



Sales TIF District Analysis

City of Norman Oklahoma

HVS Convention, Sports & Entertainment Facilities Consulting

August 27, 2024



Convention, Sports & Entertainment
Facilities Consulting

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Jeff Sabin
Center for Economic Development Law
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Re: District Impact Analysis

Dear Mr. Sabin,

Attached you will find our Sales TIF District Impact Analysis for the Rock Creek Entertainment District in Norman, Oklahoma.

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

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

Sincerely,
HVS Convention, Sports & Entertainment
Facilities Consulting

Thomas A. Hazinski, MPP
Managing Director

Brian Harris
Senior Director

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Introduction and Methodology

Scope of Services

- The Center for Economic Development Law engaged HVS to conduct a fiscal impact study of the proposed sales tax increment finance district (the “TIF District”) in Norman, Oklahoma.
- The study’s purpose is to provide an independent analysis of gross and net sales tax generated by development that would be new to the City of Norman.
- The proposed development within the TIF District is called the Rock Creek Entertainment District. HVS analyzed visitor demand and the incremental sales tax impact following proposed land uses:
 - Arena
 - Office Space
 - Retail
 - Food and Beverage/Entertainment
 - Hotel

Downtown Norman Oklahoma



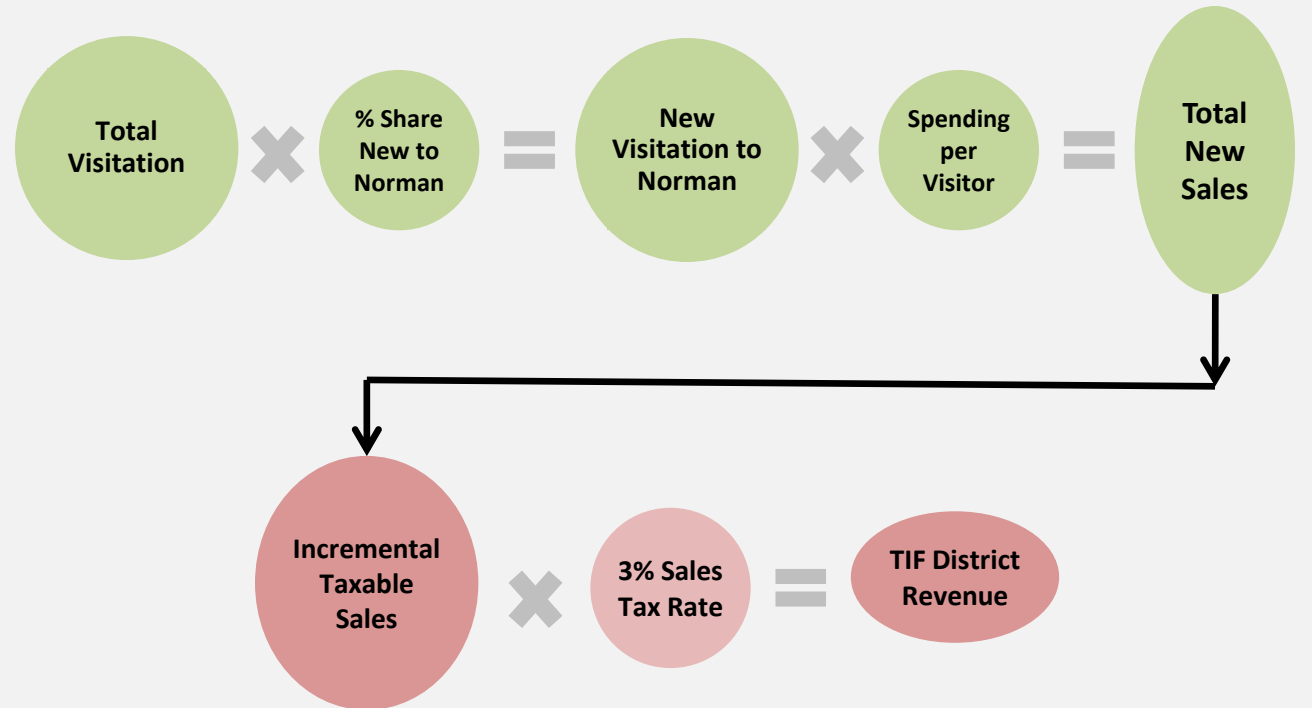
Source: Downtown Norman

Methodology

For each of the proposed land uses, we applied this general approach to estimating TIF District Revenue.

- Step 1—Estimate the number of visitors that would bring new spending into the economy
- Step 2—Analyze the amount of spending per visitor that could be defined as “gross receipts”
- Step 3—Calculate gross sales
- Step 4—Subtract existing sales
- Step 5—Calculate incremental taxable sales
- Step 6—Identify the appropriate tax rate
- Step 7—Calculate TIF District Revenues

Steps in the Estimation Process



Arena-Specific Methodology

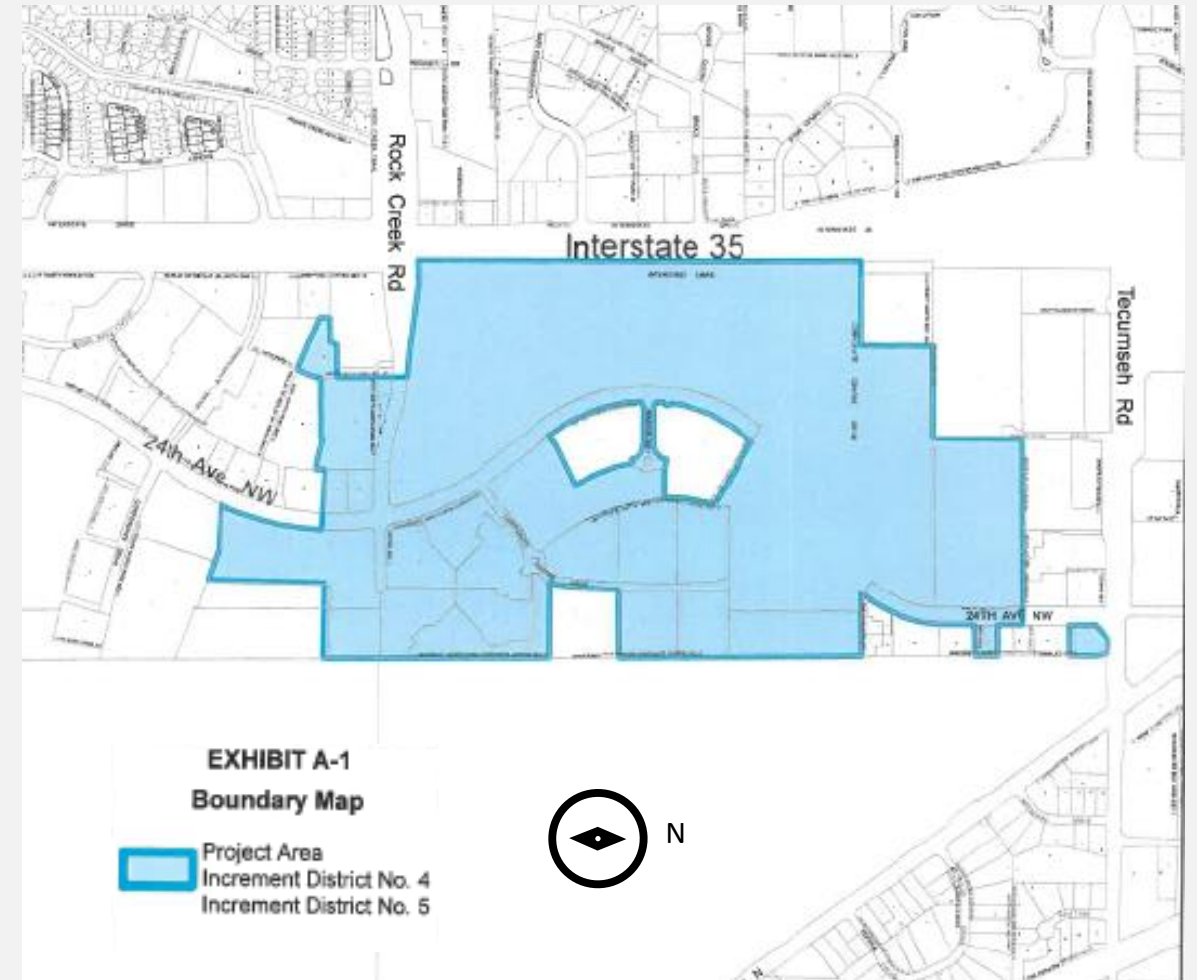
- We were tasked to determine spending figures for three separate areas. These areas were gross spending in Norman, net new spending in Norman, and gross spending in the TIF district.
- To project these figures, we had to determine the spending figures in two different areas, spending occurring inside the TIF District, and spending occurring elsewhere inside of the City of Norman.
- This is because the arena would generate visitation elsewhere in Norman before and after games.

Spend Type	Equation
Norman (Gross)	= Gross Spend within District + Gross Spend elsewhere in Norman
District (Gross)	= Gross Spend within District
Norman (Net New)	= Net New Spend within District + Net New Spend elsewhere in Norman

The Tax Increment Finance (“TIF District”)

- The project area is between Interstate 35 on the west, the western edge of the Westheimer Airport on the east, Tecumseh Road on the north and, just south of Rock Creek Road on the south.
- The TIF Districts are established under Section 856(B)(4)(a) of the Oklahoma Local Development Act 62 O.S. § 850, *et seq.*
- The project area includes two coterminous TIF Districts, Incremental Districts Numbers 4 and 5.
- Incremental District Number 4 is a sales tax increment district and will become effective on May 1, 2025. This is the TIF District that is the subject of our study.
- Incremental District Number 5 is an ad valorem increment district and will become effective on December 31, 2026. The scope of this study does not include an analysis of the generation of incremental ad valorem tax revenue.
- The increment of the City’s sales and use taxes is a portion of the City’s non-dedicated and capital improvements sales taxes, which combined are 3% of the gross receipts derived from sales. Receipts generated by investment, construction, and development are also subject to the tax.

The TIF District



Source: City of Norman

Description of Project

The Rock Creek Entertainment district is a multiphase mixed-use entertainment center and neighborhood consisting of:

1. A multi-purpose performance venue and sports arena anchor containing 8,000 seats
2. 140,000 square feet of retail and restaurant space
3. 180,000 square feet of office space
4. A 150-room, full-service hotel with an attached conference center
5. 177 units of single-family housing
6. Up to 750 units of multifamily housing
7. A 1,200-space parking garage
8. 3,400 surface parking spaces
9. A 38,000 square-foot outdoor community plaza

Proposed Arena

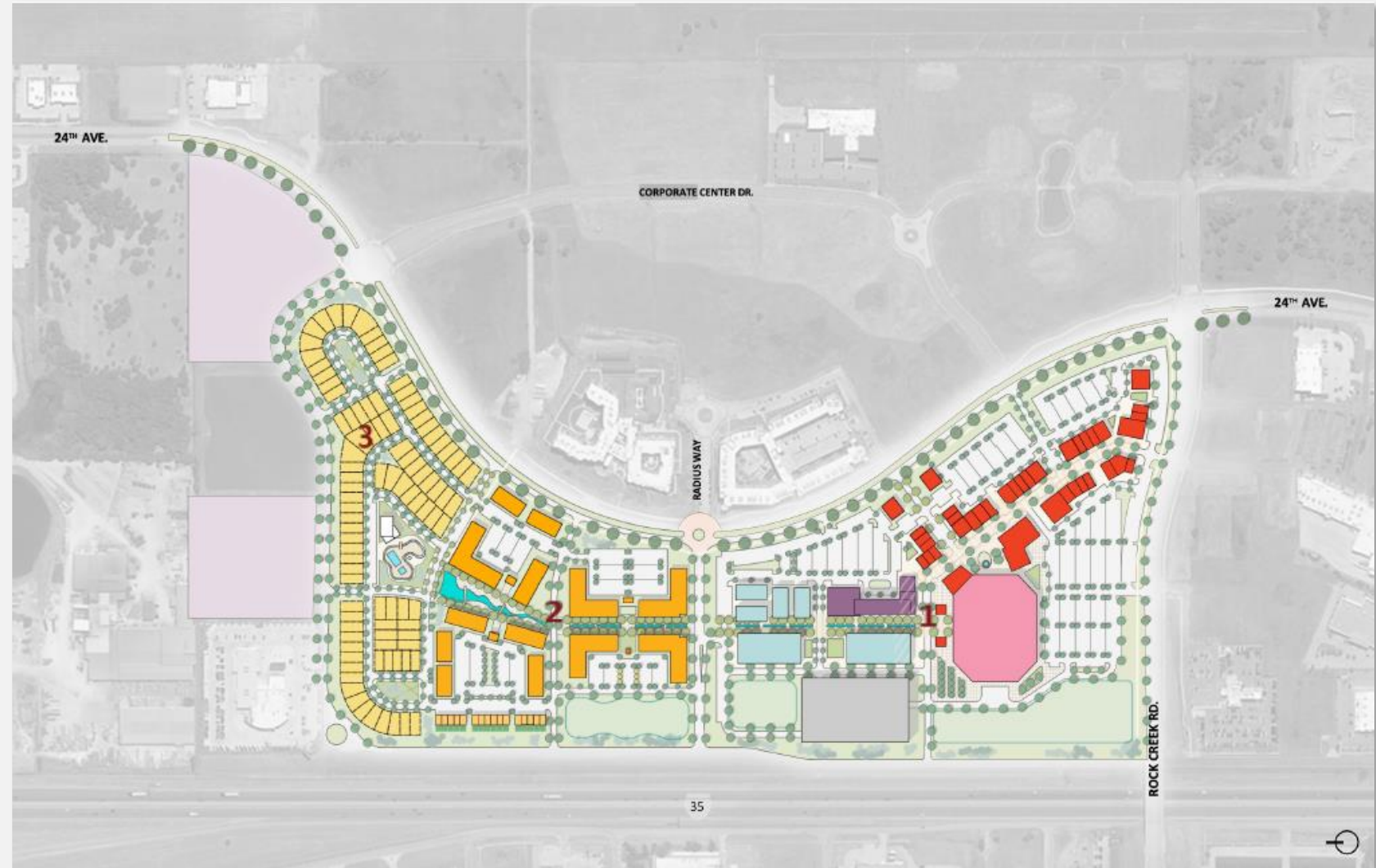


Legends Global Planning

Project Masterplan

- Area 1 (the left half of the image) depicts the mixed-use entertainment district.
- Area 2 (in orange) depicts the multi-family development.
- Area 3 (in yellow) represents residential development.

Rock Creek Entertainment District



Source: Gensler

Entertainment Area of the TIF District

The entertainment district included the following elements.

1. Arena
2. Hotel
3. Office
4. Events Plaza
5. Festival Street
6. Retail/F&B Entertainment



Source: Gensler

Market Overview

Economic Trends

- The population of Cleveland County is projected to expand faster than the state or the USA from 2023 to 2030.
- Personal income in Cleveland County is projected to grow at a lower rate than in the state or the USA.
- Food and beverage sales in Cleveland County are projected to grow faster than the state or the USA.
- Total retail sales in Cleveland County are projected to grow faster than the state or the USA.

Historic and Projected Change

Economic Indicator/Area	Beginning Amount	2010	2020	2023	2030	Ending Amount	Estimated Annual Compound Change 2023 to 2030
Resident Population (millions)							
Cleveland County	0.26					0.33	1.1%
Oklahoma City-Shawnee, OK CSA	1.3					1.6	0.8%
State of Oklahoma	3.76					4.19	0.6%
United States	309.33					352.07	0.7%
Per-Capita Personal Income* (thousands)							
Cleveland County	\$38.90					\$48.1	1.4%
Oklahoma City-Shawnee, OK CSA	\$40.99					\$53.5	1.4%
State of Oklahoma	\$38.93					\$51.8	1.6%
United States	\$42.50					\$61.1	1.6%
W&P Wealth Index							
Cleveland County	\$96.00					\$83.21	-0.2%
Oklahoma City-Shawnee, OK CSA	\$98.79					\$90.03	-0.2%
State of Oklahoma	\$93.30					\$86.54	-0.1%
United States	\$100.00					\$100.00	0.0%
Food and Beverage Sales* (billions)							
Cleveland County	\$0.40					\$0.82	2.9%
Oklahoma City-Shawnee, OK CSA	\$2.23					\$4.17	2.5%
State of Oklahoma	\$5.06					\$9.12	2.4%
United States	\$475.34					\$905.83	2.4%
Total Retail Sales* (billions)							
Cleveland County	\$3.18					\$5.06	1.8%
Oklahoma City-Shawnee, OK CSA	\$19.81					\$30.37	1.5%
State of Oklahoma	\$50.41					\$71.79	1.2%
United States	\$4,385.18					\$6,816.94	1.4%

* Inflation Adjusted

Source: Woods & Poole Economics, Inc.

Projected Employment by Industry

- Cleveland County’s strongest employment sectors are State and Local Government, Retail Trade, Accommodations and Food Services, and Health Care and Social Assistance.
- Woods & Poole forecasts that multiple industries will see jobs increase by 2030, led by Real Estate and Rental and Lease, Professional and Technical Services, and Finance and Insurance.

Historic and Projected Change (\$ thousands)

Sector/Geographic Area Employment	Beginning Amount (thousands)	2010	2020	2023	2030	Ending Amount (thousands)
Cleveland County						
State And Local Government	23.2					24.7
Retail Trade	12.2					16.8
Accommodation And Food Services	10.2					16.6
Health Care And Social Assistance	8.7					12.6
Professional And Technical Services	7.3					10.3
Other Services, Except Public Administration	7.0					10.2
Real Estate And Rental And Lease	5.8					9.6
Construction	6.7					9.3
Transportation And Warehousing	1.3					8.0
Administrative And Waste Services	6.7					7.9
Other	22.4					30.2
Total Cleveland County	111.6					156.0
MSA	771.5					1,016.5
U.S.	172,902					231,986

Source: Woods & Poole Economics, Inc.

Unemployment Trends

- Unemployment spiked in 2020 in Norman because of the COVID-19 pandemic and its associated impacts on private and public entities.
- The recovery in employment since the pandemic has been consistent, and unemployment levels are now below the national average. Employment has fully recovered to the 2019 low unemployment level.
- The unemployment rate in Norman is below the MSA, state, and national levels.

Percent Unemployed by Year

Year	Norman	MSA	Oklahoma	USA
2014	3.5 %	4.0 %	4.5 %	6.2 %
2015	3.2	3.9	4.4	5.3
2016	3.5	4.2	4.8	4.9
2017	3.4	3.8	4.2	4.4
2018	2.9	3.2	3.4	3.9
2019	2.8	3.0	3.3	3.7
2020	5.6	6.2	6.3	8.1
2021	3.3	3.9	4.0	5.4
2022	2.5	2.8	3.1	3.6
2023	2.8	3.0	3.2	3.6
Recent Month - Feb				
2023	3.0 %	3.1	3.3 %	3.9 %
2024	3.5	3.6	3.9	3.9

Source: U.S. Bureau of Labor Statistics

Trends Conclusion

- Cleveland County's high population growth and retail/food & beverage sales all are good indicators regarding the potential benefits a new entertainment district could provide.
- Cleveland County growing faster than the state in many categories show that Norman is one of Oklahoma's most attractive destinations.
- Employment in Norman has recovered from the COVID-19 pandemic, indicating a healthy job market.

Festival in Downtown Norman



Source: City of Norman

Arena Visitation Estimates

Arena Description

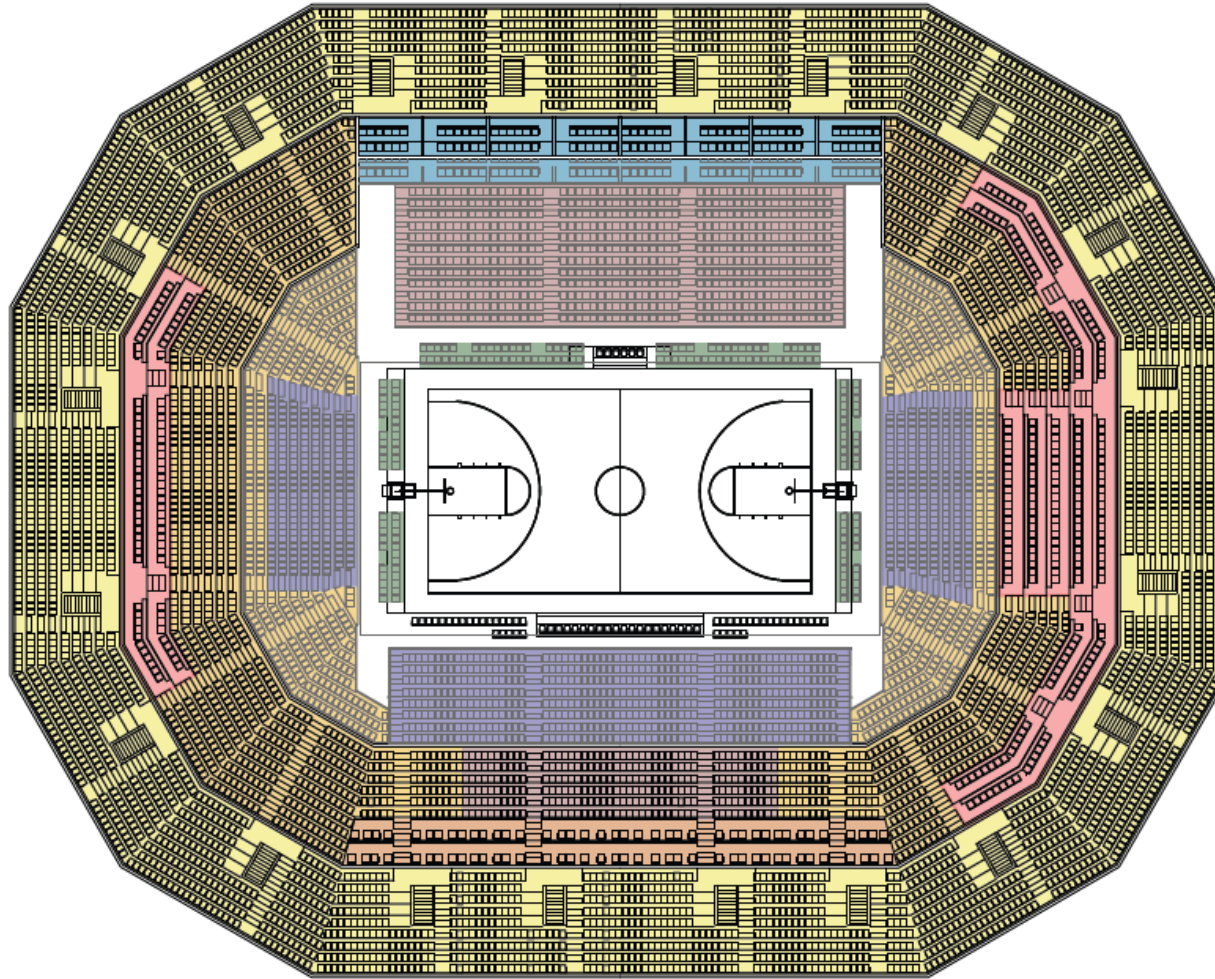
- A new arena will anchor the Rock Creek Entertainment District, which is expected to open in late 2027.
- The arena's three main tenants will be the University of Oklahoma's men's basketball team, women's basketball team, and women's gymnastics team. Currently, these teams play at the Lloyd Noble Center.
- The Lloyd Noble Center has a capacity of about 11,000, which is larger than the new arena's capacity of 8,000.
- The new arena is projected to have a wider array of premium seating options compared to the Lloyd Noble Center.
- The arena will have a total capacity of 8,000, with around 1,650 comprising premium seating options.
- Unlike the Lloyd Noble Center, this arena will host other ticketed events, like concerts and family shows.
- The arena will also be able to host non-ticketed events, including assemblies, flat-floor shows, and meetings.

Proposed Arena



Source: Legends Global Planning

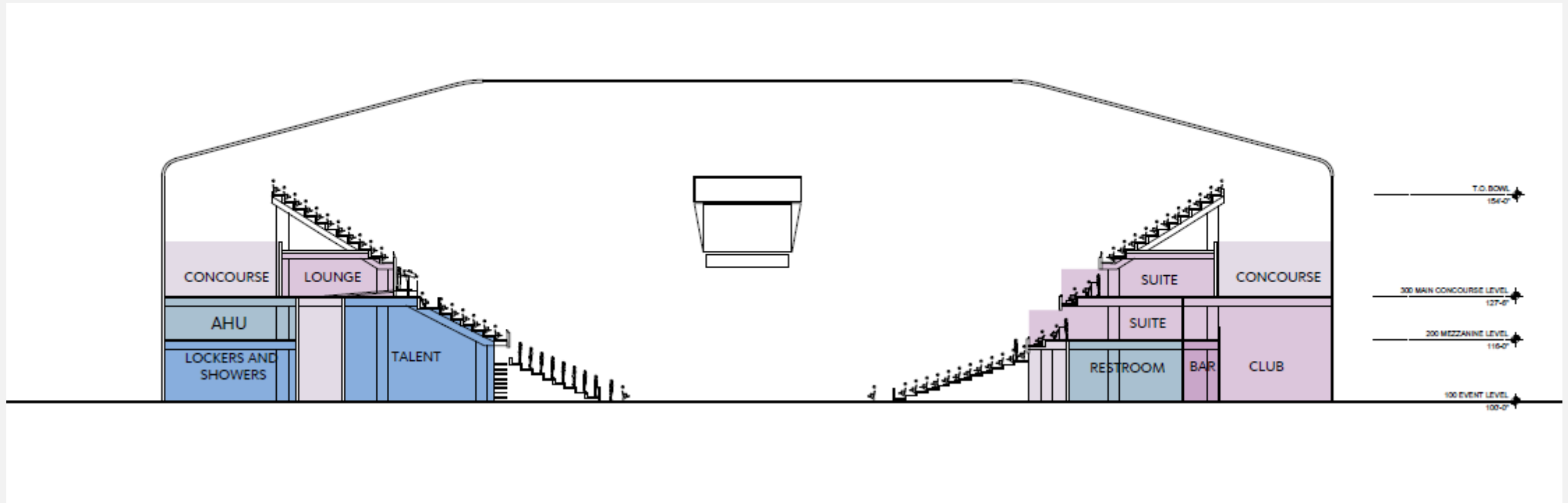
Proposed Arena Floor Plan



LOWER BOWL	CURRENT
CLUB	900
SUITES (16)	256
STUDENT SEATING	800
LOWER GA	2,340
LOGE (20)	80
LEDGE SEATS	300
BULKHEAD GA	3,160
COURTSIDE SEATS	165
TOTAL	8,001

Source: Gensler

Arena Cross Section



Source: Gensler

Demand Projection Summary

- For the purposes of this analysis, we assume an opening date of November 1, 2027, which places our first fiscal year of projections in 2028. We assume a three-year ramp-up period to stabilization in the fiscal year of 2030.
- Our projections are based on:
 - Lloyd Noble Center historical event data
 - Events and attendance reports from Oklahoma University
 - Data on comparable arenas
 - Comparable arena data
 - Third-party data sources
 - Research the local market visitation and demographics.

Comparison of Opening and Stabilized Years by Event Type

Event Type	Events		Average Attendance		Total Attendance	
	Opening FY 2028	Stabilized FY 2030	Opening FY 2028	Stabilized FY 2030	Opening FY 2028	Stabilized FY 2030
OU Men's Basketball	18	18	6,000	6,000	108,000	108,000
OU Women's Basketball	18	18	4,000	4,000	72,000	72,000
OU Women's Gymnastics	5	5	4,000	4,000	20,000	20,000
Concerts	15	20	6,000	6,000	90,000	120,000
Family Shows	4	6	3,000	3,000	12,000	18,000
Other Sports	10	15	4,000	4,000	40,000	60,000
Assemblies	12	12	4,500	4,500	54,000	54,000
Flat Floor Shows	7	10	2,000	2,000	14,000	20,000
Banquets	5	5	600	600	3,000	3,000
Meetings	20	35	50	50	1,000	1,800
Community Events	2	2	1,000	1,000	2,000	2,000
Total	116	146			416,000	478,800

Concert Attendance and Ticket Prices

Comparable Venue Concert Statistics

- We analyzed concert data for ten comparable college basketball arenas.
- The average ticket price for these arenas is just under \$80.
- Arenas in markets like Norman have average ticket prices of approximately \$70.

Location	Venue	Capacity	3yr Average (Jun 21-Jun 24)				
			Avg Tickets Sold	Avg Gross (000s)	Avg Gross Per Ticket	Avg Attendance	% of Capacity
Louisville, KY	KFC Yum! Center	22,000	8,304	\$656	\$79	11,505	52%
Knoxville, TN	Thompson-Boling Arena	21,678	9,778	\$907	\$93	11,307	52%
Lexington, KY	Rupp Arena	19,575	7,636	\$529	\$69	10,180	52%
Lincoln, NE	Pinnacle Bank Arena	15,700	9,399	\$971	\$103	10,384	66%
Lubbock, TX	United Supermarkets Arena	15,050	6,867	\$548	\$80	8,026	53%
Austin, TX	Moody Center	15,000	8,811	\$1,095	\$124	10,146	68%
St Louis, MO	Chaifetz Arena	10,500	4,940	\$333	\$68	6,626	63%
Orlando, FL	Addition Financial Arena	10,000	3,643	\$200	\$55	5,280	53%
Lowell, MA	Tsongas Center	7,500	4,611	\$273	\$59	5,761	77%
Baltimore, MD	Cheapeake Employers Insurance Arena	5,174	3,572	\$227	\$64	4,621	89%
Average		14,000	7,000	\$1,000	\$80	8,000	63%

Source: Pollstar

Comparable Venue Benchmarking for Ticketed Events

- Data on events and attendance at comparable arenas provided a basis for our projections for the proposed arena.
- We selected four comparable arenas based on the size of their market, the number and type of permanent tenants, and seating capacity.
- This benchmarking analysis excludes comparisons of assemblies, flat floor shows, banquets, meetings, and community events.
- Considering comparable performance and market factors, our projections for the number of events and attendance at sports and entertainment events are consistent with event demand in comparable venues.

Comparable Arena Events and Attendance

	Arena 1	Arena 2	Arena 3	Arena 4	Average	Proposed Norman Arena 2030
Data Year	2023	2022	2019	2019		8,000
Capacity Range	20,000-25,000	10,000-15,000	13,000-18,000	4,000-6,000		
Events						
Primary Sports Tenant	20	38	32	36	32	18
Other Sports Tenants	15		5	12	11	23
Concerts	20	35	12	11	20	20
Family Shows	12	8	4	3	7	6
Other Sports	8	21	6	9	11	15
Total	75	102	59	71	79	82
Attendees						
Primary Sports Tenant	129,000	194,000	115,000	127,000	141,000	108,000
Secondary Sports Tena	73,000		10,000	22,000	35,000	92,000
Concerts	201,000	257,000	150,000	53,000	165,000	120,000
Family Shows	58,000	41,000	31,000	25,000	39,000	18,000
Other Sports	48,000	88,000	42,000	19,000	49,000	60,000
Total	509,000	580,000	348,000	246,000	421,000	398,000
Attendees Per Event						
Primary Sports Tenant	6,000	5,000	4,000	4,000	4,750	6,000
Secondary Sports Tena	5,000		2,000	2,000	3,000	4,000
Concerts	10,000	7,000	13,000	5,000	8,750	6,000
Family Shows	5,000	5,000	8,000	8,000	6,500	3,000
Other Sports	6,000	4,000	7,000	2,000	4,750	4,000

Sources: Respective Venues

Event and Attendance Estimates

- Unlike the previous benchmarking analysis that compared only sports and entertainment events, the projected event activity at the proposed arena includes a wider range of events.
- In a stabilized year of operation (2026), the arena could attract:
 - 146 Events
 - approximately 480,000 attendees
- Due to long event booking windows and the need to gain recognition in the marketplace, we anticipate that the venue will need three years to ramp up to full utilization.

Five-Year Estimates of Events and Attendance

	Opening FY 2028	FY 2029	Stabilized FY 2030	FY 2031	FY 2032
Events					
OU Men's Basketball	18	18	18	18	18
OU Women's Basketball	18	18	18	18	18
OU Women's Gymnastics	5	5	5	5	5
Concerts	15	17	20	20	20
Family Shows	4	6	6	6	6
Other Sports	10	13	15	15	15
Assemblies	12	12	12	12	12
Flat Floor Shows	7	10	10	10	10
Banquets	5	5	5	5	5
Meetings	20	27	35	35	35
Community Events	2	2	2	2	2
Total	116	133	146	146	146
Attendees					
OU Men's Basketball	108,000	108,000	108,000	108,000	108,000
OU Women's Basketball	72,000	72,000	72,000	72,000	72,000
OU Women's Gymnastics	20,000	20,000	20,000	20,000	20,000
Concerts	90,000	102,000	120,000	120,000	120,000
Family Shows	12,000	18,000	18,000	18,000	18,000
Other Sports	40,000	52,000	60,000	60,000	60,000
Assemblies	54,000	54,000	54,000	54,000	54,000
Flat Floor Shows	14,000	20,000	20,000	20,000	20,000
Banquets	3,000	3,000	3,000	3,000	3,000
Meetings	1,000	1,400	1,800	1,800	1,800
Community Events	2,000	2,000	2,000	2,000	2,000
Total	416,000	452,400	478,800	478,800	478,800

Arena Visitation Captured by Norman

- HVS analyzed overnight and day trip visitation using locational data from Placer.ai, a location analytics platform that gathers data on mobility and foot traffic, with access to over 30 million personal devices.
- Placer.ai provides information on the venues that visitors travel to before and after attending events at the Lloyd Noble Center. HVS then estimated the percentage of these visits that stayed within Norman.
- An average of 18% of people travel to events from over 100 miles. We used this average to project the number of overnight visitors for OU Events, concerts, and family shows.
- HVS estimates that the proposed development will improve Norman’s ability to capture these visitor trips after arena events.

Lloyd Noble Center Visitor Journeys (2023)

Spending Category	% of Visitor Trips		% Captured in Norman
	Pre	Post	
Dining	29%	41%	18%
Leisure	6%	4%	41%
Shopping	31%	30%	38%

Source: Placer.ai

Estimated Visitor Journeys to New Arena

Spending Category	Visitor Trips		% Captured in Norman	Visitor Trips Captured in Norman
	Pre	Post		
Dining	140,620	194,170	35%	117,000
Leisure	30,785	21,494	50%	26,000
Shopping	148,537	142,791	50%	146,000
			Total	289,000

Sources: HVS and Placer.ai

Overnight and Day Trip Visitation

- The location data analysis provided a basis for projecting the number of overnight visitors to collegiate sports events.
- Comparable venue data informed our projections on family shows and other sporting events.
- For non-ticketed events such as assemblies, banquets, meetings, and community events, we relied on industry research on the origin of visitors. These events generate little overnight visitation.
- In a stabilized year of demand, the arena is projected to attract approximately 75,000 overnight and 400,000 day-trip visitors.

Comparison of Opening and Stabilized Years by Event Type

	Opening		Stabilized		
	FY	FY	FY	FY	FY
	2028	2029	2030	2031	2032
Overnight Visitors					
OU Men's Basketball	19,400	19,400	19,400	19,400	19,400
OU Women's Basketball	13,000	13,000	13,000	13,000	13,000
OU Women's Gymnastics	3,600	3,600	3,600	3,600	3,600
Concerts	16,200	18,400	21,600	21,600	21,600
Family Shows	1,800	2,700	2,700	2,700	2,700
Other Sports	6,000	7,800	9,000	9,000	9,000
Assemblies	2,700	2,700	2,700	2,700	2,700
Flat Floor Shows	2,100	3,000	3,000	3,000	3,000
Banquets	200	200	200	200	200
Meetings	100	100	100	100	100
Community Events	0	0	0	0	0
Total	65,100	70,900	75,300	75,300	75,300
Day Trippers					
OU Men's Basketball	88,600	88,600	88,600	88,600	88,600
OU Women's Basketball	59,000	59,000	59,000	59,000	59,000
OU Women's Gymnastics	16,400	16,400	16,400	16,400	16,400
Concerts	73,800	83,600	98,400	98,400	98,400
Family Shows	10,200	15,300	15,300	15,300	15,300
Other Sports	34,000	44,200	51,000	51,000	51,000
Assemblies	51,300	51,300	51,300	51,300	51,300
Flat Floor Shows	11,900	17,000	17,000	17,000	17,000
Banquets	2,800	2,800	2,800	2,800	2,800
Meetings	900	1,300	1,700	1,700	1,700
Community Events	2,000	2,000	2,000	2,000	2,000
Total	350,900	381,500	403,500	403,500	403,500

Total Arena Spending Within TIF District

- Combining the daily spending estimates with demand projections, we calculated event spending or total gross receipts generated by the Arena.
- In a stabilized year, we project the proposed arena to generate approximately \$37 million in total spending within the district.
- We assume an inflation rate of 3% to inflate spending beginning in 2028.

Five-Year Arena Total Gross Receipts Within District (Inflated \$, 000s)

	Opening FY 2028	FY 2029	Stabilized FY 2030	FY 2031	FY 2032
Event Spending					
Ticket Sales	\$19,500	\$21,900	\$23,800	\$24,500	\$25,200
Food and Beverage Sales	6,300	7,000	7,500	7,700	8,000
Merchandise Sales	2,400	2,700	2,900	3,000	3,100
Premium Seating	900	1,000	1,100	1,200	1,200
Facility Rental	200	200	200	200	200
Parking	1,300	1,500	1,600	1,600	1,700
Total Event Spending	\$30,600	\$34,300	\$37,100	\$38,200	\$39,500

Spend Parameters (Norman Gross Sales)

- Visitation to the arena generates additional gross spending due to visitors going to hotels, restaurants, and retail stores outside of the TIF district.
- To calculate these gross sales to Norman, we used spending parameters for each type of attendee based on Longwoods’ 2022 Travel USA Survey.
- Longwoods’ survey is conducted annually with a sample size of approximately 350,000 trips, and assesses the origin, spending, party size, and primary purpose of the trip. We then adjusted these estimates for Norman by regional price parity.

Sport Attendee Spend

Overnight Sports Attendees		\$130.80	
Hotel Average Daily Room Rate	\$60.00	46%	
Other Hotel Charges	19.80	15%	
Food & Beverage	16.10	12%	
Retail	11.62	9%	
Recreation	11.71	9%	
Transportation at Destination (Taxi/Uber/Other)	7.71	6%	
Transportation at Destination (Rental)	3.86	3%	

Daytrip Sports Attendees		\$51.00	
Food & Beverage	\$16.10	32%	
Retail	11.62	23%	
Recreation	11.71	23%	
Transportation at Destination (Taxi/Uber/Other)	7.71	15%	
Transportation at Destination (Gasoline)	3.86	8%	

Leisure Attendee Spend

Overnight Leisure Attendees		Amount in 2023 Dollars	\$126.03
Hotel Average Daily Room Rate	\$80.00	63%	
Food & Beverage	14.95	12%	
Retail	11.04	9%	
Recreation	9.38	7%	
Transportation at Destination (Taxi/Uber/Other)	7.11	6%	
Transportation at Destination (Rental)	3.56	3%	

Daytrip Leisure Attendees		Amount in 2023 Dollars	\$46.03
Food & Beverage	\$14.95	32%	
Retail	11.04	24%	
Recreation	9.38	20%	
Transportation at Destination (Taxi/Uber/Other)	7.11	15%	
Transportation at Destination (Gasoline)	\$3.56	8%	

Arena Gross Spend Outside of TIF District

- While most visitor spending would be captured within the district, some of it would occur within Norman but outside of the boundaries of the TIF district. These are not the net new figures, which will be shown in this report.
- To estimate the gross spending to Norman outside of the TIF district we made the following assumptions:
 - 100% of car rental and transportation spending would occur outside of the district.
 - Hotel, retail, and food and beverage spending would mostly be captured within the district due to its proximity to the arena. We estimate that 25% of this spending would leak into the rest of Norman. This estimate was primarily based on Placer.ai visitation data on arenas with similar entertainment districts.

Gross Spending Outside of District (Inflated \$, 000s)

Category	Opening		Stabilized		
	FY 2028	FY 2029	FY 2030	FY 2031	FY 2032
Recreation	\$1,290	\$1,450	\$1,570	\$1,610	\$1,660
Car Rental	190	200	210	220	230
Transportation at Destination	5,210	5,870	6,350	6,550	6,740
Retail	1,370	1,540	1,670	1,720	1,770
Food & Beverage	1,880	2,120	2,290	2,360	2,430
Hotel	1,510	1,700	1,850	1,900	1,960
Total	\$11,450	\$12,880	\$13,940	\$14,360	\$14,790

Gross Arena Sales (City of Norman)

- In a stabilized year, the arena is projected to generate over \$51 million in gross sales to the City of Norman.

City of Norman Gross Arena Sales (Inflated \$, 000s)

	Opening		Stabilized		
	FY 2028	FY 2029	FY 2030	FY 2031	FY 2032
Sales Within District	\$30,600	\$34,300	\$37,100	\$38,200	\$39,500
Sales Outside District	11,450	12,880	13,940	14,360	14,790
Total Norman Sales	\$42,050	\$47,180	\$51,040	\$52,560	\$54,290

Arena Net Gross Receipts (New to Norman)

- We estimated the percent of new sales for each source of arena revenue.
- Approximately half of ticket sales would be new.
 - For OU sports events, we assumed that ticket, food and beverage, and merchandise sales would generate no net new sales due to the arena’s smaller capacity than the Lloyd Noble Center.
 - All concert and family shows will generate new sales because the arena will attract acts that would not have previously rotated to Norman.
- New and improved premium seating options set the new arena apart from the Lloyd Noble Center. Most of the premium seating spending will be new to Norman.
- Parking near the Lloyd Noble Center is mostly free, with two club zones being exceptions. Parking events at the new arena would generate substantial new taxable sales.

Percent of Venue Spending New to Market

Revenue Type	New to Norman
Ticket Sales	50%
Food and Beverage Sales	40%
Merchandise Sales	50%
Premium Seating	90%
Facility Rental	30%
Event Services	25%
Parking	80%

Arena Taxable Sales New to Norman (Inside District)

- Sales taking place within the TIF District are projected to generate over \$18 million in net new taxable sales to the City of Norman.

Five-Year Net New Arena Taxable Sales (Inflated \$, 000s)

	Opening		Stabilized		
	FY 2028	FY 2029	FY 2030	FY 2031	FY 2032
Ticket Sales	\$9,750	\$10,950	\$11,900	\$12,250	\$12,600
Food and Beverage Sales	2,520	2,800	3,000	3,080	3,200
Merchandise Sales	1,200	1,350	1,450	1,500	1,550
Premium Seating	810	900	990	1,080	1,080
Facility Rental	60	60	60	60	60
Parking	1,040	1,200	1,280	1,280	1,360
Total	\$15,400	\$17,300	\$18,700	\$19,300	\$19,900

Arena Taxable Sales New to Norman (Outside District)

- Norman will also receive net new sales from visitors who will spend outside of the district before and after events.
- We assumed that 100% of the spending generated by concert and family show attendants would be net new to the city, due to the higher caliber of performers the arena can host.
- Events like banquets and meetings had a 20% net new impact, as many events already occur within the city.
- OU events already exist within the city, so spending taking place before or after these events would not be net new.

Net New Spending From Outside of District (Inflated \$, 000s)

Category	Opening		Stabilized		
	FY	FY	FY	FY	FY
	2028	2029	2030	2031	2032
Recreation	\$330	\$420	\$480	\$490	\$510
Transportation at Destination	1,480	1,870	2,140	2,210	2,270
Retail	380	480	560	570	590
Food & Beverage	520	660	750	780	800
Hotel	480	600	690	710	730
Total	\$3,200	\$4,040	\$4,630	\$4,770	\$4,910

Total Norman Net New Arena Sales

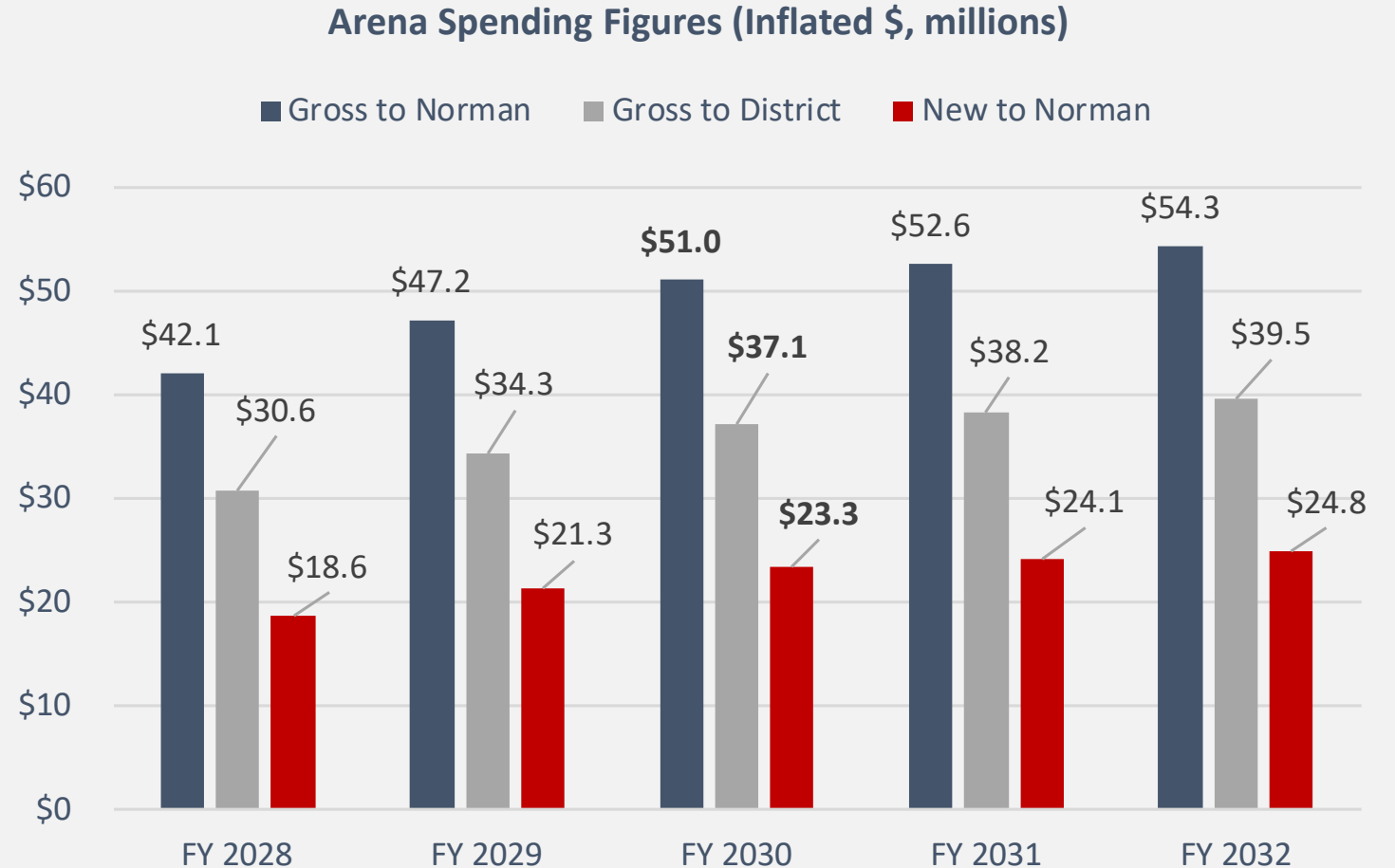
- Norman would receive net new income from both sales occurring within the district and sales occurring outside of it.
- With these two areas combined, we project the arena to generate over \$23 million in net new sales during a stabilized year of operation.

City of Norman Net New Arena Sales (Inflated \$, 000s)

	Opening		Stabilized		
	FY	FY	FY	FY	FY
	2028	2029	2030	2031	2032
Sales Within District	\$15,400	\$17,300	\$18,700	\$19,300	\$19,900
Sales Outside District	3,200	4,040	4,630	4,770	4,910
Total Norman Sales	\$18,600	\$21,340	\$23,330	\$24,070	\$24,810

Arena Spend per Geographical Area

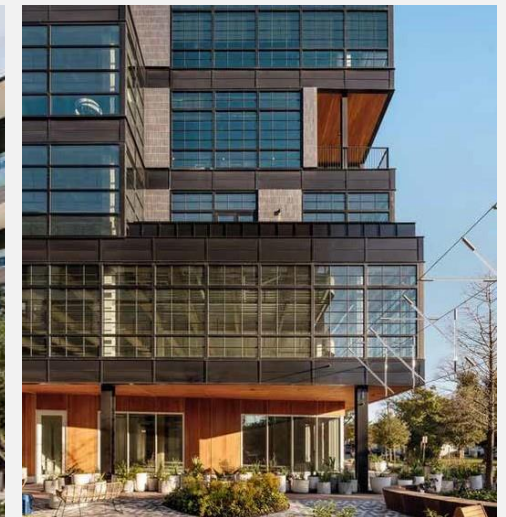
- In a stabilized year of demand, the arena is projected to generate:
 - \$51 million in gross sales to the City of Norman
 - \$37 million in gross sales to the TIF District
 - About \$23 million in net new sales to the City of Norman



Office Space

Description of Office Development in the TIF District

- HVS was tasked to estimate office space employment within the TIF District.
- The office space will be fully constructed during the second development phase (between 2028 and 2029).
- One of the major components of this new district will be 180,000 gross square feet of office space.
- This will comprise 148,000 square feet of leasable space.
- We expect asking rents in the TIF District to be higher than the market average because of the newness and quality of the office development.



Source: Norman.gov

Norman Office Market

- Over the past three years, Norman had a vacancy rate of 6.5%, while square footage has increased by 6.3%.
- The Norman office space market has absorbed the growth in inventory.
- Asking rents for Class A office space have remained stable, while overall asking rents have declined.

Norman Office Space

Year	2022	2023	2024	Average
Inventory (SF)	4,061,689	4,196,632	4,315,829	4,191,383
Direct Vacant (SF)	255,886	302,502	255,610	271,333
Vacancy Rate	6.3%	7.2%	5.9%	6.5%
Total Asking Rent	\$19	\$18	\$17	\$18
Asking Rent (Class A)	\$23	\$23	\$23	\$23

Source: Cushman & Wakefield

Norman Office Market

- Over the past three years, Norman’s office vacancy rate of 6.5% was the same as the median vacancy rate in OKC submarkets.
- Norman’s asking rent for Class A office space (\$23) is lower than the submarket median (\$25), and the OKC’s average (\$26).
- The new Class A office space development in the TIF District could attract businesses from outside of Norman.

Oklahoma City Average Office Space Report (2022-2024)

Submarket	Inventory (SF)	Direct Vacant (SF)	Vacancy Rate	Total Asking Rent	Asking Rent (Class A)
CBD	13,339,516	1,892,632	14.2%	\$21	\$26
Edmond	4,279,923	266,764	6.2%	\$19	\$22
Midtown	5,945,918	206,415	3.5%	\$19	\$29
Moore	1,788,686	122,790	6.9%	\$20	\$27
Norman	4,256,231	271,333	6.5%	\$18	\$23
North	11,284,892	736,263	6.5%	\$20	\$25
Northwest	14,727,912	2,162,347	14.7%	\$19	\$25
South	3,410,780	192,963	5.7%	\$18	\$22
West/Central	4,167,531	444,165	10.8%	\$16	\$28
Submarket Average	63,201,387	5,886,285	8.4%	\$19	\$25
Submarket Median	62,907,025	6,147,381	6.5%	\$19	\$25
OKC Average	52,876,548	5,951,940	9.4%	\$19	\$26

Source: Cushman & Wakefield

Square Footage Projection

- We used the average Norman vacancy rate of 6.5% to project the average amount of vacant square footage in the TIF District, resulting in an occupancy rate of 93.5%.
- Approximately 138,380 square feet of office space is expected to be occupied in a stabilized year.

Square Footage Calculation		
Total SF		148,000
% Occupied	x	93.5%
Occupied SF		138,380

Total Employee Projection

- HVS used the estimate of occupied office space to project the total number employees that could be accommodated in the new office space.
- To determine the employee per square foot figure, we relied on five sources of estimates of average square footage per office employee.
- We assume this office space will be high quality and will be on the higher end of the square feet per employee.
- The office space is projected to be able to accommodate 690 employees.

Average Square Footage per Office Employee Estimates

Average SF	Source
152	CBRE Econometric Advisors
150	JLL
150-250	National Business Furniture
125-225	Office Finder
150-175	Zippia

Employee Calculation		
SF		138,380
Employees per SF	÷	200
Total Employees		690

Estimated Employment Growth

- To estimate the development’s ability to absorb new employment, HVS analyzed the historical employment growth in Cleveland County.
- We assume that Norman will have a similar employment growth rate as the County (between 2.1% and 2.3%).
- Based on an existing employment base of 85,400, we expect Norman to add between 1,800 to 1,900 jobs annually.
- This means the additional office space could absorb a portion of the expected employment growth in Norman.
- However, office space will not induce new employment. Consequently, the office space has no potential to create incremental taxable sales.

Employment in Cleveland County (2003-2022)

Year	Total Employment	% Increase
2003	94,328	3.4%
2004	97,312	3.2%
2005	101,694	4.5%
2006	104,661	2.9%
2007	110,956	6.0%
2008	111,234	0.3%
2009	111,215	0.0%
2010	111,584	0.3%
2011	113,740	1.9%
2012	116,152	2.1%
2013	120,261	3.5%
2014	123,318	2.5%
2015	124,909	1.3%
2016	126,599	1.4%
2017	128,061	1.2%
2018	130,354	1.8%
2019	131,598	1.0%
2020	131,501	-0.1%
2021	137,304	4.4%
2022	142,846	4.0%
20-year average		2.3%
10-year average		2.1%

Retail & F&B/Entertainment

Description of the Retail and Entertainment Sector in the TIF District

- A large section of the University North Park Entertainment District will be a 140,000-square-foot space comprised of retail stores and restaurants.
- This sector is projected to be built along with the arena in the first phase of development in late 2027.
- Of these 140,000 square feet, roughly 60% will be comprised be food & beverage and entertainment options, with the remaining 40% being comprised of retail options.
- Retail businesses are expected to be high-end retail options with higher rents than the market average.



Source: Legends Global Planning

Norman Retail Market

- Total SF has increased by about 6% from 2016 to 2024.
- Vacancy rates in Norman have steadily increased in the last decade, indicating that the market has not fully absorbed new supply.
- Norman’s rent price per sf has increased by about 15% from 2016 to 2024.

Norman Retail Space Report

Year	Total SF	Vacant SF	% Vacant	Rent
2024 (Q2)	11,001,606	668,160	6.1%	\$17.2
2023	11,001,606	688,167	6.3%	\$17.0
2022	10,963,606	564,393	5.1%	\$16.7
2021	10,834,063	584,127	5.4%	\$15.8
2020	10,629,161	468,387	4.4%	\$16.3
2019	10,587,046	503,393	4.8%	\$16.2
2018	10,557,805	375,861	3.6%	\$15.8
2017	10,376,379	245,126	2.4%	\$17.3
2016	10,347,723	257,655	2.5%	\$14.9
Pre '20 Avg.	10,467,238	345,509	3.3%	\$16.0
Post '20 Avg.	10,950,220	626,212	5.7%	\$16.7

Source: CoStar

Gross Retail Sales

- To better understand the Norman retail market, HVS analyzed the sales and square footage of individual stores in Norman retail centers, as well as CoStar retail market reports.
- We based an average sales per square foot estimated on the top-performing businesses.
- We applied a vacancy of 6% to match the trends seen in Norman’s retail market post-covid. We estimate 94% occupancy of the retail and F&B spaces.
- We applied a 3% inflation factor annual growth in sales.
- These gross sales apply to both the City of Norman and the TIF District.

Sales Per SF Calculation (Inflated \$)

	Opening		Stabilized		
	FY	FY	FY	FY	FY
	2028	2029	2030	2031	2032
Square Feet	56,000	56,000	56,000	56,000	56,000
% Occupied	94%	94%	94%	94%	94%
Occupied Inventory	52,640	52,640	52,640	52,640	52,640
Sales per SF	\$389	\$400	\$412	\$425	\$437
Gross Sales (000s)	\$20,500	\$21,100	\$21,700	\$22,400	\$23,000

Source: Various Retail Centers, CoStar

Gross F&B/Entertainment Sales

- To better understand the Norman retail market, HVS analyzed the sales and square footage of individual restaurants and entertainment venues of various quality in Norman retail centers, as well as CoStar retail market reports.
- We applied a vacancy of 6% to match the trends seen in Norman’s retail market post-covid.
- An inflation factor of 3% was used to account for year-by-year change.
- These gross sales apply to both the City of Norman and the TIF District.

Sales Per SF Calculation (Inflated \$)

	Opening		Stabilized		
	FY	FY	FY	FY	FY
	2028	2029	2030	2031	2032
Square Feet	84,000	84,000	84,000	84,000	84,000
% Occupied	94%	94%	94%	94%	94%
Occupied Inventory	78,960	78,960	78,960	78,960	78,960
Sales per SF	\$301	\$310	\$319	\$329	\$339
Gross Sales (000s)	\$23,800	\$24,500	\$25,200	\$26,000	\$26,800

Source: Various Retail Centers, CoStar

Visits From Outside of Norman

- When analyzing multiple Norman retail centers, we used Placer.ai data to estimate the total number of visitors and their zip code origin.
- Based on this analysis, we assume that 45% of visitors to the proposed retail/F&B center would come from within Norman
- Retail and F&B spending by 55% of visitors from outside Norman would generate new taxable gross receipts.

Outside Visitation Data

Venue	2023 Visitors	Visitors From Norman
University Town Center	1,130,408	49%
Sooner Mall	572,314	35%
Campus Corner	570,350	39%
Parkway Plaza	472,301	44%
Robinson Crossing	307,558	58%
Brookhaven Village	213,597	60%
Redbud Plaza	122,323	45%
AVERAGE	484,122	47%
MEDIAN	472,301	45%

Source: Placer.ai

Overlapping Retail Sales

- Estimating net new sales generated by the TIF District, requires an estimate of the sales that would be taken from existing establishments. This is referred to herein as the” cannibalization” of sales.
- Placer.ai provides a void analysis report that can be used to identify retail gaps in a trade area and prospective tenants.
- Placer.ai identifies tenants using a demographic fit score includes household income, age, and education. HVS filtered by establishments with a 60% or higher demographic fit score for this location.
- HVS also filtered the results to include only high-quality retail, F&B, and entertainment that would tenants in this development and calculated the percentage of potential tenants that have locations near the proposed development.
- Analysis of the population overlap of the proposed retail development with all nearby locations of a prospective chain generates a cannibalization score (with 100% meaning full cannibalization and 0% meaning no cannibalization).
- This analysis considers the Norman market as is. It does not consider growth in retail and F&B establishments that would have occurred in lieu of the proposed development.

Type of Establishment	% Overlap within 15 miles	Average Cannibalization Score
Retail	16%	18%
F&B/Entertainment	13%	10%
Average	14%	14%

Source: Placer.ai

Net New Sales to Norman

- Considering the share of new visitation from outside Norman (55%) and the net sales (86%), we assume that 47% of the gross receipts sales would be net new to the City of Norman.
- In a stabilized year, the retail and F&B sector is projected to generate over \$22 million in net new sales to the City of Norman.

Percent New Calculation	
Total Outside Visitation	55%
Non-Overlapping Sales	x 86%
Percent New	47%

Net New Sales Calculation (Inflated \$)

	Opening		Stabilized		
	FY 2028	FY 2029	FY 2030	FY 2031	FY 2032
Gross Sales	\$44,300	\$45,600	\$46,900	\$48,400	\$49,800
% New to Norman	47%	47%	47%	47%	47%
Net New Sales (000s)	\$21,000	\$21,600	\$22,200	\$22,900	\$23,600

Hotel

Description of hotel Development in the TIF District



Source: Visit Norman

Proposed Hotel Building Program

Guestroom Configuration

Keys

King Suite	75
Queen/Queen Suite	75
Total (ADA-Compliant Rooms per Local Code)	150

Food & Beverage Facilities

Square Feet

Restaurant/Lounge/Coffee Outlet	8,500
Total Food and Beverage Square Footage	8,500

Convention Center

Square Feet Combined

Main Ballroom	8,000
Meeting Space	4,000
Total Sellable Meeting Space	12,000

Amenities & Services

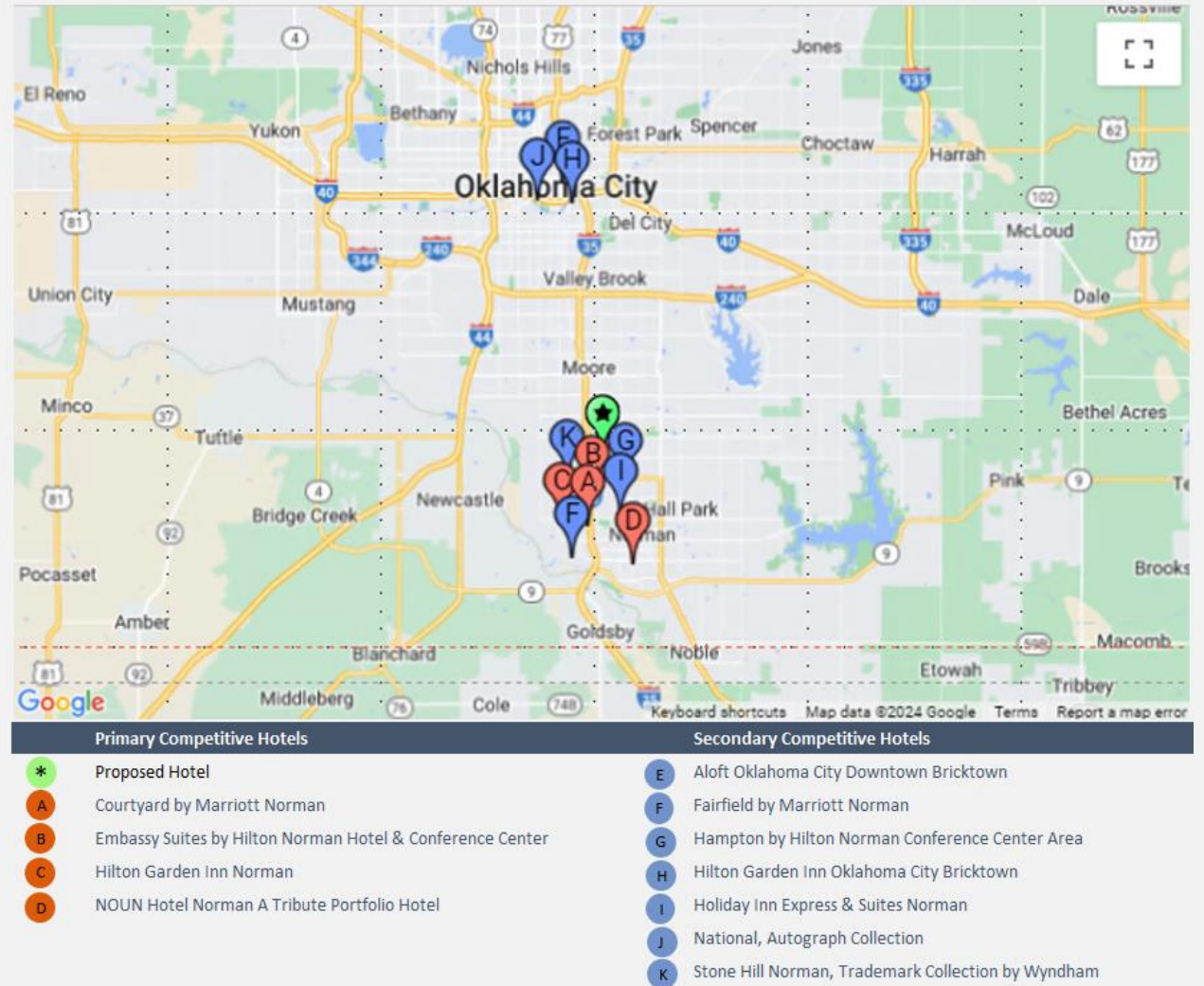
Fitness Room	Market Pantry
Business Center	
Restaurant	

Infrastructure

Parking Spaces Hotel	Parking Garage
Elevators	2 Guest
Life Safety Systems	Sprinklers, Smoke Detectors
Construction Details	Not Year Determined

Location of Competitive Hotels

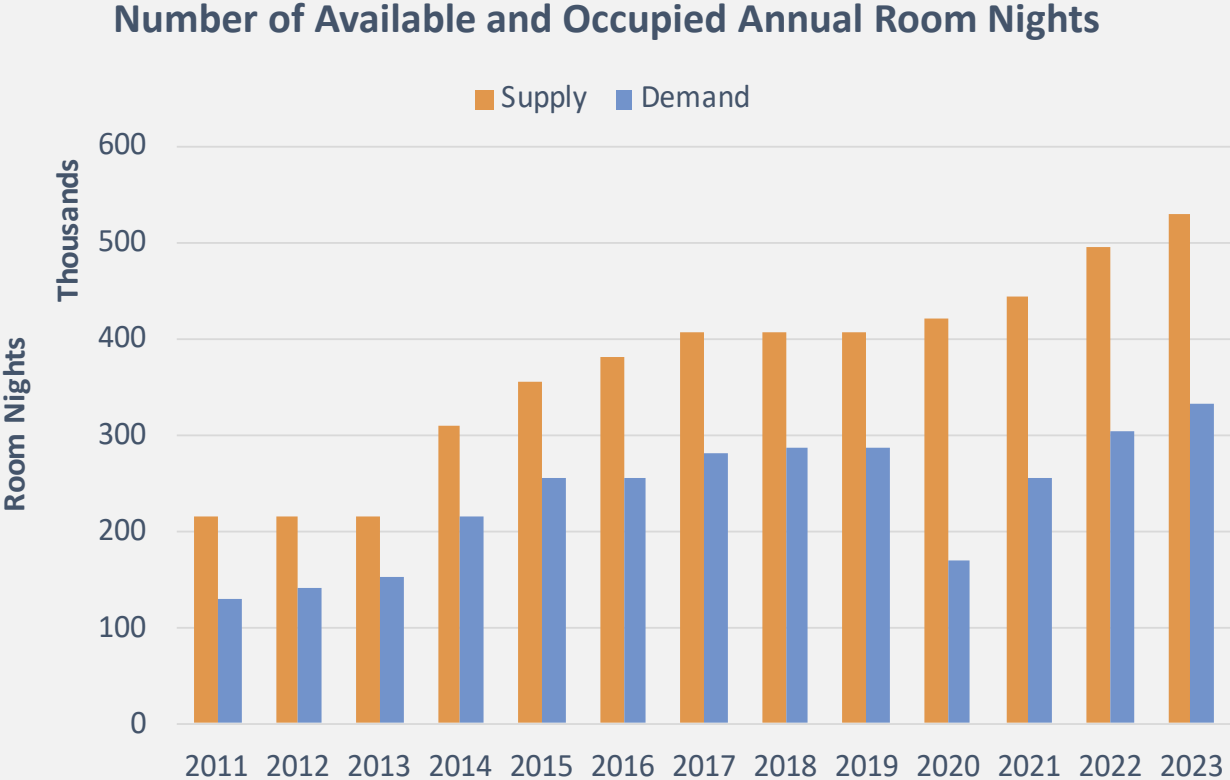
- We selected Competitive Hotels that would compete for guests and meeting and groups with the Proposed Hotel.
- The Primary Competitors are hotels with similar features and location to the Proposed Hotel.
- The Secondary Competitors are properties that only partially compete with the Proposed Hotel because of location, market orientation, service level, or quantity of meeting space.



Sources: Google Maps and HVS

Room Night Supply and Demand Trends for the Competitive Hotels

- Room night supply grew from 2011 to 2023.
- Demand increased until the COVID-19 pandemic in 2020.
- Room night demand recovered in 2021, 2022 and 2023.
- Room night demand currently exceeds the pre-pandemic level in 2019.

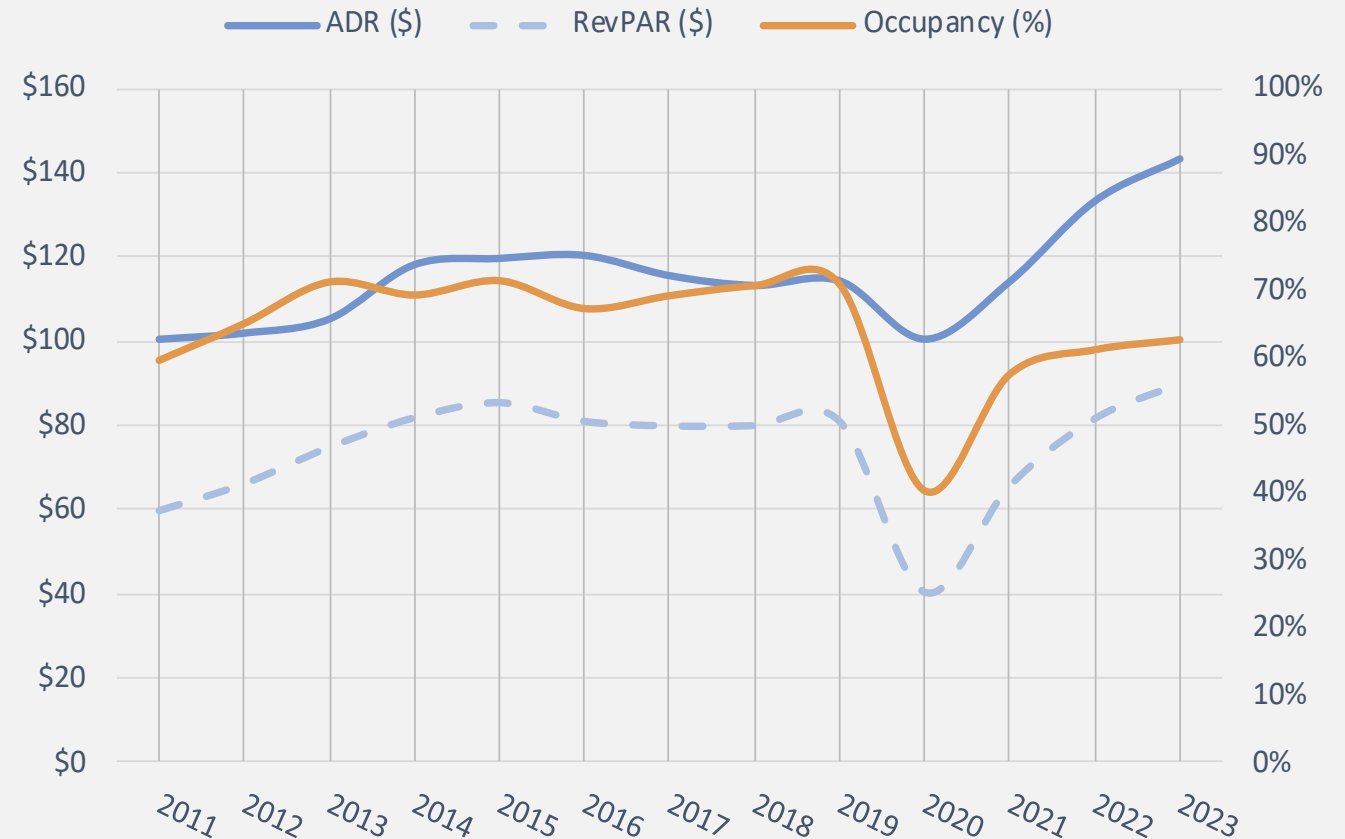


Source: STR

Market Trends for the Competitive Hotels

- ADR grew steadily until 2015, when the opening of new hotels increased supply, resulting in a lower ADR.
- Occupancy rates grew until 2013, then new supply prevented further increases in occupancy rates.
- The COVID-19 pandemic caused large reductions in occupancy in 2020.
- The Competitive Hotels' ADR and occupancy began to recover in 2021.
- Occupancy remained lower than 2019 due to the opening to new hotels that increased the supply of room nights.
- ADR hit a new high in 2022 and continue to rise in 2023.

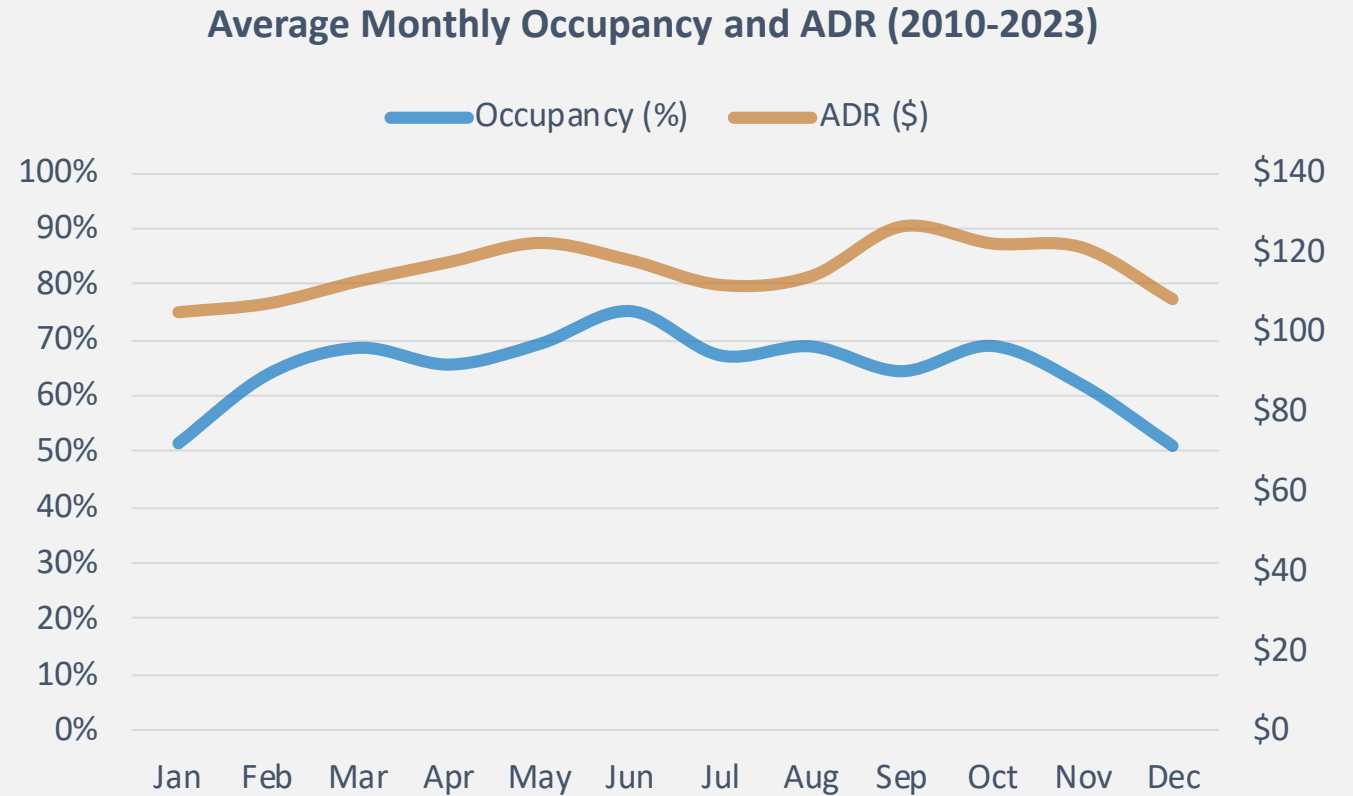
Annual Occupancy, ADR and RevPAR (2010 to 2023)



Source: STR

Seasonality for the Competitive Hotels

- The Competitive Hotels show significant seasonal variation, with September displaying the highest ADR and the June the highest occupancy.
- December typically has the lowest ADR, and January the lowest occupancy.

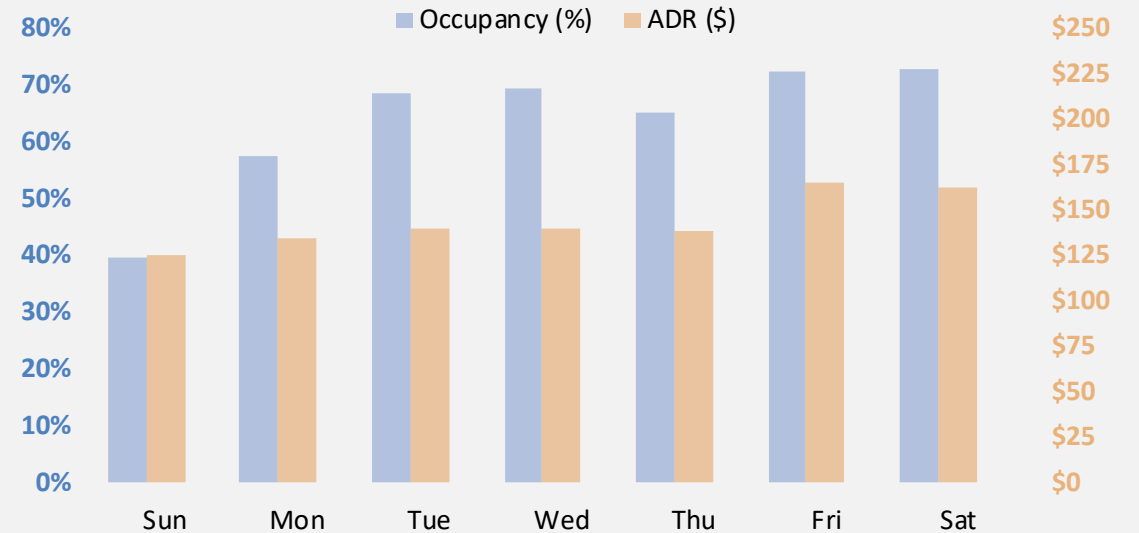


Source: STR

Weekly Patterns of Demand for the Competitive Hotels

- Leisure demand generates higher occupancy on Friday, and Saturday nights.
- Corporate and Meeting and Group demand contributed to mid-week demand.
- Saturday nights had the highest occupancy rate of 75% and ADR of \$154.
- The Competitive Hotels experienced stronger ADR on the weekends and a lower ADR on Sundays and Mondays through Thursdays.
- The Competitive Hotels had a lower occupancy rate on Sundays and Mondays.

Average Daily Occupancy and ADR (2022-2024)



Source: STR

Summary of Market Trends for the Competitive Hotels

- The hotel market has experienced a high level of growth in supply, demand, and ADR from 2011 to 2023.
- The COVID-19 pandemic had a major impact on the market lowering occupancy from 70.9% in 2019 to 40.5% in 2020.
- The COVID-19 pandemic has a smaller impact on ADR lowering it from \$114 in 2019 to \$100 in 2020.
- Demand for hotel rooms reached a new high in 2023, but occupancy has not fully recovered from the COVID-19 pandemic due to continued growth in the supply of hotel rooms,
- ADR reached a new high in 2023 of \$143.

Annual Available Room Nights, Occupied Room Night , Occupancy Rate, and RevPAR

Year	Available Room Nights	Annual Change	Occupied Room Nights	Annual Change	% Occ	Annual Change	ADR	Annual Change	RevPAR	Annual Change
2011	215,715		128,745		59.7%		\$100		\$60	
2012	215,715		140,413		65.1%		102		66	
2013	215,715		153,641		71.2%		105		75	
2014	309,140		214,269		69.3%		118		82	
2015	356,696		254,753		71.4%		119		85	
2016	381,288		256,660		67.3%		120		81	
2017	405,880		280,927		69.2%		115		80	
2018	405,880		286,918		70.7%		113		80	
2019	405,880		287,729		70.9%		114		81	
2020	421,536		170,528		40.5%		100		41	
2021	443,840		255,860		57.6%		114		66	
2022	495,214		303,292		61.2%		133		82	
2023	530,618		332,782		62.7%		143		90	

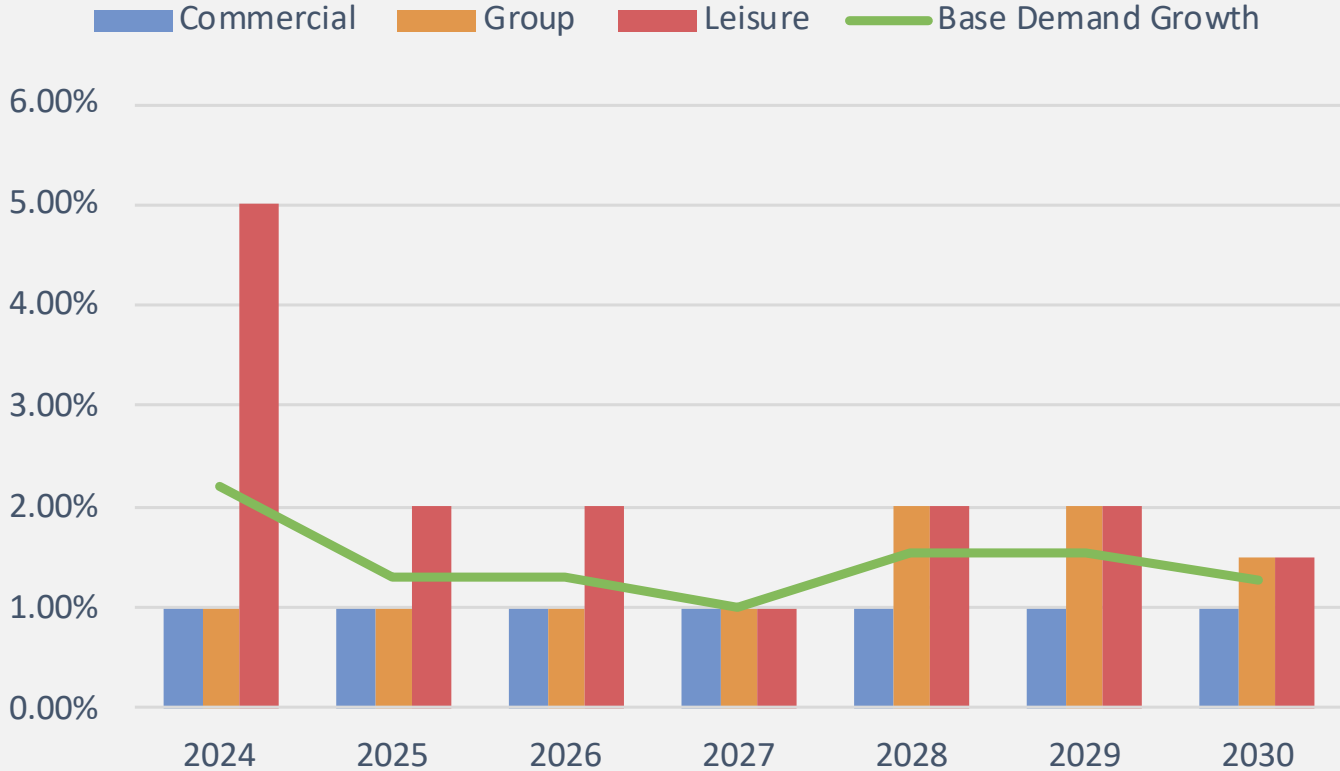
Compound Annual Growth Rate	
2011-2023	7.8%
2010-2019	8.2%

Sources: STR and HVS

Estimated Growth in Base Lodging Demand (Calendar Year)

- We calculate future demand by applying growth rates to different market segments.
- The estimates for growth rates are based on interviews with hotel managers, assessments of occupancy trends, economic and demographic data, and identification of demand generators.
- Base demand represents the aggregate demand from the combination of commercial, meeting and group, and leisure demand.
- OU entering the Southeastern Conference in 2024 will grow leisure demand.
- The opening of the Proposed Hotel in 2028 will grow base demand due to the expansion of the lodging supply and the conference center.

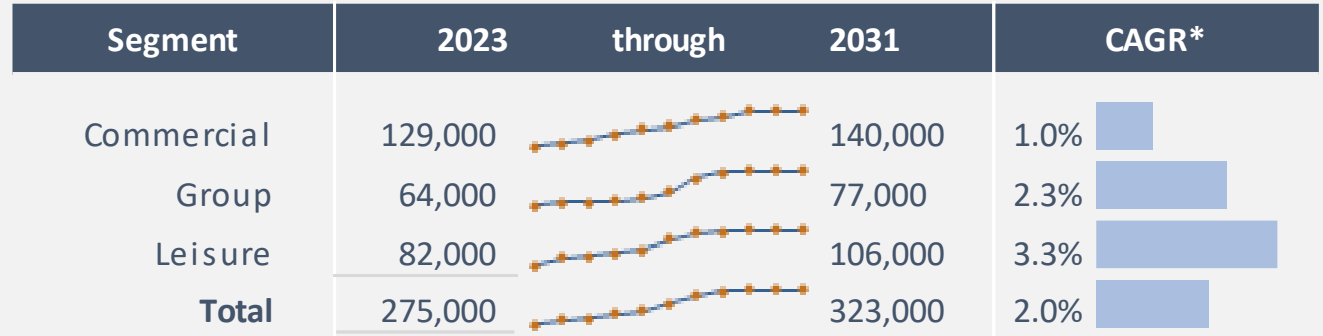
Projected Growth by Market Segment



Market Demand Growth for Competitive Hotels (Calendar Year)

- We project that the Proposed Hotel will stabilize by 2031.
- Market Growth is shown through the stabilization of the Proposed Hotel.
- Demand growth includes the annual forecast growth and the opening of the Proposed Hotel.
- Historical demand grew at a rate of 4.0% from 2010 to 2023, supporting the forecasted growth rate.

Estimated Demand Growth by Market Segment (2023–2031 Stabilization)



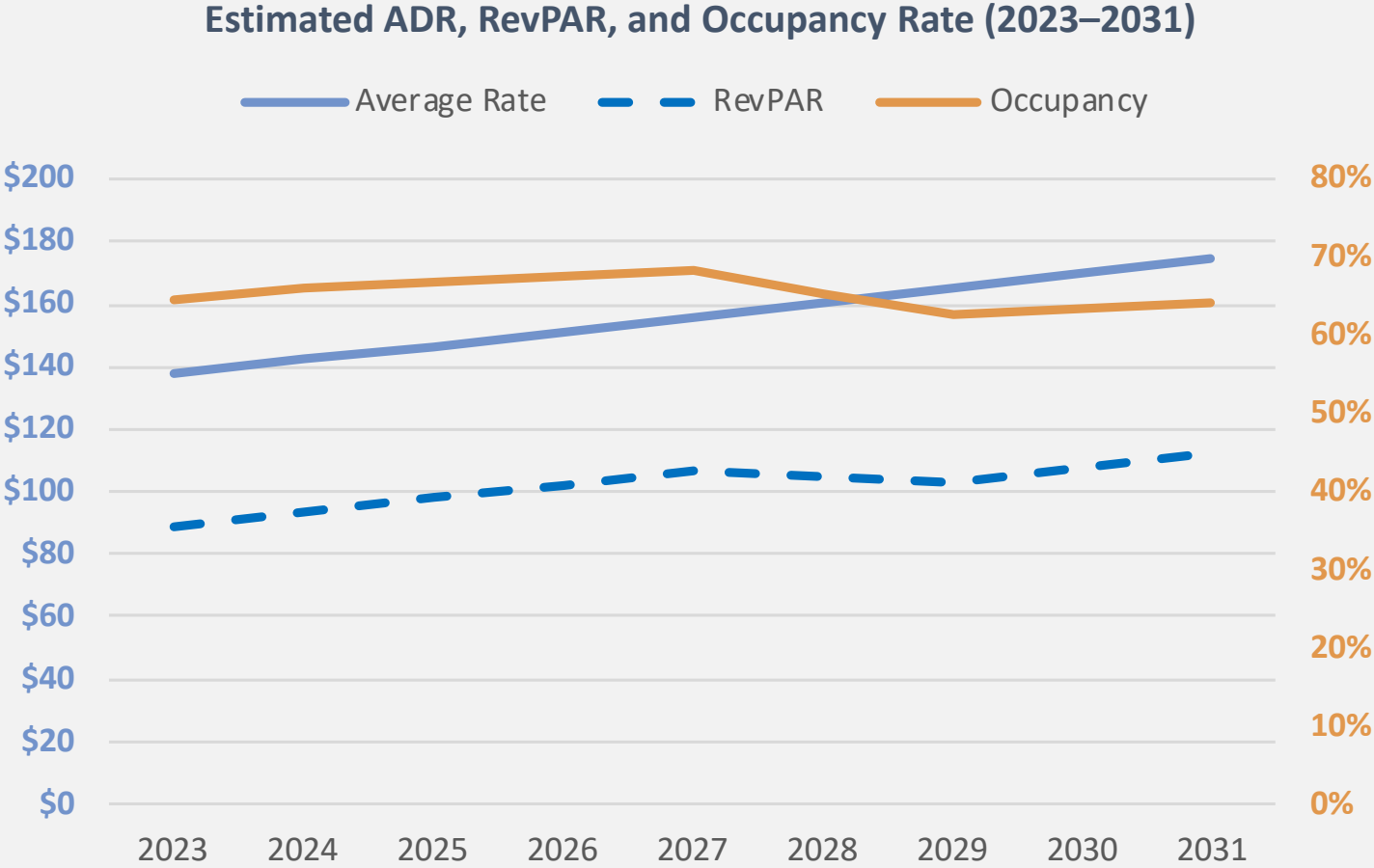
* From 2023 through 2031

Total Estimated Accommodated Demand (2023–2032)

Source	2023	2024	2025	2026	2027	2028	2029	2030	2031
Base Accommodated	275,000	281,000	285,000	289,000	292,000	296,000	301,000	305,000	308,000
Induced	0	0	0	0	1,000	7,000	12,000	14,000	15,000
Total Available Demand	275,000	281,000	285,000	289,000	293,000	303,000	313,000	319,000	323,000
Total Accommodated Demand	275,000	281,000	285,000	289,000	293,000	303,000	313,000	319,000	323,000
Accommodated Demand Change		2.2%	1.3%	1.3%	1.4%	3.7%	3.2%	1.8%	1.3%
Available Room Night Change		0.0%	0.0%	0.0%	0.0%	2.1%	10.5%	0.0%	0.0%
Occupancy		66%	67%	68%	69%	70%	65%	66%	67%

Competitive Hotels

Summary of ADR and Occupancy Forecast through Stabilization



Estimated Occupancy of the Proposed Hotel (Calendar Year)

We based the occupancy of the Proposed Hotel on the market penetration rates described below.

	2028	2029	2030	2031	2032
Available Room Nights	9,150	54,750	54,750	54,750	54,750
Absorption by Segment					
Commercial	2,000	13,000	13,000	13,000	13,000
Group	2,000	11,000	12,000	12,000	12,000
Leisure	2,100	13,700	15,000	15,200	15,200
Total Absorption	6,100	37,700	40,000	40,200	40,200
Projected Occupancy	68%	73%	74%	74%	74%
Occupancy Market Penetration	98%	111%	112%	110%	110%
Commercial	70%	84%	83%	82%	82%
Group	138%	131%	139%	137%	137%
Leisure	101%	117%	126%	126%	126%

Room Nights Induced into the Norman Market (Fiscal Year)

We based the occupancy of the Proposed Hotel on the market penetration rates described on the prior page. The figure below estimates of induced room nights to the market.

- Induced group room nights are either new to the market or captured from competitive hotels outside of Norman.
- Leisure room nights induced include new room night demand from the arena and guests who would have stayed elsewhere in the region.
- We estimate that 47% of room nights would be new to Norman.

Induced Room Night Estimates (FY 2028–2031)

	2028/29	2029/30	2030/31
Available Room Nights	54,750	54,750	54,750
Room Nights Captured by Proposed Hotel			
Commercial	12,100	13,000	13,000
Group	11,200	12,000	12,000
Leisure	12,700	13,700	15,200
Total Absorption	36,000	38,700	40,200
Projected Occupancy	68%	73%	74%
Induced Percentage			
Group	70%	70%	70%
Leisure	70%	70%	70%
Induced Room Nights to Norman Market			
Group	7,840	8,400	8,400
Leisure	8,890	9,590	10,640
	16,730	17,990	19,040
Percentage Induced into Norman Market			
Induced Percentage	46%	46%	47%

Hotel Revenues

Five-Year Estimate of Hotel Revenue

	2028/29	2029/30	Stabilized 2030/31	2031/32	2032/33
STATISTICS					
Number of Rooms	150	150	150	150	150
Occupied Room Nights	37,230	39,968	40,515	40,515	40,515
Occupancy	68%	73%	74%	74%	74%
Average Rate	\$178.24	\$183.58	\$189.09	\$194.76	\$200.61
RevPAR	\$121.20	\$134.02	\$139.93	\$144.12	\$148.45
	\$000	\$000	\$000	\$000	\$000
Operating Revenue					
Rooms	\$6,636	\$7,337	\$7,661	\$7,891	\$8,128
Food	3,391	3,681	3,830	3,945	4,064
Beverage	459	492	511	526	542
Other Operated Departments	235	247	255	263	271
Miscellaneous Income	141	148	153	158	163
Total Operating Revenues	\$10,862	\$11,905	\$12,411	\$12,783	\$13,167

Induced Food & Beverage Sales (Fiscal Year)

- Induced hotel revenues are calculated by estimating the percentage of revenue attributable to each market segment and the percentage of that market segment that is new.
- HVS estimates that 2/3 of food & beverage would be related to groups and 1/3 would be related to general occupancy.
- For Other Operated Departments we use the overall percent of room nights new to the Norman market as shown on page 46.
- We assume that 20% of sales are service charges, room rentals, and other income which would not be subject to sales tax.

Hotel Taxable Gross Receipts Estimates

	2028/29 \$000	2029/30 \$000	2030/31 \$000
Food & Beverage Sales			
Sales	\$3,850	\$4,173	\$4,341
Percentage New to Market	62%	62%	62%
Net New Gross	\$2,393	\$2,594	\$2,711
Taxable Portion	80%	80%	80%
New to Market	\$1,915	\$2,075	\$2,169
Other Operated Departments			
Sales	\$235	247	255
Percentage New to Market	47%	47%	47%
Net New Gross	\$111	\$117	\$121
Taxable Portion	80%	80%	80%
New to Market	\$89	\$94	\$97
Total Net Induced Sales	\$2,004	\$2,169	\$2,266

Construction

Description of Construction in the TIF District

- HVS was tasked to estimate construction impacts within the TIF District.
- Construction impacts for this project are projected to be generated over a six-year period (2024-2029).
- To determine these impacts, HVS depended on construction costs provided by the developer and estimated the percentage of the total investment that would be spent on building materials subject to sales tax.



Total Construction Costs

- The total construction costs for the project are estimated to be just under \$645 million.
- Project areas are expected to open from 2027-2029.

Construction Cost by Land Use

Use	Status	Square Footage	Total Cost
Stadium Venue w/ Parking Structure	2027	264,326	\$290,758,600
Retail w/ Service Lot	2027	140,000	\$90,940,719
Hotel	2028	109,091	\$50,479,260
Office 1	2028	90,000	\$30,953,568
Office 2	2029	90,000	\$30,953,568
Multifamily 1	2027	250,000	\$50,909,807
Multifamily 2	2028	250,000	\$50,909,807
Single Family	2029	190,500	\$48,577,624
Total		1,383,917	\$644,482,953

Source: Rainier

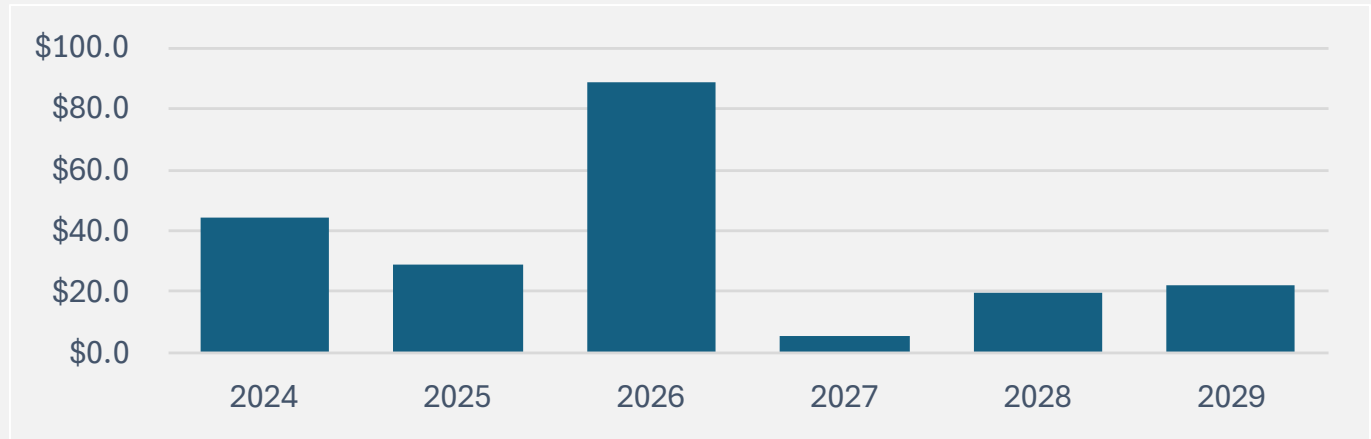
Construction Assumptions

- To form our assumptions, HVS primarily depended on information from the Oklahoma Department of Commerce in a 2024 study titled “Economic Impact of Norman TIF District”, authored by Aldwyn Sappleton and Jon Chiappe.
- The study was conducted to project the total property and sales taxes generated in the proposed TIF district, for the purpose of determining if construction activities and ongoing business operations would yield strong economic results.
- To determine the percent of the total construction cost that would be taxable, the Oklahoma Department of Commerce used RSMMeans, a database for construction cost estimates. They looked at the materials component of comparable construction projects, and grounded their ratios to be typical to similar projects in Oklahoma.
- Any labor-based spending is not included, as labor is not taxed.
- The study assumed that all construction materials subject to sales taxes were purchased within the TIF district as the point of sale. This is because construction sales tax reimbursement payments are based on actual purchases and receipts tied directly to the construction companies that have a physical connection within the proposed TIF area. Anything outside of that scope would likely be rejected by the Tax Commission.
- The study concluded that roughly **30-35%** of the total construction costs would be spent on building materials subject to sales taxes.

Construction Spend by Year

- Using the Oklahoma Department of Commerce study’s percentage range of 30-35%, we calculate \$194-226 million in taxable sales.
- We used the median of this range, \$210 million, for our projections.
- The yearly ratios were informed by the Oklahoma Department of Commerce’s study.
- The numbers are based on each project area’s construction schedule and discounted over the years after initial construction.
- For purposes of this analysis, we set 2024 as the first year of construction.

Total Taxable Construction Spending (\$ millions)



Year	Spend Subject to Sales Tax
2024	\$44.5
2025	\$28.9
2026	\$89.1
2027	\$5.3
2028	\$19.9
2029	\$22.2
Total	\$210

Fiscal Impact

Oklahoma Sales Tax

- Per Oklahoma Statute §68-1354 the state levies an excise tax on all sales not exempted in the Oklahoma Sales Tax Code.
- Among others, the following excerpts from the statute describe the categories to which the sales tax applies which are relevant to this development:
 - 1. Tangible personal property, except newspapers and periodicals;*
 - 7. Service of furnishing rooms by hotel, apartment hotel, public rooming house, motel, public lodging house, or tourist camp;*
 - 8. Service of furnishing storage or parking privileges by auto hotels or parking lots;*
 - 10. Foods, confections, and all drinks sold or dispensed by hotels, restaurants, or other dispensers and sold for immediate consumption upon the premises or delivered or carried away from the premises for consumption elsewhere;*
 - 11. Advertising of all kinds, types, and characters, including any and all devices used for advertising purposes except those specifically exempt pursuant to the provisions of Section 1357 of this title;*
 - 13. Tickets for admission to or voluntary contributions made to places of amusement, sports, entertainment, exhibition, display, or other recreational events or activities, including free or complimentary admissions, which have a value equivalent to the charge that would have otherwise been made.*

Fiscal Impact Calculation

- The following figure shows the distribution of the City’s sales tax revenues.
- Only the gross receipts allocated to the City’s General and Capital Improvements Funds are included in the TIF District.

Tax Rate	Distribution
4.5%	State of Oklahoma
0.1%	Cleveland County Jail
2.3%	City of Norman General Fund
0.7%	City of Norman Capital Improvements
0.5%	City of Norman Public Safety
0.5%	Norman Forward projects
0.1%	City of Norman Public Transit

Net New Sales Tax Receipts (\$ millions)

- We assume that the baseline of sales tax generation in the TIF District is zero because the site has no existing improvements that generate sales tax revenue. Therefore, this estimate includes all net new sales generated by the project.
- Norman’s gross sales includes all total spending that will occur. Overlapping sales or existing spending occurring elsewhere are not considered.

Projected Spending and Tax Revenues (Stabilized year 2031, inflated dollars)

		\$ Gross to Norman	\$ Gross to District	\$ New to Norman
Source of Spending				
Arena-generated Spending		\$52.6	\$38.2	\$24.1
Hotel Rooms Revenue		7.7	7.7	3.6
Other Hotel Spending		4.6	4.6	2.3
Retail/F&B & Entertainment		48.4	48.4	22.9
		\$113.2	\$98.9	\$52.9
Sales Tax Distribution				
City of Norman General Fund	2.3%	\$2.6	\$2.3	\$1.2
City of Norman Capital Improvements	0.7%	0.8	0.7	0.4
Incremental Tax Revenue		\$3.4	\$3.0	\$1.6

Estimate of Fiscal Impact over 25-years (millions, \$ inflated)

- To estimate 25 years of spending, we assumed the project’s spending would stabilize in 2031 and inflate subsequent years by a rate of 3.0%
- Totals represent cumulative taxable sales and tax revenue rather than the net present value of sales.
- Construction sales tax generated before 2028 is included in the totals. 2028 and 2029 also include construction sales tax.

	Project Year									Total Spending / Sales Taxes Generated
	1 2028	2 2029	3 2030	4 2031	5 2032	10 2037	15 2042	20 2047	25 2052	
\$ Gross to Norman	\$106.3	\$125.7	\$109.7	\$113.2	\$116.7	\$135.3	\$156.9	\$181.8	\$210.8	\$3,969.4
Sales Tax Distribution (3.0%)	\$3.2	\$3.8	\$3.3	\$3.4	\$3.5	\$4.1	\$4.7	\$5.5	\$6.3	\$3,402.1
\$ Gross to District	\$94.8	\$112.8	\$95.8	\$98.9	\$101.9	\$118.2	\$137.0	\$158.8	\$184.1	\$3,492.6
Sales Tax Distribution (3.0%)	\$2.8	\$3.4	\$2.9	\$3.0	\$3.1	\$3.5	\$4.1	\$4.8	\$5.5	\$104.8
\$ New to Norman	\$59.5	\$70.3	\$51.2	\$52.9	\$54.5	\$63.2	\$73.2	\$84.9	\$98.4	\$1,963.7
Sales Tax Distribution (3.0%)	\$1.8	\$2.1	\$1.5	\$1.6	\$1.6	\$1.9	\$2.2	\$2.5	\$3.0	\$58.9

Fiscal Impacts with Increased Retail/F&B & Entertainment Space

- We also calculated the fiscal impacts of an alternate scenario in which the Retail/F&B & Entertainment space had a total square footage of 275,000.
- Retail space accounted for 140,000 square feet, with F&B & Entertainment making up the remaining 135,000 square feet.
- This chart projects the fiscal impacts associated with this increased Retail/F&B & Entertainment area. The other project areas remain unchanged.

Projected Spending and Tax Revenues (Stabilized year 2031, inflated dollars)

		\$ Gross to Norman	\$ Gross to District	\$ New to Norman
Source of Spending				
Arena-generated Spending		\$52.6	\$38.2	\$24.1
Hotel Rooms Revenue		7.7	7.7	3.6
Other Hotel Spending		4.6	4.6	2.3
Retail/F&B & Entertainment		97.7	97.7	46.2
		\$162.5	\$148.2	\$76.2
Sales Tax Distribution				
City of Norman General Fund	2.3%	\$3.7	\$3.4	\$1.8
City of Norman Capital Improvements	0.7%	1.1	1.0	0.5
Incremental Tax Revenue		\$4.9	\$4.4	\$2.3

25-year Fiscal Impact: Increased Retail/F&B & Entertainment Space (millions, \$ inflated)

- This table shows fiscal impacts over time in the alternate scenario containing a total Retail/F&B & Entertainment square footage of 275,000.

	Project Year									Total Spending / Sales Taxes Generated
	1 2028	2 2029	3 2030	4 2031	5 2032	10 2037	15 2042	20 2047	25 2052	
\$ Gross to Norman	\$151.4	\$172.2	\$157.6	\$162.5	\$167.5	\$194.2	\$225.1	\$261.0	\$302.6	\$5,614.9
Sales Tax Distribution (3.0%)	\$4.5	\$5.2	\$4.7	\$4.9	\$5.0	\$5.8	\$6.8	\$7.8	\$9.1	\$5,306.6
\$ Gross to District	\$139.9	\$159.3	\$143.7	\$148.2	\$152.7	\$177.1	\$205.2	\$237.9	\$275.8	\$5,138.2
Sales Tax Distribution (3.0%)	\$4.2	\$4.8	\$4.3	\$4.4	\$4.6	\$5.3	\$6.2	\$7.1	\$8.3	\$154.1
\$ New to Norman	\$60.9	\$70.1	\$73.8	\$76.2	\$78.5	\$91.0	\$105.5	\$122.3	\$141.7	\$2,699.0
Sales Tax Distribution (3.0%)	\$1.8	\$2.1	\$2.2	\$2.3	\$2.4	\$2.7	\$3.2	\$3.7	\$4.3	\$81.0

Statement of Assumptions and Certifications

Statement of Assumptions and Limiting Conditions

1. This report is to be used in whole and not in part.
2. No responsibility is assumed for matters of a legal nature.
3. We have not considered the presence of potentially hazardous materials on the proposed site, such as asbestos, urea formaldehyde foam insulation, PCBs, any form of toxic waste, polychlorinated biphenyls, pesticides, or lead-based paints.
4. All information, financial operating statements, estimates, and opinions obtained from parties not employed by HVS are assumed to be true and correct. We can assume no liability resulting from misinformation.
5. Unless noted, we assume that there are no encroachments, zoning violations, or building violations encumbering the subject property.
6. We are not required to give testimony or attendance in court by reason of this analysis without previous arrangements, and only when our standard per-diem fees and travel costs are paid prior to the appearance.
7. If the reader is making a fiduciary or individual investment decision and has any questions concerning the material presented in this report, it is recommended that the reader contact us.
8. We take no responsibility for any events or circumstances that take place subsequent to the date of our report.
9. The quality of a hotel's on-site management has a direct effect on a facility's economic performance. The demand and financial forecasts presented in this analysis assume responsible ownership and competent management. Any departure from this assumption may have a significant impact on the projected operating results.
10. We do not warrant that our estimates will be attained, but they have been developed on the basis of information obtained during the course of our market research and are intended to reflect reasonable expectations.
11. Many of the figures presented in this report were generated using sophisticated computer models that make calculations based on numbers carried out to three or more decimal places. In the interest of simplicity, most numbers have been rounded. Thus, these figures may be subject to small rounding errors.
12. It is agreed that our liability to the client is limited to the amount of the fee paid as liquidated damages. Our responsibility is limited to the client and use of this report by third parties shall be solely at the risk of the client and/or third parties. The use of this report is also subject to the terms and conditions set forth in our engagement letter with the client.
13. Although this analysis employs various mathematical calculations, the final estimates are subjective and may be influenced by our experience and other factors not specifically set forth in this report.
14. This report was prepared by HVS Convention, Sports & Entertainment Facilities Consulting. All opinions, recommendations, and conclusions expressed during the course of this assignment are rendered by the staff of this organization, as employees, rather than as individuals.
15. This report is set forth as a feasibility study of the subject facility; this is not an appraisal report.

Certifications

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

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



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