, they must be cognizant of the fact that it will result in increased operating deficits for the facility. Furthermore, it is recommended that any Board-approved exceptions must be event specific and short term in nature.

A formal pricing policy should also be established for the GSCPC, which is competitive with market rates, both from a space rental and food & beverage perspective. Any pressures to decrease or waive the space rental rates of the facility, or offer discounted food and beverage prices, will not only serve to increase the operating deficit of the Centre, but will also increase the competitive impact of the subject Centre on other existing venues within the City. As such, all pricing should be market-based.

Live Performance Presenting and Convention Development Organization

Because of the dual functionality of the Centre, the GSCPC will also require a **live performance presenting and convention development organization/team**, included as part of the GSCPC's overall corporate structure, development plan and timetable. As its very first steps, this organization will need a statement of purpose and values, measurable goals, a comprehensive development plan, skilled staff and budgetary resources – and a governing structure with a clearly defined set of responsibilities. This latter point is key as the performing arts program will have a wide range of contractual and fiduciary obligations and will need to have the capacity to manage the risks associated with being a presenter.

Three years prior to opening day, the initial roles and functions of the organizations will include the following key tasks among others:

- Put initial development budget in place
- Form a working group to establish corporate structure
- Establish corporate goals, policies and strategies
- Establish an MOU between the governing board, the City of Greater Sudbury Development Corporation as the Ctiy's eligible tourism entity to establish a collaborative approach to marketing, sales and attraction efforts for meeting and convention business opportunities
- Create governance policy manual
- Set critical path timetable
- Confirm job description for Executive Director
- Recruit and hire Executive Director

During the pre-opening period, not later than 2 years prior to opening day, the following key tasks will need to be established:

- Put pre-opening budget in place
- Establish operational goals, policies and strategies
- Confirm HR policy and all job descriptions
- Create operating manual

- Recruit department heads
- Begin community relations and market development program
- Undertake M&C Sales program/event bidding
- Begin event sponsorship program
- Confirm Year 1 budget
- Select and secure Year 1 presentations
- Organize the launch of the facility

Roles and Functions for Ongoing Operations

This period begins on Day 1 of Year 1 and should broadly include the following ongoing core activities within the established policies and goals framework:

- Communication and engagement with local market
- Communication and engagement with industry
- Event management
- Staff management and training
- Facility management

Ongoing operations will be monitored and evaluated through:

- Annual statement of goals for the coming year
- Annual budget forecast
- Key performance indicators and analytics
- Comprehensive quarterly reporting

POTENTIAL FUNDING SOURCES, IMPLICATIONS OF ADJACENT HOTEL DEVELOPMENT AND PARKING CONSIDERATIONS

Potential Funding Sources

The following identifies a range funding resources for potential capital and operating assistance for the GSCPC at various levels of government.

Federal Investment Resources

FedNor / Industry Canada

FedNor is a federal regional development organization with a specific mandate to invest in economic development, business growth and competitiveness, and innovation in Northern Ontario.

- Northern Ontario Development Program
  - Financial support provided to viable projects led by businesses, municipalities, First Nations, and other organizations and institutions.
    - Community Economic Development
      - Support for communities' efforts to enhance business growth, plan and mobilize resources and exploit new opportunities for diversification and economic development.
    - Business Growth and Competitiveness
      - Investment in projects that improve productivity, reach new markets, facilitate access to capital, foster investment, encourage entrepreneurship and cultivate industry collaboration.
    - Innovation
      - Funding for not-for-profit organizations, municipalities, First Nations or SMEs for the purposes of becoming more innovative, productive and competitive through the adoption, adaptation and commercialization of new technologies.
- Community Investment Initiative (CIINO)
  - Targeted at smaller municipalities and First Nations with limited economic development capacity to enable them to take advantage of business investment, job creation and regional collaboration opportunities.
- Community Futures Program
  - Supports 24 Community Futures Development Corporations (CFDCs) in Northern Ontario. These Corporations are local, not-for-profit organizations that provide business financing, as well as business planning support and other services. CFDCs offer private sector loans for development projects in Northern Ontario.
- Invest Canada – Community Initiatives (ICCI)
  - Provides financial support to communities for their foreign direct investment initiatives and activities.

Canada Cultural Spaces Fund (CCSF)

This national program which covers a wide range of cultural facility needs (including construction and specialized equipment) was established in 2016 and re-establish recently in the government's Creative

Canada program with a budget of $300 million. While there is no cap, competition for funds is very keen and not all applicants get funded.

Provincial Investment Resources

Northern Ontario Heritage Northern Fund Corporation (NOHFC)

The NOHFC invests in northern businesses and municipalities through conditional contributions, forgivable performance loans, incentive term loans and loan guarantees. NOHFC offers 5 funding programs, all of which offer some applicability to investment in the tourism sector.

1. Northern Innovation Program
   - Supports the development and commercialization of new technologies that will foster collaboration and partnerships among research institutions, academic institutes and the private sector, and that will work to improve the future prosperity of Northern Ontario.
2. Strategic Economic Infrastructure Program
   - Supports projects that best correspond to Northern Ontario's Growth Plan vision, to contribute to building capacity and creating jobs in northern communities. The program advances economic development opportunities and supports investment through strategic infrastructure.
3. Northern Community Capacity Building Program
   - Assists northern communities in developing the capacity to promote, attract and support economic growth in high priority existing and emerging economic sectors.
4. Northern Business Opportunity Program
   - Encourages business expansion, productivity and global investment in northern communities. Supports business expansion, film & television industry, new investment and small business start-up projects.
5. Northern Ontario Internship Program
   - Provides internships to recent graduates interested in launching/building their careers in Northern Ontario. Mandate to build economic development capacity and strengthen Northern Ontario's competitive advantage by attracting and retaining graduates in the North.

Ontario Arts Council (OAC)

OAC promotes and assists in the development of arts infrastructure within Ontario. It provides grants and services to professional Ontario-based arts organizations and artists.

Ministry of Tourism, Culture and Sport – Investment & Development Office

Provides information and assistance to Ontario's municipalities, investors and tourism operators, specifically by identifying and developing opportunities for investment and marketing regional investment cases towards investors.

- Celebrate Ontario 2016 Program
  - Marketing funding and project-based programming support for new and existing events to strengthen Ontario's tourism offerings.
- Tourism Development Fund (TDF) 2016

- Supports projects that encourage tourism investment, tourism product development and industry capacity building.

Ontario Trillium Foundation (OTF)

OTF's mission is to build vibrant and healthy communities across Ontario by strengthening the voluntary sector through investing in community-based initiatives. Offers four different investment grant programs.

- Seed Grants
  - Grants that support projects at the conceptual or idea stage to achieve a priority outcome (e.g. new research, feasibility studies, launching a new event, developing a new idea).
- Grow Grants
  - Support the evidence-based development of activities to achieve a priority outcome (e.g. piloting a tested model, replicating or adapting a proven model).
- Capital Grants
  - Assist in improving community spaces, broadening access and promoting energy efficiency (e.g. buying/installing equipment, completing renovations and repairs, building structure or spaces in amounts of up to $150,000).
- Collective Impact Grants
  - Provides funding that supports co-design or co-creation of solutions, the development of evaluation strategies and shared measurement, along with possible professional facilitation and research.

Municipal Investment Resources

Municipal Accommodation Tax

According to the City of Greater Sudbury reporting, based on the average occupancy rates of the branded hotels in Greater Sudbury over the past three years, it is estimated that a 4% room tax could generate approximately $1,680,000 per year. It should be noted that this number does not include the total number of rooms offered by all transient accommodations in the City, such as smaller motesl and similar properties, but it does provide an approximate forecast.

LEVEL OF GOVERNMENT	ORGANIZATION	ASSISTANCE AVAILABLE / PROGRAMS
Federal	FedNor / Industry Canada	• *FedNor has a specific mandate to invest in economic development, business growth and competitiveness, and innovation in Northern Ontario* • Northern Ontario Development Program – Community Economic Development, Business Growth & Competitiveness, Innovation • Community Investment Initiative • Community Futures Program • Invest Canada – Community Initiatives
Federal	Canada Cultural Spaces Fund (CCSF)	• *Covers a wide range of cultural facility needs (i.e. construction and specialized equipment)*
Provincial	Northern Ontario Heritage Northern Fund Corporation (NOHFC)	• *NOHFC invests in northern businesses and municipalities through conditional contributions, forgivable performance loans, incentive term loans and loan guarantees* • Northern Innovation Program • Strategic Economic Infrastructure Program • Northern Community Capacity Building Program • Northern Business Opportunity Program • Northern Ontario Internship Program
Provincial	Ontario Arts Council (OAC)	• *Assists in the development of arts infrastructure*
Provincial	Ministry of Tourism, Culture and Sport – Investment & Development Office (IDO)	• *IDO identifies and develops opportunities for investment, and markets regional investment cases towards investors.* • Celebrate Ontario Program • Tourism Development Fund
Provincial	Ontario Trillium Foundation (OTF)	• *OTF strive to strengthen the voluntary sector through investing in community-based initiatives in Ontario.* • Seed Grants • Grow Grants • Capital Grants • Collective Impact Grants
Municipal	Municipal Accommodation Tax	• *A new Municipal Accommodation Tax will be implemented in Greater Sudbury in September 2018, based on 4% of rooms revenue applied to all accommodation providers. While no decisions have been made to date on how the funds will be allocated and spent, best practices suggest that some of the funds be allocated to meetings, conventions and event tourism.*

Implications of Adjacent Hotel Development

In 2016, the 19 hotels and motels comprising Sudbury's primary accommodation market, represented by 1,619 rooms, achieved an annual occupancy of 66% at an average daily rate of $113. With the opening of the 100-room Microtel in July 2016 and 50-room Motel 6 in July 2017, this new supply is still expected to impact the market by almost 5% in 2017. Another 119-room hotel development (Hilton Garden Inn) is expected to enter the market by 2019, increasing supply by a further 7%, for a total of 21 hotel properties representing 1,850 rooms. While we have not conducted a detailed market analysis, it is expected that supply growth will outpace demand growth and that the Greater Sudbury accommodation market will experience an erosion of occupancy levels (low 60% range) over the 2017-2019 period. In the absence of significant new demand generators, it is unlikely that the Greater Sudbury accommodation market could support significant additional new supply growth over the short to mid-term period (the next 3-5 years), and should additional new hotel development occur, it will likely be focused outside the downtown core, in closer proximity to the primary corporate and tourism demand generators, such as the True North Entertainment District.

The new GSCPC, has the potential to be a significant new demand generator. The opening of the new GSCPC is expected to induce Meeting & Convention room night demand to the Sudbury market. In 2017, the Sudbury market generated approximately 33,240 room nights from the M&C market, or 8% of total accommodation demand. **By 2023, the operation of the GSCPC represents a potential 25% increase in Meeting/Convention demand levels to the City compared to levels achieved today**, which equates to about 8,000 room nights. In addition, the live entertainment and other events at the GSCPC will attract additional overnight accommodation demand into the downtown core. **However, these levels of new induced demand unto themselves are not sufficient to support a hotel.**

As noted, in a market like Greater Sudbury, most of the demand generation occurs in the suburban areas, as this is where many of the business parks and attractions (e.g., Science North and Dynamic Earth) are located. The development of the GSCPC in the downtown core will be attractive to hotel developer due to its potential for new retail and other business generation, but the GSCPC alone will not generate enough year-round demand on its own to sustain new hotel development. As such, a potential adjacent hotel would have to depend on other traditional sources of overnight demand (i.e., corporate transient, leisure groups, government stay, etc.).

At the same time, we know that the Greater Sudbury accommodation market has 119 new hotel rooms entering the market by 2019, with a further 150 room hotel proposed as part of the Entertainment District by 2022, in addition to the 2016 opening of the 100 room Microtel and 2017 opening of the Motel 6, representing a 17% increase in supply. It will take time for this new accommodation supply to be absorbed, and demand to normalize. Incremental new demand being generated by the GSCPC as of 2021 could provide justification for accommodation supply growth, but it is not only demand that justifies hotel development. It is also a function of capital costs, the type of property that makes the most sense for the market, and economic viability. It should be noted that these supply and demand projections do not take into account any potential new hotel development as part of the True North Entertainment District and the new sports and entertainment facility.

Our determination of the most suitable product to be considered for development would be based on factors that best meet market demand, and would also lead to the greatest level of investor interest and support from the traditional lending community. By conducting our analysis on the product type that would have the greatest appeal to the traditional hotel investment market, this would allow the City the greatest chance of attracting a serious developer/investor with the capabilities and knowledge to develop a successful hotel operation. It should also be noted that hotel companies do not invest in hotels, they franchise or manage properties for a fee.

Through further analysis in a subsequent study, it could be determined that the development of a branded focused service hotel, in the range of 150 rooms may be most appropriate for development adjacent to the GSCPC. Examples of brands would include, but are not limited to, Courtyard by Marriott, Hyatt Place, Hilton Garden Inn, Aloft, and ALT. Branding would be recommended as it would not only enhance the marketability of a project, but would also enhance the potential for project financing. Focused service properties are typically recommended in relation to convention / public facility development for the following primary factors:

- This level of hotel can appeal to a broad range of guests and types of travelers.
- The design prototypes for these brands are of strong quality.
- This level of hotel is more cost effective to develop relative to full service level hotels.
- This level of hotel is more cost effective to operate relative to full service hotels.

Furthermore, a focused service hotel generally costs in the range of $150,000 to $180,000 per room to construct, while a full service hotel can cost in the range of $250,000 to $300,000 per room to construct. As a general rule of thumb, for every $1,000 spent in construction costs the hotel needs to achieve $1 in Average Daily Rate to justify the cost of the investment. At this level, a full service hotel would need to command a rate in the range of $200 to $300 to justify the costs. Within the competitive market, it is not reasonable to expect to achieve rates at this level with the strongest performers all achieving average daily rates under $160 in 2016. In addition, focused service hotels have already proven to be successful within the competitive market and to outperform their competitors.

Parking Considerations

Based on our experience in the industry and knowledge of comparable hotel construction projects, these hotel developments require approximately 2.0 acres of land, to allow for the appropriate surface parking coverage. With respect to hotel development adjacent to the GSCPC, development on a smaller site as part of a mixed use development would necessitate the development of a parking structure, resulting in higher capital costs, impacting investment returns. This type of investment would require dedicated parking to support the hotel in the range of 100-150 parking stalls, which could cost in the range of $4 to $5 Million. The viability of hotel would not only be contingent on stronger market conditions, but at minimum would also likely require that the incremental parking costs be absorbed by the balance of the project. As a result, while a hotel development would be a positive market factor in support of utilization levels at the GSCPC, it would likely be a financial drain on the project, if the hotels parking needs/costs have to be absorbed. These conclusions are preliminary in nature, and would need to be substantiated by a more detailed analysis. However, our experience with other comparable projects in other comparable communities has been similar.

The potential for a new hotel in the downtown core will also be contingent on Council's approvals on any large-scale development initiatives for the Central Business District. Similarly, parking will need to be addressed as part of the overall downtown development plan.

We are not planners, and as such, it should be noted that our commentary relative to parking requirements for the GSCPC itself is preliminary in nature. From a theatre perspective, the GSCPC will require access to between 400-450 parking stalls in reasonable proximity to the venue, potentially with a portion of these on site. Due to the nature of events occurring primarily in the evenings and on weekends, availability to parking elsewhere in the downtown core would lessen the challenge for the GSCPC to offer parking on site. The bigger challenge from a parking perspective is in relation to the convention market. These events occur predominantly on weekdays, when parking is already deficient in the downtown core, and will become a greater challenge when the GSCPC is built on the identified site. Assuming some level of adequate parking is available elsewhere in the downtown during the day for conventions, dedicated parking of 150-200 vehicles for the GSCPC might be sufficient.

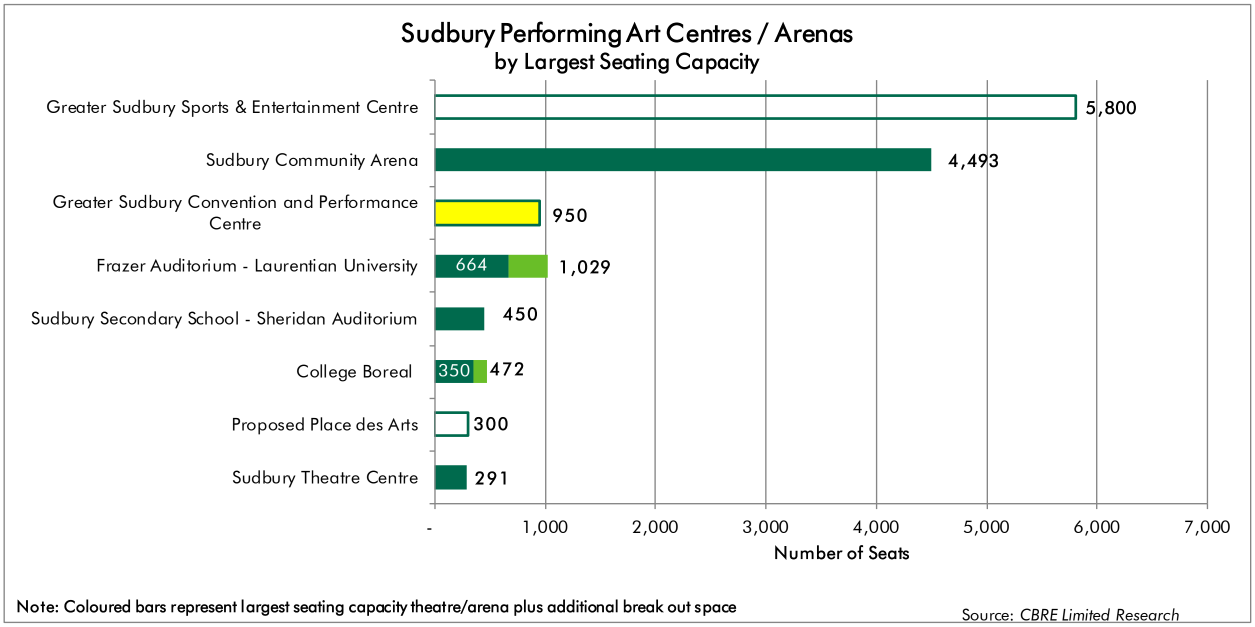
Based on these preliminary assumptions, the GSCPC would require 150-200 dedicated parking stalls without an adjacent hotel, and 250-300 stalls with an adjacent hotel.

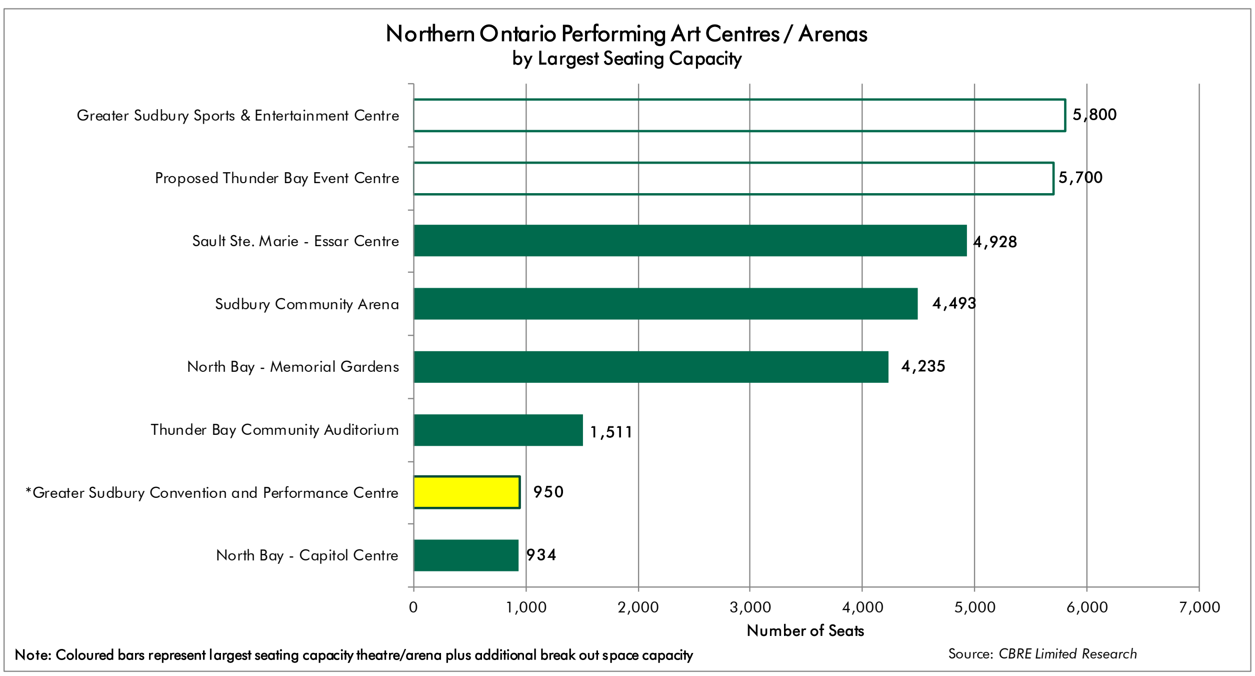
Ultimately, while there may be an opportunity for further hotel development in the downtown core, the prospect is seen as a mid to long term initiative, and will require additional studies, which has not been considered within the current mandate for the subject GSCPC Business Plan.

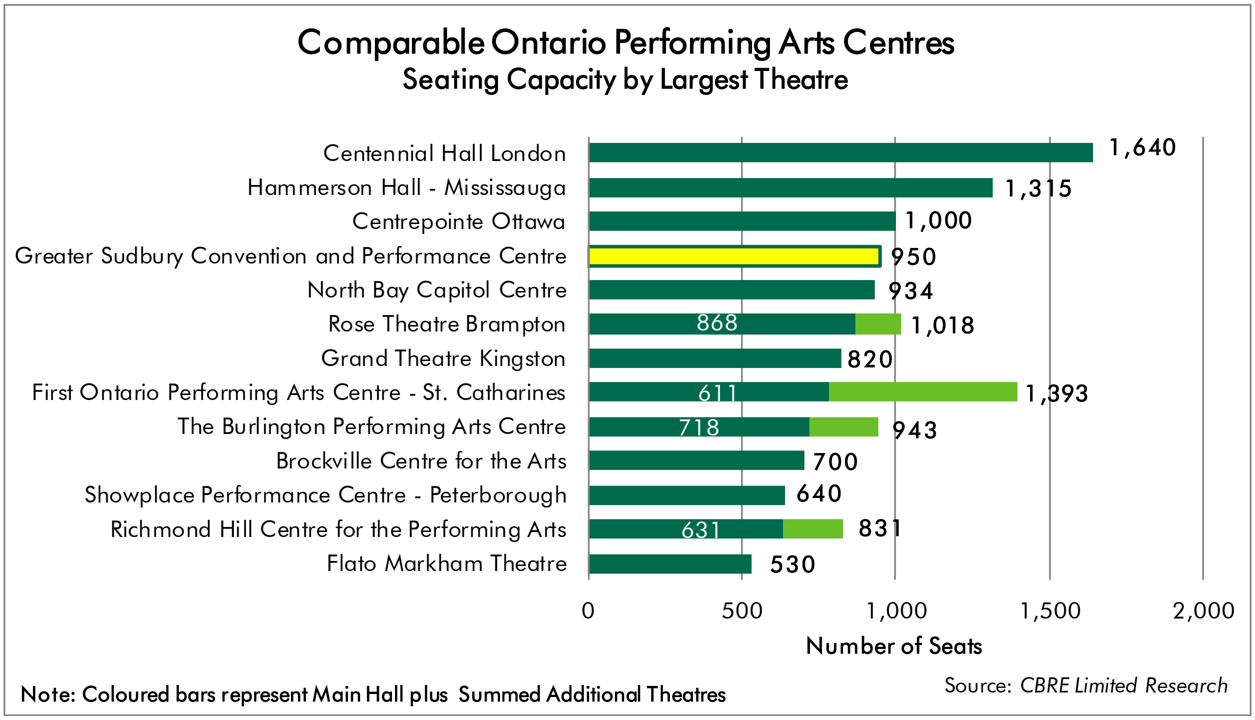
Addendum "A"

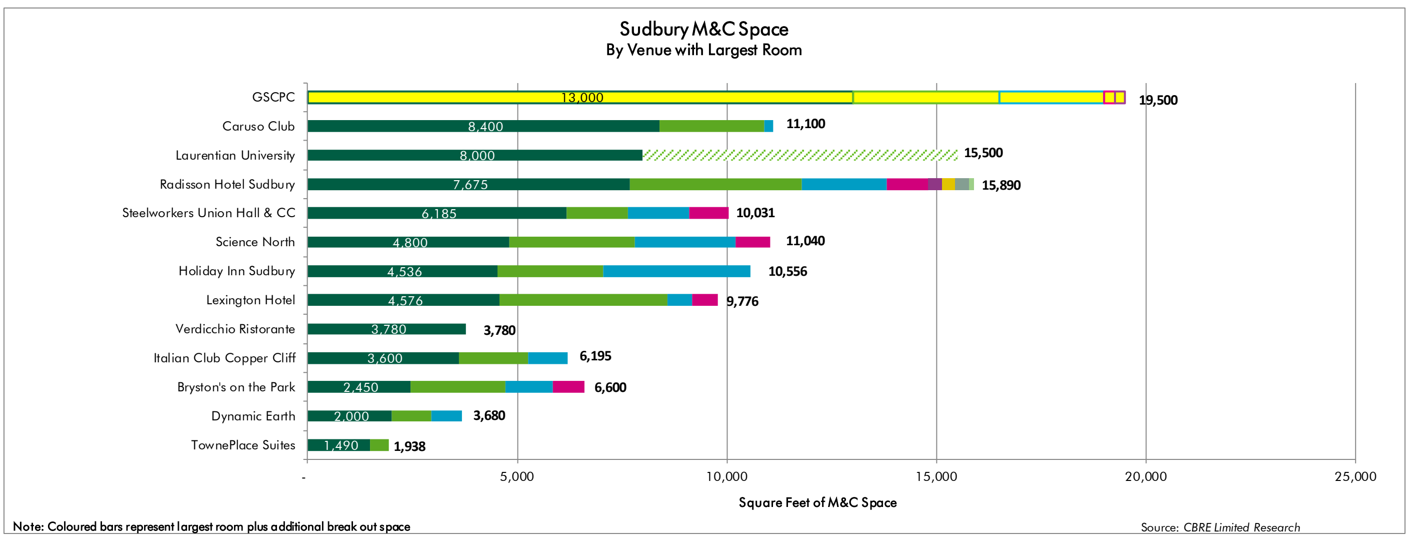
GSCPC Positioning

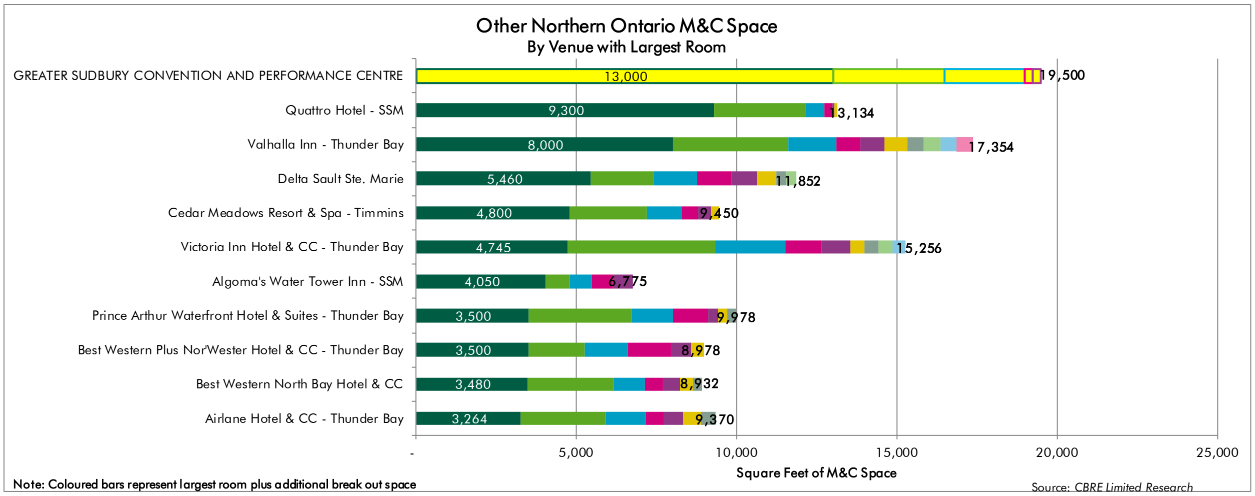
GSCPC Positioning






Comparable Ontario Performing Arts Centres
Seating Capacity by Largest Theatre
Centennial Hall London
Hammerson Hall - Mississauga
Centrepointe Ottawa
Greater Sudbury Convention and Performance Centre
North Bay Capitol Centre
Rose Theatre Brampton
Grand Theatre Kingston
First Ontario Performing Arts Centre - St. Catharines
The Burlington Performing Arts Centre
Brockville Centre for the Arts
Showplace Performance Centre - Peterborough
Richmond Hill Centre for the Performing Arts
Flato Markham Theatre
1,640
1,315
1,000
950
934
868
1,018
820
611
1,393
718
943
700
640
631
831
530
0
500
1,000
1,500
2,000
Number of Seats
Note: Coloured bars represent Main Hall plus Summed Additional Theatres
Source: CBRE Limited Research


Sudbury M&C Space
By Venue with Largest Room
GSCPC
Caruso Club
Laurentian University
Radisson Hotel Sudbury
Steelworkers Union Hall & CC
Science North
Holiday Inn Sudbury
Lexington Hotel
Verdicchio Ristorante
Italian Club Copper Cliff
Bryston's on the Park
Dynamic Earth
TownePlace Suites
13,000
19,500
8,400
11,100
8,000
15,500
7,675
15,890
6,185
10,031
4,800
11,040
4,536
10,556
4,576
9,776
3,780
3,780
3,600
6,195
2,450
6,600
2,000
3,680
1,490
1,938
-
5,000
10,000
15,000
20,000
25,000
Square Feet of M&C Space
Note: Coloured bars represent largest room plus additional break out space
Source: CBRE Limited Research

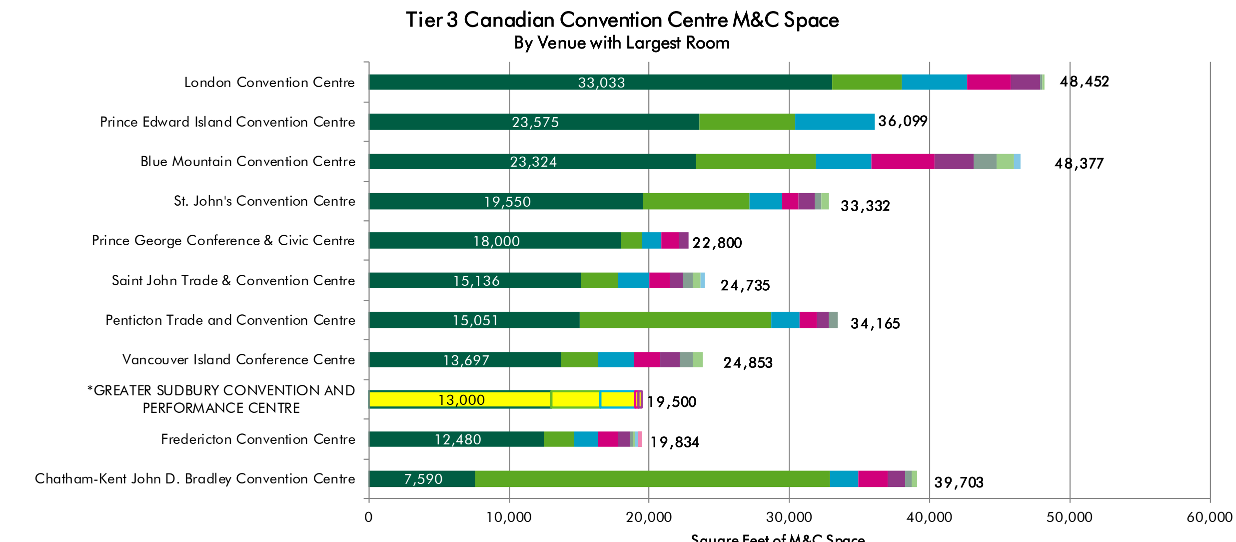


Tier 3 Canadian Convention Centre Supply, Hotel Room Inventory and Estimated Population - 2017

Convention Centre	Location	Total M&C SF	Estimated Capacity	Hotel Room Inventory	M&C SF Per Hotel Rm	Est. CMA Population 2017
London Convention Centre*	London, ON	48,452	4,038	3,489	14	514,207
Blue Mountain Convention Centre	The Blue Mountains, ON	48,377	4,031	1,590	30	22,364
Chatham-Kent John D. Bradley Convention Centre	Chatham-Kent, ON	39,703	3,309	367	108	105,883
Prince Edward Island Convention Centre*	Charlottetown, PE	36,099	3,008	1,441	25	72,405
Penticton Trade and Convention Centre	Penticton, BC	34,165	2,847	1,498	23	43,455
St. John's Convention Centre*	St. John's, NL	33,332	2,778	2,937	12	214,784
Vancouver Island Conference Centre	Nanaimo, BC	24,853	2,071	922	27	107,434
Saint John Trade & Convention Centre*	Saint John, NB	24,735	2,061	1,560	16	127,064
Prince George Conference & Civic Centre	Prince George, BC	22,800	1,900	2,263	11	84,507
Fredericton Convention Centre**	Fredericton, NB	19,834	1,653	1,954	11	101,169
GSCPC Sudbury* **	**Sudbury, ON**	**19,500**	**1,625**	**1,846**	**11**	**165,351**

Notes: *Physically connected to a hotel (e.g. by pedway)
** To be connected by pedway to a hotel, which is set to open in 2018
*** Including 119 room Hilton Garden Inn under construction and expected to open Sprin 2019

Sources: *CBRE Limited, Environics Analytics Sitewise 2017*



Notes: Coloured bars represent largest room plus additional break out space
Chatham-Kent CC largest banquet space is 7,590 sq.ft. - total includes 25,310 sq.ft. of expo space

Source: *CBRE Limited Research*

Addendum "B"

Assumptions and Limiting Conditions

Assumptions and Limiting Conditions

1. This Advisory Report prepared by CBRE, is intended for the exclusive use of the City of Greater Sudbury ("Client"), and is not intended to be prepared for, given to, or relied upon, by any other person or entity, without the express prior written consent of CBRE, and the individual(s) who authored the Advisory Report, unless specifically agreed to in writing, in an addendum to this Report.
2. It is assumed that all factual data furnished by the Client, property owner, owner's representative, or persons designated by the Client or owner to supply said data are accurate and correct unless otherwise specifically noted in the report. Unless otherwise specifically noted in the report, CBRE has no reason to believe that any of the data furnished contain any material error. Information and data referred to in this paragraph include, without being limited to, numerical street addresses, lot and block numbers, land dimensions, square footage area of the land, dimensions of the improvements, gross building areas, net rentable areas, usable areas, unit count, room count, rent schedules, income data, historical operating expenses, budgets, and related data. Any material error in any of the above data could have a substantial impact on the conclusions reported. Thus, CBRE reserves the right to amend conclusions reported if made aware of any such error. Accordingly, the client-addressee should carefully review all assumptions, data, relevant calculations, and conclusions within 30 days after the date of delivery of this report and should immediately notify CBRE of any questions or errors. CBRE does not make any representation or warranty, express or implied, as to the accuracy or completeness of the information or the state of affairs of the real property furnished by the Client to CBRE and contained in any report prepared by CBRE.
3. The date to which any of the conclusions and opinions expressed in this report apply, is set forth in the Letter of Transmittal. Further, that the dollar amount of any opinion herein rendered is based upon the purchasing power of the Canadian Dollar on that date. This Advisory Report is based on market conditions existing as of the date of this report. Under the terms of the engagement, we will have no obligation to revise this report to reflect events or conditions which occur subsequent to the date of the report. However, CBRE will be available to discuss the necessity for revision resulting from changes in economic or market factors affecting the subject.
4. The conclusions, which may be defined within the body of this report, are subject to change with market fluctuations over time.
5. Any utilization projections or cash flows included in the analysis are forecasts of estimated future operating characteristics are predicated on the information and assumptions contained within the report. Any projections of income, expenses and economic conditions utilized in this report are not predictions of the future. Rather, they are estimates of current market expectations of future income and expenses. The achievement of the financial projections will be affected by fluctuating economic conditions and is dependent upon other future occurrences that cannot be assured. Actual results may vary from the projections considered herein. CBRE does not warrant these forecasts will occur. Projections may be affected by circumstances beyond the current realm of knowledge or control of CBRE.
6. Unless specifically set forth in the body of the report, nothing contained herein shall be construed to represent any direct or indirect recommendation of CBRE to build, buy, sell, or hold the properties. Such decisions involve substantial investment strategy questions and must be specifically addressed in consultation form.

7. The report has been prepared at the request of the Client, and for the exclusive (and confidential) use of the Client. The report may not be duplicated in whole or in part without the specific written consent of CBRE nor may this report or copies hereof be disclosed to third parties without said written consent, which consent CBRE reserves the right to deny. If consent is given, it will be on condition that CBRE will be provided with an Indemnification Agreement and/or Non-Reliance letter, in a form and content satisfactory to CBRE, by a party satisfactory to CBRE. Exempt from this restriction is duplication for the internal use of the client-addressee and/or transmission to attorneys, accountants, or advisors of the client-addressee. Also exempt from this restriction is transmission of the report to any court, governmental authority, or regulatory agency having jurisdiction over the party/parties for whom this Advisory Report was prepared, provided that this report and/or its contents shall not be published, in whole or in part, in any public document without the express written consent of CBRE which consent CBRE reserves the right to deny. Finally, this report shall not be advertised to the public or otherwise used to induce a third party to invest in the project, purchase the property or to make a “sale” or “offer for sale” of any “security”. Any third party which may possess this report is advised that they should rely on their own independently secured advice for any decision in connection with investment or financing decisions. CBRE shall have no accountability or responsibility to any third party.
8. The maps, plans, sketches, graphs, photographs and exhibits included in this report are for illustration purposes only and are to be utilized only to assist in visualizing matters discussed within this report. Except as specifically stated, data relative to size or area of the subject and comparable properties has been obtained from sources deemed accurate and reliable. None of the exhibits are to be removed, reproduced, or used apart from this report.
9. No opinion is intended to be expressed on matters which may require legal expertise or specialized investigation or knowledge beyond that customarily employed by real estate advisors.
10. Acceptance and/or use of this report constitutes full acceptance of the Contingent and Limiting Conditions and special assumptions set forth in this report. It is the responsibility of the Client, or Client’s designees, to read in full, comprehend and thus become aware of the aforementioned contingencies and limiting conditions. Neither the Advisor nor CBRE assumes responsibility for any situation arising out of the Client’s failure to become familiar with and understand the same. The Client is advised to retain experts in areas that fall outside the scope of the real estate appraisal/consulting profession if so desired.
11. CBRE assumes that the subject property analyzed herein will be under prudent and competent management and ownership; neither inefficient nor super-efficient.
12. It is assumed that there is full compliance with all applicable federal, provincial, and local environmental regulations and laws unless noncompliance is stated, defined and considered in the report.
13. Because market conditions, including economic, social and political factors, change rapidly and, on occasion, without notice or warning, the herein, as of the effective date of this Advisory Report cannot be relied upon as of any other date without subsequent advice of CBRE.
14. Client shall indemnify and hold CBRE fully harmless against any loss, damages, claims, or expenses of any kind whatsoever (including costs and reasonable attorneys’ fees), sustained or incurred by a third party as a result of the negligence or intentional acts or omissions of Client, and for which recovery is sought against CBRE by that third party.