

Proposed Convention Centre ***Technical Briefing***

October 6, 2010

Presentation Overview

- Chronology of Events
- Project Development
- Project Description
- View Impacts
- Construction Team and Schedule
- Financial Overview of Rank Inc. Bid
- Contract Specifications
- Risk Management
- Shadow Bid
- Industry Overview
- Future Potential

Chronology of Events

EVENT

DATE

Call for Expressions of Interest Issued by HRM & PNS	Mar., 2008
Rank Inc. Short Listed	Feb., 2009
Initial Market Study and Industry Analysis Completed	May, 2009
Rank Inc. Invited to Submit Detailed Credentials	May, 2009
Procurement Business Case Completed by Deloitte	July, 2009
Request for Proposal (RFP) Issued to Rank Inc.	Oct., 2009
Detailed Market Analysis Completed	June, 2010
Detailed Economic Impact Analysis Completed	June, 2010
Response to RFP Received From Rank Inc.	July, 2010
Evaluation of Rank Inc. Response to RFP Completed	Aug., 2010

Project Development

- Procurement business case looked at Traditional Design Build vs. Long Term Capital Lease
- Integrated nature of the complex allows for efficiencies:
 - Design and construction costs
 - Operating costs
 - Facility Maintenance
- Public promotion of events and marketing allows for maximum economic benefits
- Province is being asked to contribute to the Convention Center only; other parts of the development are 100% funded by the Developer

Project Description

- Increased capacity and flexibility
- Three times the size of the existing center
- Multi level facility
- 115,000 sq feet of rentable convention space including
 - 35,500 sq feet of column free ballroom space
 - 52,000 sq feet of multi purpose space
 - 28,000 sq feet meeting room space
- 51,000 sq feet reception space (pre-function)

Project Description

- 24 meeting/break out rooms that can be reconfigured
- Reception areas suitable for 2,000
- 4 star facility
- Gold Standard of Leadership in Energy and Environmental Design (i.e., LEED Gold)
- Public Engagement Plan

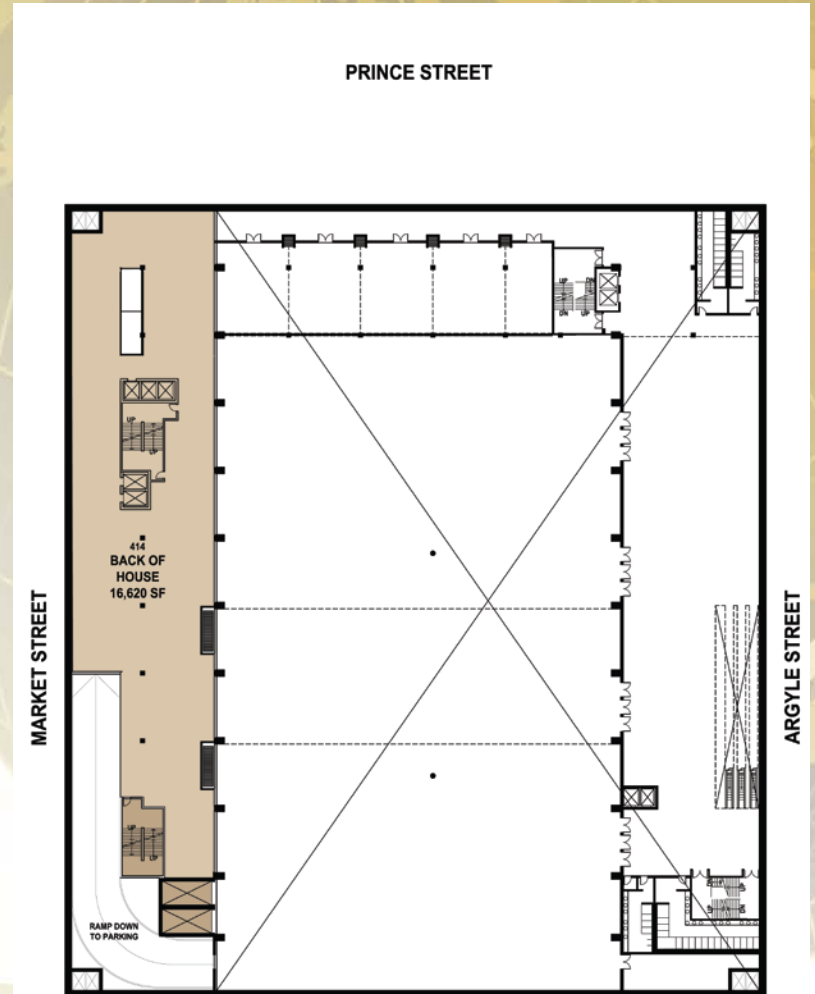
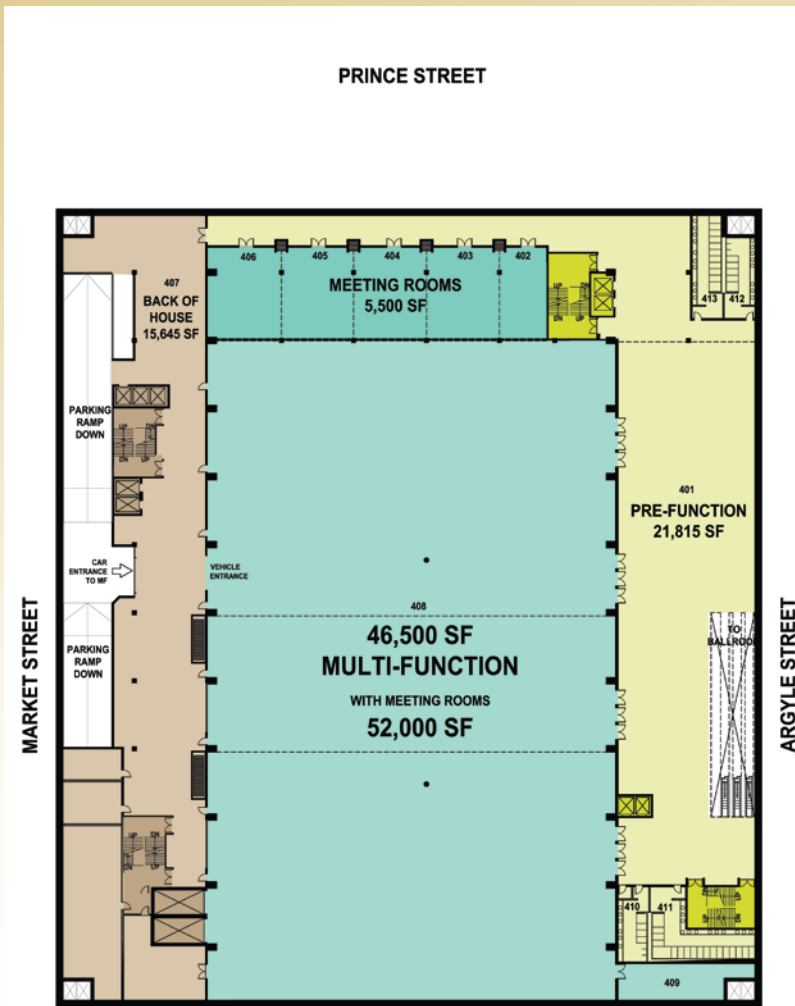
Development Concept



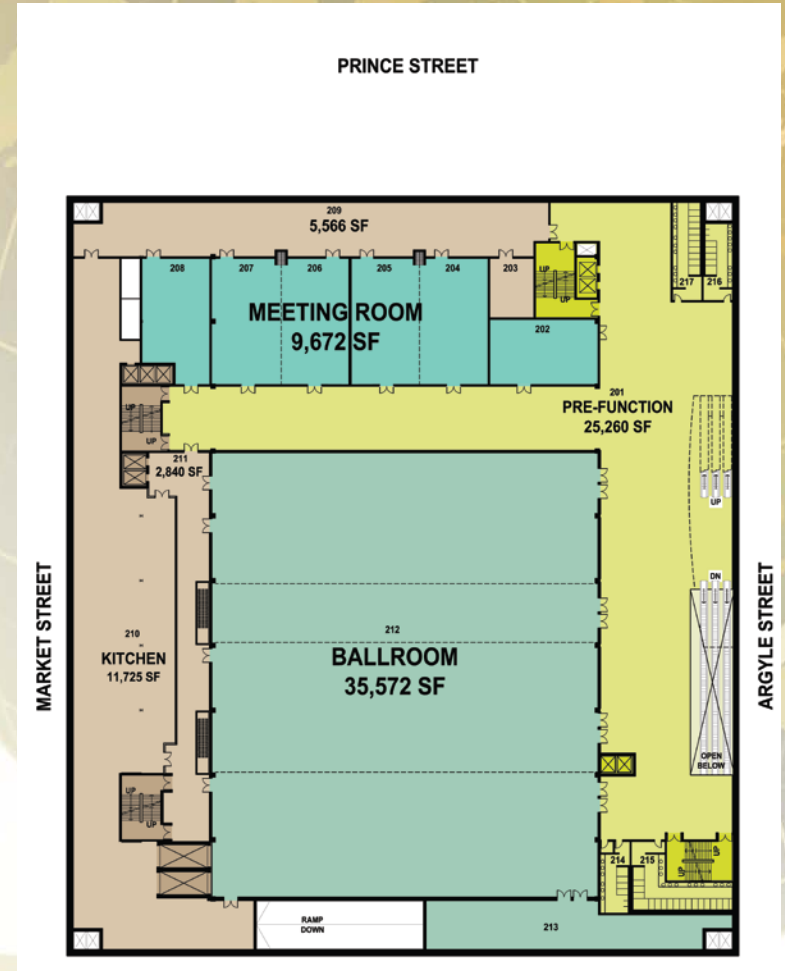
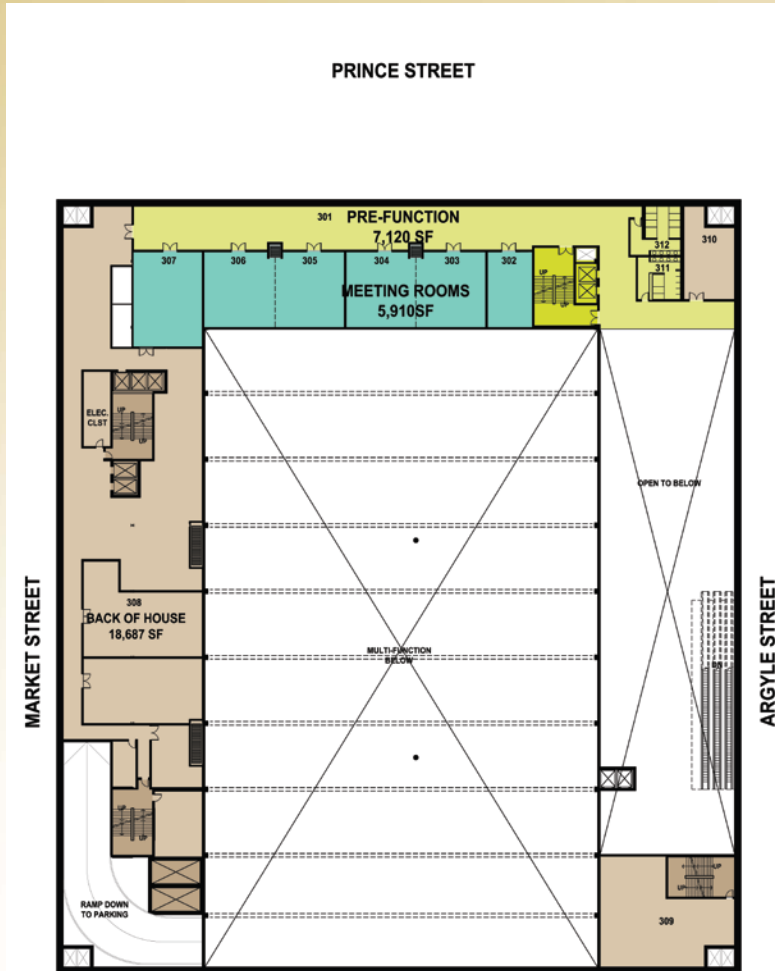
**Proposed Convention
Centre**



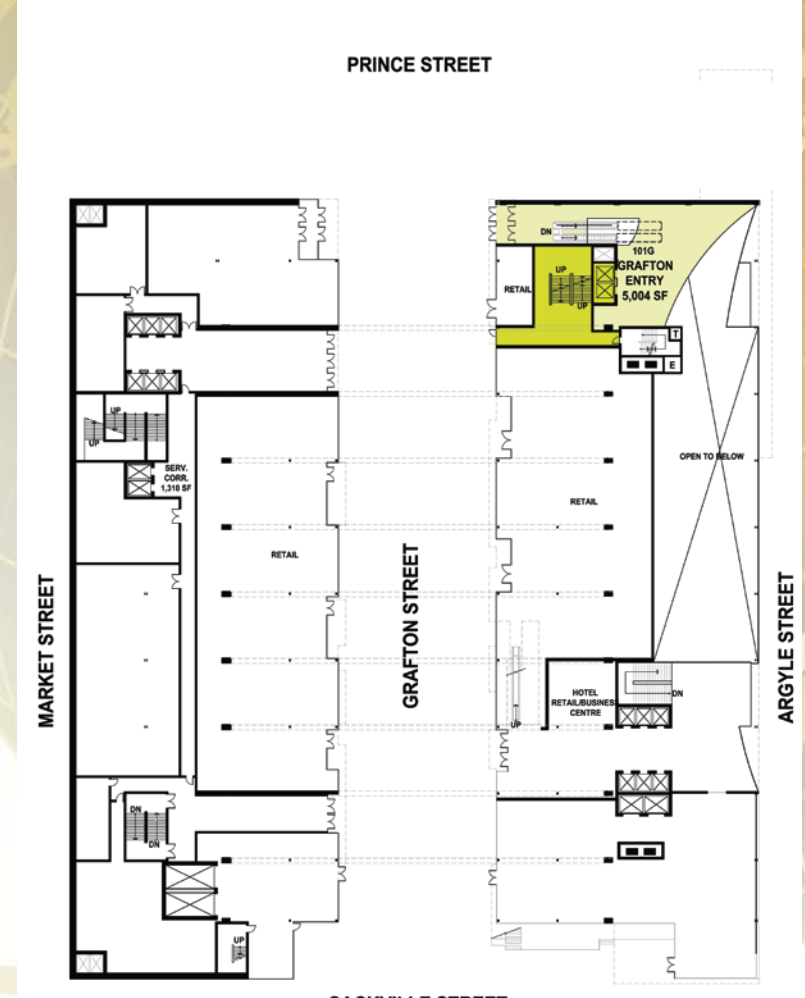
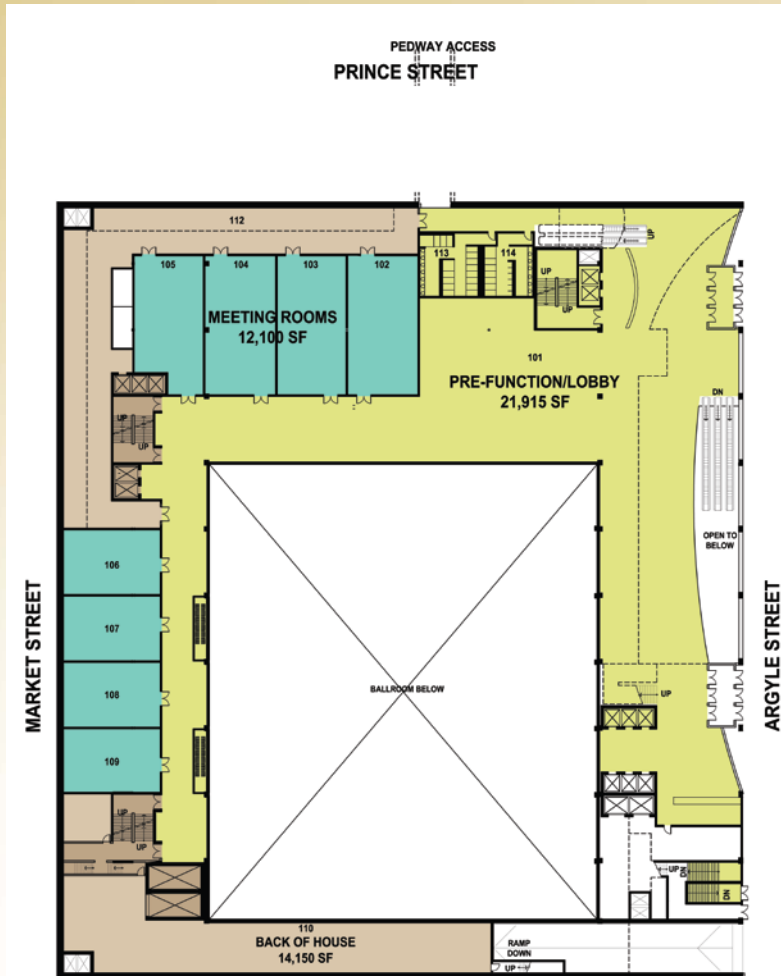
Floor Plans



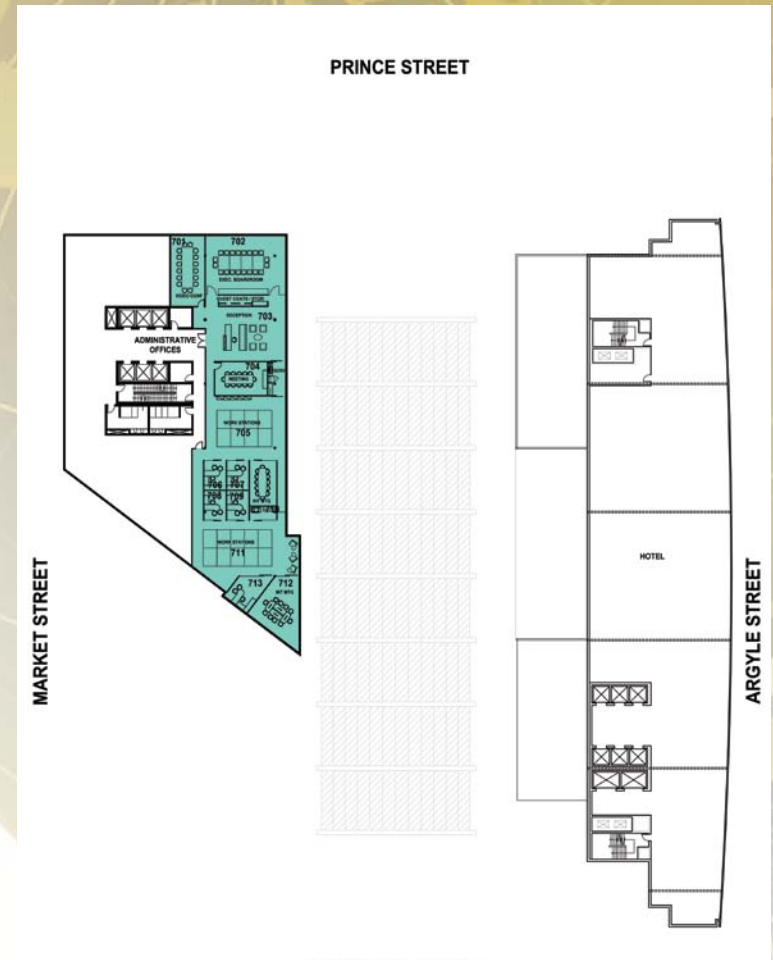
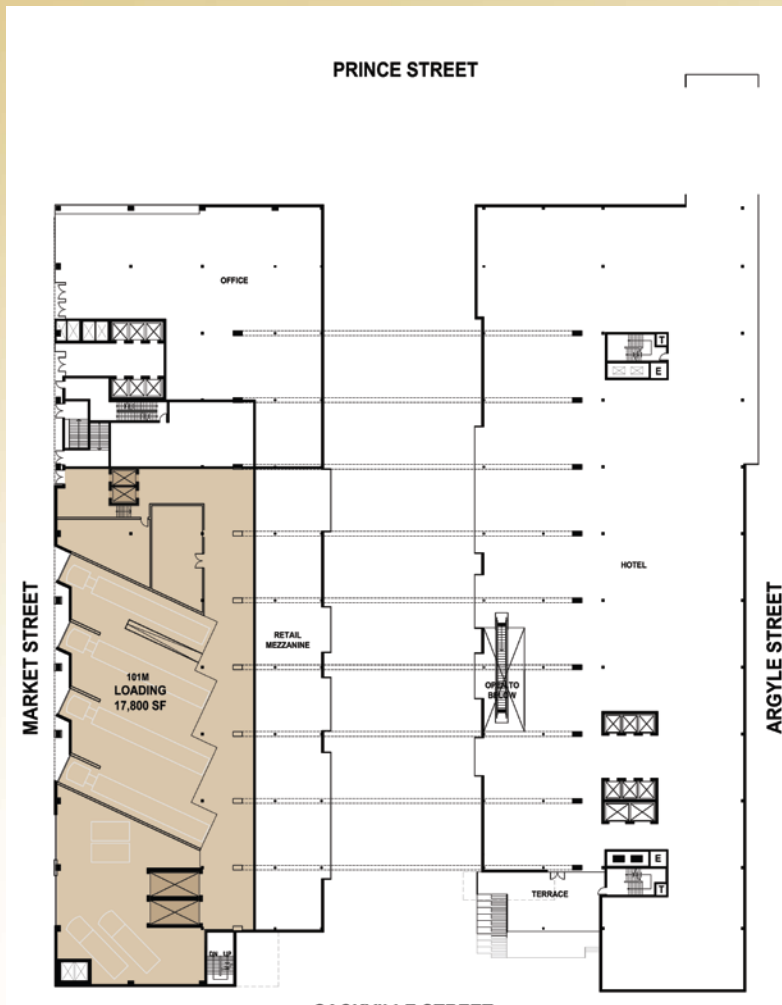
Floor Plans



Floor Plans

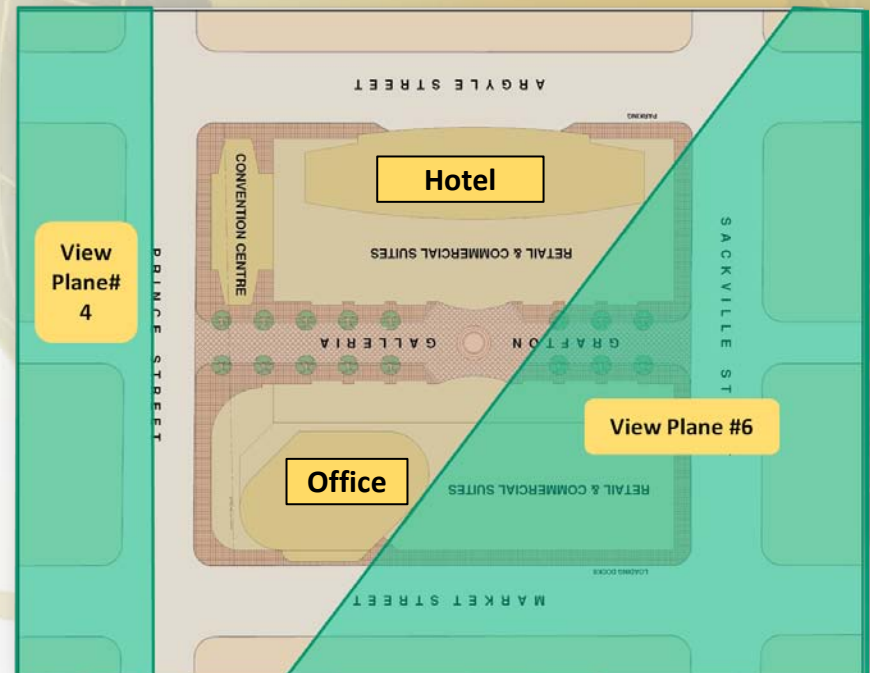
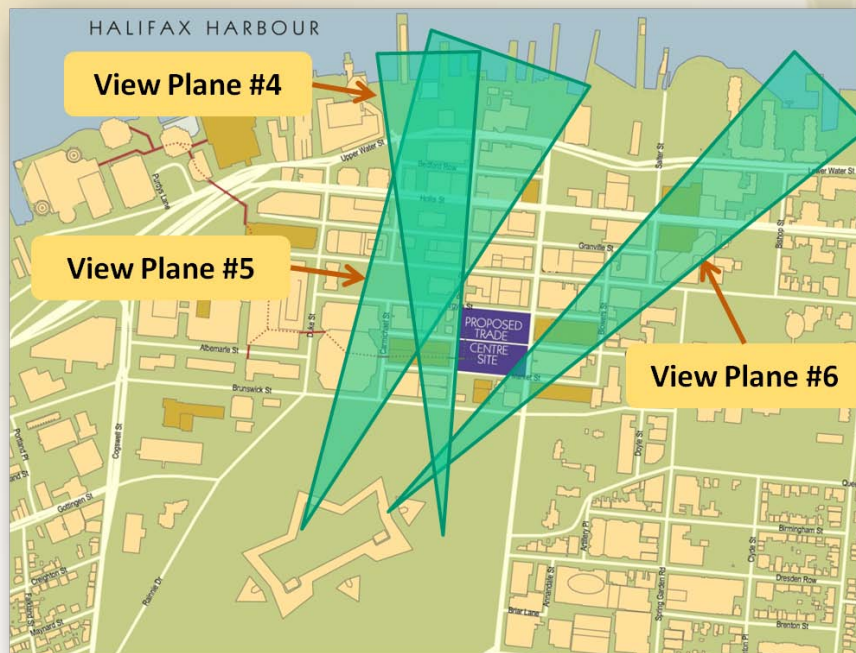


Floor Plans



View Impacts

- Project does not impact protected view planes
- Complies with HRM by Design
- Convention Centre is one story above ground, two stories below



View From Citadel Hill Observation Deck

**Without Rank Inc.
Development**



**With Rank Inc.
Development**

**Rank Inc.
Development**



View From Citadel Hill Rampart

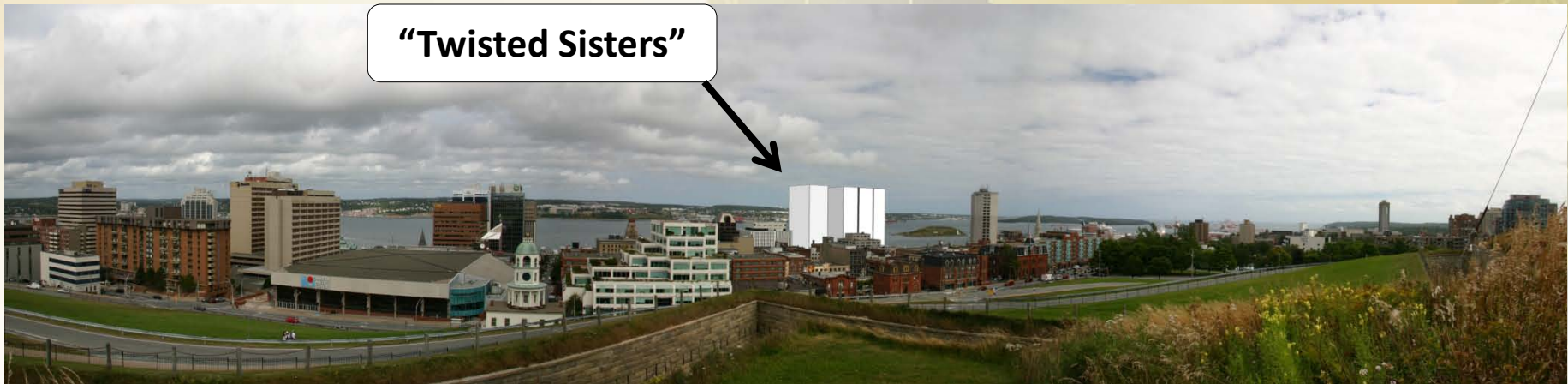


View From Citadel Hill Rampart

Rank Inc.
Development



"Twisted Sisters"



Construction Team & Schedule

- Rank Developments Inc – Lead
 - Noel Fowler - Architect
 - Ellis Don – Construction
 - Honeywell – Facility Maintenance and Operations
- Schedule
 - Contract Signed January 14, 2011
 - Financial Close February 28, 2011
 - Construction Start March 1, 2011
 - Construction Ends December 31, 2014
 - Operations Begin January 1, 2015

Financial Overview of Rank Inc. Bid

Total Capital Costs

Engineering and Design	\$ 21 M
Construction Costs	119 M
Interim Financing (estimate)	<u>19 M</u>

Total Capital Cost **\$ 159 M**

(Fixed cost; developer responsible for cost overruns)

Developer Annual Costs

Facility Upgrade	\$ 1.2 M
Facility operations and maintenance	<u>1.7 M</u>

Total Annual Charges **\$ 2.9 M**

(subject to deductions if developer does not meet contractual service level and availability requirements)

Contract Specifications

- 25 year agreement
- Substantial completion payment in 2014
- Remainder of capital cost divided into 25 annual payments
- Payments do not begin to flow until completion in 2014

Risk Management – During Construction

- Fixed price from the Developer; all cost overruns are the Developer's responsibility
- Guaranteed completion date
- No money flows until the building is certified substantial complete and ready for use
- Withholding a portion of the substantial completion payment until the parkade and hotel are completed
- Works Committee established with the Developer, Construction Manager, PNS and HRM to oversee the construction and ensure it is being built per design requirements

Risk Management – During Operations

- Performance standards have been established detailing the level of service required
- Payment deductions for non-performance of services are part of the contract
- Market testing of services to ensure the Province is receiving the best price
- Facility Management Committee established with the Developer, Honeywell and TCL to manage the lease

Shadow Bid

- Compares the cost for government to build against the cost of the developer
- Price is based on like projects and industry data
- WTCC II shadow bid used data from Altus Heylar Construction Cost Guide 2009
- Other Projects Deloitte has advised on and recent land transactions
- All assumptions vetted against Nova Scotia construction experience

Shadow Bid

- Shadow Bid Costs \$545.80 per sq. ft vs. Fixed Cost of \$458.76 per sq ft.
- Excludes land costs, administration costs and transaction costs from both

	Shadow Bid	Developer
Engineering & Design	\$18.972 m	\$20.985 m
Construction	\$147.324 m	\$119.397 m
Total Construction	\$166.296 m	\$140.382 m
Facility	\$1.842 m	\$0.656 m
Operations and Maintenance	\$1.842 m	\$1.600 m
Total Annual *	\$3.684 m	\$2.256 m
Land costs are excluded		

Trade Centre Limited Business Overview

Industry Overview – Canadian Snapshot

Canadian meeting & convention industry is a strong economic contributor

Generated more than **\$71 billion/year** in industry output

Produced more than **673,000** meetings/year

Generated more than **\$14 billion** in annual tax revenue

Created equivalent of **over 550,000** full-year jobs

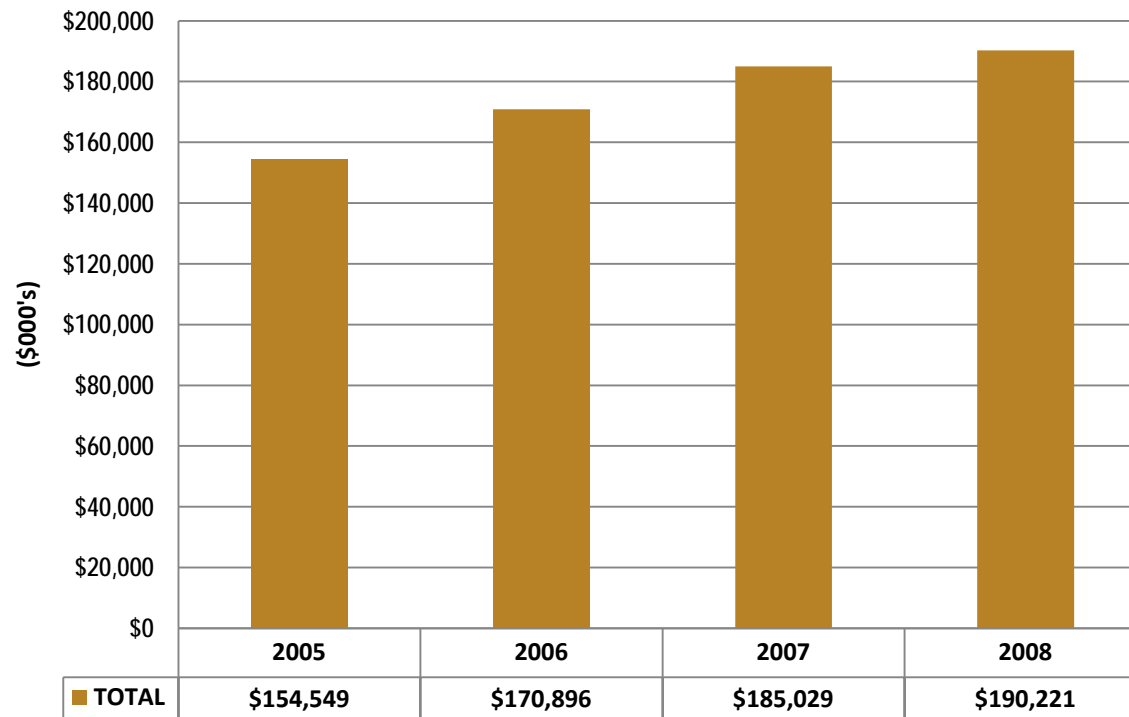
**Conference Board of Canada 2007/2008 Canadian Economic Impact Study for Meeting Planners International*

Industry Overview – Canadian Snapshot

Canadian industry shows consistent revenue growth

Total revenues grew by approximately 24% between 2005-2008

*Convention Centres of Canada Survey Response
Total Revenue – All Event Types*



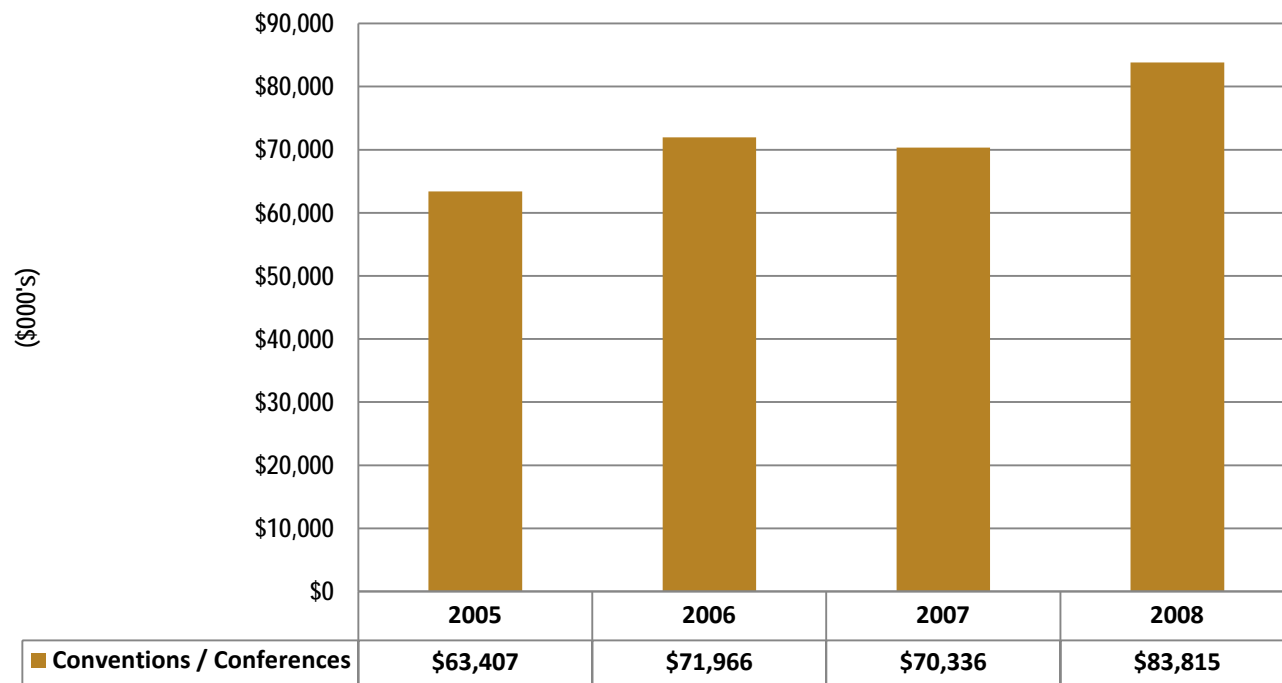
*HLT Advisory Inc., based on survey data 2006-2009

Industry Overview – Canadian Snapshot

Canadian industry shows consistent revenue growth

Revenues for convention segment grew by approximately 32% between 2005-2008

*Convention Centres of Canada Survey Response
Revenue by Event Type – Convention/Conference*



*HLT Advisory Inc., based on survey data 2006-2009

Industry Overview – Competitive Environment

Canadian growth has been strategic and stable, 13 of 20 convention centres in Canada renovating/expanding

In Atlantic Canada: new Fredericton Convention Centre, expansion of Moncton Coliseum, proposed Charlottetown Convention Centre & proposed St. John's expansion

55% of current WTCC does not meet industry standards

JDA Architects assessment confirms current footprint can't accommodate proposed expansion

- Even with major renovations, can't accommodate RFP specifications on current site
- Demolishing current site & rebuilding would only accommodate two-thirds of rentable space outlined in RFP

Industry Overview – WTCC Business Mix

Current event & market mix is diverse, includes 4 geographic based market segments:

- Local
- Regional (association & corporate)
- National (association & corporate)
- International

National & international clients contribute most significant economic impact

- National delegate spend \$1,630/visit
- International delegate spend \$1,041/visit
- One conference of 1,000 can inject \$1 million in new spending into provincial economy

Local, provincial & regional clients important revenue contributor

Future Potential – Projected Business & Impacts

Appropriate size of facility & size of rooms are primary factors when *event planners* select a destination

Without the appropriate facility the destination is not a consideration

A new facility with larger more flexible space allows for growth through:

1. Hosting more concurrent small & mid-size events
2. Hosting larger events of up to 3,000 attendees
3. Ability to attract more national & international events
4. Growth in attendance at consumer shows

Future Potential – Projected Business & Impacts

Over 10 years, new facility projected to host 6,800 events, over 2 million visitors

Year	Total Events	Total Delegate & Attendees	Est. Delegate Spending
Fiscal 08/09 <i>(base year for comparison)</i>	584	163,365	\$34.1M
In Year 5 of Operations	671	221,335	\$78.0M
In Year 10 of Operations	735	251,665	\$95.0M

Future Potential – Market Validation

National Corporate

- Facility & amenities drive choice for national corporate planners, current WTCC not a viable option
- 88% of national corporate event planners, representing a total of 189 clients, would consider Halifax with a new convention facility (Thinkwell Research)

National Association

- National association market mandated to meet annually
- 625 national associations with eastern rotation pattern, roughly 200 events rotate east annually
- 75% of national association customers would consider Halifax with a new convention facility (Thinkwell Research)

International

- Not a mature market, Canada's share grew from 132 events in 1999 to 231 events in 2008, roughly 5% per year which is expected to continue
- Projecting WTCC market share of the Canadian share of the international market to grow from 3.5% (in base) to 6.5% in year 10 of operations
- With new facility, over 1,400 international conferences available to Halifax with estimated attendance over one million delegates (GRAIN)

Future Potential – Strong Customer Interest

Qualified new bookings lost due to lack of suitable space

June 2007-June 2010 Lost Business

80 conferences

\$10 million in WTCC lost revenue

Over 75,000 delegates

129,000 room nights

\$108 million in direct expenditures

Reasons cited by clients: Space functionality/suitability, ability to host concurrently (availability of specified date), value of price for space available or all amenities under one roof / no adjoining hotel

1/3 of lost events had projected attendance 1,000 or over

87% of lost/cancelled business are likely to host at new facility *(Thinkwell)*

*TCL Lost Business Tracking Report, updated June 2010

Future Potential – Strong Customer Interest

Customers on-record that require new facility to select Halifax

National

Canadian College of Health Services Executives – National Healthcare Leadership Conference
Canadian Golf Superintendents Association
Canadian Historical Association
Canadian Library Association
Canadian Ophthalmological Conference
CTC Communications Corporation
Investors Group
Manulife Financial

International

American Association of Neuromuscular & Electrodiagnostic Medicine
International Bridge, Tunnel & Turnpike Association
International Foundation of Employee Benefit Plans
International Society for Pharmacoepidemiology
Medical Library Association
Orthopaedic Trauma Association
Royal College of Physicians & Surgeons of Canada – International Conference on Residency Education
Tennis Canada – ITF World Wide Coaches Conference
World Council of Credit Unions

Future Potential – Projected Economic Impacts

10 Year Operations, Maintenance, & Delegate & Planner Spending Impacts		
Construction Impacts		
	Future WTCC (10 year est.)	Construction (est.)
GDP	\$893,860,622	\$115,989,000
•Direct	\$466,084,946	\$57,844,000
•Spin off	\$427,775,675	\$58,145,000
Taxes	\$170,787,699	\$19,055,000
•Direct & Spin off Provincial	\$85,624,730	\$9,555,000
•Direct & Spin off Federal	\$85,162,969	\$9,500,000
Employment	27,507	1,744
•Direct	20,817	919
•Spin off	6,690	825

**Numbers may not add due to rounding*

Future Potential – Provincial Benefits

Grow Nova Scotia's economy

Showcase Nova Scotia on world stage

Attract professionals & experts that will spend new money & fuel provincial business activity

Create new opportunities for business, scientific & professional development

Attract knowledge in fields such as education, health, science, technology & energy

Training & skills development for culinary & hospitality students

Community oriented facility that supports non-profit community



Questions