



Lodging Tax Increase Analysis

Clarksville, Tennessee

HVS Convention, Sports & Entertainment Facilities Consulting

March 6, 2024



Convention, Sports & Entertainment
Facilities Consulting

March 6, 2024

1035 Keystone Ave.
River Forest, IL 60305
+1 312-587-9900
+1 312-488-3631 FAX
www.hvs.com

Ms. Janet Wilson
Clarksville-Montgomery County Economic Development Council
25 Jefferson Street, Suite 300
Clarksville, Tennessee 37040
+1 (931) 647-1547
janetw@clarksville.tn.us

Re: Lodging Tax Increase Analysis
Clarksville, Tennessee

Dear Ms. Wilson,

Attached you will find our analysis of the proposed City Hotel/Motel Tax increase for Clarksville, Tennessee.

We certify that we have no undisclosed interest in the project, and our employment and compensation are not contingent upon our findings. This analysis 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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Methodology

Study Objectives and Tasks

Objective

- Prepare a range of impacts on the Market resulting from the 4% City Hotel/Motel tax increase.

Tasks

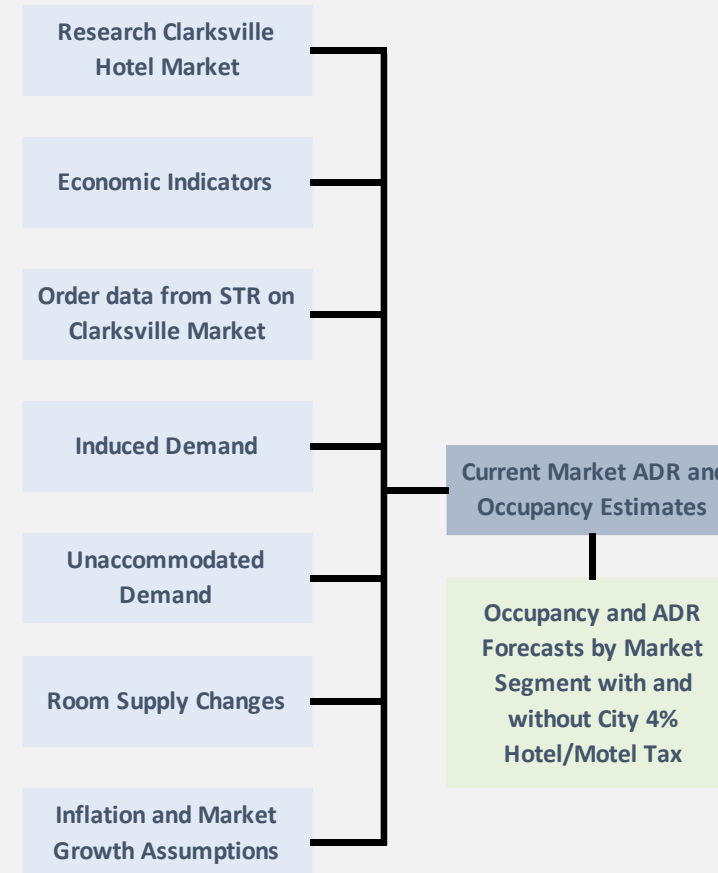
- Contact City staff to request updated information about the Market and the 4% City Hotel/Motel Tax increase.
- Assess key market variables and economic data for the area.
- Order historical data from STR about the Market.
- Model the historical Clarksville lodging market included ADR and occupancy.
- Prepare two projections of the performance of the Market with and without the proposed 4% City Hotel/Hotel Tax.

Hotel Market Analysis Methodology

This study employs industry-standard methods for hotel market studies, which include the following completed objectives:

- Analyzed the historical performance of the local hotels
- Researched potential changes in room supply, market occupancy, room rates, and market growth in room night demand
- Data sources include:
 - HVS lodging database and surveys
 - Interviews
 - STR
 - Studies of lodging taxes
 - Other third-party sources

Analysis Process



Key Findings and Conclusions

- Lodging taxes can impact hotel performance as they raise the price of lodging accommodations.
- The actual economic burden is shared between owners and guests due to the competitive nature of the Market.
- The degree to which hotel managers can pass on these taxes to consumers depends on market conditions and the elasticity of supply and demand.
- The demand for onsite accommodation peaks during the summer months and drops significantly during winter.
- Once the City Hotel/Motel Tax is implemented, the Lodging Tax in Clarksville would be the highest in Tennessee and one of the highest in the U.S.
- The largest employer in the area is the Fort Campbell Army Base, and personnel at the base will be subject to the City Hotel/Motel Tax.
- With the imposition of the new tax, hotel revenues will grow at a slower rate than without the tax.

Clarksville Lodging Market

Definition of Certain Terms Used in the Study

- “ADR” means the average cost of a hotel room, calculated by dividing annual hotel room revenues by the number of paid occupied room nights.
- “Authority” means the Arts, Culture & Tourism Authority of the City of Clarksville.
- “City” means the City of Clarksville, Tennessee.
- “City Hotel/Motel Tax” means the proposed 4% Hotel/Motel Tax increase proposed by the City to fund the Authority.
- “County” means Montgomery County, TN
- “Lodging Tax” means the combined City, County, and State taxes on transient lodging.
- “Market” means all hotels and motels located within the City.
- “Occupancy” means the percentage of hotel rooms occupied for a given period, calculated by dividing the annual number of occupied room nights by the annual number of available room nights.
- “RevPAR” means the revenue per available room, a common hotel industry metric calculated by multiplying the occupancy rate by ADR and provides a combined measure of rate and occupancy.
- “STR” is Smith Travel Research, a well-regarded industry data source on lodging supply, demand, and price.

Clarksville Lodging Supply

- Lodging supply in Clarksville has over 2,700 rooms.
- The lodging supply is primarily economy to upper midscale, which is over 92% of the total hotel rooms.
- One upscale hotel will reopen in 2024, the DoubleTree by Hilton Clarksville Riverview, with 156 rooms.
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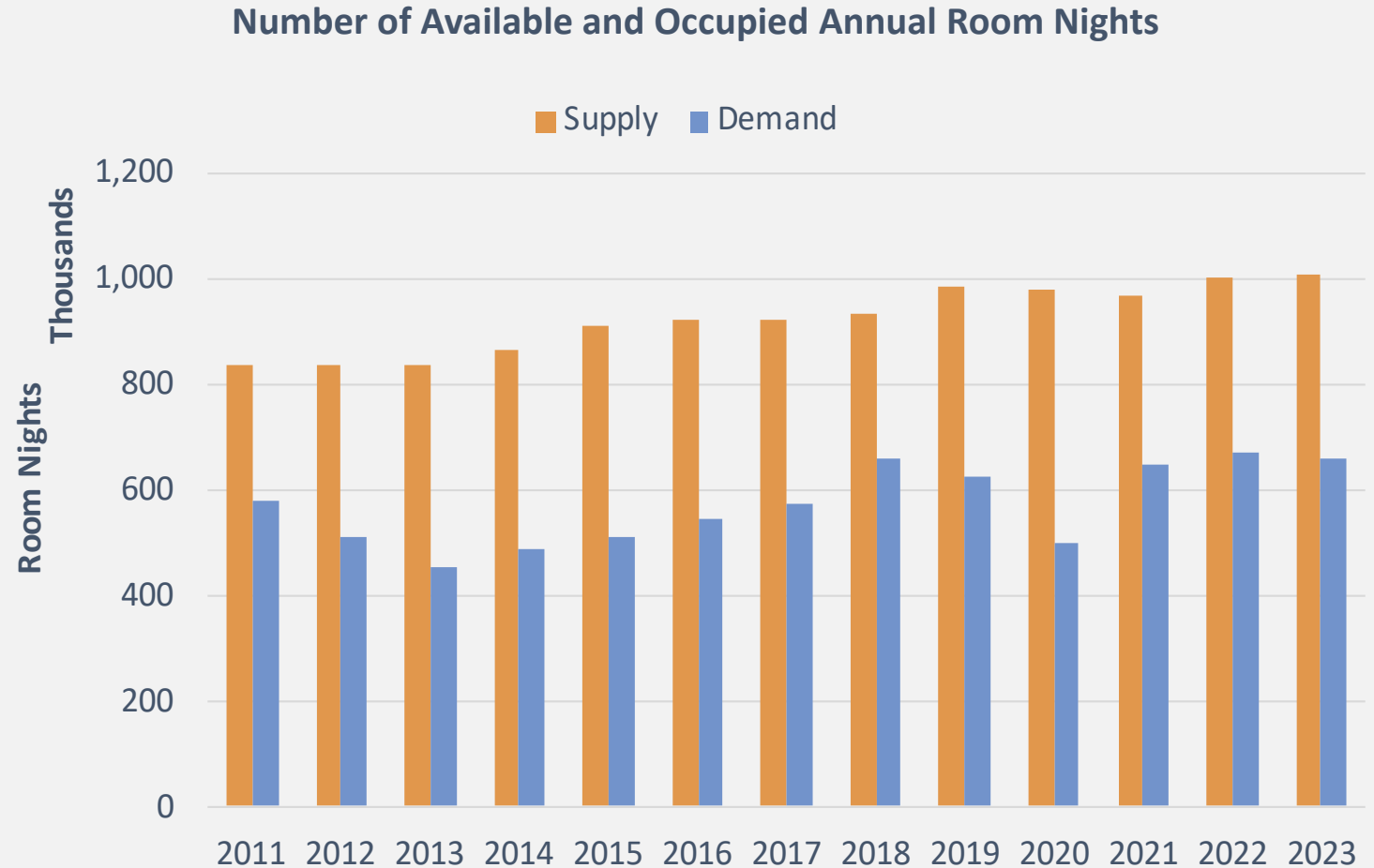
Lodging Supply by Chain Scale

STR Classification	Hotels	Rooms	% of Total Rooms	
Upscale	2	202	7%	<div></div>
Upper Midscale	9	824	30%	<div></div>
Midscale	9	690	25%	<div></div>
Economy	20	1,047	38%	<div></div>
Total	40	2,763		

Source: STR

Room Night Supply and Demand Trends for the Market

- Room night supply grew from 2011 to 2019, declined in 2020 due to the COVID-19 pandemic, and then expanded in 2022 and 2023.
- Demand decreased during 2012-13, then grew until 2018, declined during 2019-20, grew again during 2021-22, and declined again in 2023.
- Room night demand currently exceeds the pre-pandemic level in 2019.

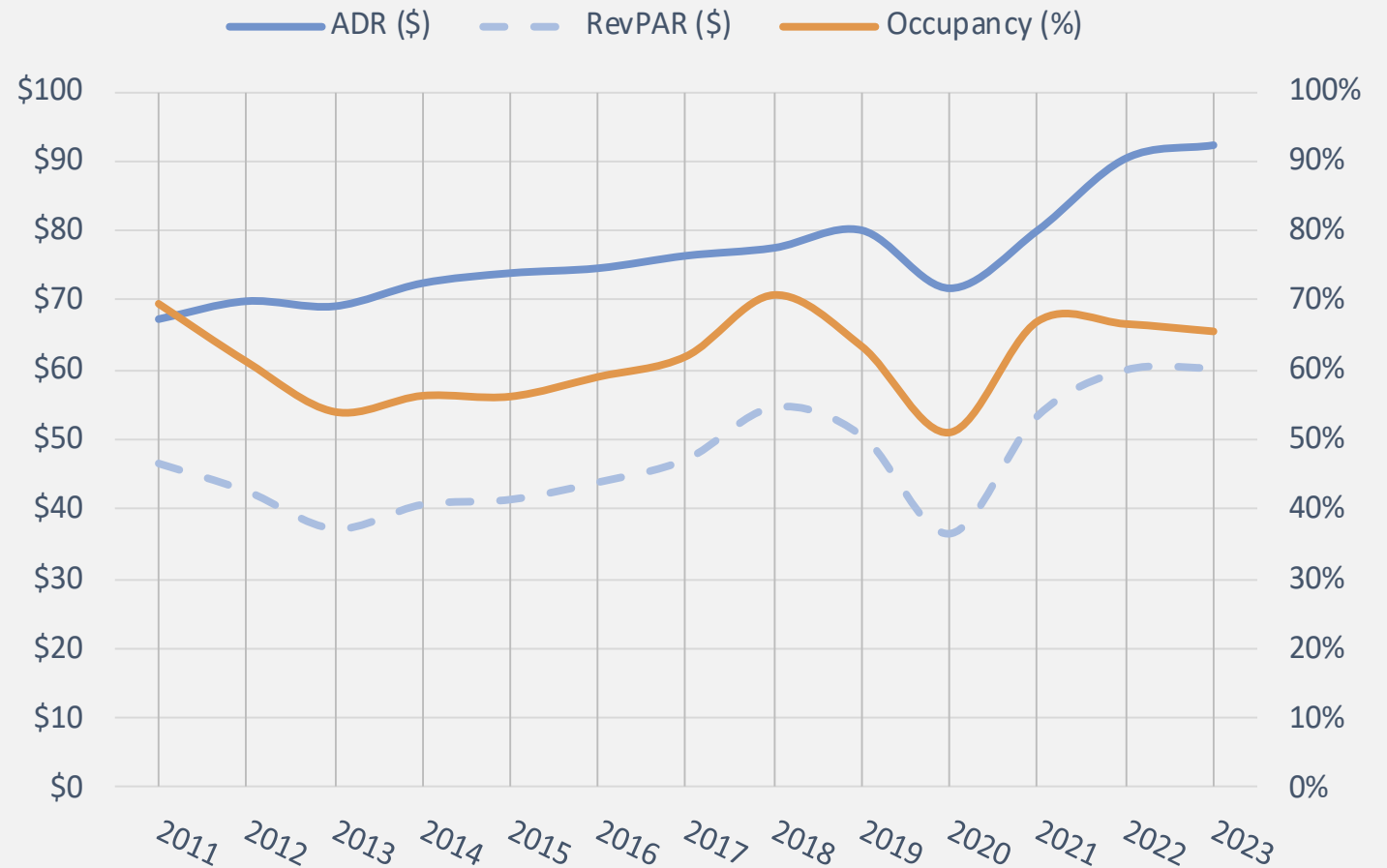


Source: STR

Hotel Market Trends

- ADR grew steadily until 2020 when the COVID-19 pandemic impacted the Market.
- Occupancy rates declined until 2014, then increased until 2018, declined in 2019 and 2020, and then recovered from 2021 to 2023.
- The Market recovered in 2021.
- ADR hit an all time high in 2023.

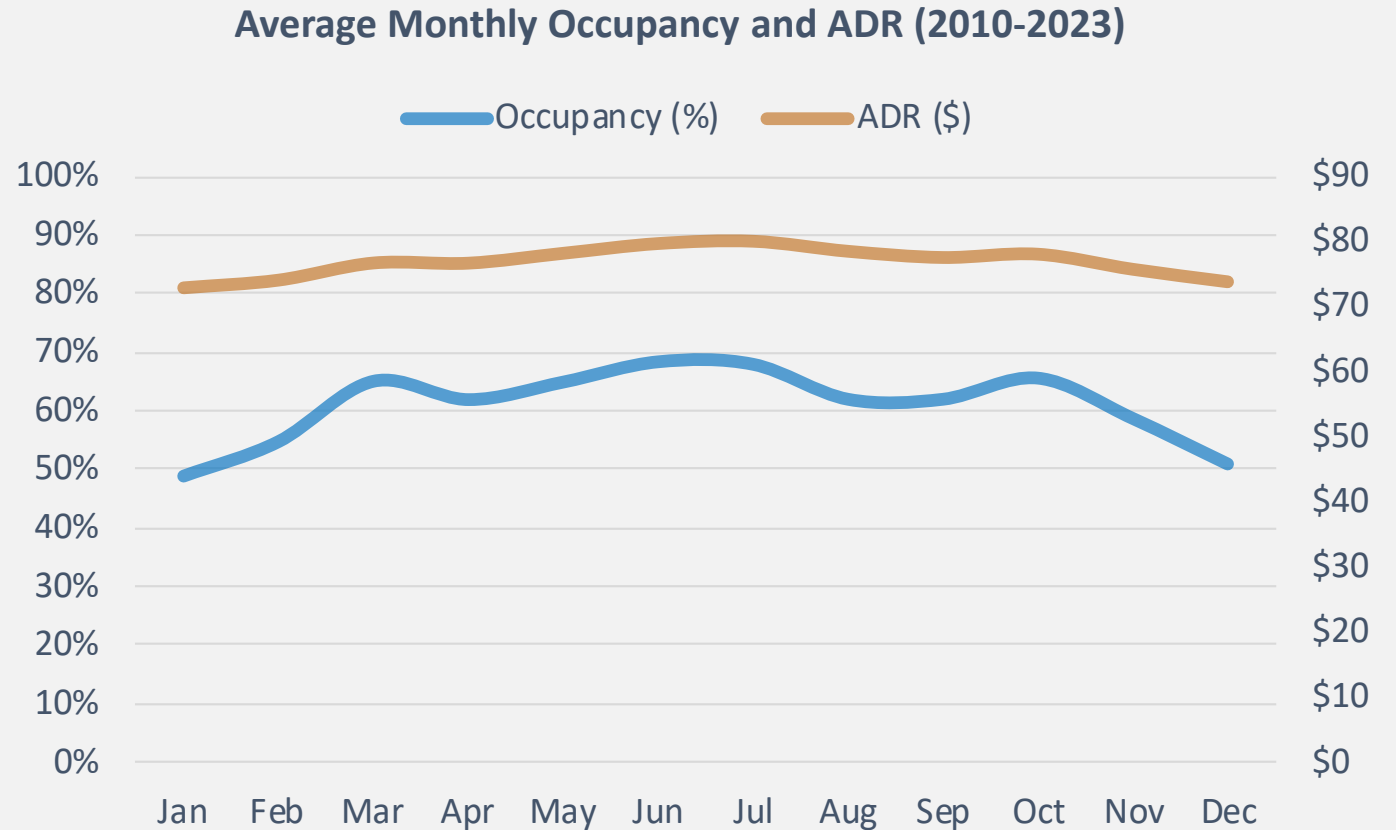
Annual Occupancy, ADR and RevPAR (2010 to 2023)



Source: STR

Seasonality for the Market

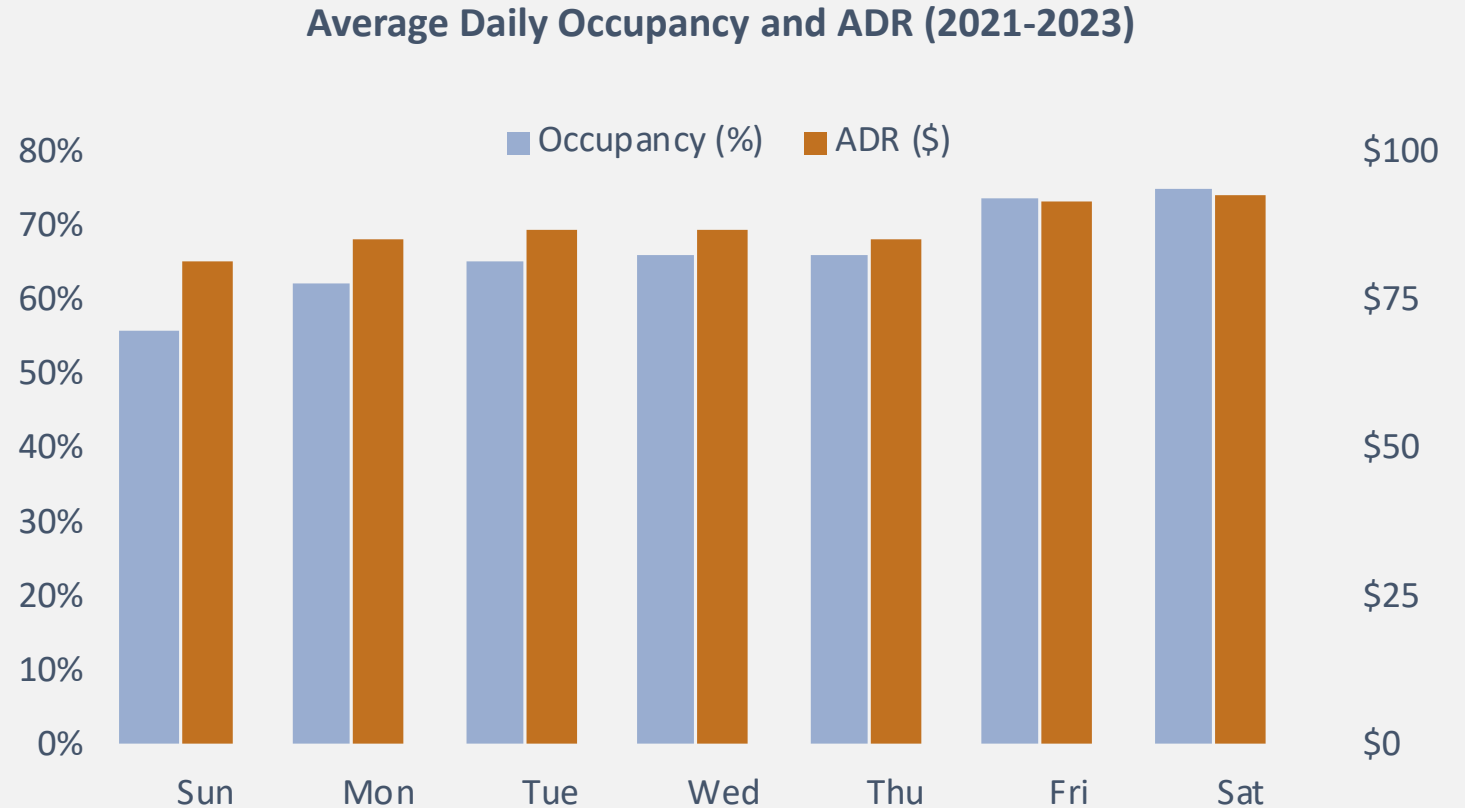
- The Market shows significant seasonal variation, with July displaying the highest ADR and June the highest occupancy.
- January typically has the lowest ADR and occupancy.



Source: STR

Weekly Patterns of Demand for the Market

- Leisure demand generates higher occupancy on Friday and Saturday nights.
- Corporate and Meeting/Group demand contributed to mid-week demand.
- Saturday nights had the highest occupancy rate of 75% and ADR of \$93.
- The Market experienced stronger ADR on Fridays and Saturdays, and a lower ADR on Sunday.
- The Market had a lower occupancy rate on Sunday.



Source: STR

Monthly and Daily Occupancy

- The Market has lower winter and higher spring and summer demand, higher demand on the weekends, and lower demand on Sunday and Monday.
- The occupancy rate on Friday and Saturday exceeds 70%.
- The highest monthly day demand was on Saturdays in April at 86.4%.
- March had the highest monthly occupancy, at 74.5%.

Market Occupancy by Month and Day of Week

Month	Sun	Mon	Tue	Wed	Thu	Fri	Sat	Total Month
Feb - 23	48.0%	55.8%	61.1%	58.2%	57.4%	62.6%	64.9%	58.3%
Mar - 23	62.4%	71.0%	70.9%	71.0%	72.2%	86.3%	86.4%	74.5%
Apr - 23	56.5%	65.3%	67.4%	68.3%	66.3%	74.3%	78.4%	68.0%
May - 23	56.8%	61.5%	65.4%	70.4%	71.1%	82.9%	84.7%	69.9%
Jun - 23	57.8%	67.8%	69.7%	71.1%	71.7%	80.7%	81.1%	71.7%
Jul - 23	59.4%	65.1%	66.5%	69.9%	71.6%	80.2%	82.9%	70.7%
Aug - 23	50.7%	61.1%	65.1%	64.1%	62.2%	64.3%	67.1%	62.2%
Sep - 23	52.3%	58.7%	63.7%	63.8%	64.5%	71.3%	73.9%	64.6%
Oct - 23	53.9%	61.7%	63.8%	66.5%	68.0%	78.5%	82.6%	67.1%
Nov - 23	49.1%	57.9%	62.7%	63.2%	63.0%	67.6%	66.2%	61.5%
Dec - 23	57.2%	64.8%	67.0%	67.5%	63.8%	62.8%	63.7%	63.6%
Jan - 24	44.9%	53.5%	57.5%	58.4%	52.9%	50.4%	51.9%	53.1%
Average	54.3%	61.9%	64.9%	66.0%	65.5%	72.1%	73.7%	65.5%
Minimum		44.9%	Average		65.4%	Max		86.4%

Monthly and Daily ADR

- The Market has a lower winter ADR compared to summer and early fall.
- May and June had the highest monthly ADR at an average of \$98, and February had the lowest at \$85.
- Friday and Saturday had the highest daily average ADR at \$97, and Sunday was the lowest at \$85.

Market ADR by Month and Day of Week

Month	Sun	Mon	Tue	Wed	Thu	Fri	Sat	Total Month
Feb - 23	\$81	\$85	\$88	\$88	\$83	\$84	\$84	\$85
Mar - 23	87	91	94	93	93	100	99	94
Apr - 23	87	91	94	93	90	97	99	93
May - 23	87	90	92	95	94	110	112	98
Jun - 23	89	95	98	95	94	105	104	98
Jul - 23	89	92	93	94	94	103	104	96
Aug - 23	86	91	94	93	90	92	92	91
Sep - 23	84	90	93	92	91	95	95	92
Oct - 23	85	88	90	91	88	98	101	92
Nov - 23	81	87	89	89	88	92	92	88
Dec - 23	84	89	91	90	88	90	89	89
Jan - 24	82	88	90	89	85	84	85	86
Average	85	90	92	92	90	97	97	92

Minimum

\$81

Average

\$92

Max

\$112

Summary of Market Trends for the Market

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	835,850		580,749		69.5%		\$67		\$47	
2012	835,850		511,363		61.2%		70		43	
2013	835,850		451,307		54.0%		69		37	
2014	863,256		485,901		56.3%		72		41	
2015	909,830		511,080		56.2%		74		41	
2016	922,751		544,391		59.0%		74		44	
2017	922,720		571,527		61.9%		76		47	
2018	934,730		661,185		70.7%		77		55	
2019	987,592		625,648		63.4%		80		51	
2020	977,341		498,756		51.0%		72		37	
2021	967,493		647,994		67.0%		80		54	
2022	1,004,658		668,910		66.6%		90		60	
2023	1,008,344		660,623		65.5%		92		60	






Compound Annual Growth Rate

2011-2023	1.6%	1.1%	-0.5%	2.7%	2.2%
2011-2019	2.1%	0.9%	-1.1%	2.2%	1.0%

Sources: STR and HVS

Comparison of Market Performance between 2023 and 2024

- No hotels opened in 2023 or 2024.
- ADR has continued to recover from the COVID-19 pandemic and reached a new all-time high.
- Occupancy had a minor decrease.




Comparison of 2023 and 2024 Hotel Metrics				
Metric	Year-to-Date Through January		Percent Change	
	2023	2024		
Available Room Nights	85,622	85,653	0.0%	
Room Night Demand	45,739	45,501	-0.5%	
Occupancy	53.4%	53.1%	-0.6%	
ADR	\$84	\$86	2.7%	
RevPAR (Occ. * ADR)	\$45	\$46	2.2%	

Source: STR

Market Segmentation

- The purpose of segmenting the lodging market is to define each major type of demand, identify customer characteristics, and estimate future growth trends.
- Commercial demand (70% of total demand) is generated mainly by individual businesspeople passing through the local market or visiting area businesses, in addition to high-volume corporate accounts of local firms.
- Leisure-related demand (20% of total demand) is from individuals and families visiting the locale or in transit to other destinations.
- The meeting and group demand (10% of total demand) includes meetings, seminars, conventions, trade shows, and similar gatherings of ten or more people.

Share of Total Room Night Demand

Market Segment	Room Nights	Percent of Total Demand	
Commercial/Government	462,439	70%	
Leisure	132,125	20%	
Meeting and Group	66,063	10%	
Total	660,627	100%	

Sources: HVS and respective hotels

Lodging Market Analysis Conclusions

- The Market began recovering from the COVID-19 pandemic in 2021, with occupancy exceeding the 2019 level.
- Occupancy has not continued to recover in 2022 and 2023, with 2023 occupancy slightly below 2021.
- Occupancy is strongest on the weekends, indicating a strong weekend leisure market.
- In 2021, ADR recovered to the prior high in 2019.
- ADR reached new highs in both 2022 and 2023.
- The Market hosted sports events for softball, soccer, cross country, boxing, golf, hockey, baseball, track & field, fishing, cycling, shooting, and football.

Clarksville Lodging Tax

Existing Lodging Tax

- The State imposes a 7% sales tax.
- The County imposes a 2.5% sales.
 - 75.27% to the CMCSS (Schools)
 - 24.05% to the City
 - .68% to the County
- The County imposes an 8% Hotel/Motel Tax
 - 50% to the County
 - 37.5% to the CVB (Visit Clarksville)
 - 12.5% to the City
- In 2021, the 8% County Hotel/Motel Tax was grandfathered as an exception to the statewide change in law that lowered the maximum tax rate to 5% due to the authorization of a city Hotel/Motel Tax of up to 4%.
- The proposed 4% City Hotel/Motel Tax would increase the total Lodging Tax to 21.5%

Taxing Entity	Tax Rate
State Sales Tax	7.0%
County Sales Tax	2.5%
County Hotel/Motel Tax	8.0%
Total Lodging Tax	17.5%

Sources: Respective Governments

Proposed Hotel/Motel Tax Increase in the City of Clarksville

- The City created an Arts, Culture & Tourism Authority of the City of Clarksville (“Authority”).
- The Authority intends to provide funding for the Customs House Museum, Roxy Productions, and Arts & Heritage Development.
- The Authority's funding would come from a proposed 4% City Hotel/Motel Tax and the City portion of the County Hotel/Motel Tax.
- The City Hotel/Motel Tax would apply to any structure or space, or any portion thereof, that is occupied or intended or designed for occupancy by transients for dwelling, lodging, or sleeping purposes and includes privately, publicly, or government-owned hotels, inns, tourist camps, tourist courts, tourist cabins, motels, short-term rental units, primitive and recreational vehicle campsites and campgrounds, or any place in which rooms, lodgings, or accommodations are furnished to transients.
- The City Hotel/Motel Tax would apply to any person who exercises occupancy or is entitled to occupancy of any rooms, lodgings, or accommodations in a hotel for a period of less than thirty continuous days.
- The City Hotel/Motel Tax would start on June 1, 2024.

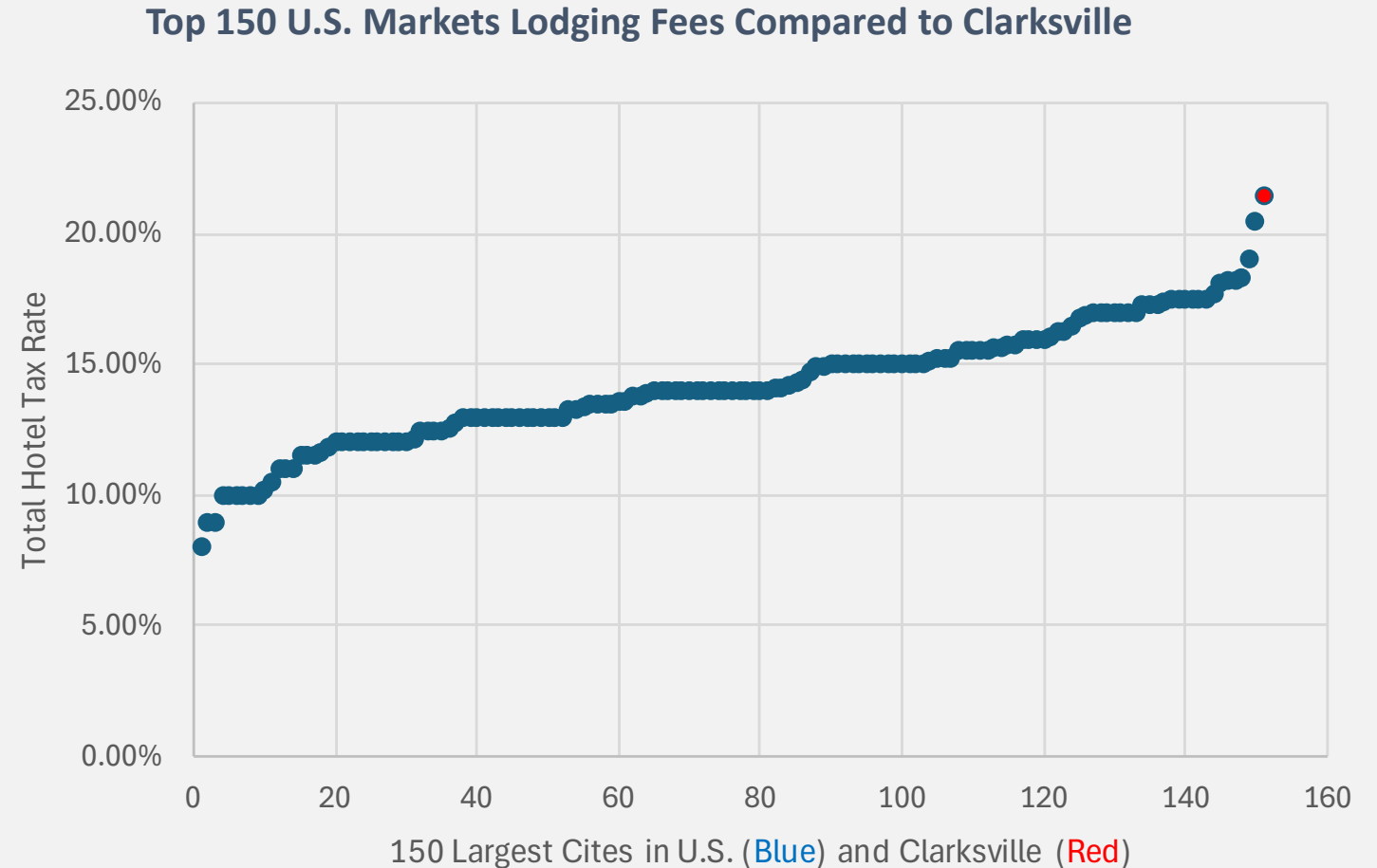
How Hotel/Motel Tax Increases Effect Occupancy

- Tennessee has above-average lodging tax rates, and the State's hospitality industry has previously expressed concern that these high taxes in some areas turn visitors away (TACIR, 2016).¹
- A study done in Birmingham found that raising lodging taxes can make a location less attractive for large event bookings or price-wary groups (Anderson, 2015).²
- A study done in Hong Kong concluded that large increases in lodging taxes result in a 1.5% to 5.7% decrease in occupancy rates (Qu et al., 2002).³
- In 2011, US Travel's Travel Tax Institute found that 49% of travelers changed their plans due to high travel taxes (Hotel Interactive, 2011).⁴
- The American Economics Group estimated that a 2% lodging tax increase could result in a 2% to 5% reduction in room sales and visitor spending. (American Economics Group, Inc, 1998).⁵
- When New York reduced its lodging tax rate by 6% in 1994, tourism and room night demand significantly increased (Hudson et al., 2019).⁶
- When Maine raised its lodging tax from 8% to 9% in 2016, occupancy and ADR slightly declined the following two years (Hudson et al., 2019).⁶

See Sources in Appendix

Hotel Tax Rates in the Top 150 US Markets

- The Lodging Tax rate in Clarksville would be 21.5% after the 4% increase, higher than the 150 top markets in the U.S.
- A portion of the top 150 markets in the U.S. have a fixed dollar tax per room sold in addition to the percentage tax, which is not included in the table.
- Even after considering the total tax burden, Clarksville would still have the highest hotel tax rate among the 150 top cities.



Source: HVS 2023 Annual Lodging Tax Study

Lodging Tax Rates in the Largest Cities in Tennessee

- After the 4% increase, Clarksville would have the highest Lodging Tax of the ten largest cities in Tennessee, at 21.5%.
- Memphis would be next, with an effective rate of approximately 20%.

Ten Largest Cities in Tennessee Lodging Tax Rate								
City	Sales Tax Rates		Lodging				Total Hotel Tax	
	State	County	County	County Nightly Fee	City	City Nightly Fee	% of Room Rate	Fixed Dollar Tax
Nashville	7.000%	2.250%	7.000%	\$2.50	0.000%		16.250%	\$2.50
Memphis	7.000%	2.750%	5.000%		3.500%	\$2.00	18.250%	\$2.00
Knoxville	7.000%	2.250%	5.000%		3.000%		17.250%	\$0.00
Chattanooga	7.000%	2.250%	4.000%		4.000%		17.250%	\$0.00
Clarksville	7.000%	2.500%	8.000%		4.000%		21.500%	\$0.00
Murfreesboro	7.000%	2.750%	5.000%		5.000%		19.750%	\$0.00
Franklin	7.000%	2.750%	4.000%		4.000%		17.750%	\$0.00
Jackson	7.000%	2.750%	5.000%		0.000%		14.750%	\$0.00
Johnson City	7.000%	2.750%	7.000%		0.000%		16.750%	\$0.00
Bartlett	7.000%	2.750%	5.000%		0.000%		14.750%	\$0.00

Sources: Clarksville, respective cities, and State


Proposed 4% City Hotel/Motel Tax

Methodology

- HVS forecasted the growth of the Market without the proposed 4% City Hotel/Hotel Tax.
- The forecast was based on the historical growth rates for ADR and occupancy in the Market from 2011 through 2023.
- HVS forecasted the Market from 2024 through 2028.
- HVS compared the projection of hotel revenues with the current Lodging Tax and a forecast of the Market if the proposed 4% City Hotel/Motel Tax is enacted.
- We calculated future demand by applying growth rates to three different market segments, corporate/government, meeting and group, and leisure.
- The estimates for growth rates were based on interviews with hotel managers, assessments of occupancy trends, economic and demographic data, and identification of demand generators.
- The projected increase in demand of 1% on an annual basis is supported by the historical 1.08% annual growth in demand from 2011 through 2023, as reported by STR.

Demand Growth for Market at the Current Lodging Tax

- The forecast of Market growth is shown through 2028.
- Historical demand grew at a rate of 1.08% from 2011 to 2023, supporting the forecasted growth rate.
- Room night demand grows from 661,000 room nights in 2023 to 694,000 room nights in 2028.

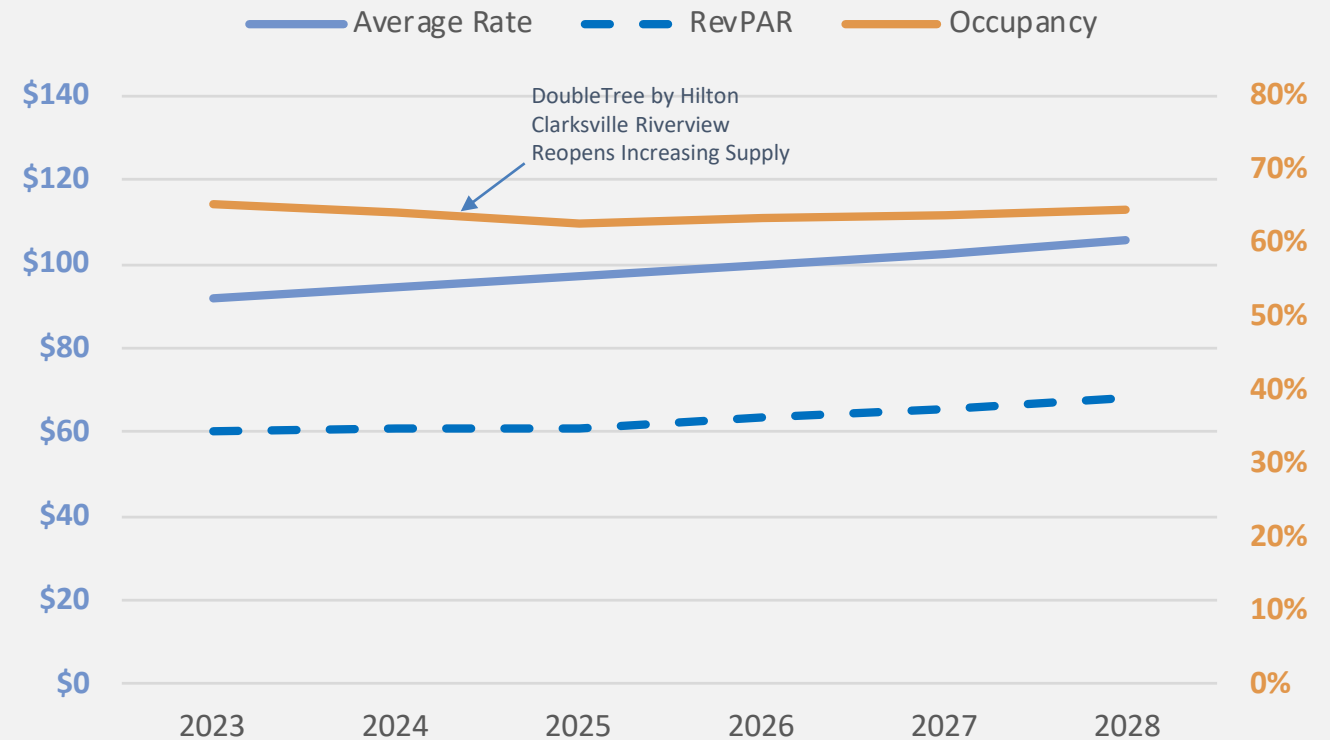
Estimated Demand Growth by Market Segment (2023–2028)				
Segment	2023	through	2028	CAGR*
Commercial/Government	462,000		486,000	1% 
Meeting and Group	66,000		69,000	1% 
Leisure	132,000		139,000	1% 
Total	660,000		694,000	1% 

* From 2023 through 2028

Market Forecast with Current Lodging Tax Rate (2023–2028)

- ADR is forecasted to grow at an annual rate of 3.0%, which is supported by the historical growth of 2.7% from 2011 to 2023 and the current higher rate of inflation.
- Historical demand grew at a rate of 1.08% from 2011 to 2023, supporting the forecasted growth rate of 1%.
- Room night demand grew from 661,000 room nights in 2023 to 694,000 room nights in 2028, but occupancy did not increase due to the growth in room night supply.

Estimated ADR, RevPAR, and Occupancy Rate (2023–2028)



Impact on ADR and Demand from a 4% City Hotel/Motel Tax

- The imposition of the 4% City Hotel/Motel Tax would raise the total Lodging Tax to 21.5%, the highest in the State and one of the highest in the U.S.
- We forecasted a range of negative impacts on ADR and demand.
- The growth in room night demand would slow as hotel customers sought lower-cost lodging.
- ADR is expected to increase at a slower rate after the tax increase due to the higher cost of hotel room rentals.

Estimated Annual Decline in ADR Growth

ADR	2024	2025	2026	2027	2028
Low Estimate	-0.2%	-0.3%	-0.2%	0.0%	0.0%
High Estimate	-0.4%	-0.3%	-0.2%	-0.1%	0.0%

Estimated Annual Decline in Occupancy Growth

Demand	2024	2025	2026	2027	2028
Low Estimate	-0.4%	-0.2%	0.0%	0.0%	0.0%
High Estimate	-0.4%	-0.4%	-0.1%	0.0%	0.0%

Estimated Room Revenues (2024—2028)

The Market revenues are forecast to decline by \$3.6 million under the lower level of impact and \$5.2 million under the higher level of impact.

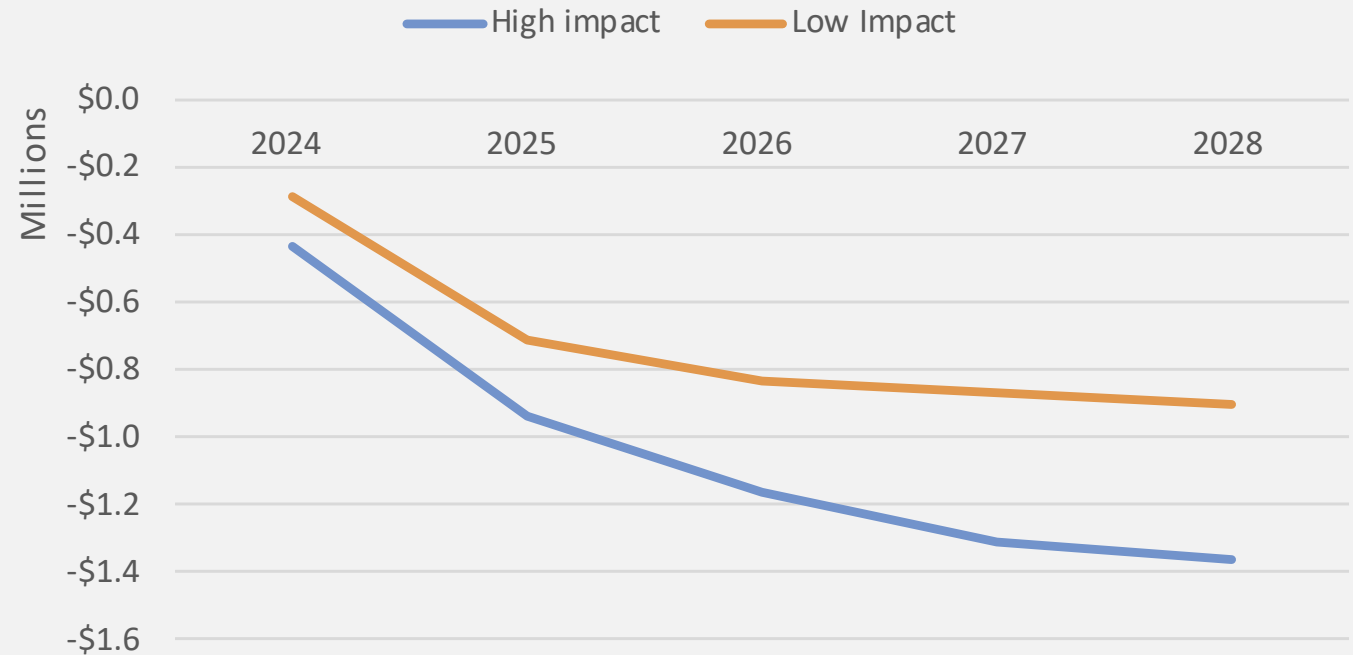
Estimated Rooms Revenue with and without a Tax Increase

	Forecast of Market Revenues (\$ millions)					Total 2024-2028
	2024	2025	2026	2027	2028	
No HOT Increase	\$63.3	\$65.9	\$68.6	\$71.3	\$74.2	
Tax Increase Low Impact	63.0	65.2	67.7	70.5	73.3	
Tax Increase High Impact	62.8	65.0	67.4	70.0	72.8	
Revenue Decline Low Impact	(0.3)	(0.7)	(0.8)	(0.9)	(0.9)	(\$3.6)
Revenue Decline High Impact	(0.4)	(0.9)	(1.2)	(1.3)	(1.4)	(5.2)

Decline in Hotel Revenues Due to a 4% City Hotel/Motel Tax

- The estimated negative impact on ADR and demand from a 4% City Hotel/Motel Tax range from \$.9 million to \$1.36 million per year by 2028.
- Hotel owners would absorb roughly 30% to 50% of the tax burden through lost hotel revenues due to lower occupancy and ADR.

Decline in Hotel/Motel Revenues Compared to No Tax Increase



Conclusions

- Given the level of occupancy and ADR market, an increase in the hotel tax could have a material impact on existing hotels' ADR and occupancy.
- After the imposition of the 4% City Hotel/Motel Tax, the City would have the highest hotel tax rate in the State and among the 150 cities in the U.S. that HVS analyzed.
- The meeting and group market segment is more sensitive to increases in lodging taxes due to the market knowledge and price sensitivity of event planners.
- Fort Campbell Army Base personnel would be subject to the City Hotel/Motel Tax for stays of less than 30 days.
- Various studies of lodging taxes presented earlier in the study support the conclusion that raising taxes can result in lower occupancy and ADR.
- The imposition of the City Hotel/Motel Tax would result in lower occupancy and ADR than the forecast of occupancy and ADR without the tax increase.
- HVS forecast that from 2024 to 2028, the hotels in Clarksville would experience a reduction in revenues from \$3.6 million to \$5.2 million.
- Our forecasts are based in part on the studies on the price elasticity of demand cited herein. We have not specifically analyzed price elasticity in Clarksville.

Appendix

Appendix – Third Party Studies

¹ TACIR (2016) "Structuring lodging taxes to preserve the economy and encourage tourism." Available at:
[Tab 5. Structuring Lodging Taxes to Preserve the Economy and Encourage Tourism \(tn.gov\)](#)

² Anderson J (2015) "Did lodging tax increases hurt hotels in Birmingham area cities?" Available at:
[Did lodging tax increases hurt hotels in Birmingham area cities? - al.com](#)

³ Qu, Hailin; Peng Xu; and Amy Tan (2002). "A simultaneous equations model of the hotel room supply and demand in Hong Kong," International Journal of Hospitality Management 21, 455-462

⁴ Hotel Interactive (2011) "Survey: 49% of travelers alter plans due to high travel taxes."

⁵ American Economics Group, Inc (1998) "Impact of Room Tax Increases on the Lodging Industry." Report, American Hotel & Lodging Association.

⁶ Hudson, Simon, et al. (2019) "The effect of lodging tax increases on US destinations." Tourism Economics, vol. 27, no. 1, pp. 205–219

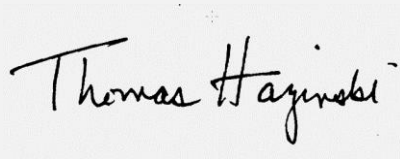
Statement of Assumptions and Limiting Conditions

1. This report is to be used in whole and not in part.
2. No responsibility is assumed for matters of a legal nature.
3. All information, financial 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.
4. We are not required to give testimony or attendance in court by reason of this analysis without previous arrangements, and only when our standard per-diem fees and travel costs are paid prior to the appearance.
5. If the reader is making a fiduciary or individual investment decision and has any questions concerning the material presented in this report, it is recommended that the reader contact us.
6. We take no responsibility for any events or circumstances that take place subsequent to the date of our report.
7. 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.
8. 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.
9. 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.
10. 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.
11. 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.
12. This report 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.
6. 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.



Thomas A. Hazinski, MPP
Managing Director



Brian Harris
Senior Director



Brian Harris

Senior Director

HVS Convention, Sports & Entertainment

727-542-4656

bharris@hvs.com