

NEW CINCINNATI ARENA FEASIBILITY STUDY

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EXECUTIVE SUMMARY

- Introduction: Stakeholders across the board – from patrons to civic leaders to local residents to the existing arena owner – have expressed the need for a new, modern arena to replace the almost 50-year-old Heritage Bank Center and enable Cincinnati to better compete with its peers for major concerts, national-level sporting events, political conventions, and much more. The goal of this study was to further explore and validate the prospect of a new arena. This report confirms the need to replace the current arena and continue the growth of cultural vibrancy in our region by investing in a modern arena.
- Heritage Bank Center: Our site analysis, operational analysis, and stakeholder feedback have broadly indicated that this site is not ideal for a renovated arena and is a complicated and expensive site on which to construct a new arena. With that said, the arena is a positive contributor to the Banks, and it is imperative that the future of this site further increase that impact.
- Programming: Cincinnati is located in one of the most competitive regions in the U.S., with multiple venues merely ~1.5 hours away (Columbus (2); Indianapolis, Louisville, Lexington). A new arena will enable Cincinnati to better compete with its regional peers and provide the opportunity to bid on events that Heritage Bank Center may not be considered for, such as NCAA men's and women's basketball tournament games. Importantly, our analysis found that a new arena – even without a major league tenant – can operate profitably.
- Site Analysis: This study explored 14 potential sites for a new arena, including the site of the existing Heritage Bank Center, and identified high-potential locations – including West Downtown and Towne Center Garage – each with its own unique set of considerations, that the report explores. The report also explores an additional site, Casino North and the Heritage Bank Center site in detail. The report assesses the complexity of site acquisition but did not assign a specific cost to acquisition in the overall project budget.
- Cost & Financing: A new 18,000-capacity (+/-) arena is anticipated to cost \$550-\$650M to build with an overall project cost projected at \$675-800M. This study further reviewed how comparable facilities successfully financed their projects, including both private and public financing mechanisms. Based on the conceptual budget, the Chamber's Center for Research and Data expects an economic impact of the construction to be more than \$1.2B.
- Operational Success: The analysis in this report about where to build an arena and how it is funded and operated is only part of what will be necessary to ensure a new arena succeeds. There are a number of important operational takeaways that Cincinnati should consider, including establishing an authority that owns and operates the facility and supporting the new sports commission to strategically and creatively seek out events to fill out an arena's calendar.

I. INTRODUCTION

THEORY OF THE CASE

We came into this project having heard several theories of the case:

A new arena, in a market of Cincinnati's size, can be built and operated profitably without a major league anchor tenant.⁽¹⁾

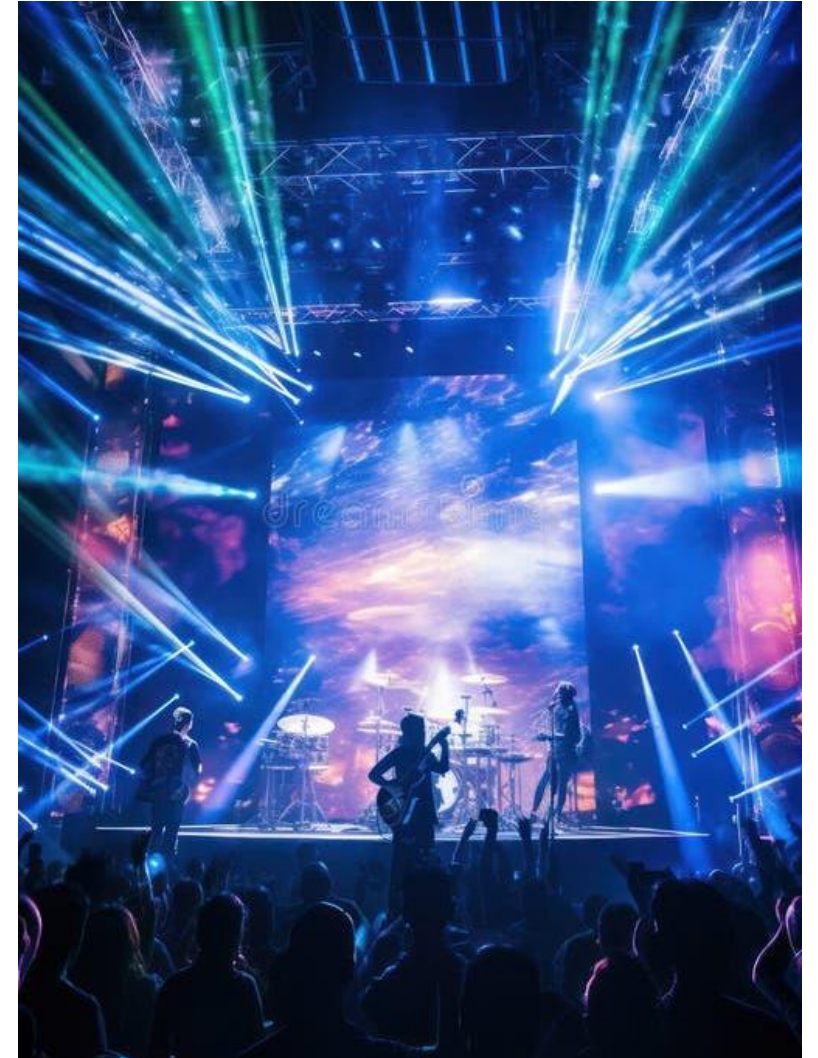
Cincinnati is missing out on major events, including concerts, college athletics, conventions, and more, due to the existing arena infrastructure.

A modern arena is the missing piece in Cincinnati's event facilities landscape and will help drive economic impact and quality of life for its residents.

This report sought to further test and validate the above theories and more. Critically, this report was not designed to present or recommend any final decisions with respect to a new arena. Rather, we have done the rigorous analysis to support making informed, strategic decisions about the future. In this report, readers will find a common set of facts that will inform where to build a modern arena, how that new facility will perform, what financing opportunities are available, and importantly, how much it will cost to make a new arena a reality.

Finally, we understood the critical perspective that stakeholders and sports, entertainment, and facilities experts in our region would have. This report is grounded in both the expertise of our consulting partners and the perspectives of a broad cross section of leaders in the Cincinnati region.

(1) Since 2000, 10 new, non-college arenas have opened in the Midwest. Six of those have been successfully built, opened, and operated without a major league tenant in markets smaller than Cincinnati – Omaha, Des Moines, Sioux Falls, Lincoln, Wichita, and Kansas City.



BROAD SUPPORT EXPRESSED FOR NEW ARENA

While engaging with community leaders and stakeholders, we heard:



Not having a new arena is absolutely a competitive disadvantage. **It is definitely a need.** How we pay for it is a different issue.



18k capacity is good. Don't want more than 20k+, because if you can sell out 18k, then promoters are taking talent to football stadiums.



Supportive of a new arena. Currently can't host NCAA tournament as big of a basketball town as we are.



This community needs a new arena. **No question.** Question is where, how, etc.



Programming wise, there is strong demand for a **regional college basketball tournament.**



Wherever we go, **need to be able to build around it** to catalyze development.

STEERING COMMITTEE & STAKEHOLDERS

STEERING COMMITTEE



STAKEHOLDERS

AEG Presents

African American Chamber

Cincinnati Arts Association

Cincinnati Bengals

Cincinnati Reds

Cincinnati Symphony Orchestra

Duke Energy

FC Cincinnati

Feld Entertainment

Hard Rock Casino

Live Nation

Music & Event Management Inc.

Niederlander Entertainment

ODOT

University of Cincinnati

Warren County

WCET

Xavier University

CONSULTANTS

MACHETEGROUP

(Overall Lead)

MSA \ SPORT

(Design)

POPULOUS

(Design)

Turner

(Cost)

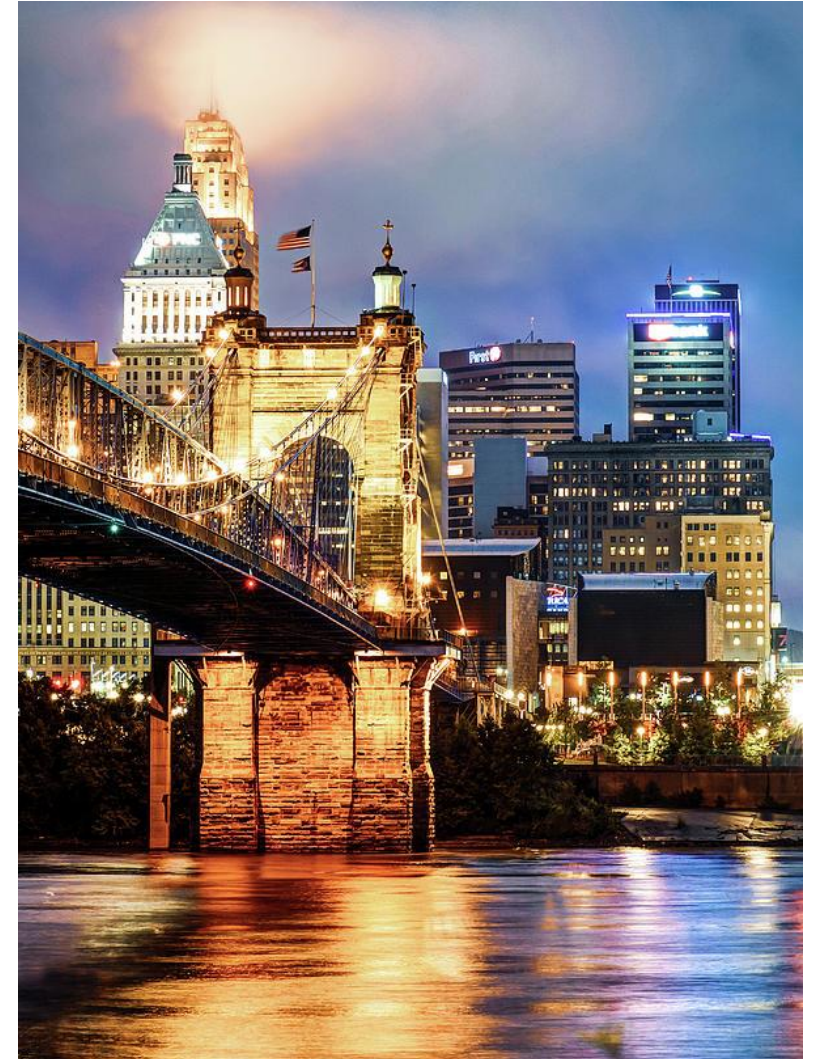
Machete Group, a full-service real estate advisory and development management firm specializing in arenas, stadiums, and sports-anchored mixed-use and providing complete project management services from feasibility and master planning through design and construction, assembled a world-class team of consultants, including **Turner Construction**, a leading sports builder in the US; **MSA Sport**, a Cincinnati-based architecture firm specializing in planning and designing athletic facilities; and **Populous**, an international award-winning and the world's largest sports architectural firm, to conduct an independent feasibility study to explore how and where to bring the vision of a new Cincinnati arena to life.

WHY CINCINNATI NEEDS A NEW ARENA

More than a generation ago, Cincinnati's leaders made a commitment to embrace its status as a "major league" city by building Riverfront Stadium in 1970. This decision and subsequent investment led to attracting the NFL and retaining the Cincinnati Reds. At that time, private sector leaders with support from local government officials also committed to build a new downtown arena and in 1975, Riverfront Coliseum - now the Heritage Bank Center - opened as the home of the then-World Hockey Association's Cincinnati Stingers.

Since these decisions in the 1970s, much has changed. During the early 1990s, Riverfront Stadium was deemed obsolete, and voters approved a public funding plan in 1996 to build new and separate stadiums for the Bengals and Reds. In these new facilities, the teams have hosted playoff games, the MLB All-Star Game, concerts from the likes of Paul McCartney and Taylor Swift, college and high school games, and the region's largest tourism event, the Cincinnati Music Festival. These events contribute greatly to Cincinnati's local quality of life and reputation as a destination for tourism and culture. We have burnished our status as a major league city with the addition of FC Cincinnati and TQL Stadium, hosting playoff and international soccer in the heart of the city. We have also met the call to modernize our convention center, making us more attractive to conventions, tourists, and visitors alike.

However, Cincinnati still claims a nearly 50-year-old arena as its premier indoor event facility. A new arena would make a significant economic impact and position Cincinnati as the total package for a city in our part of the United States: three stadiums, a renovated convention center, new hotels, riverfront parks, infrastructure, transit, and music venues. Further, a new arena would enable Cincinnati to compete for major concerts, national and international-level sporting events, political conventions, and much more. It would also present the opportunity to move some local events from the soon-to-be-modernized Duke Energy Convention Center to the arena, thus freeing it up for additional conventions and increasing the number of visitors that will fill the city's hotel rooms and boost its local economy.



ECONOMIC IMPACT

The Cincinnati Regional Chamber's Center for Research & Data conducted a preliminary analysis of a new arena's economic impact based on the conceptual construction budget and operating P&L detailed in this report.

Construction Economic Impact

Total Economic Impact: \$1.29B
Total Earnings Generated: \$418.4M
Total Jobs Created or Supported: 5,962
Total New Taxes Generated: \$31.2M

Annual Operating Economic Impact

Total Economic Impact: \$22.6M
Total Earnings Generated: \$8.1M
Total Jobs Created or Supported: 231
Total New Taxes Generated: \$829,000



II. HERITAGE BANK CENTER

THEN VS. NOW

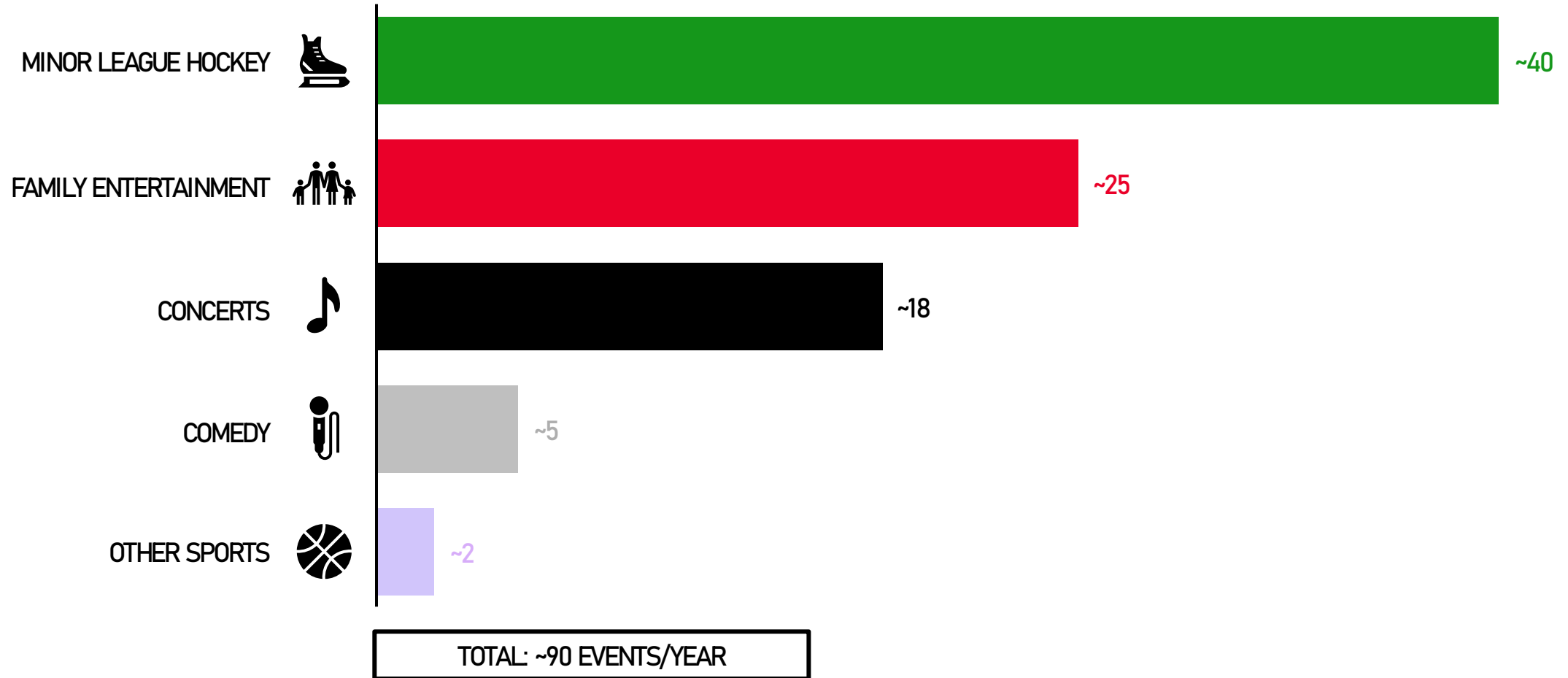


1975



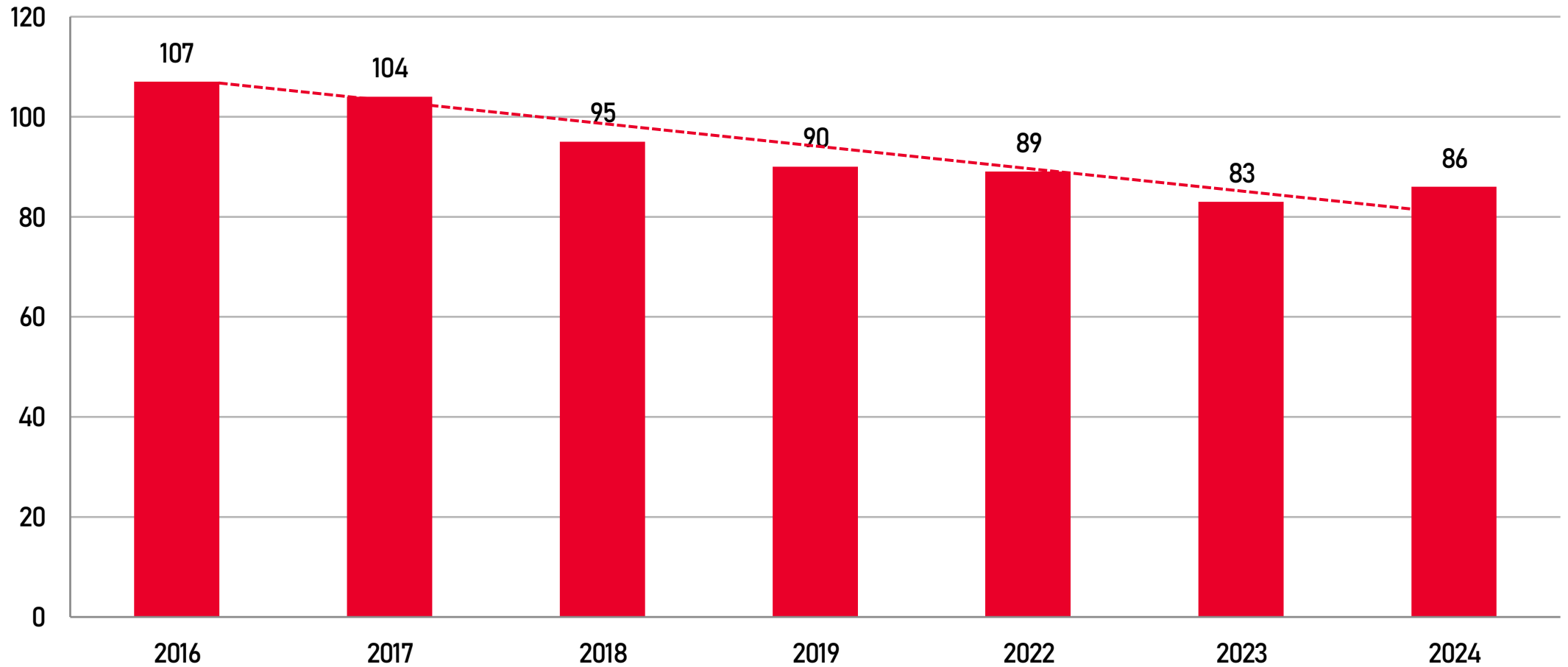
TODAY

CURRENT PROGRAMMING

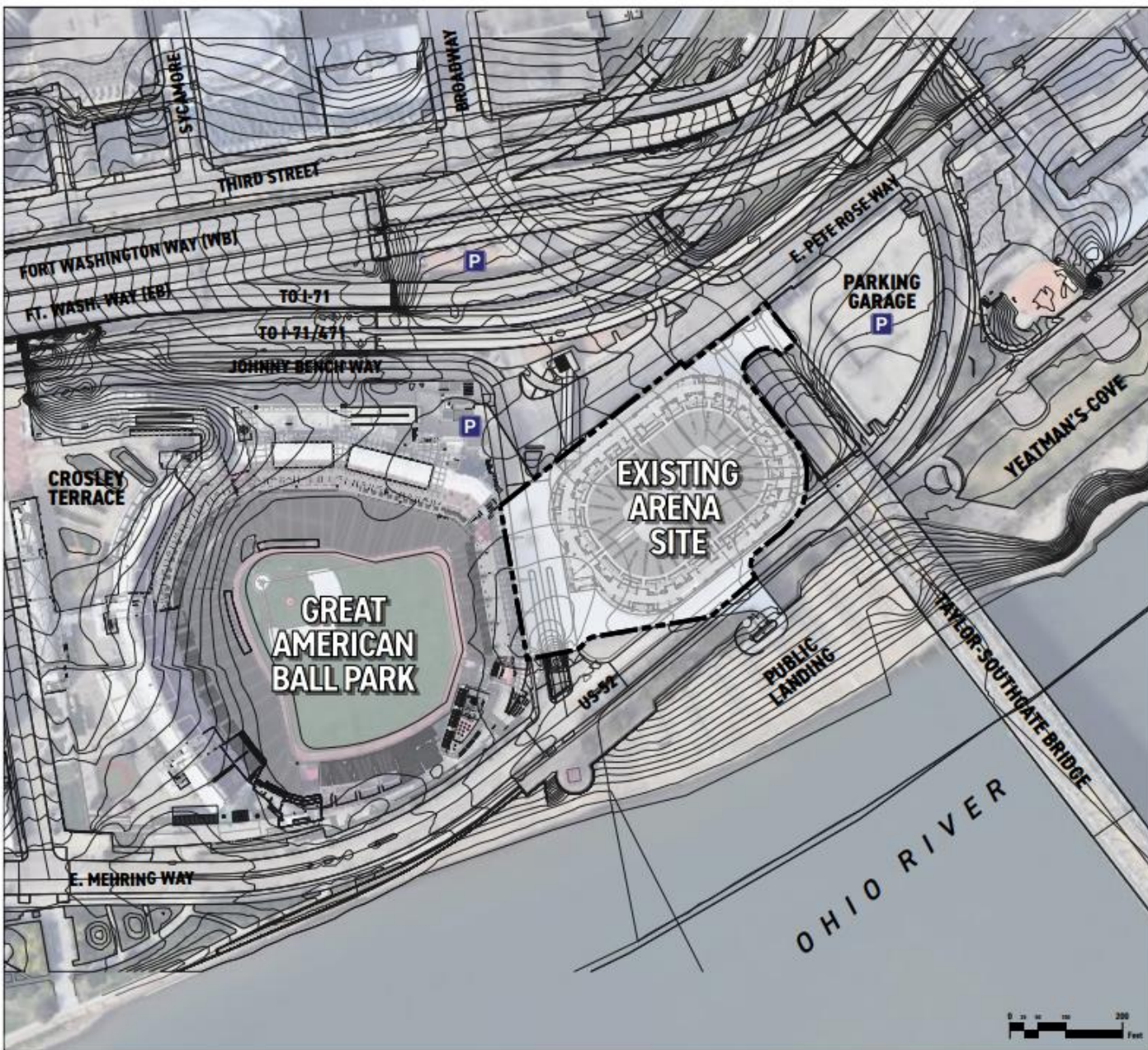


Note: Data reflects COVID-adjusted average of 2018, 2019, 2022, and 2023. Source: Pollstar; HBC website

ARENA PROGRAMMING HAS DECLINED SINCE 2016



Source: Pollstar; HBC website



HERITAGE BANK CENTER

BROADWAY, RIVERFRONT

SCORING CRITERIA

SITE ACQUISITION (20%)

Parcel entitlement for a multi-purpose arena



LAND AREA & ACCESS (20%)

Capacity for venue, approach & emergency access



AMENITIES & PUBLIC SERVICES (15%)

Restaurants, hotels, retail, & safety services



POPULATION (15%)

Proximity to density centers in metro area



PARKING (15%)

Existing parking and potential for new parking



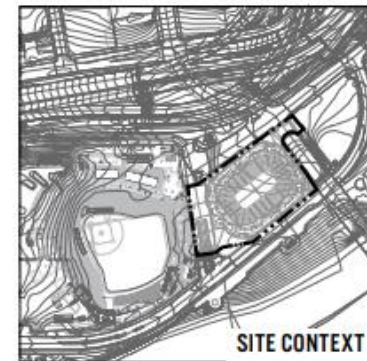
PUBLIC TRANSIT (10%)

Integration with potential transit routes

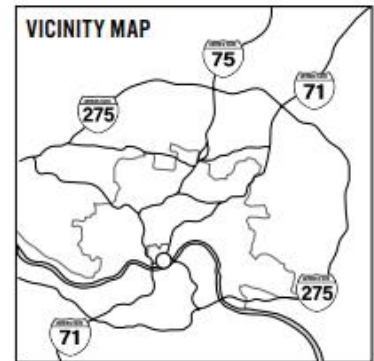


CATALYST FOR DEVELOPMENT (5%)

Potential to catalyze additional development



SITE CONTEXT



VICINITY MAP

SITE AREA

4.17 ACRES

CHALLENGES TO BUILD NEW OR RENOVATE

Construction Downtime	<ul style="list-style-type: none">• 24-36 months for a replacement in-kind / 12-18 months for an extensive renovation; city would be without an arena during this time
Constrained, Fixed Boundaries on 4 Sides	<ul style="list-style-type: none">• Pete Rose Way to the North; Mehring Way (US-52) to the South; Broadway/GABP to the West; Taylor Southgate Bridge to the east (US-27)• None of these boundaries are negotiable, thus constraining the size and footprint of the arena:<ul style="list-style-type: none">○ Concourses are critically narrow; expanding them would require multiple infringements on existing rights-of-way○ Loading and servicing operations are severely limited by the constrained footprint, access points, and level changes○ To become more competitive with regional venues in terms of usable area, arena envelope would need to extend over Pete Rose Way and Mehring Way; cost to renovate becomes comparable to building a new arena on another site, and more expensive to build new on this site.
Event Level Conflict with Floodplain	<ul style="list-style-type: none">• Due to river adjacency and existing floodplain, the Event Level is suspended above the adjacent streets, further complicating a congested loading and servicing configuration
Elevated "Skywalk" Main Concourse	<ul style="list-style-type: none">• Driven by floodplain conflict noted above and once connected to the Concourse Level at Riverfront Stadium• Creates an elevated island effect, with building users having to navigate a series of horizontal and vertical paths of travel to enter/exit the building
No Significant Development Potential	<ul style="list-style-type: none">• Highest and best use likely dictates a different development on this site• Relocating the arena creates a premium development opportunity for both private investment and potential to connect to public park infrastructure
Permanent Disruption of Riverfront	<ul style="list-style-type: none">• Park-like riverfront supported by attractions and infrastructure is an asset to our city; new arena would create a barrier between the central and east Riverfronts

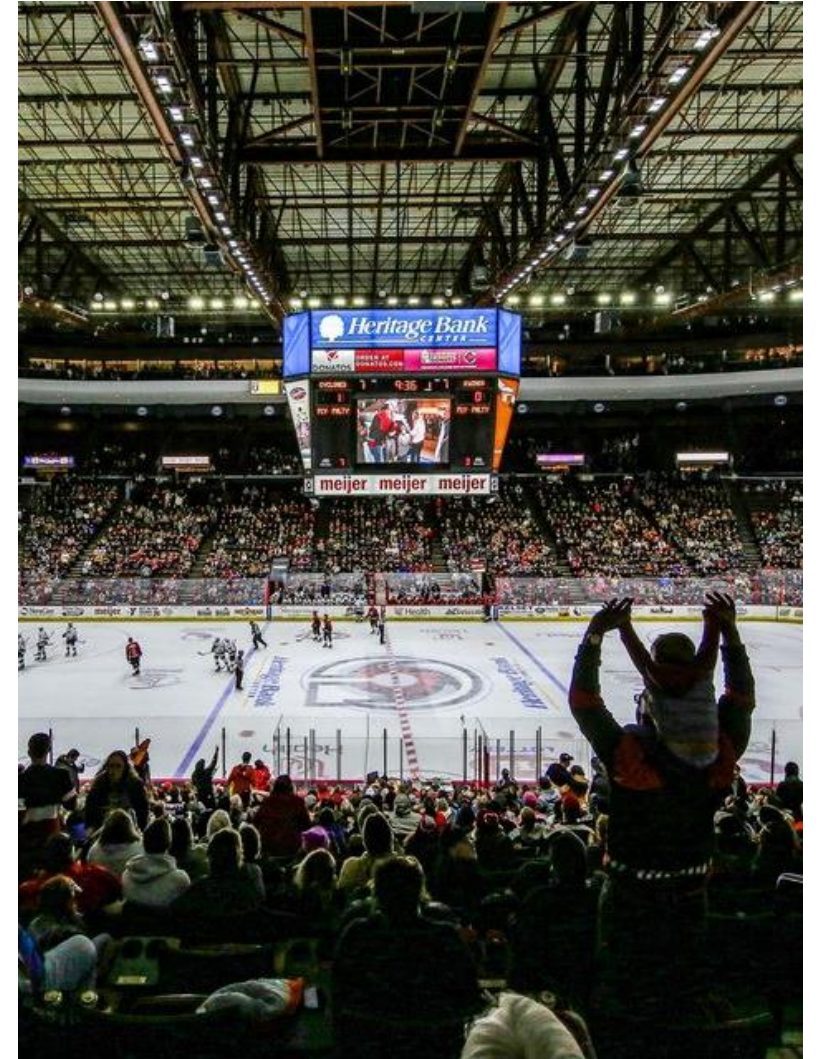
HERITAGE BANK CENTER: FINAL THOUGHTS

While the community is used to an arena at this site, our objective analysis and stakeholder engagement did not identify this parcel as the ideal place to build an arena. Our site analysis, operational analysis, and stakeholder feedback have broadly indicated that **a renovated arena does not achieve the objectives and a new arena is complicated and expensive to build on this site. This site would have a premium of approximately \$70M in addition to the base cost to construct a new arena.**

Our programming analysis also indicates that doing nothing will not preserve the status quo. **Cincinnati's ability to continue to attract high-quality programming will likely diminish to some extent** as demands from events and concerts increase and peer venues continue outpace us with modern tech, amenities, and flexibility.

Throughout this process we have engaged with Nederlander, the owner and operator of the arena and the owner of the Cincinnati Cyclones. **They have expressed a willingness and interest in being a partner in any new facility** – either at this site or elsewhere. As those conversations progress, stakeholders should continue to identify what potential could exist for a partnership on a new venue.

Heritage Bank Center and Nederlander have been a positive contributor to the Banks, supporting the investments made by the County, City, and private sector to revitalize our riverfront. **It is imperative that the future of this site increase that impact and leverage the public infrastructure that exists on the riverfront**– bringing more people to the riverfront, connecting the Banks to the riverfront parks to the east, and helping grow the urban core.



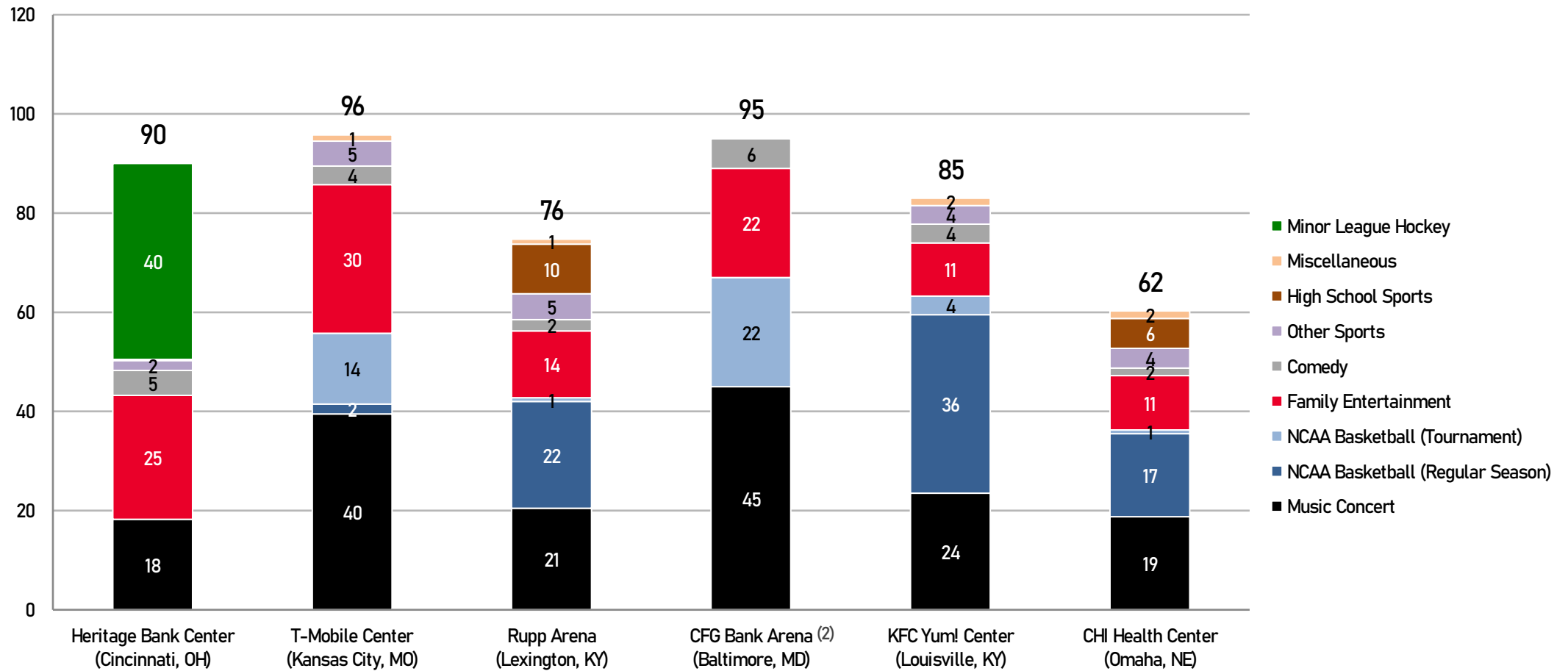
III. PROGRAMMING & OPERATIONS

COMPARABLE VENUE SET

Criteria: No NBA/NHL tenant, Midwest (or comparable market), capacity 18K (+/-), opened (or significantly renovated) in last ~20 years

Arena	Year Opened	Capacity	Owner / Operator
Heritage Bank Center <i>Cincinnati, OH</i>	1975	17,750	Nederlander Entertainment, AEG / Nederlander Entertainment
T-Mobile Center <i>Kansas City, MO</i>	2007	19,000	City of Kansas City / ASM Global
Rupp Arena <i>Lexington, KY</i>	1976 (\$241M renovation 2018-22)	23,000	Lexington-Fayette County / Lexington Center Corporation
CFG Bank Arena <i>Baltimore, MD</i>	1962 (\$250M renovation 2022-23)	14,000	City of Baltimore / OVG
KFC Yum! Center <i>Louisville, KY</i>	2010	22,000	Louisville Arena Authority / ASM Global
CHI Health Center <i>Omaha, NE</i>	2003	18,320	City of Omaha / Metropolitan Ent & Convention Authority

AVERAGE ⁽¹⁾ ANNUAL NUMBER OF EVENTS



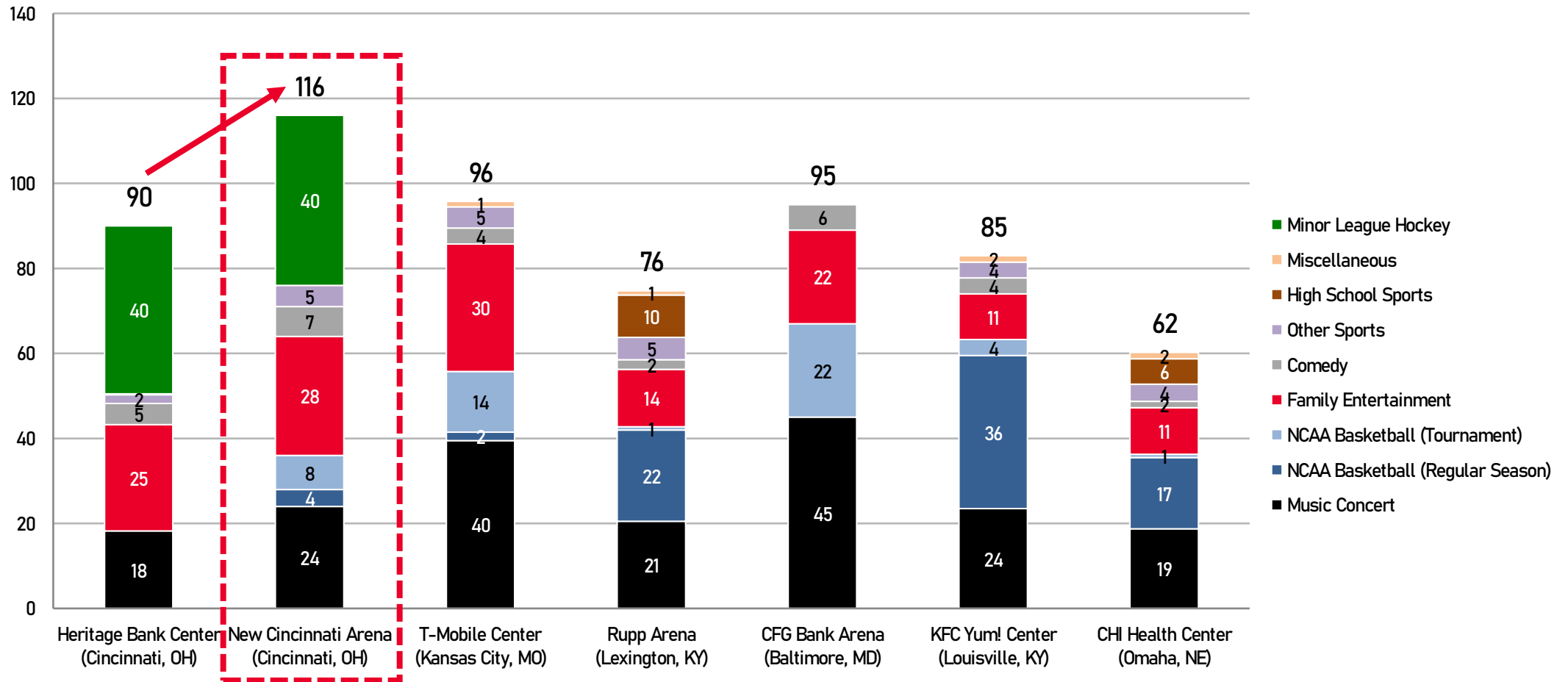
Note: (1) COVID-adjusted: average of 2018, 2019, 2022, and 2023 (2) Reflects 2023 data

Source: Pollstar, venue websites

FEEDBACK FROM PROMOTER INTERVIEWS

- A new arena will enable Cincinnati **to better compete with its regional peers and provide the opportunity to bid on events that Heritage Bank Center will not be considered** for such as NCAA men's and women's basketball tournament games; NCAA Frozen Four hockey championships; World and U.S. Figure Skating and Gymnastics championships, etc.
- Cincinnati is **in one of the most competitive regions in the U.S. from a booking perspective**, with multiple venues ~1.5 hours away (Columbus (2); Indianapolis, Louisville, Lexington), as well as Cleveland and Pittsburgh, both of which are 4 hours away, making a modern arena essential to compete.
- **That competitive dynamic will continue to exist even with a new arena.** For reference, T-Mobile Center (Kansas City), has no competition except St. Louis 4 hours away and is considered a routing stop to be taken advantage of by tours/promoters.
- There will likely be a “honeymoon” period of 1–3 years that promoters will take advantage of. Long-term, **event programming is expected to see a moderate increase** relative to today, but a significant increase from what will happen if the status quo is maintained.
- A new arena will have to **take full advantage of winter programming** vs. late spring/summer/early fall programming. While most tours will still be exclusively indoor or outdoor, the new Riverbend entertainment facility coming online is a complementary asset, but it could have an impact at times.
- If an arena is built at a new site, **a plan must be in place to address Heritage Bank Center's continued existence.** Having two arenas in Cincinnati long term is not a tenable solution.
- **Costs and operational considerations** – including surrounding infrastructure in terms of production semis “load in” and “load out” efficiencies and parking – **will be critical to attracting programming.**

PROJECTED ANNUAL NUMBER OF EVENTS

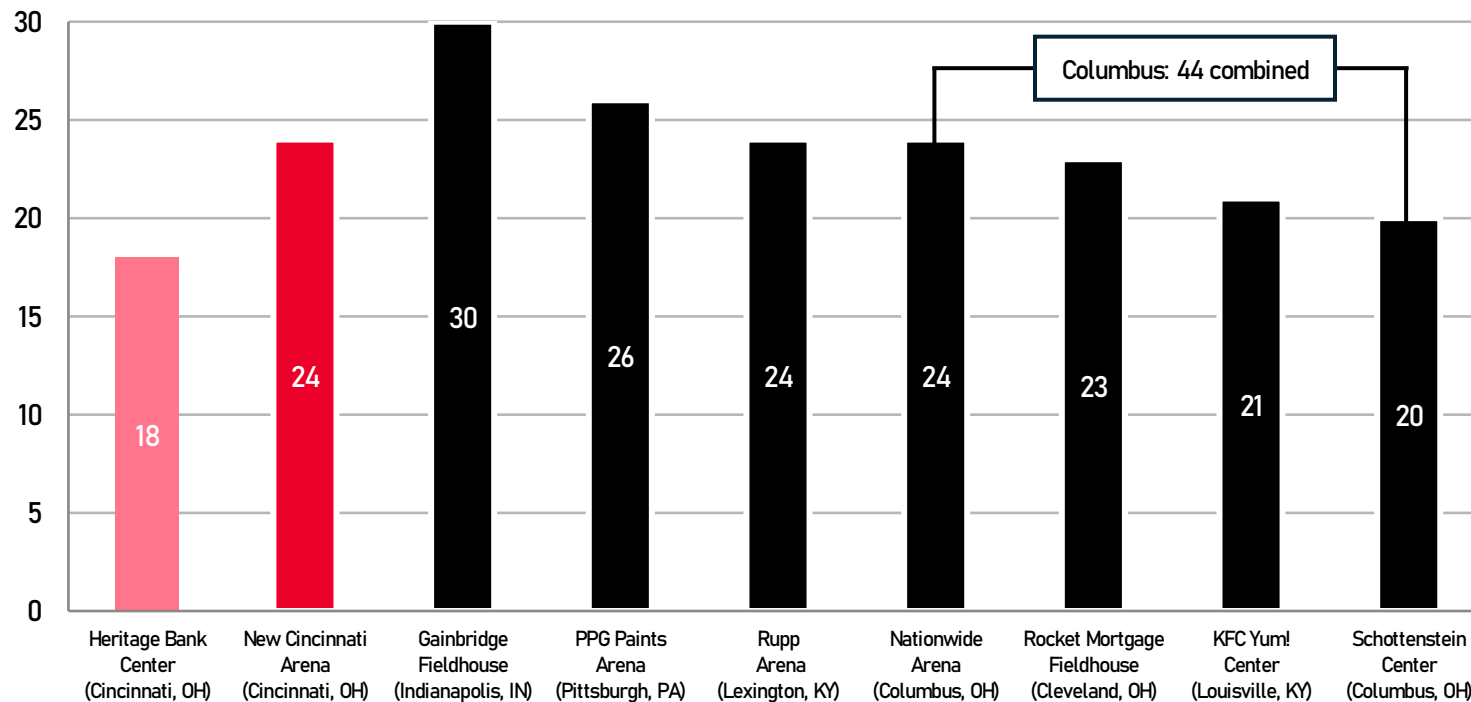


Note: Data reflects COVID-adjusted average of 2018, 2019, 2022, and 2023, except for CFG Bank Arena, which is 2023 only (post-renovation); New Cincinnati Arena projected annual number of events does not reflect potential business programming (meetings, conferences) diverted from the convention center.

Source: Pollstar; venue websites

CONCERTS VS. REGIONAL PEERS

AVERAGE ANNUAL NUMBER OF CONCERTS (22-23)



Regional Peers Average: 24

*All regional peers face significant scheduling constraints due to NBA, NHL, and/or NCAA tenants (i.e., 41+ black-out dates for NBA/NHL)

Source: Pollstar, venue websites

MAJOR ACTS HBC MISSED OUT ON IN 22-23

Criteria: Acts that sold 13k+ tickets and performed at 2+ regional peers but NOT Cincinnati

blink-182: PIT, CLE (May 23)

Cody Johnson: LOU (Feb 23), PIT (Oct 23)

Elton John: IND, COL, LEX, LOU (Apr 22)

Jack Harlow: LOU (Dec 22), LEX (Dec 23)

Jonas Brothers: IND, PIT, CLE, LEX (Aug/Sep 23)

Machine Gun Kelly: LOU, PIT (Jul/Aug 22)

P!NK: IND, LOU (Nov 23)

Stevie Nicks: LOU, PIT (Jun/Sep 23)

Note: Cleveland, Pittsburgh, and Indianapolis also have ~20,000 seat outdoor venues similar to Riverbend.

HIGH-LEVEL P&L VS. COMPS

NEW CINCINNATI ARENA

Operating Profit:
Approx. \$5-6M

TIER 1 NON- NBA/NHL ARENA

Operating Profit:
Approx. \$10-12M

*Operating profit driven by programming and is higher for a Tier 1 non-NBA/NHL arena than new Cincinnati arena due to greater competition a new Cincinnati arena would face given its geographic location noted previously.

REPRESENTATIVE NBA/NHL ARENA

Operating Profit:
Approx. \$30-40M

*Primary driver of incremental profit is significantly higher sponsorship and premium sales revenue potential with an NBA/NHL tenant (vs. without). Other benefits include higher rent, F&B, parking (if applicable), and facility fee revenues.

DETAILED P&L (CONCEPTUAL)

	Year 1	Year 2	Year 3	Year 4	Year 5
Number of Events	116	119	122	125	128
Attendance	887,000	909,940	932,879	955,819	978,759
<i>Cyclones</i>	<i>280,000</i>	<i>287,241</i>	<i>294,483</i>	<i>301,724</i>	<i>308,966</i>
<i>Non-Cyclones</i>	<i>607,000</i>	<i>622,698</i>	<i>638,397</i>	<i>654,095</i>	<i>669,793</i>
% Change		2.6%	2.5%	2.5%	2.4%
Event Revenue					
Rent	\$5,295,000	\$5,431,940	\$5,568,879	\$5,735,946	\$5,908,024
Concessions	\$5,029,440	\$5,159,512	\$5,289,583	\$5,448,271	\$5,611,719
Event Suites	\$522,667	\$536,184	\$549,701	\$566,192	\$583,178
Facility Fee	\$1,774,000	\$1,819,879	\$1,865,759	\$1,921,731	\$1,979,383
Total Event Revenue	\$12,621,107	\$12,947,515	\$13,273,923	\$13,672,140	\$14,082,304
Other Operating Revenue					
Naming Rights	\$1,275,000	\$1,275,000	\$1,275,000	\$1,275,000	\$1,275,000
Other Sponsorship	\$2,125,000	\$2,188,750	\$2,254,413	\$2,322,045	\$2,391,706
Annual Suites	\$1,080,000	\$1,112,400	\$1,145,772	\$1,180,145	\$1,215,550
Total Other Operating Revenue	\$4,480,000	\$4,576,150	\$4,675,185	\$4,777,190	\$4,882,256
TOTAL OPERATING REVENUE	\$17,101,107	\$17,523,665	\$17,949,107	\$18,449,330	\$18,964,560
Direct Operating Expenses					
Event Expenses	\$3,730,000	\$3,826,466	\$3,922,931	\$4,019,397	\$4,115,862
Total Direct Operating Expenses	\$3,730,000	\$3,826,466	\$3,922,931	\$4,019,397	\$4,115,862
Indirect Operating Expenses					
Wages & Benefits	\$4,915,313	\$5,062,772	\$5,214,655	\$5,371,095	\$5,532,228
Other Indirect Operating Expenses	\$2,500,000	\$2,562,500	\$2,626,563	\$2,692,227	\$2,759,532
Total Indirect Operating Expenses	\$7,415,313	\$7,625,272	\$7,841,218	\$8,063,321	\$8,291,760
NET OPERATING INCOME	\$5,955,794	\$6,071,927	\$6,184,958	\$6,366,612	\$6,556,938

Analysis based on industry expertise, research, and comparables. Figures intended to be conceptual in nature and not prescriptive/definitive.

PROGRAMMING: FINAL THOUGHTS

This analysis makes clear that our current programing is relatively unique among our peers, with a minor league anchor tenant making up approximately half the events at Heritage Bank Center. **We view that as a potential asset to a new arena.**

However, **any new facility will require substantially more events that are drawing significant crowds.** Should we do nothing, Cincinnati's ability to draw those events will likely continue to diminish. It is clear from our research that, even with a congested geography for facilities, touring artists are regularly booking shows in multiple regional peer cities. **Our lack of a modern arena means we are missing out on many of those concerts.**

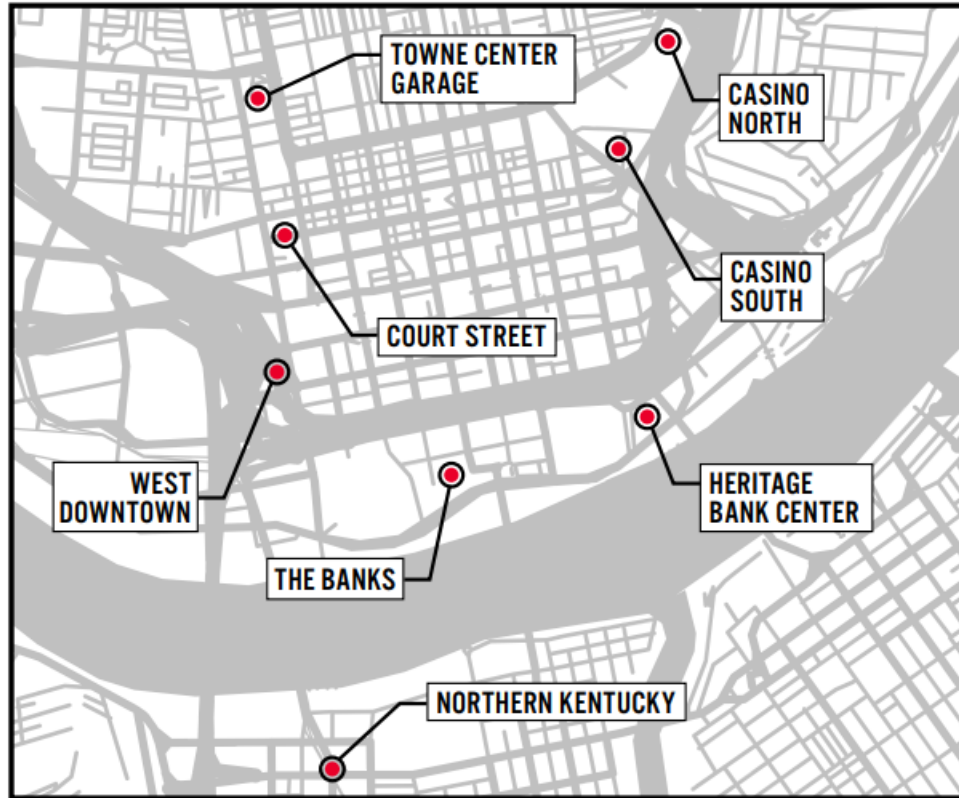
Additionally, **Cincinnati is not currently a viable option for major NCAA athletics** – men's and women's basketball tournament games or postseason hockey or volleyball. Further, our current arena has hosted a limited number of neutral site basketball games; a new arena presents a new opportunity to feature major Division 1 athletics more frequently.

Importantly, **our analysis found that an arena can operate profitably.** That would improve dramatically if Cincinnati attracted a new major league sports tenant.

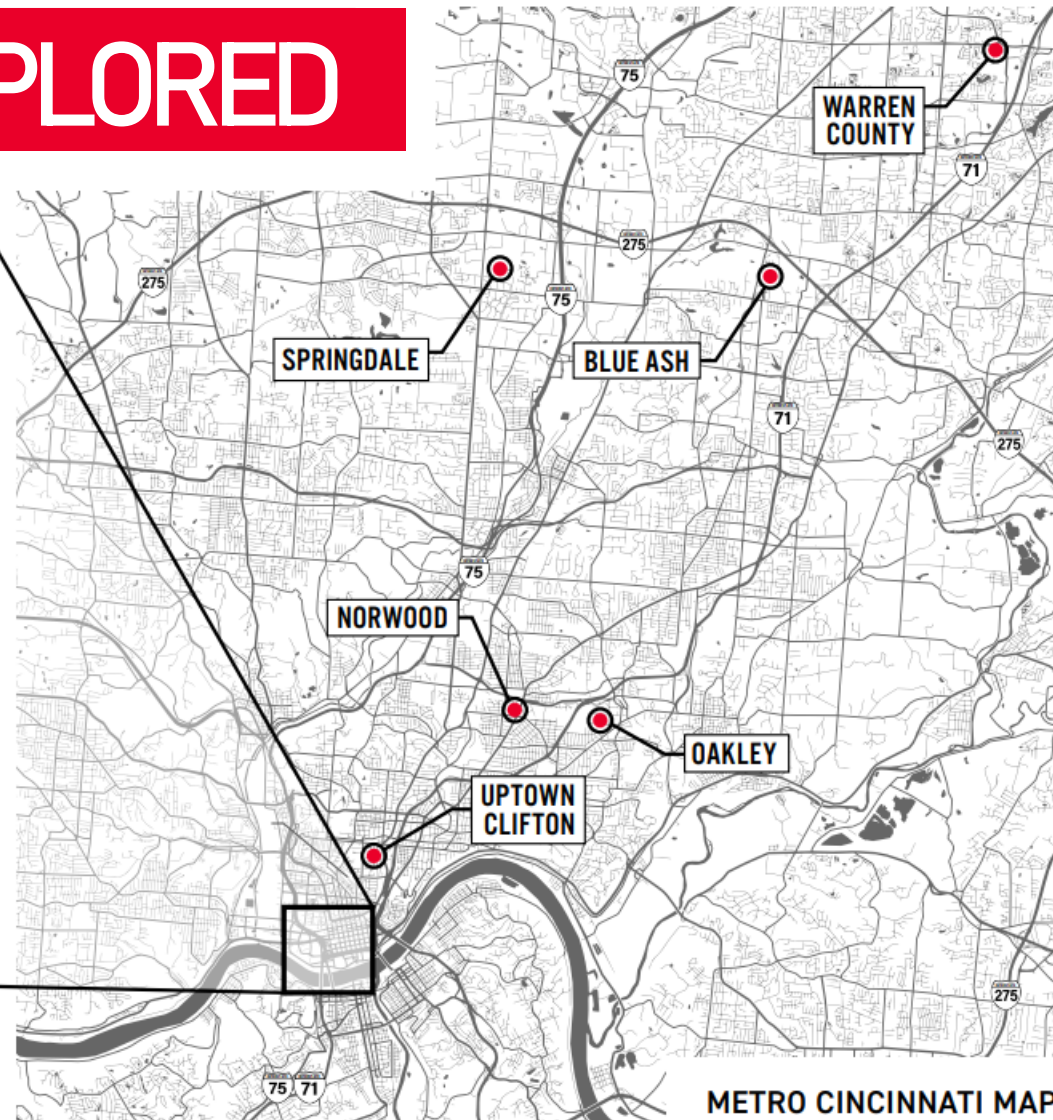


IV. SITE ANALYSIS

OVERVIEW OF SITES EXPLORED



DOWNTOWN CINCINNATI MAP



METRO CINCINNATI MAP

SCORING CRITERIA

Criteria Description:

20%

SITE ACQUISITION

Ability to readily acquire the parcel and entitle it for a new, 18,000 seat multi-purpose Arena.

20%

LAND AREA & ACCESS

Potential to fully accommodate the Arena plus ease of pedestrian approach and emergency vehicle access.

15%

AMENITIES & PUBLIC SERVICES

Proximity to hotels, restaurants, and retail; as well as availability of public services, such as public safety and cleaning for the Arena.

15%

POPULATION

Proximity to density centers in the Cincinnati Metropolitan area.

15%

PARKING

Proximity to existing parking facilities and/or potential for new on-site parking.

10%

PUBLIC TRANSIT

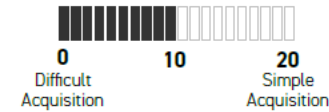
Potential to integrate with existing and proposed future public transit routes

5%

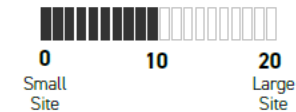
CATALYST FOR OFF-SITE DEVELOPMENT

Potential to catalyze additional development off-site in the proximate area.

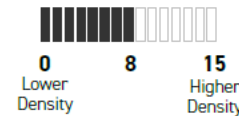
Weighted Value (Sum 100%):



Range: 0-20



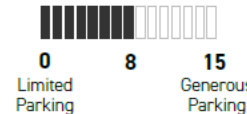
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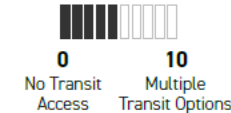
Range: 0-15



Range: 0-15



Range: 0-15

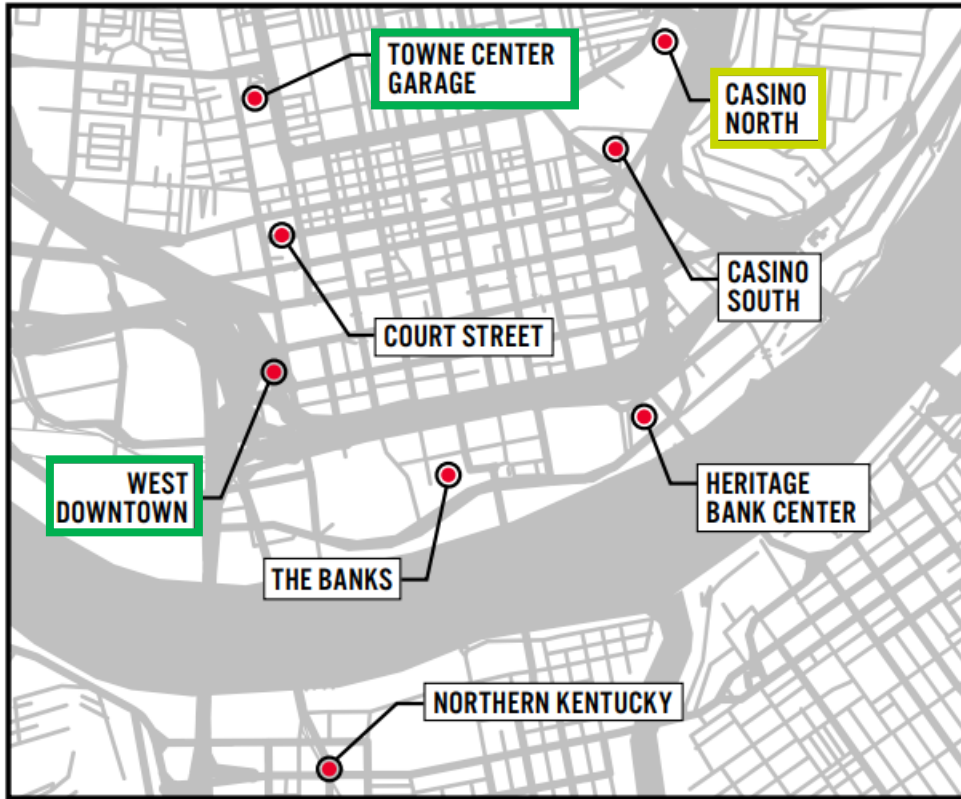


Range: 0-10

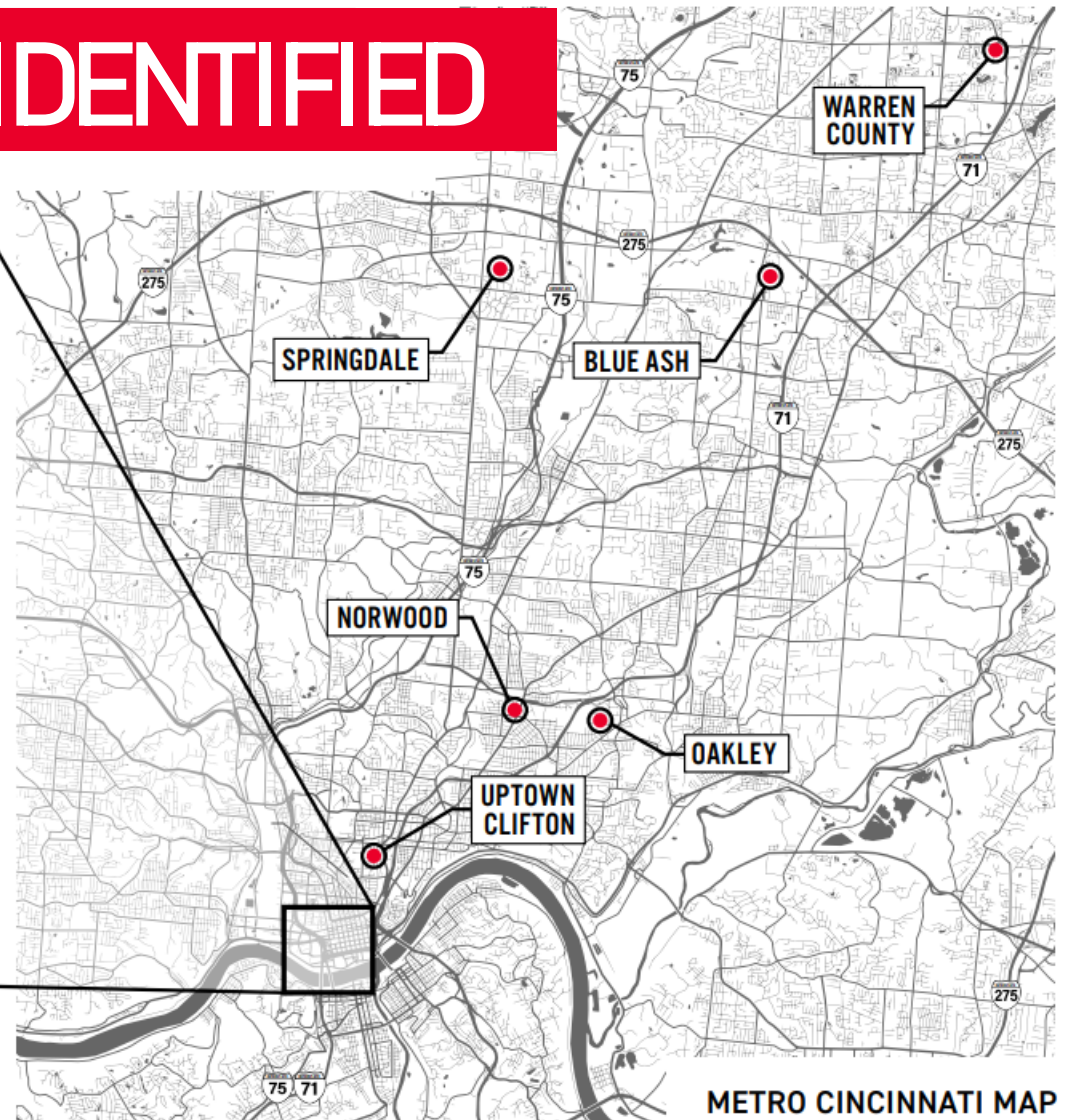


Range: 0-5

2 HIGH-POTENTIAL SITES IDENTIFIED



DOWNTOWN CINCINNATI MAP



METRO CINCINNATI MAP

WEST DOWNTOWN: WHAT WE HEARD

Stakeholders responded favorably to the West Downtown site noting that the site is **complementary with existing infrastructure**. It is adjacent to the convention center and has visibility and access to the highway. This site also has the potential to improve connectivity to the west side of the Banks, provide an anchor on the west side of downtown, and has access to nearby hotels. Stakeholders also felt confident that the **existing parking infrastructure would be able to accommodate a new arena** at this site, including the nearby Banks parking garage, convention center parking, and the central downtown parking structures. The **existing grade change** at this site was also identified as a favorable condition for design, operations, and fan experience. The West Downtown site is **within walking distance** to the Banks and Fountain Square and would provide support to the existing amenities and small businesses that currently exist in these areas, as well as catalyzing opportunities for additional development around the western edge of downtown. Lastly, the **land acquisition process for this site would be comparatively simple** compared to others. ODOT has already agreed to work with the City of Cincinnati once the Brent Spence Bridge project is complete to make the land available.

However, the **timeline that the land will become available is likely this site's biggest obstacle**. With the construction of the Brent Spence Bridge, ODOT is currently not able to identify when this land would be available. ODOT has consistently worked with local partners to find solutions where possible throughout the bridge project, and a logical next step would be a detailed discussion to more clearly define the arena's timeline in conjunction with the corridor project.

SITE ACQUISITION (20%)

Parcel entitlement for a multi-purpose arena



LAND AREA & ACCESS (20%)

Capacity for venue, approach & emergency access



AMENITIES & PUBLIC SERVICES (15%)

Restaurants, hotels, retail, & safety services



POPULATION (15%)

Proximity to density centers in metro area



PARKING (15%)

Existing parking and potential for new parking



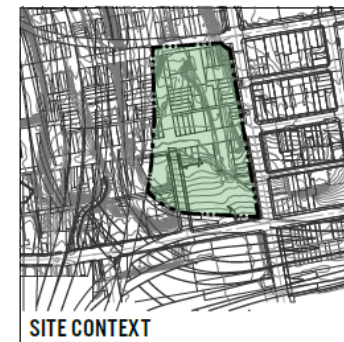
PUBLIC TRANSIT (10%)

Intergration with potential transit routes

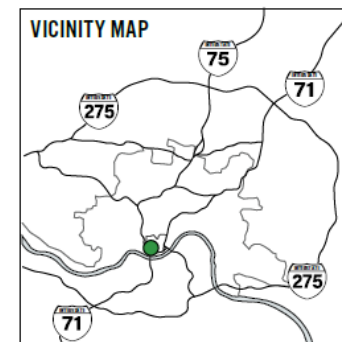


CATALYST FOR DEVELOPMENT (5%)

Potential to catalyze additional development



SITE CONTEXT



VICINITY MAP

SITE AREA

9.62 ACRES



TOWNE CENTER GARAGE

CENTRAL PARKWAY & CENTRAL AVE.

SCORING CRITERIA

SITE ACQUISITION (20%)

Parcel entitlement for a multi-purpose arena



LAND AREA & ACCESS (20%)

Capacity for venue, approach & emergency access



AMENITIES & PUBLIC SERVICES (15%)

Restaurants, hotels, retail, & safety services



POPULATION (15%)

Proximity to density centers in metro area



PARKING (15%)

Existing parking and potential for new parking



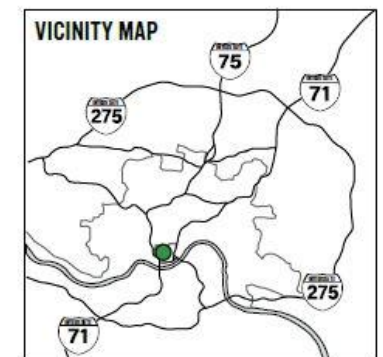
PUBLIC TRANSIT (10%)

Intergration with potential transit routes



CATALYST FOR DEVELOPMENT (5%)

Potential to catalyze additional development



SITE AREA

6.37 ACRES

TOWNE CENTER GARAGE: WHAT WE HEARD

Stakeholders responded with an openness to the Towne Center Garage site. An arena at this site would **further spur development in the West End** and become an activated hub with TQL Stadium and Music Hall nearby. Building at this site also **eliminates a deteriorating asset** that needs repair and **allows construction of a new arena to commence more quickly**. This site also has proximity to the convention center and **close proximity to many amenities in Over-the-Rhine**.

However, this site does have challenges that were identified during the stakeholder process. The site can accommodate a modern arena, but **it is a tight fit** and the arena concourses would be narrower than other venues. Building at this site would also **require finding a new home for WCET**, which currently owns the buildings on the site (the City owns the parking structure). Reducing parking from Towne Center and adding an arena would **require a holistic parking plan to support the surrounding major facilities**. It was made clear that to receive buy-in from the residential community and the organizations that support Music Hall, there needs to be a solution to traffic and parking issues. There would also be a **need for ongoing coordination with FC Cincinnati and Music Hall** to manage scheduling conflicts.

Overall, stakeholders are open to this site but acknowledge the hurdles that need to be solved before construction could begin.

SITE ACQUISITION (20%)

Parcel entitlement for a multi-purpose arena



LAND AREA & ACCESS (20%)

Capacity for venue, approach & emergency access



AMENITIES & PUBLIC SERVICES (15%)

Restaurants, hotels, retail, & safety services



POPULATION (15%)

Proximity to density centers in metro area



PARKING (15%)

Existing parking and potential for new parking



PUBLIC TRANSIT (10%)

Intergration with potential transit routes

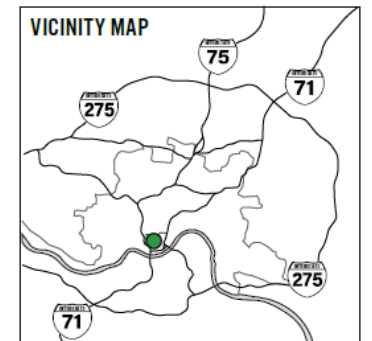


CATALYST FOR DEVELOPMENT (5%)

Potential to catalyze additional development



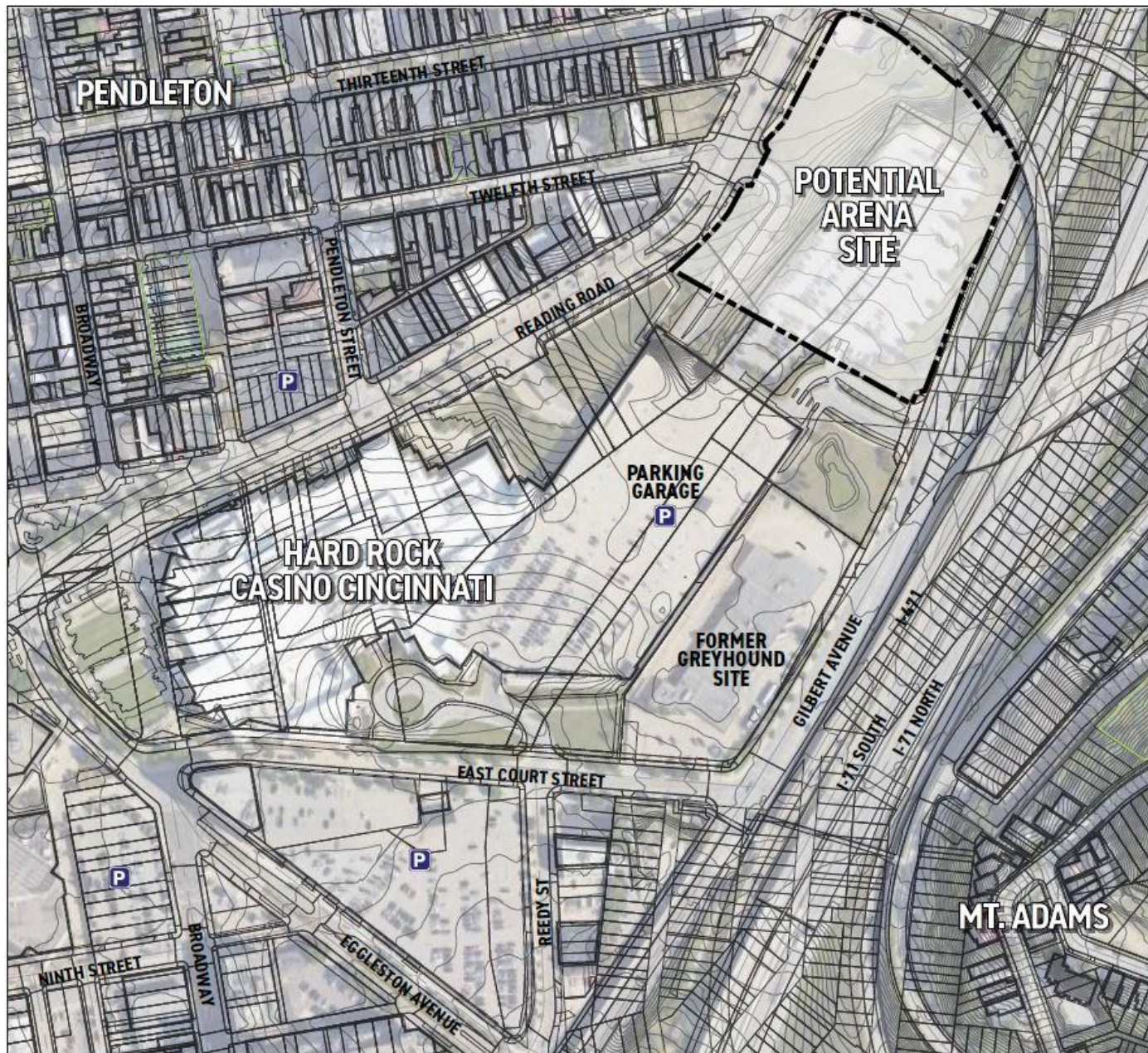
SITE CONTEXT



VICINITY MAP

SITE AREA

6.37 ACRES



CASINO NORTH

BROADWAY COMMONS AT READING RD.

SCORING CRITERIA

SITE ACQUISITION (20%)

Parcel entitlement for a multi-purpose arena



LAND AREA & ACCESS (20%)

Capacity for venue, approach & emergency access



AMENITIES & PUBLIC SERVICES (15%)

Restaurants, hotels, retail, & safety services



POPULATION (15%)

Proximity to density centers in metro area



PARKING (15%)

Existing parking and potential for new parking



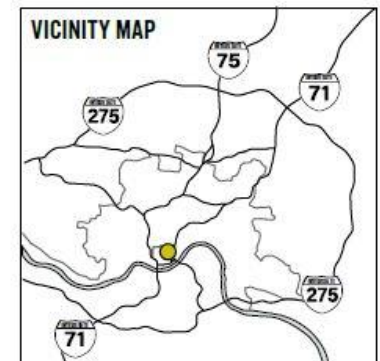
PUBLIC TRANSIT (10%)

Integration with potential transit routes



CATALYST FOR DEVELOPMENT (5%)

Potential to catalyze additional development



SITE AREA

5.16 ACRES

CASINO NORTH: WHAT WE HEARD

During discussions with stakeholders, it was clear that West Downtown and Towne Center Garage were the two most desirable sites. However, stakeholders also **responded to the Casino North site as a potential option.**

The Casino North site is unique as it presents the **potential to partner with a private investor** such as Hard Rock, who has expressed interest in being involved with the project. This could have positive implications for construction and operations. Other assets include **elevation changes** that offer favorable conditions for design, operations, and fan experience; the ability to leverage the **existing casino parking infrastructure**; and the flexibility of only **working with one owner who doesn't have a current plan for the site**, allowing construction to potentially commence quickly.

Although the site is viable and has some advantages, there were other concerns. Stakeholders noted that the **site felt isolated and removed from the rest of the urban core** – of the three sites, this one is farthest from existing amenities and assets in the urban core. There would also be **significant ingress/egress challenges** at this site and **limited short-and medium-term opportunities to impact development.**

SITE ACQUISITION (20%)

Parcel entitlement for a multi-purpose arena



LAND AREA & ACCESS (20%)

Capacity for venue, approach & emergency access



AMENITIES & PUBLIC SERVICES (15%)

Restaurants, hotels, retail, & safety services



POPULATION (15%)

Proximity to density centers in metro area



PARKING (15%)

Existing parking and potential for new parking



PUBLIC TRANSIT (10%)

Intergration with potential transit routes

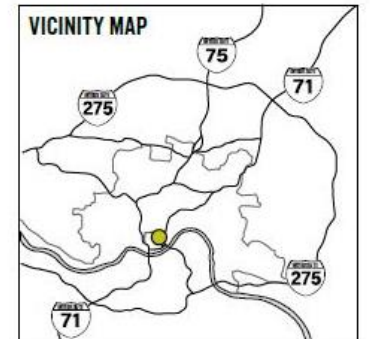


CATALYST FOR DEVELOPMENT (5%)

Potential to catalyze additional development



SITE CONTEXT

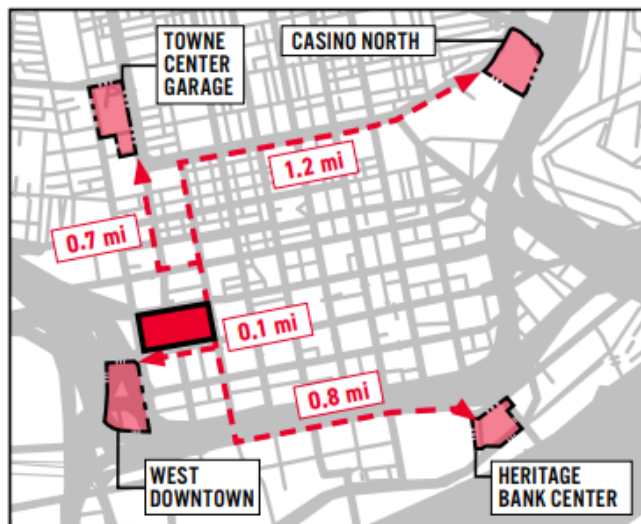
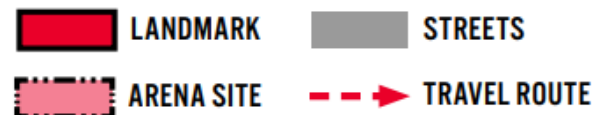


VICINITY MAP

SITE AREA

5.16 ACRES

CINCINNATI LANDMARKS



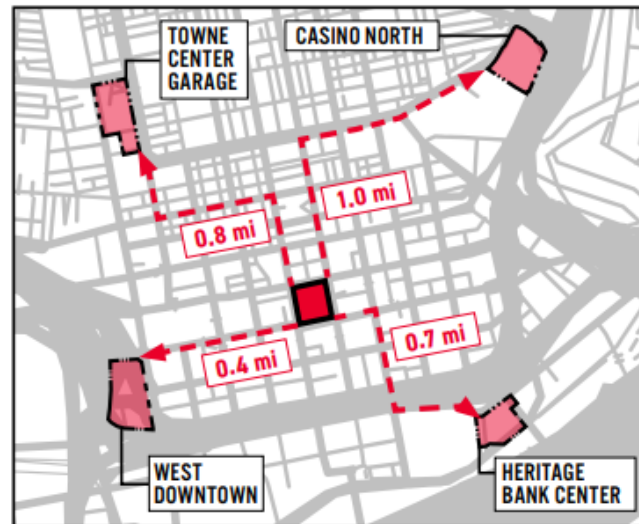
CONVENTION CENTER

Site: West Downtown
Walking Distance: 0.1 miles

Site: Casino North
Walking Distance: 1.2 miles

Site: Towne Center Garage
Walking Distance: 0.7 miles

Site: Heritage Bank Center
Walking Distance: 0.8 miles



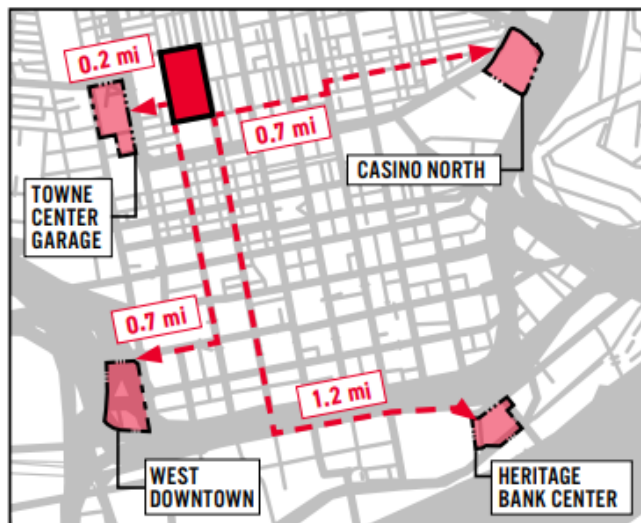
FOUNTAIN SQUARE

Site: West Downtown
Walking Distance: 0.4 miles

Site: Casino North
Walking Distance: 1.0 miles

Site: Towne Center Garage
Walking Distance: 0.8 miles

Site: Heritage Bank Center
Walking Distance: 0.7 miles



WASHINGTON PARK

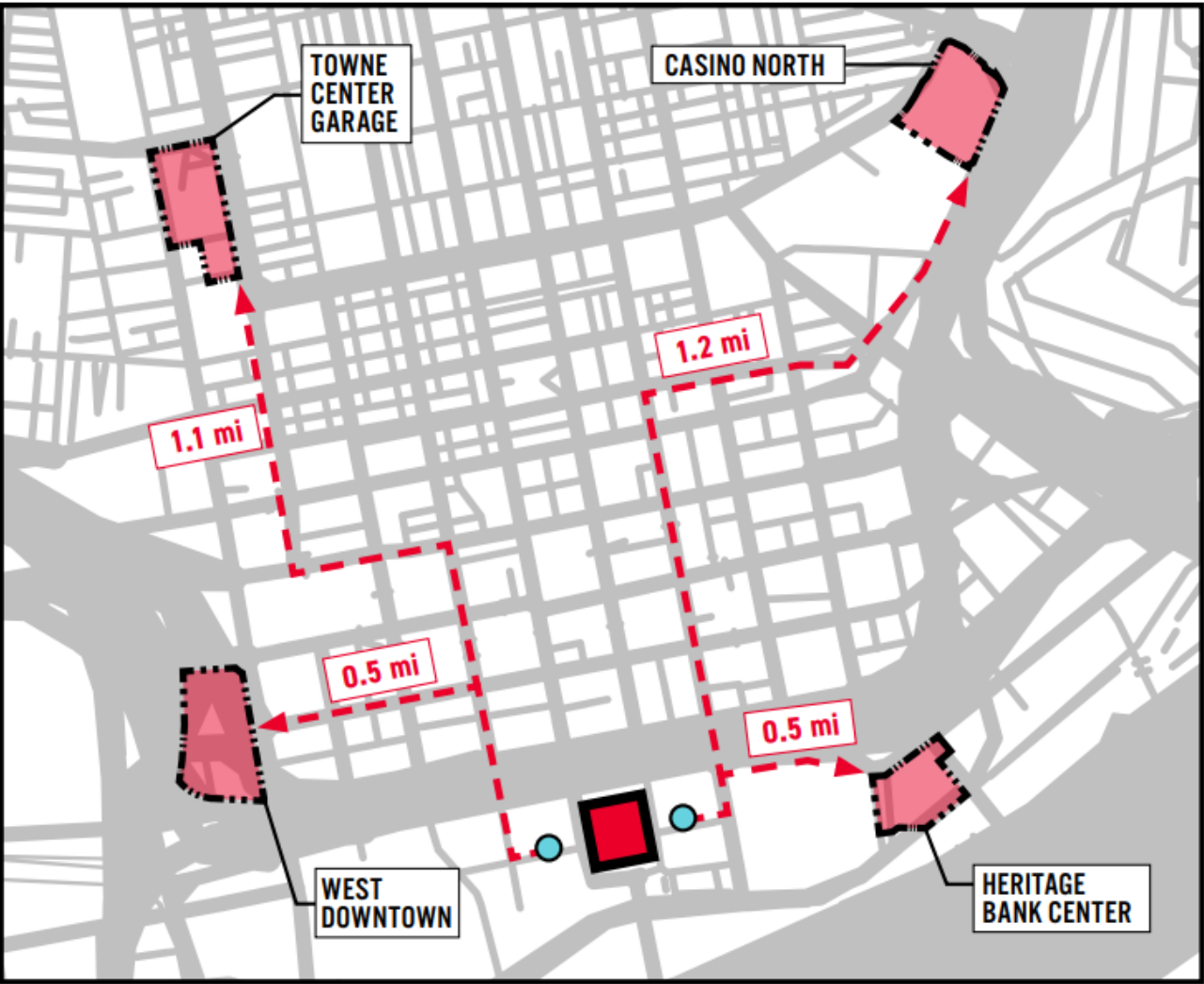
Site: West Downtown
Walking Distance: 0.7 miles

Site: Casino North
Walking Distance: 0.7 miles

Site: Towne Center Garage
Walking Distance: 0.2 miles

Site: Heritage Bank Center
Walking Distance: 1.2 miles

ACCESS: BANKS / RIVERFRONT GARAGE



LANDMARK CRG ACCESS

POTENTIAL ARENA SITE

TRAVEL ROUTE

Site: West Downtown
Walking Distance: 0.5 miles

Site: Casino North
Walking Distance: 1.2 miles

Site: Towne Center Garage
Walking Distance: 1.1 miles

Site: Heritage Bank Center
Walking Distance: 0.5 miles

V. COST

SITE ACQUISITION COST

WEST DOWNTOWN

- Requires transfer of State-owned land to the City
- More cost (and steps) to transfer site to City if private development vs. public use.

Low

TOWNE CENTER GARAGE

- City-owned land but would need to find a new home for WCET
- WCET owns building and air rights above City-owned garage.

Medium

CASINO NORTH

- Land privately owned by Hard Rock Casino

Low

CONSTRUCTION COST: BASELINE

	T-MOBILE ARENA Paradise, NV	GOLDEN 1 CENTER Sacramento, CA	CONFIDENTIAL	CONFIDENTIAL	T-MOBILE CENTER Kansas City, MO	NEW CINCINNATI ARENA Baseline
PROGRAM INFORMATION						
Capacity (Basketball)	18,000	17,608	17,278	18,826	18,972	18,000
Year Opened	2016	2016	In Design	In Design	2007	TBD
Primary Tenant	Golden Knights (NHL)	Kings (NBA)	Confidential (NBA)	Confidential (NBA)	Big 12 Men's Tournament	TBD
Total GSF	673,000	742,000	785,300	871,000	640,000	675,000 ⁽¹⁾
CONSTRUCTION COST INFORMATION						
Construction Cost - Nominal	\$375M	\$466M	\$656M	\$1,105M	\$276M	-
% Private Contribution	100%	52%	Confidential	Confidential	16%	TBD
Construction Cost - Adjusted ⁽²⁾	\$581M	\$618M	\$736M	\$881M	\$543M	\$550-\$650M
Cost Per GSF	\$863	\$833	\$938	\$1,012	\$848	\$815-\$963

Note: (1) Average NHL arena is 730,000 GSF; (2) Adjusted for time (2024) and location (Cincinnati, OH)

CONSTRUCTION COST: SITE PREMIUMS

WEST DOWNTOWN

- More complex utility relocation and/or new services given proximity to freeways and convention center
- Grade change premium (more excavation and foundation)

Est. Premium: \$10M

TOWNE CENTER GARAGE

- Demo existing garage
- Manage construction related to Duke Energy Main
- Premium for elevated main concourse (i.e., more vertical circulation required)

Est. Premium: \$25M

CASINO NORTH

- Grade change premium (more excavation and foundation)

Est. Premium: \$5M

HERITAGE BANK CENTER

- Detailed on page 16.

Est. Premium: \$70M

Note: Costs associated with building new/additional parking not included in the rough order of magnitude (ROM) premiums above.

SOFT COSTS

Soft costs typically represent 20-25% (of total construction cost) and include:

- Design (architecture & engineering)
- Surveys & testing
- Project management
- Permit & other administrative fees
- Legal
- Marketing
- Furniture, fixtures & equipment (FF&E)
- Insurance (e.g., builder's risk)
- Other consultants (e.g., M/WBE coordinator, workforce development, etc.)
- Project contingency
- Acquisition*

*Cost of acquisition varies by site and could increase the project's total soft costs.

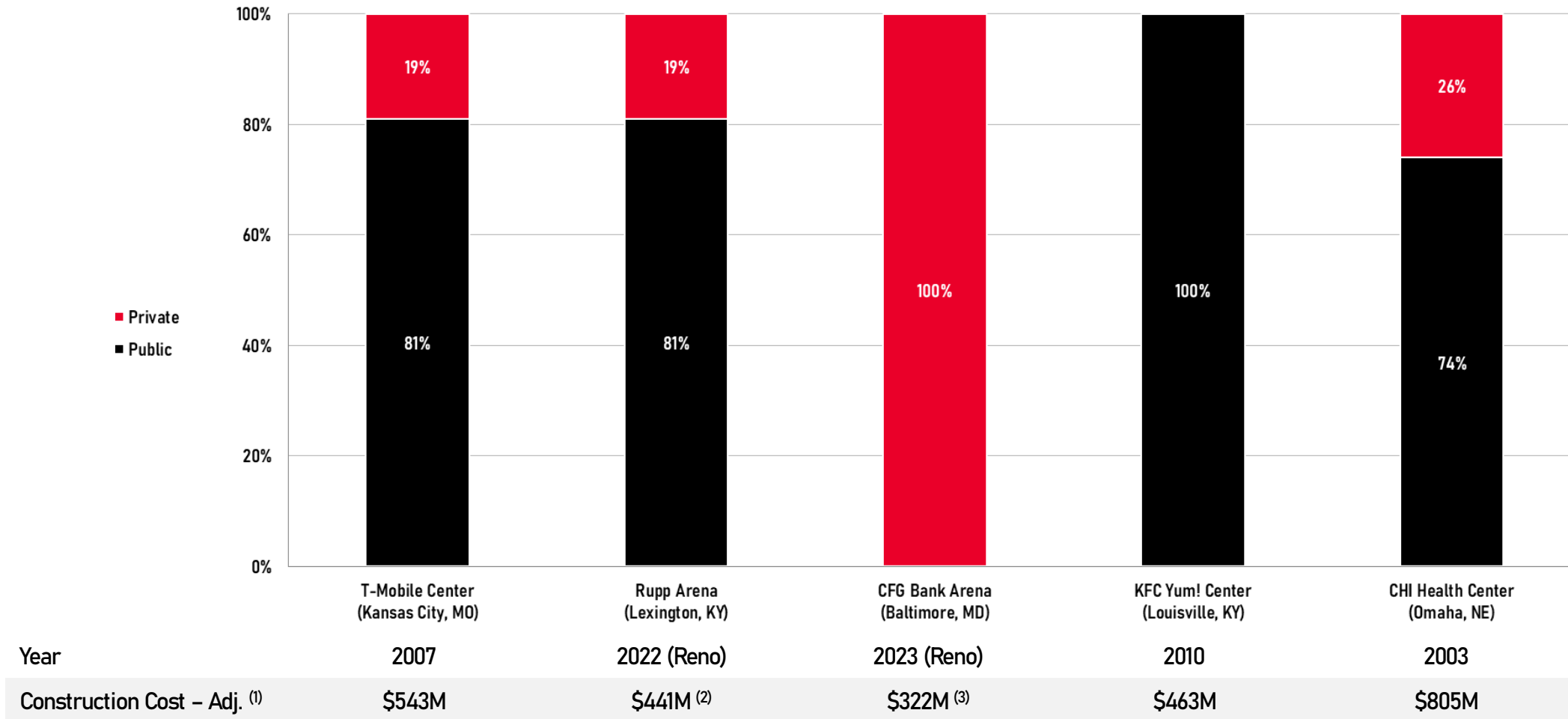
VI. FINANCING

COMPARABLE VENUE SET

Criteria: No NBA/NHL tenant, Midwest (or comparable market), capacity 18K (+/-), opened (or significantly renovated) in last ~20 years

Arena	Year Opened	Capacity	Owner / Operator
Heritage Bank Center <i>Cincinnati, OH</i>	1975	17,750	Nederlander Entertainment, AEG / Nederlander Entertainment
T-Mobile Center <i>Kansas City, MO</i>	2007	19,000	City of Kansas City / ASM Global
Rupp Arena <i>Lexington, KY</i>	1976 (\$310M renovation 2018-22)	23,000	Lexington-Fayette County / Lexington Center Corporation
CFG Bank Arena <i>Baltimore, MD</i>	1962 (\$250M renovation 2022-23)	14,000	City of Baltimore / Oak View Group
KFC Yum! Center <i>Louisville, KY</i>	2010	22,000	Louisville Arena Authority / ASM Global
CHI Health Center <i>Omaha, NE</i>	2003	18,320	City of Omaha / Metropolitan Ent & Convention Authority

COMPARABLE VENUES: PRIVATE VS. PUBLIC



Note: (1) Adjusted for time (2024) and location (Cincinnati, OH); (2) Central Bank Center renovation (October 2018–April 2022) included renovation of Rupp Arena, Convention Center, and Lexington Opera House; (3) CFG Bank Arena renovation (June 2022–April 2023)

CASE STUDY: T-MOBILE CENTER

LOCATION: Kansas City, MO

YEAR OPENED: 2007

TOTAL CONSTRUCTION COST: \$276M

FUNDING SOURCES:

- \$222M in bonds issued by the city in 2005 and 2006
 - Portion of new hotel tax (\$1.50/night) and rental car tax (\$4/day fee) – which passed in 2004 – used to pay down debt
- \$53M contribution from Anschutz Entertainment Group (AEG) in exchange for a 35-year contract to manage and operate the arena



CASE STUDY: RUPP ARENA

LOCATION: Lexington, KY

NOTABLE ADJACENCIES: Rupp Arena is part of a complex (Central Bank Arena) that includes a convention-exposition hall (Lexington Center), a shopping mall, a hotel, and an opera house (Lexington Opera House).

YEAR RENOVATED: 2018-22

TOTAL RENOVATION COST: \$310M

FUNDING SOURCES:

- \$221M in bonds, including \$60M in state money that was part of a state budget approved by the General Assembly in 2016
 - To be repaid from convention center and arena revenues (UK lease, naming rights), a 2.5% hotel tax increase (from 7% to 9.5%), and an annual monetary commitment from VisitLex, the city's tourism and visitors bureau
- Up to \$30M (initially only \$10M) from Lexington-Fayette Urban County Council
 - City makes its own debt payments on the \$30M it borrowed to help fund the expansion
- \$59M in private investment (details unknown)



CASE STUDY: CFG BANK ARENA

LOCATION: Baltimore, MD

NOTABLE ADJACENCIES: Located one block away from the Baltimore Convention Center (exhibition/meeting space, hotel).

YEAR RENOVATED: 2022-23

TOTAL RENOVATION COST: \$250M

FUNDING SOURCES:

- Oak View Group (OVG), Fundamental Advisors, and Thirty Five Ventures fully funded the cost of the arena's renovation through a combination of private debt and equity. In return, they will lease the building for the next 30 years through an entity called Baltimore Arena Co.



CASE STUDY: CHI HEALTH CENTER

LOCATION: Omaha, NE

NOTABLE ADJACENCIES: CHI Health Center includes an arena and a convention center.

YEAR OPENED: 2003

TOTAL CONSTRUCTION COST: \$291M

FUNDING SOURCES:

- \$216M in general obligation bonds issued by the city
 - Debt paid off using city property and sales tax revenue, parking revenue, seat taxes, and state sales taxes collected in the arena and nearby hotels "turned back" to the city
- Remainder of the funding - \$75M - was provided by private organizations and individuals



POTENTIAL FINANCING TOOLS

As Cincinnati considers how to finance a new arena, there are a number of financing tools that should be discussed, including:

PRIVATE INVESTMENT

Nearly, every peer facility we studied had a meaningful percentage of the arena's project cost financed via private investment. These have been at varying levels and from different sources. The most common case is that a private facility operator brings funds to the table; there are a number of potential scenarios in Cincinnati where that might make sense – including the current arena operator, Nederlander, participating in a new project, or an outside investor bringing funds to the table to catalyze the deal. Any successful project will necessitate that Cincinnati identify private sector partners to support the construction of a new arena.

ARENA REVENUE STREAMS

Any new facility will bring with it opportunities for naming rights, founding sponsorships, and other revenue streams that can be monetized to support the arena's construction. More specifically, these revenue streams can be pledged against and used to pay back bonds specifically issued to finance the project. Further, the value of these revenue streams increases dramatically if Cincinnati were able to attract a major league tenant to the facility.

TAX INCREMENT FINANCING (TIF)

TIFs are a common tool used to capture the incremental property tax revenue to support public improvements in a geographic area. The New Community Authority model created and utilized for the Banks and TQL Stadium might also be explored as a source of new arena funding. In addition, there are other TIF models that are worth considering. In Kentucky, for example, there is a Signature Project TIF that allows for the capture of additional tax revenue, including individual and corporate income taxes, ticket taxes, and sales taxes. Ohio should consider whether there are major projects that would benefit from the creation of such TIF or other innovative funding tools that drive economic impact back to the local and state economies.

"SIN" TAX

Cleveland, Ohio voters initially approved a "sin" tax in 1990 to fund the construction of a baseball stadium and basketball arena. The sin tax allows for a small portion of taxes on liquor, beer, wine, cider, mixed drinks, and cigarettes to go towards the funding and continued repairs and renovations of Cleveland's two sports facilities. The sin tax in Cleveland is a flat fee rather than a percentage of sales, which means the fund hasn't increased as prices have gone up. The sin tax could be brought to Cincinnati voters as a potential financing tool for a modern arena. With recreational marijuana recently being legalized in Ohio, taxes on marijuana sales could also be considered as a financing tool.

RIDESHARE FEE

To help fund the renovation of Cincinnati's Convention Center, a proposed change to the State's budget would have allowed the City of Cincinnati to add a fee to rideshare services that start or end in Downtown Cincinnati or Over-the-Rhine. While not implemented, this funding tool makes sense for an arena as well. Under the proposal, trips to or from Downtown or Over-the-Rhine are charged a higher user fee that the City would be able to use to support the construction of the new arena.

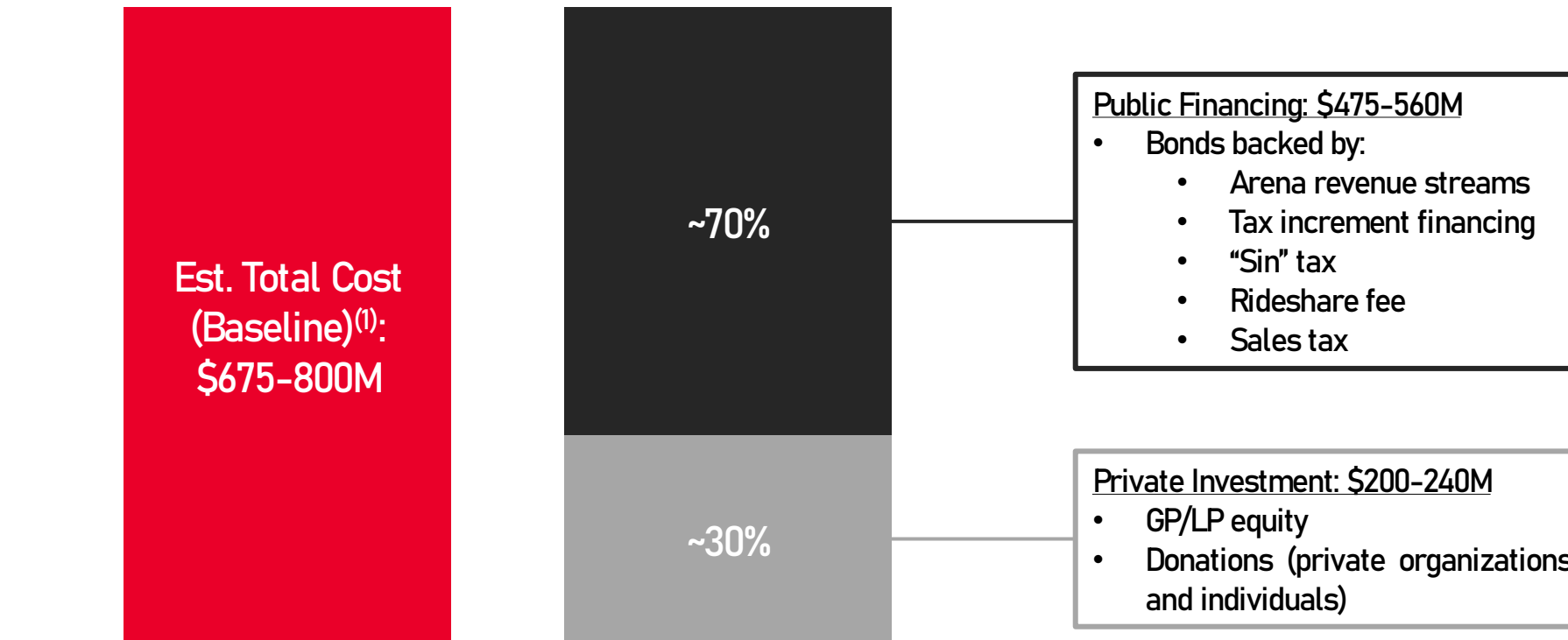
SALES TAX

Under Ohio law, Counties and transit authorities can levy sales and use taxes over and above the State's 5.75%. Hamilton County's current sales tax rate is 7.8%, and the County has capacity to increase that rate up to 0.25% for general funding which could be used for investment in a development asset such as this if they chose to and sought voter approval. Hamilton County also has an existing 0.5% sales tax that supports the two riverfront stadiums. Sales taxes have the benefit of capturing revenue from both residents and visitors, ensuring that some of the tourism spend in Hamilton County from the events a new arena will attract are captured and reinvested in the development of the project.

PRIVATE

PUBLIC

CONCEPTUAL CAPITAL STACK



Note: (1) Excludes site acquisition cost and site-specific premiums

VII. OPERATIONAL SUCCESS

OPERATIONAL SUCCESS

The analysis in this report about where to build an arena and how it is funded and operated is only part of what will be necessary to ensure a new arena succeeds. In our analysis of peer facilities, there are a number of important operational takeaways that Cincinnati should consider:

FACILITIES AUTHORITY

Many of Cincinnati's peers manage their major civic facilities through an authority, non-profit management company, or similar structure, many of which were created when these cities tackled a major project, such as a new arena.

- Cleveland: Gateway Economic Development Corporation owns both Progressive Field & Rocket Mortgage Field-house and leases these facilities to the Cleveland Guardians and Cleveland Cavaliers, respectively.
- Columbus: Franklin County Convention Facilities Authority owns and operates the Greater Columbus Convention Center, the Hilton Columbus Downtown Hotel, Nationwide Arena, and parking facilities totaling more than 4,700 spaces.
- Louisville: Louisville Arena Authority oversees the management and operation of the KFC Yum! Center.
- Pittsburgh: Sports & Exhibition Authority owns and leases PNC Park, Acrisure Stadium, and PPG Paints Arena. The Authority also owns and is responsible for the operation of the David L. Lawrence Convention Center.

A dedicated group of leaders whose sole focus is managing and overseeing major civic facilities could be an optimal solution to Cincinnati's current management structure. It is clear that a Facilities Authority in other cities provides the necessary resources and expertise to maximize the success of their civic facilities. This level of coordination across multiple facilities would provide relief to City/County employees and ensure professional management moving forward. We strongly recommend investigation of a structure to manage Cincinnati's key facilities, including the stadiums, convention center, and arena.

CINCINNATI SPORTS COMMISSION

Visit Cincy has created a Cincinnati Sports Commission in Cincinnati. Our research makes clear that an entity like this will be essential to the success of a new arena. The Commission's ability to strategically and creatively seek out events to fill out an arena's calendar with events that drive tourism to Cincinnati will have a positive impact on the arena's operations and its return on investment to the local economy.

THE IMPACT OF MAJOR LEAGUE SPORTS

While this report is not written with the goal of attracting a major league sports tenant, there is clear upside in the financing and operations of an arena if leaders in Cincinnati sought out and were able to attract a new-to-market major league team. Throughout this report, we have articulated the implications of this. Other cities, including Oklahoma City (NBA's Thunder) and Las Vegas (NHL's Golden Knights), have opened new facilities and leveraged them to attract a major league team.

VIII. TAKEAWAYS

TAKEAWAYS

- The current arena site is too complicated and too expensive for a new, modern arena. However, it is imperative that the future of this site continues to support the infrastructure, planned development and growth, and existing businesses at The Banks.
- The current arena's programmed days and nights have decreased. Its ability to attract events may continue to diminish as it ages and peer venues outpace us.
- Certain major acts are not coming to Cincinnati but are performing at regional peer arena venues, making clear the opportunity to attract additional concerts, as well as events that are for families, adults, and tourists.
- A new arena would allow Cincinnati to compete for events like NCAA men's and women's basketball, hockey, or volleyball regular or postseason games. Currently Cincinnati does not have an arena that can attract NCAA basketball tournament games.
- A new Cincinnati arena would operate profitably even without a major league tenant and would not require ongoing operating support from a public entity.
- Consistent with arena projects across the country, any arena financing plan will require a combination of private investment and public financing.
- The creation of a facilities authority should be studied as a new mechanism to oversee Cincinnati's downtown civic facilities that are currently being managed by multiple public entities.

TAKEAWAYS

- Two sites rise to the top of most viable sites for a new arena. The West Downtown site is located across Central Avenue and one block south from the west side of the Convention Center. The Towne Center Garage site encompasses the rectangular site south of TQL Stadium, from Ezzard Charles south to Charles Street.

The West Downtown Site:

- Requires intense coordination with ODOT to determine how to integrate the arena project into the Brent Spence Bridge Corridor Project.
- Relies on and supports existing parking infrastructure at the Banks and would be additive to the development of retail, restaurant, residential, and office activity at the Banks.
- Has proximity to the Duke Energy Convention Center that would support convention needs.

The Town Center Garage Site:

- Requires identifying a new home for WCET which currently operates above the City-owned parking facility on this site.
- Needs a comprehensive parking plan to support a new arena, Music Hall, and TQL Stadium.
- Requires significant engagement with nearby residents and stakeholders to better understand impact of a new facility at this location.
- Could likely begin construction on a more expedited timeline.