

2017 OPERATING AND CAPITAL BUDGET



FCCFA
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Greater Columbus Convention Center
Hilton Columbus Downtown
Nationwide Arena
Parking Facilities

FRANKLIN COUNTY CONVENTION FACILITIES AUTHORITY



2017

OPERATING AND CAPITAL BUDGET

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Facilities Authority

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FRANKLIN COUNTY CONVENTION FACILITIES AUTHORITY 2017 OPERATING and CAPITAL BUDGET

EXECUTIVE SUMMARY

The 2017 operating and capital budget for the Franklin County Convention Facilities Authority (FCCFA) is presented in the following document. The budget presents financial information for all facilities owned by the FCCFA to include the Greater Columbus Convention Center, Hilton Columbus Downtown Hotel, Nationwide Arena, Vine Street Parking Garage and Goodale Street Parking Garage.

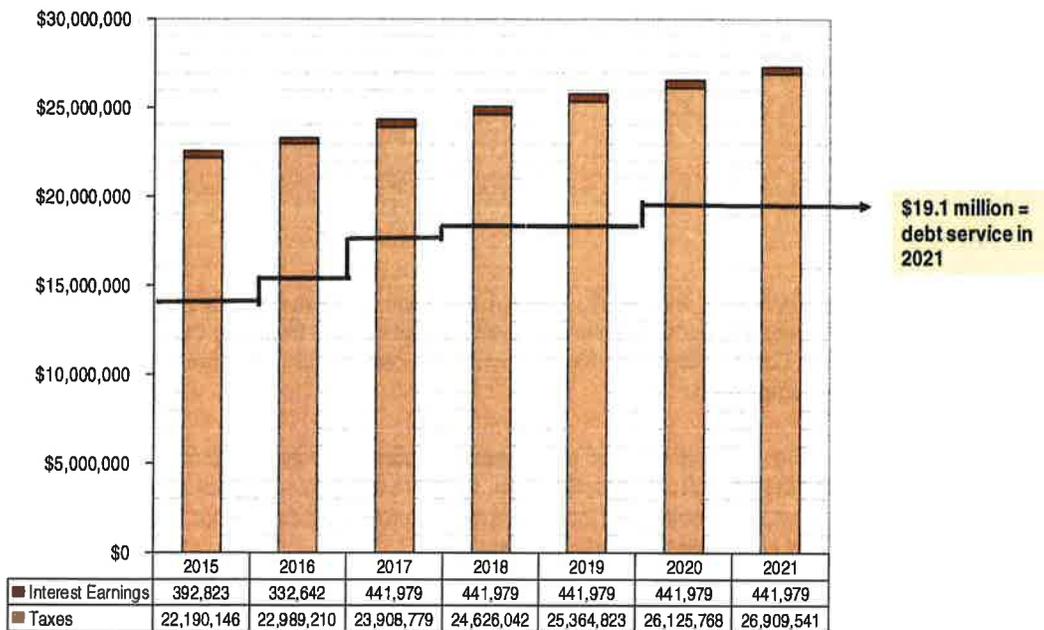
As demonstrated in the information provided financial resources are available to meet all existing FCCFA debt service obligations in 2017 and through the projection period. Moreover, there are sufficient resources to not only meet all debt obligations but to support convention center and hotel operations, provide resources for the convention center expansion and renovation project and invest in capital improvements.

To ensure coverage of all FCCFA financial obligations in 2017 and beyond, projections for all revenues, interest earnings and net income from operation of the convention center and hotel are based upon realistic but conservative growth assumptions. Given these conservative assumptions, the FCCFA remains financially stable in 2017 and throughout the forecast period. The following summarizes key initiatives and assumptions included within the 2017 budget.

2017 Budget - Greater Columbus Convention Center:

- ⇒ Hotel tax collections during 2016 are strong as occupancy as well as average daily rates within the local hotel community continue to rise. Collections through September 2016 are 4.6 percent above 2015 collections (2015 was a stellar year with a tax growth rate of 9.8 percent). The budget assumes that tax collections through the end of the year will slow slightly. Projected is an overall increase of 3.6 percent in revenues during 2016. The 2017 budget assumes that hotel/motel tax revenue will sustain the growth experienced in 2016 and will continue to improve. The budget assumes a 4.0 percent growth rate for 2017. Long-term, projections assume that after 2017 the hotel/motel market will continue to improve albeit at a slower growth rate. Assumed is a growth rate of 3.0 percent in 2018 and thereafter.
- ⇒ Consistent with the new investment policy implemented in 2015, current reserve funds are invested in a series of U.S. agency securities, with varying maturities over a five year period. In fact, most resources held by the FCCFA are invested in a variety of U.S. agency securities. These investments were made to maximize earning potential given the current market. Unfortunately, despite efforts to maximize earnings, available investment options are such that earnings within the forecast are relatively low.
- ⇒ As suggested by the current projection for hotel/motel tax collections and interest earnings on reserve funds; tax revenue, when coupled with interest earnings from the reserve funds, will meet and exceed convention center debt service obligations in 2017 and will continue to meet and exceed annual debt obligations throughout the projection period. Debt obligations now include additional debt service associated with the 2014 bond issue. Debt obligations also include savings from refunding the 2005 and 2007 bond series.
- ⇒ Hotel/motel tax revenue that exceeds debt obligations will be deposited into the FCCFA operating fund. In 2017, \$6.3 million in hotel/motel tax revenue will be deposited into the operating fund. Deposits will continue throughout the projection period.

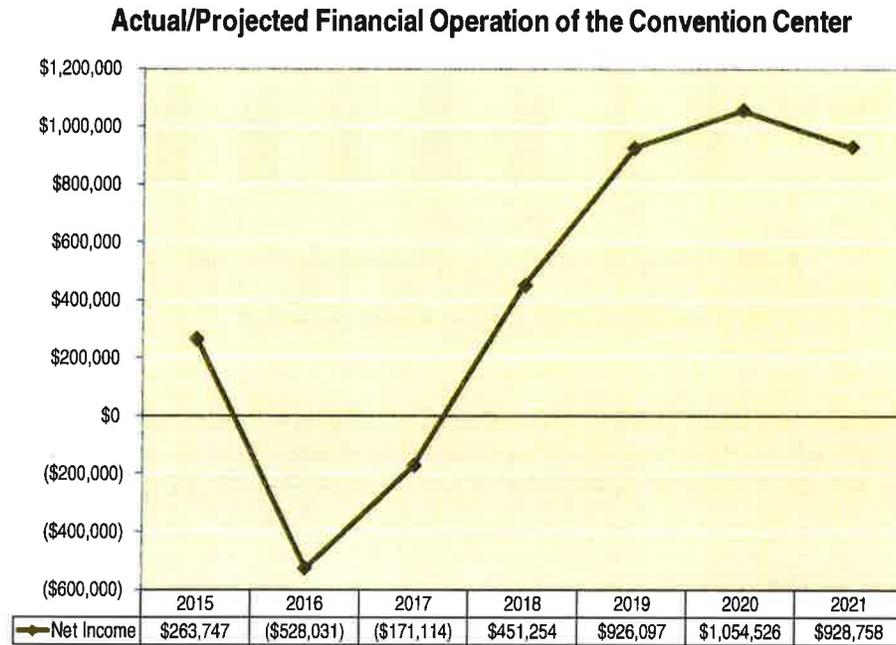
Convention Center Debt Service Coverage Projections



⇒ During 2015, the FCCFA began implementation of an extensive convention center renovation and expansion project. Once complete, this project will upgrade all aspects of the center with the intent of enhancing a visitor's use and experience both within and without the facility. The project will give the center a fresh, modern new look. The project will also expand the center and provide a new grand entrance on the north end of the facility. The budget for the project is approximately \$140.4 million and has been financed through bonds backed by hotel/motel tax revenue and through a FCCFA equity contribution of \$15.4 million. The project is scheduled for completion June of 2017.



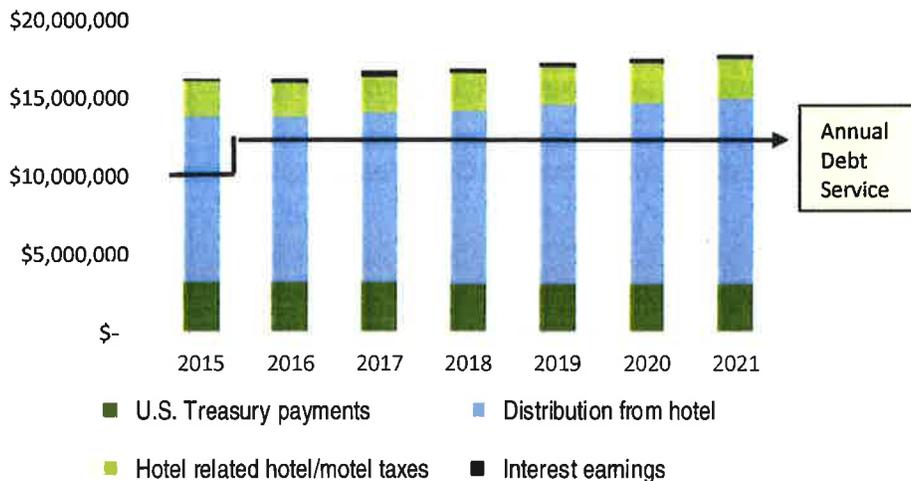
- ⇒ As shown in the following graph, income from convention center operations remains positive through most of the projection period. Positive net income is attributed to a busy center and an active parking program. The dip in income in 2016 and 2017 is caused by the inclusion of added expenses resulting from the expansion and renovation project. Equity reserves will be used to cover this shortfall. Income is expected to bounce back up to previous levels once the expansion and renovation project is complete in 2017.



2017 Budget – Hilton Columbus Downtown Hotel:

- ⇒ The Hilton Columbus Downtown Hotel continues to be successful as the hotel achieves and exceeds booking, occupancy and average daily rate performance goals. By year end 2016, net operating income received from the hotel will be \$10.5 million. This level of income is expected to continue into 2017 as well.
- ⇒ 2017 debt service due on bonds issued to finance the construction of the hotel is \$12.5 million. Since the bonds were issued as Build America Bonds (BABs), the FCCFA receives payment from the US Treasury to help off-set debt service costs. In addition to BAB payments, the FCCFA uses net operating income from hotel operations as well as hotel related hotel/motel tax collections to cover remaining debt obligations. Based upon the current projection of hotel revenues and expenses, it is expected that there will be sufficient resources to cover the hotel's debt service requirement for the year (see chart on next page). In fact, projections suggest that there will be sufficient resources to cover debt service in every year of the forecast period.
- ⇒ All reserve funds associated with the 2010 bond series issued in support of the hotel development project were fully funded by year end 2011 and remain fully funded. This includes the debt service reserve fund, the rental reserve fund, and the ground lease rent fund. The operating reserve fund is also fully funded and deposits are being made into the FF&E reserve fund as required. Funds within these reserve funds are fully invested per the FCCFA's investment policy.

Hotel Debt Service Coverage Projection



- ⇒ Since revenue into the bond payment fund is expected to exceed annual debt service obligations, revenue not used for debt service will accumulate in the fund and will be reserved for future debt service requirements. By year end 2017, the bond payment fund is projected to have a fund balance exceeding \$23.7 million.

2017 Budget – Nationwide Arena:

- ⇒ In 2012, the FCCFA purchased and assumed ownership of Nationwide Arena. Such purchase was financed through a loan from the State of Ohio and bonds purchased by Nationwide Realty Investors. Payment of debt service for the arena is to be made solely, and only to the extent of, the FCCFA receiving casino tax revenues from the city and county. However, casino tax revenue must first be used to cover arena operating, land lease, property taxes and capital improvement requirements as established at the time of the arena transaction. To the extent casino tax revenues prove insufficient and do not meet or exceed these obligations, interest and principal payments due first on the State of Ohio loan and second on Nationwide bonds are deferred.
- ⇒ During 2017, the FCCFA is projected to receive approximately \$4.9 million in casino tax revenue. This revenue will be distributed as follows: \$4.52 million to CAM for arena operations, \$165,000 to the FCCFA for the land lease and \$250,000 to the FCCFA to help cover property tax obligations.

2017 Budget – Summary:

- ⇒ The FCCFA manages several funds that account for all financial activity of the Authority. Such funds are divided into two groupings, discretionary and non-discretionary. Funds that are established to meet debt service requirements are considered non-discretionary because resources within these funds can only be used for specified reasons as outlined in the bond transaction documents. Funds that are free from obligation (discretionary) can be used by the FCCFA in any manner deemed appropriate. Currently, the FCCFA maintains two such funds; the capital improvements fund and the operating fund. Together resources within these funds are considered available equity.

The following table summarizes year end balances for all current funds of the FCCFA. As shown on the table, all non-discretionary funds remain fully funded throughout the term of the forecast period. Discretionary funds are expected to improve and by the end of the forecast period the FCCFA is projected to have over \$24.7 million in available equity.

Long-term Forecast Summary of Projected Fund Balances at Year End

	2015	2016	2017	2018	2019	2020	2021
Non-discretionary Funds - Greater Columbus Convention Center							
Revenue Fund	\$ 14	\$ 14	\$ 14	\$ 14	\$ 14	\$ 14	\$ 14
Debt Service Fund	1,549,817	1,738,942	1,787,854	1,798,241	1,881,826	1,889,403	1,891,451
Debt Service Reserve Fund	19,354,958	19,354,958	19,354,958	19,354,958	19,354,958	19,354,958	19,354,958
Rental Reserve Fund	9,677,784	9,677,784	9,677,784	9,677,784	9,677,784	9,677,784	9,677,784
Sinking Fund - Parking Facility Development	2,051,323	1,776,595	2,861,066	945,536	1,901,538	2,864,540	2,100,542
Construction Fund - Goodale Garage	6,170,626	-	-	-	-	-	-
Construction Fund - Renovation & Expansion	109,936,482	44,612,500	-	-	-	-	-
Reserve Fund for Capital Improvements/FF&E	-	-	-	-	-	2,000,000	4,000,000
Non-discretionary Funds - Hilton Columbus Downtown:							
Bond Payment Fund	15,661,043	19,471,668	23,700,897	28,084,301	32,785,192	20,500,000	20,500,000
Debt Service Reserve Fund	6,418,574	6,418,574	6,418,574	6,418,574	6,418,574	6,418,574	6,418,574
Rental Reserve Fund	8,095,567	8,080,567	8,060,567	8,060,567	8,060,567	8,060,567	8,100,567
Ground Lease Rents Fund	1,525,763	1,972,022	1,976,022	1,980,022	1,984,022	1,988,022	1,992,022
Reserve Funds for Operations	2,400,000	2,400,000	2,400,000	2,400,000	2,400,000	2,400,000	2,400,000
Reserve Fund for FF&E	1,804,134	3,121,898	3,684,885	4,755,501	3,370,214	2,798,376	1,899,661
Non-discretionary Funds - Nationwide Arena							
Real Estate Reserve Fund	-	-	250,064	281,876	315,467	344,257	356,306
Capital Improvements Fund	90,549	69,749	49,949	32,549	17,649	11,918	44,055
Discretionary Funds:							
Capital Improvements Fund	3,919,391	3,585,249	845,905	803,755	800,805	743,840	1,752,578
Operating Fund	9,275,854	11,378,582	1,320,232	1,638,997	2,936,027	19,148,747	22,985,305
Total:	\$ 13,195,245	\$ 14,963,831	\$ 2,166,137	\$ 2,442,752	\$ 3,736,832	\$19,992,587	\$ 24,737,883

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Section 1: Overview

Overview

The FCCFA is a public authority that owns the Greater Columbus Convention Center and surrounding parking facilities, the Hilton Columbus Downtown Hotel and Nationwide Arena. Established by the Franklin County Commissioners in July 1988 pursuant to Chapter 351 of the Ohio Revised Code, the FCCFA is a special governmental unit governed by an eleven-member board appointed by the Franklin County Commissioners, Mayor of Columbus, and suburban mayors.

First and foremost, the FCCFA is the owner and developer of the Greater Columbus Convention Center. As owner/developer of the convention center, the FCCFA is responsible for the improvement, management and successful operation of the facility. In addition, the FCCFA is responsible for ensuring the continued success and growth of the convention business within the Greater Columbus community. Both responsibilities are directly linked to the FCCFA's continued investment in and support of services, resources, facilities and community projects that enhance the use and improvement of the convention center and convention center related services.

Since inception, the FCCFA has issued several series of tax and lease revenue anticipation bonds to finance the original construction and continual improvement of the convention center. Backed by revenue received from hotel/motel tax collections, the FCCFA has been able to successfully finance the construction and expansion of a convention facility that now consists of: a north facility with over 373,000 square feet of contiguous exhibit hall space, two large ballrooms, 74 extensive meeting rooms and related service areas; and the original south facility with over 70,000 square feet of multi-purpose space, a ballroom, meeting rooms, food court, and related service areas.



The FCCFA contracts with SMG, a Pennsylvania General Partnership, to operate the convention center and related parking facilities. SMG was initially hired in April 1997, and its contract has been renewed through 2017. The FCCFA also contracts with Levy Premium Food Service Limited Partnership to provide food and beverage services within the center. Levy was hired in August 2016 and its contract extends through to October 2021.

Operationally, the convention center does well. Through twenty-three years of operation, the center has exceeded financial expectations. The financial stability of the convention center is the result of an aggressive community wide marketing effort to book national and regional convention business in advance and for multiple years. This initiative has resulted in a base level of business that is stable and consistent from year to year. Furthermore, the convention center has diversified income such that revenues are derived not only from use of the facility but from ancillary services, parking and from retail/lease opportunities within the convention center.

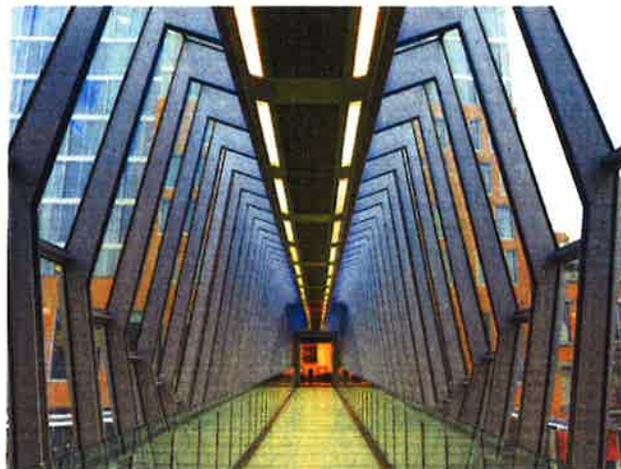
In addition to the convention center, the FCCFA also owns and operates several parking facilities. The FCCFA's newest parking facility, the Goodale Garage, was opened in January 2016. With the opening of this garage the FCCFA now owns three parking facilities and one surface parking lot totaling approximately 4,000 individual parking spaces.



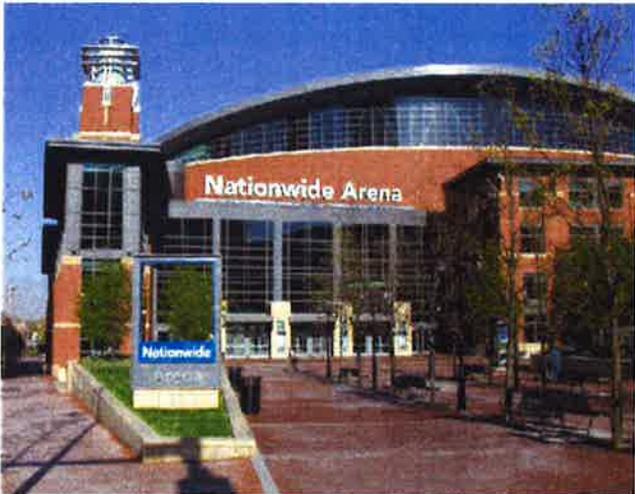
Continual growth in convention business within the Columbus community has increased the demand for more hotel rooms and convention meeting space located near the Convention Center. In response to this demand, the FCCFA in partnership with Franklin County and the City of Columbus, constructed a convention center hotel which opened year end 2012. The FCCFA issued lease revenue anticipation bonds to finance the construction of this facility. Net operating income from hotel operations as well as payments from the City of Columbus and the FCCFA equal to the value of the hotel's annual hotel/motel tax remittance are used to cover corresponding debt service. The hotel is branded and managed by Hilton Worldwide. The hotel includes 532 guest rooms of which 48 are suites, 12,000 square feet of ballroom space, 10,800 square feet of meeting/banquet rooms, lobby, a three meal bistro restaurant, bar/lounge area, coffee bar, indoor pool, fitness center and walkway to the convention center. Parking for the hotel is provided by the Vine Street parking garage located next to the hotel site. The hotel is 14 floors with over 429,600 square feet of usable space.



Since opening, the Hilton Hotel has proven to be a success. Key to this success has been the ability of the hotel to sustain higher than expected average daily rates while maintaining hotel occupancy level consistent with operational goals. As a result, net income from hotel operations, plus BAB subsidies and hotel tax rebates have exceeded debt service obligations to date.



In an effort to build on the productivity and vitality of the Arena District and to insure the continued success of Nationwide Arena; FCCFA along with the City of Columbus, Franklin County, Nationwide Realty Investors, The Ohio State University and Columbus Blue Jackets developed and agreed upon a plan for the arena that was originally designed to resolve the financial challenges facing the facility. This plan shifted the ownership of the arena and related facilities to the FCCFA who purchased the arena with funds borrowed from Nationwide Realty Investors and the State of Ohio. This purchase was completed in 2012. Columbus Arena Management LLC or "CAM" is now responsible for managing the daily operations of the arena and establishing a capital improvements program for the facility. Expenses associated with the arena are funded solely through a percentage of City of Columbus and Franklin County casino tax revenues received by the FCCFA.



Given current demand for high quality convention center space, the FCCFA is currently implementing a comprehensive improvement project that will update and expand the Greater Columbus Convention Center. While the facility has been well maintained, the opening of Hilton Columbus Downtown Hotel made it apparent that the current level of finish within the convention center required improvement. To address this issue, the FCCFA is renovating all aspects of the interior

and exterior of the convention center. The intent of the project is to refresh and modernize the convention center while enhancing a client's use and experience both in and outside the facility. The renovation will be completed by June 2017.



In addition to renovating the convention center, the FCCFA is also expanding the north end of the facility. New construction will add approximately 37,000 square feet of exhibit hall space, 10,000 square feet of new meeting space, and a new grand two-story entrance into the convention center. This addition will rank Columbus 4th in its competitive set in regards to contiguous exhibit hall space (including Indianapolis, Pittsburgh, Kansas City, Nashville, St. Louis, Charlotte, Cleveland, Cincinnati, Louisville and Milwaukee). Expanded space will also provide the convention center with the ability to host and compete for larger events and/or multiple events at one time. Furthermore, a new entrance on the north end of the facility will provide much needed pre-function space in the convention center while also better connecting the facility to the surrounding community. The expansion of the convention center is also scheduled for completion June of 2017.



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Section 2:
**Greater Columbus
Convention Center**

Greater Columbus Convention Center

The FCCFA is a public authority responsible for the development and operation of the Greater Columbus Convention Center in downtown Columbus, Ohio. As owner/developer of the convention center, the FCCFA is responsible for the improvement, management and successful operation of the facility. Hotel/motel tax collections provide the financial resources to pay for debt service associated with the convention center and capital improvement projects needed to maintain and improve the facility. Revenues collected from events within the convention center are used to offset expenses associated with the actual operation of the facility. These resources are managed by SMG, operator of the Greater Columbus Convention Center, with final review and approval provided by the FCCFA Board and staff. Any required support of convention center operations is incorporated into the FCCFA's operating budget.

Hotel/Motel Tax Collections

When the Franklin County Commissioners established the Franklin County Convention Facilities Authority (FCCFA) in July 1988, they provided the FCCFA with the ability to levy excise taxes on lodging transactions to pay for costs associated with constructing, operating, maintaining, expanding and administering a convention center. Two taxes were levied by the FCCFA; both of which were authorized pursuant to Ohio Revised Code. The first excise tax levied by the FCCFA in October 1988 was a 4.0 percent countywide bed tax on occupied hotel and motel rooms. This bed tax was in addition to other bed taxes levied by municipalities within the county. In addition to this tax, in January 1989 the FCCFA, with the approval of the City of Columbus, levied a second tax of 0.9 percent on occupied hotel and motel rooms in the City of Columbus. This tax was not an additional tax for hotels within Columbus but was in lieu of taxes already collected for use by the City of Columbus.

Both taxes collected by the FCCFA are still in effect. Revenues generated through the bed tax must first be used to pay principal and interest on funds borrowed to construct and improve the Greater Columbus Convention Center. If money is left over after paying the debt service, these funds are available to help operate, maintain and improve the convention center as well as to meet other financing needs of the FCCFA.

The following graph illustrates the percentage growth in hotel/motel tax collections for the past twenty years. During the twenty year period bed tax collections experienced mostly positive growth with negative growth mainly in years impacted by world events and economic difficulties. Average annual growth in hotel tax collections during the period was 5.0 percent. In 2001, tax collections experienced the first true decline in tax growth since the 1991 recession. This decline was due to an overall economy that was showing signs of slowing even prior to September 11th and world events that negatively impacted the hotel/motel industry. After 2001, tax collections remained sluggish, with minor growth in revenue through 2004. This pattern changed in 2005, when tax growth improved significantly as the travel industry seemed to gain strength after several years of uncertainty. Hotel/motel tax growth remained positive through 2007. During 2008 and 2009, hotel/motel tax collections again dropped in response to a recessive national economy. Fortunately this decline in revenues was short term as tax collections improved significantly in 2010 and have continued to improve through 2015. In 2012, tax collections actually exceeded collections experienced in 2007 prior to the recession.

Graph 2-1

**Historical Hotel/Motel Tax Revenue Growth
Percent Change over Prior Year**

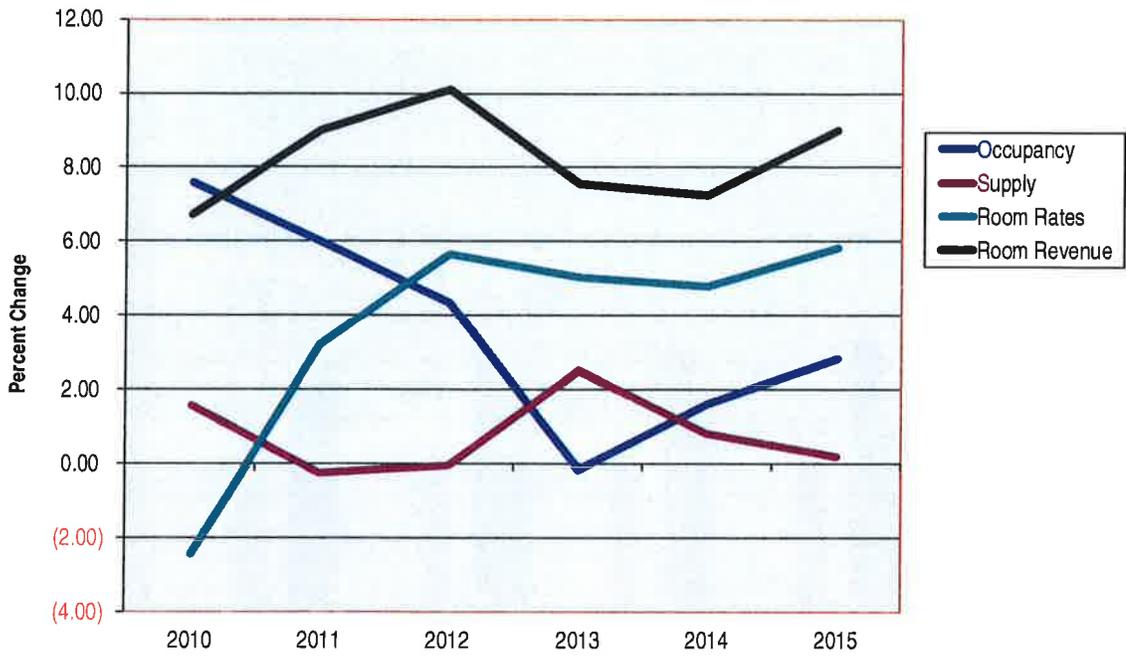


To better understand tax growth during recent years, Graph 2-2 (following page) illustrates the pattern of change for Franklin County hotel market statistics from 2010 through 2015 (as collected by Smith Travel Research). Presented are annual percent changes for occupancy rates, average daily room rates, room supply and room revenue. This period of time has proven to be a growth period for hotel taxes as increases in occupancy, average daily rates and room supply has gained momentum after the market challenges of 2008 and 2009. Of significance was the drastic decrease in room rates and occupancy levels experienced in 2008 and 2009. After room revenue peaked in 2006 occupancy rates began descending in 2007 as individuals and businesses slowed travel in response to economic pressures. Growth levels for occupancy within the Franklin County market, after reaching a level of 61.2 percent, began to decline in 2007 and continued to do so in 2008 and 2009. While the initial decline in occupancy had to do, in part, with the increase in added hotel supply; the continued decline in occupancy had everything to do with the challenges posed by a struggling national economy. Negative growth in average daily rates followed closely on the heels of declining occupancy as hotels reduced rates to compensate for the drop in occupancy levels. Both factors contributed to the decline in room revenue growth in 2008 and especially in 2009 resulting in the largest drop (to date) in annual tax collection growth since 1990.

Since 2009, market statistics have experienced significant improvement. Graph 2-3 illustrates the percent change in market statistics for Franklin County when comparing these statistics to prior year as reported through September of years 2013 through 2016 (statistics collected by Smith Travel Research). Shown is the improvement in market with positive growth in occupancy, rate and supply. While occupancy did dip in 2013 due to added supply; the market quickly rebounded as this new supply was absorbed by the market allowing for strong growth in occupancy and resulting improvements to average daily rates. While added supply into the market during 2013 impacted occupancy levels, growth in average daily rate continued to positively impact room revenue. In 2015 growth in hotel revenue surged to 9.8 percent as both occupancy and average daily rates experienced significant growth. While in 2016, the pace of hotel revenue growth has slowed, the Franklin County hotel market is still experiencing positive change.

Graph 2-2

Hotel Market Statistics for Franklin County (% change over prior year)



Graph 2-3

Hotel Market Statistics for Franklin County (% change over prior year)

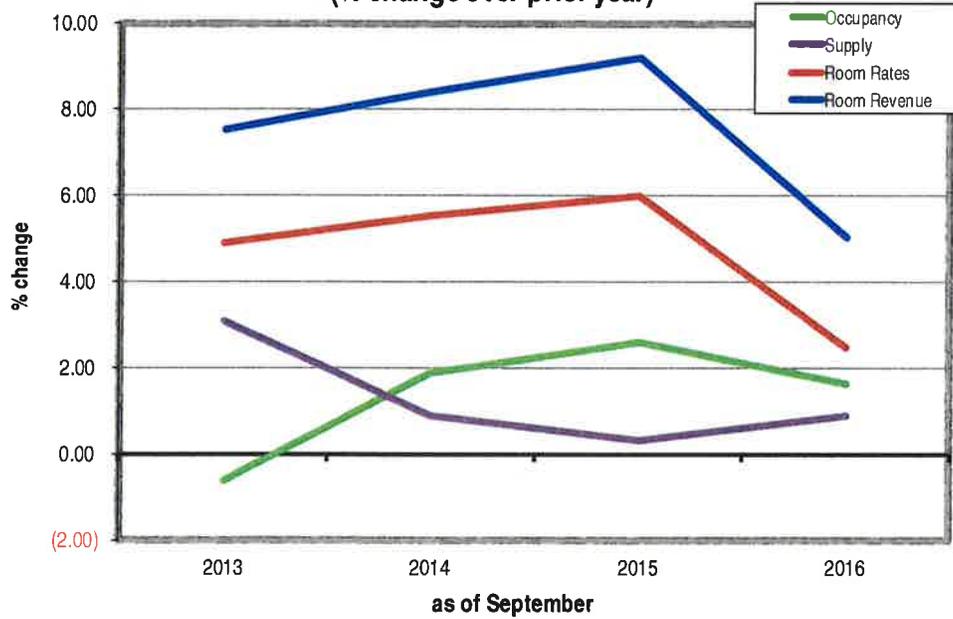


Chart 2-4

**% Change in Total Room Revenue through September
(as reported by Smith Travel Research)**

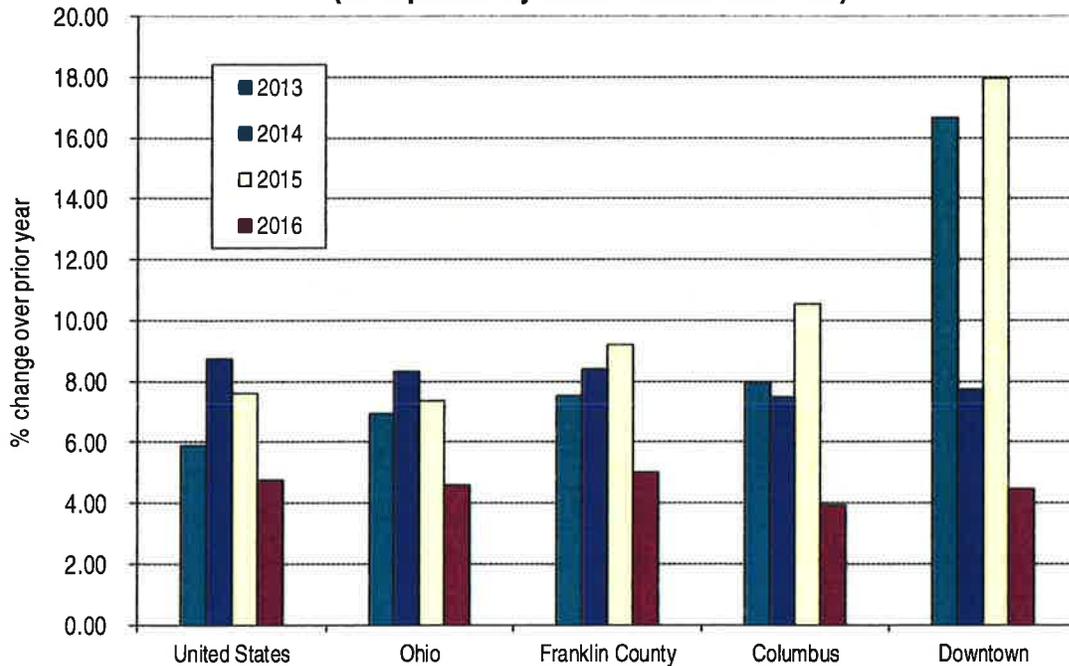


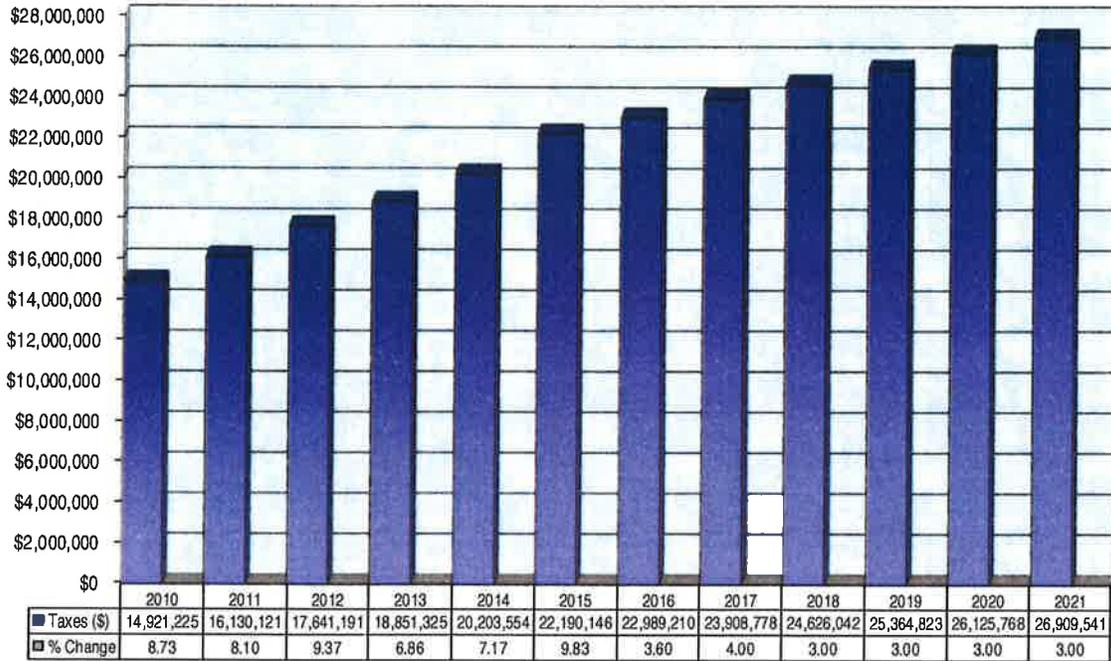
Chart 2-4 illustrates the difference in reported total room revenue (as calculated by Smith Travel Research) between identified market sectors. Statistics in the chart compare room revenue through September of each year reviewed. As illustrated, all market sectors shown have experienced positive growth during the four year period. Downtown growth has been exceptional. Currently, the downtown market has an occupancy rate of 71.8 percent and an average daily rate growth of 4.4 percent. Year to date, all sectors are experiencing growth of 4.0 percent or more in room revenue during 2016.

Projections for hotel tax collections through the remainder of 2016 are positive. Forecasts prepared by Smith Travel Research and PricewaterhouseCoopers predict that after reaching a 30 year high in 2015, occupancy levels in 2016 are expected to decline for the first time since the end of the recession. This trend will continue into 2017 as REVPAR growth is expected to continue albeit at a lower growth rate than previous years. National REVPAR growth is projected to be approximately 3.0 percent in 2017. Both forecasts state that market improvement on the national level is caused by continued growth in room rates and added supply.

On the local level, projections for hotel/motel tax revenue are slightly more optimistic. 2016 is proving to be another good year, as hotel tax collections through September are 4.6 percent above prior year. In regards to 2017, the local market is looking favorable. While transient business seems to be weakening, group business remains solid. As a result, the budget assumes that hotel tax collections will increase by 3.6 percent in 2016 and by 4.0 percent in 2017.

Long-term, the hotel market is projected to increase at a modest rate throughout the forecast period). Given an annual growth rate of 3.0 percent beginning in 2018, tax revenue is projected to exceed \$26.0 million by 2021.

Chart 2-5
Hotel/Motel Tax Collections
(2010 to 2015 actual; 2016 to 2021 projected)



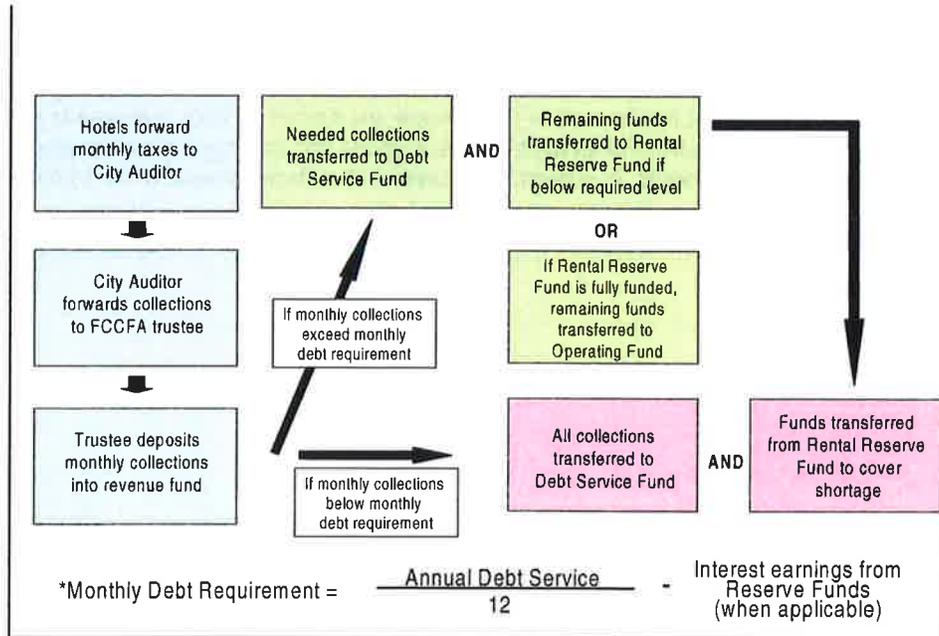
Detailed in Table 2-6 are the 2015 actual, 2016 projected and 2017 budget revenues into and expenses from the FCCFA's revenue fund. The revenue fund is used to collect monthly hotel/motel receipts before they are subsequently distributed to the debt service fund, rental reserve fund (when applicable), and the FCCFA's operating fund. Monies deposited into the revenue fund must first be used to pay principal and interest on funds borrowed to construct and ultimately improve the convention center. Remaining funds are available first, to repay any monies previously drawn from the rental reserve fund and, second, to support the operation of or improvements to the facility. Chart 2-7 illustrates this flow of funds.

Table 2-6

Revenue Fund			
	2015	2016	2017
	Actual	Projected	Budget
Sources of Funds:			
Prior Year Carryover	\$ 64	\$ 14	\$ 14
Hotel/Motel Taxes (cash basis)	21,976,279	22,902,495	23,606,988
Interest Earnings	966	700	700
Total Sources of Funds:	21,977,309	22,903,209	23,607,702
Uses of Funds:			
Debt Service	13,027,362	15,164,322	17,049,121
Debt Service - Interest	966	700	700
Rental Reserve Fund	-	85,728	220,185
Operating Fund	8,948,967	7,652,445	6,337,682
Total Uses of Funds:	21,977,295	22,903,195	23,607,688
Year End Fund Balance:	\$ 14	\$ 14	\$ 14

Chart 2-7

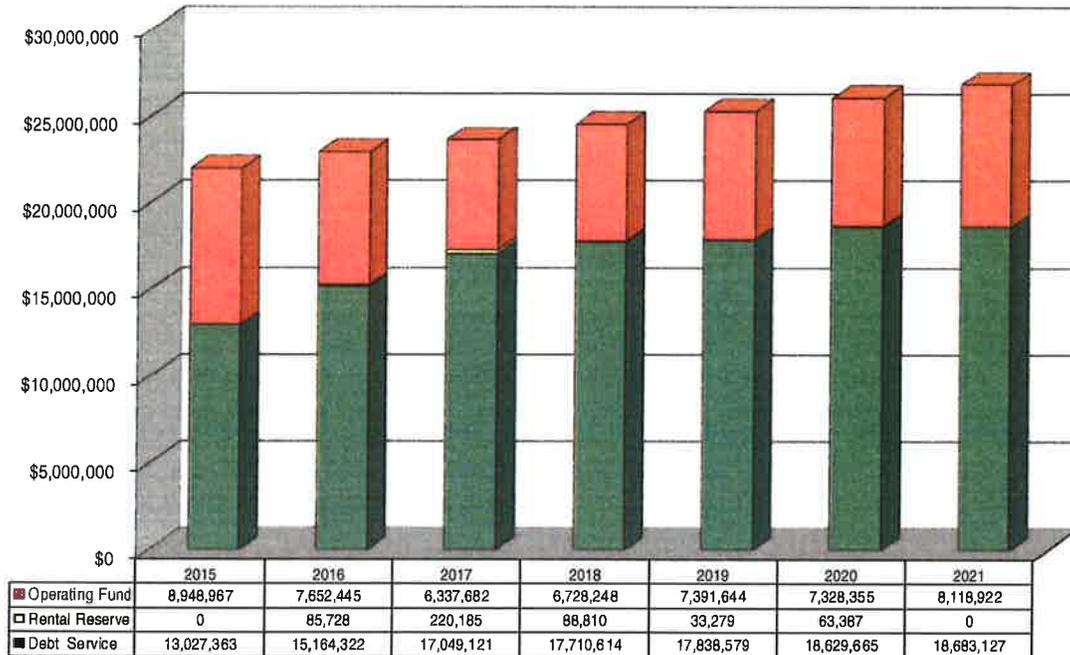
Monthly Flow of Hotel/Motel Tax Collections



Projected uses of bed tax revenue are illustrated in Chart 2-8. As shown, when coupled with interest earnings from the reserve funds, bed taxes will continue to exceed debt service requirements each year of the projection period thus resulting in annual deposits to the operating fund. In 2017, projections suggest that approximately \$6.3 million in hotel tax revenue will be deposited into the operating fund. The 2017 deposit into the operating fund is lower than the deposit made in 2016 because of the inclusion of added debt service due to the 2014 bond series for the expansion and renovation project. Deposits are expected to increase over the projection period as debt service stabilizes and hotel tax growth continues.

Chart 2-8

Projected Hotel Taxes and Uses



With respect to the rental reserve fund, disbursements shown are repayments to that fund for the months during each calendar year when new monthly bed taxes dip below monthly obligations for debt service. The use of rental reserve funds to supplement monthly debt service payments is linked to changes in hotel/motel tax revenue growth. As taxes decrease, the use of rental reserve funds during certain months of the year to cover debt service obligations increases. As tax revenue improves, the reliance on the rental reserve fund to cover monthly shortages declines, as is projected to occur through the projection period.

Debt Service – Convention Center

On June 21, 1990 the FCCFA sold \$98.0 million in serial, term and zero coupon tax and lease revenue anticipation bonds for the construction of a new convention center. Those bonds, with a thirty-year term, were issued at an average interest cost of 7.18 percent. In addition to funding the construction of the original facility, the issue set aside \$8.5 million, equivalent to the highest annual debt service obligation, to create a debt service reserve fund. Debt service reserve funds are typical of public borrowings and are established for the protection of bondholders should other indentured resources be insufficient to fully pay debt obligations when due.

Structured within the original issue was a lease arrangement with the City of Columbus and Franklin County which provided credit support for the bonds. The city and county agreed to lease the facility from the FCCFA on an annual basis, subject to appropriation. In turn the FCCFA established a sublease with the city and county, pledging a payment of hotel and motel tax revenues and corresponding interest earnings equal to annual debt service obligations. Per these lease agreements, the city and county would be asked to cover outstanding debt obligations in equal shares if all

indentured lease revenues prove insufficient to cover debt costs. It is essential to note that monthly hotel and motel tax collections, interest earned on debt related funds, and rental reserve funds (discussed below), would be exhausted before the city and county would be asked to share in debt expenses.

Another requirement of the original debt issue was the creation of a rental reserve fund. Because bond proceeds were used to capitalize first year interest costs, bed tax receipts were available to produce a rental reserve fund equal to one half of the highest annual debt service obligation, or approximately \$4.2 million. Unlike the debt service reserve fund which would be tapped only if tax revenues plummeted for extended periods, the rental reserve fund was expected to cover fluctuations in monthly tax collections. Because debt obligations are paid in equal monthly installments but tax collections typically follow varying seasonal patterns, the rental reserve fund was designed to cover monthly debt payments when taxes run below such monthly obligations. The fund is then replenished as soon as monthly tax revenues exceed monthly debt obligations.

In 1992, the FCCFA advance refunded \$52.15 million in term bonds payable in 2019. Serial and term bonds totaling \$59.235 million with a true interest cost of 6.23 percent were sold to accomplish the refunding. The refunding produced an economic gain of \$1.2 million.

Given the health of its hotel and motel tax base the FCCFA was well positioned to issue additional debt in 1997. In response to the apparent need for additional and renovated space, the FCCFA issued \$84 million tax and lease revenue anticipation bonds in December 1997. The proceeds of the bonds and interest earned from those bonds contributed \$72 million toward the expansion and renovation of the center and increased the debt service reserve fund balance by \$5.1 million to equal the new highest annual debt service payment. In addition, the FCCFA also advance refunded \$8.0 million in bonds from the 1990 issue in order to achieve interest cost savings. Given an interest rate of 5.2 percent, this refunding saved approximately \$500,000 over the term of the bonds. As in the original issue, credit support was extended by the city and county through an amendment to the previously established lease agreement. In addition, the initial year's interest obligations were capitalized thereby enabling the FCCFA to deposit an additional \$2.5 million of hotel and motel tax revenues in to the rental reserve fund, once again establishing a reserve balance equal to one half of the highest annual debt service obligation.

The FCCFA took advantage of low interest rates and in the fall of 2002 refunded bonds sold in 1992. The benefits from this refunding were significant with savings exceeding \$10.7 million over the term of the bonds. Furthermore, the refunding reduced annual debt service obligations to a level that ensured debt service coverage during 2002 and 2003 despite low growth in hotel/motel tax revenues and interest earnings.

During 2005, market conditions provided an excellent opportunity for the FCCFA to again complete a refinancing of prior year bonds. This refinancing took advantage of lower interest rates to not only refund a portion of the 1997 bond series but to restructure debt service thus equalizing debt service payments through 2027. This restructuring reduced debt service in the near term and increased slightly debt service in outer years. Short term, the benefits of the refunding were significant. The refunding reduced annual debt service; thus increasing the margin between tax collections, interest earnings and debt service payments. Another impact of the 2005 refunding and the resulting restructuring of debt was the corresponding release of reserve funds due to a decrease in required reserve levels for the rental reserve fund and debt service reserve fund. This reduction in reserve requirements did release over \$1.1 million in reserve funds at year end 2005. These funds were transferred to the debt service fund and were used to meet debt service obligations for the year.

Taking advantage of the benefits from the 2005 refunding, the FCCFA was again well positioned to issue additional debt in October 2007 to finance the renovation of the Battelle Grand Hall. The FCCFA issued \$47.5 million in tax and lease revenue anticipation bonds. The proceeds of the bonds contributed \$38 million toward the renovation project and increased the debt service reserve fund and the rental reserve fund balances by \$1.2 million and \$600,000 respectively to equal new reserve requirements. In addition, the FCCFA placed \$9.0 million in a bond retirement fund for the defeasance of outstanding series 1997 bonds (to be called December 1, 2007). With an interest rate of 4.4 percent, this refunding saved approximately \$346,000 over the term of the remaining 1997 bonds. As in the original issue, credit support was extended by the city and county through an amendment to the previously established lease agreement.

During May of 2012, the FCCFA signed a forward purchase agreement to refund remaining bonds associated with the 2002 issue. By entering into a forward purchase agreement, the FCCFA and participating bank agreed to refund bonds on September 4th (the earliest date that the 2002 bonds could be refunded) at the current market rate as of May 3rd. As a result, the Authority was able to refund the 2002 bonds on September 4th at the "locked in" interest rate of 1.65 percent. This rate compares to the interest rate of 4.18 percent on the original 2002 bond series. The refunding saved the Authority \$6.25 million over the remaining term of the bond issue. Annual total debt service for the convention center as a result of this refunding dropped from \$14.02 million to \$13.13 million; saving approximately \$895,000 a year in debt service. This savings began in 2013 and will continue through to year end 2019.

During October 2014, the FCCFA again signed a forward purchase agreement to refund remaining bonds associated with the 2005 issue. By entering into a forward purchase agreement, the FCCFA and participating bank agreed to refund bonds in October 2015 (the earliest date the 2005 bonds could be refunded) at the current market rate as of October 2nd, 2014. As a result, the FCCFA was able to refund the 2005 bonds in October 2015 at the "locked in" interest rate of 2.95 percent. The refunding will save the FCCFA \$9.48 million over twelve years. Annual total debt service for the convention center as a result of this refunding decreased by approximately \$800,000 a year.

The FCCFA signed yet another bank forward purchase agreement in October 2016 to refund remaining bonds associated with the 2007 issue (\$4.7 million). Structured almost identical to previous bond purchase agreements, the FCCFA will be able to refund the 2007 bonds in October 2017 at the "locked in" interest rate of 2.16 percent. The refunding will save the FCCFA \$613,000 (bank qualified) over the remaining term of the bonds. Annual total debt service for the convention center as a result of this refunding will decrease by approximately \$75,000 a year.

Currently, the FCCFA is in the process of implementing a convention center project that will significantly upgrade the interior of the facility as well as expand the facility on the north end of the center. To support this project, the FCCFA issued \$184.8 million in tax and lease revenue anticipation bonds in December 2014. The proceeds of the bonds contributed \$125 million toward the expansion and renovation of the center, capitalized approximately \$9.0 million in interest and provided funds to increase reserve fund balances by \$9.0 million to equal new funding requirements. In addition, the FCCFA advance refunded \$40.6 million in bonds from the 2007 issue in order to achieve interest cost savings. Given an interest rate of 2.6 percent, this refunding saved approximately \$2.8 million over the term of the bonds. As in the original issue, credit support was extended by the city and county through an amendment to the previously established lease agreement.

As of December 31, 2015 the FCCFA had \$270.7 million in outstanding bonds due on series issued for convention center development. Bonds outstanding will drop to approximately \$262.0 million at year end 2016 after the FCCFA pays principal on December 1st.

Historically, the FCCFA has easily met its convention center annual debt obligations. In fact, tax revenues and interest earned on debt related funds exceeded debt requirements each year since the December 1997 bonds were issued. This proved true even during 2001 and 2002 when revenue from hotel/motel taxes and interest earnings dipped amid a weakening economy and the events of September 11, 2001. This also proved true during 2008 and 2009 when hotel/motel tax revenues declined by historic levels due to a decimated economy and struggling travel and tourism market.

As indicated in Chart 2-9 and Table 2-10, annual debt service remains below anticipated hotel tax collections and interest earnings for all years of the projection period as well. Hotel tax revenue plus interest earnings will provide resources that can accommodate annual debt obligations in 2016 and beyond. After such obligations are met and any funds borrowed from the rental reserve fund are wholly replenished, excess funds will be deposited into the FCCFA's operating fund. Given current projections of revenues from hotel taxes and interest earnings, deposits to operations are expected in all years of the forecast period.

Chart 2-9

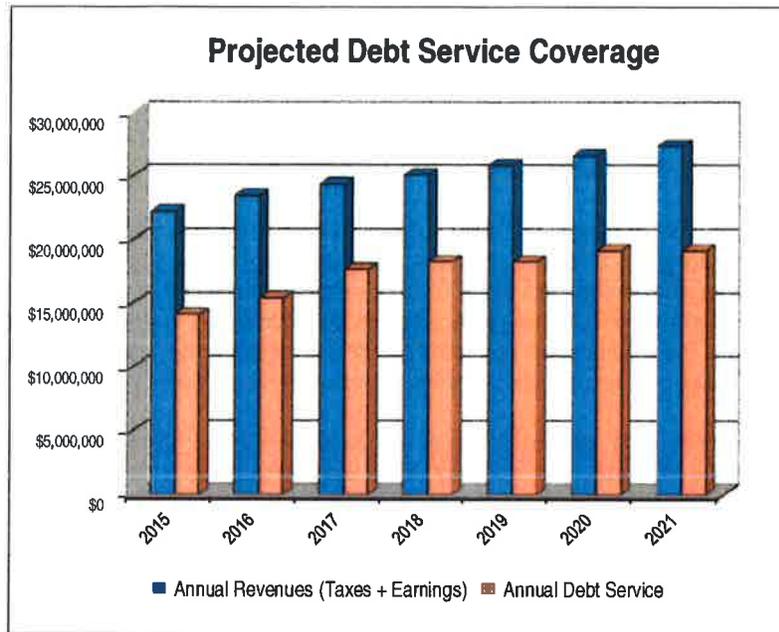


Table 2-10

2016 - 2035 Debt Service Coverage Analysis for Convention Center

REVENUE DEDICATED TO DEBT SERVICE						ANNUAL DEBT SERVICE							
Year	Debt Reserve Earnings	Rental Reserve Earnings	Debt Service Earnings	Hotel/Motel Taxes	Total Revenue	Series 2007	Series 2012	Series 2014	Series 2015	Series 2017	Total Debt Service	Coverage (%)	
2016	290,627	146,352	5,000	22,989,210	23,431,189	1,008,700	6,476,758	4,826,862	3,081,246	-	15,393,565	1.52	
2017	290,627	146,352	5,000	23,908,778	24,350,757	1,014,700	6,511,685	7,088,211	3,048,477	-	17,663,073	1.38	
2018	290,627	146,352	5,000	24,626,042	25,068,021	-	6,529,385	8,122,500	3,031,368	548,562	18,231,815	1.37	
2019	290,627	146,352	5,000	25,364,823	25,806,802	-	6,475,105	8,120,150	3,083,521	552,475	18,231,251	1.42	
2020	290,627	146,352	5,000	26,125,768	26,567,747	-	-	16,567,650	1,917,866	642,938	19,128,454	1.39	
2021	290,627	146,352	5,000	26,909,541	27,351,520	-	-	10,597,400	8,025,307	501,350	19,124,057	1.43	
2022	290,627	146,352	5,000	27,716,827	28,158,806	-	-	10,598,900	8,026,903	502,428	19,128,231	1.47	
2023	290,627	146,352	5,000	28,548,332	28,990,311	-	-	10,592,400	8,027,736	508,301	19,128,437	1.52	
2024	290,627	146,352	5,000	29,404,782	29,846,761	-	-	10,597,900	8,027,659	503,866	19,128,425	1.56	
2025	290,627	146,352	5,000	30,286,925	30,728,904	-	-	10,594,400	8,026,524	509,329	19,130,253	1.61	
2026	290,627	146,352	5,000	31,195,533	31,637,512	-	-	10,596,900	8,029,184	504,485	19,130,588	1.66	
2027	290,627	146,352	5,000	32,131,399	32,573,378	-	-	10,629,650	8,025,342	474,537	19,129,529	1.70	
2028	290,627	146,352	5,000	33,095,341	33,537,320	-	-	19,351,250	-	-	19,351,250	1.73	
2029	290,627	146,352	5,000	34,088,201	34,530,180	-	-	19,353,750	-	-	19,353,750	1.78	
2030	290,627	146,352	5,000	35,110,847	35,552,826	-	-	19,351,000	-	-	19,351,000	1.84	
2031	290,627	146,352	5,000	36,164,173	36,606,152	-	-	19,354,000	-	-	19,354,000	1.89	
2032	290,627	146,352	5,000	37,249,098	37,691,077	-	-	19,350,750	-	-	19,350,750	1.95	
2033	290,627	146,352	5,000	38,366,571	38,808,550	-	-	19,349,750	-	-	19,349,750	2.01	
2034	290,627	146,352	5,000	39,517,568	39,959,547	-	-	19,349,000	-	-	19,349,000	2.07	
2035	290,627	146,352	5,000	40,703,095	41,145,074	-	-	19,351,500	-	-	19,351,500	2.13	
total:					\$ 632,342,432						total:	\$ 377,359,658	1.68

Notes:

1. Hotel tax revenues are projected to increase by 3.6 percent in 2016; 4.0 percent in 2017 and by 3.0 percent thereafter.
2. Annual debt service in 2016 and 2017 is net of capitalized interest.

Debt service payments on outstanding bonds related to the convention center are made through the debt service fund. Debt service payments are made with revenues collected from hotel taxes and with revenues received from interest earnings generated mainly through investment of reserve funds. While interest and principal expenses are accrued on a monthly basis, actual interest payments on outstanding bonds are made twice a year and the principal payment is made once a year.

During 2016, the FCCFA will have sufficient revenues from hotel/motel tax collections and interest earnings to make all debt service payments. This proves true for 2017 as well. In 2017, debt service payments (on a cash basis) will equal \$17.7 million. Capitalized interest funds from the 2014 bond issue will be used to off-set a portion of debt service expenses due in 2017. Debt service in 2017, as shown, is net of \$789,000 in capitalized interest. The 2017 budget (cash basis) for the debt service fund is provided in Table 2-11.

Table 2-11

Debt Service Fund			
	2015 Actual	2016 Projected	2017 Budget
Sources of Funds			
Prior Year Carryover	\$1,218,138	\$1,549,817	\$1,738,943
Hotel/Motel Taxes	13,027,362	15,164,322	17,049,121
Interest Earnings/Other	22,401	5,000	5,000
Transfers from Debt Reserve/Revenue	924,028	236,328	291,327
Transfers from Rental Reserve	460,080	177,042	366,536
Total Sources of Funds	15,652,009	17,132,509	19,450,927
Uses of Funds:			
Series 2007 Unrefunded	1,011,700	1,008,700	1,014,700
Series 2005 Unrefunded	3,873,125	-	-
Series 2012	6,475,180	6,476,758	6,511,685
Series 2007 Refunded	1,656,250	1,656,250	1,656,250
Series 2014 (net of capitalized interest)	1,085,937	3,170,612	5,431,961
Series 2015	-	3,081,246	3,048,477
Total Use of Funds	14,102,192	15,393,566	17,663,073
Year End Fund Balance:	\$1,549,817	\$1,738,943	\$1,787,854

A standard requirement of public borrowing is the establishment of a debt service reserve fund. This fund reserves monies for the payment of principal and interest in the event that the borrower is unable to do so. Requirements for the debt service reserve fund are established in the bond documents. For debt series associated with the construction, renovation and expansion of the convention center, debt service reserve requirements mandate that the debt service reserve fund maintain a balance equal to or slightly above the highest outstanding annual principal and interest payment. The current reserve requirement for the debt service reserve fund is \$19.4 million at year end 2016.

The 2017 budget for the debt service reserve fund is provided in Table 2-12. Shown is a balance equal to the reserve requirement. Also shown is the annual transfer out of interest earnings. Since the debt service reserve fund is fully funded, all interest earnings are transferred from the reserve fund to the debt service fund for payment of debt obligations. Interest earning projections for 2017 are based upon yields provided for in the investments listed in Table 2-13.

Table 2-12

Debt Service Reserve Fund			
	2015 Actual	2016 Projected	2017 Budget
Sources of Funds:			
Prior Year Carryover	\$20,029,852	\$19,354,958	\$19,354,958
Interest Earnings	248,169	236,328	290,627
Total Sources of Funds	20,278,021	19,591,286	19,645,585
Uses of Funds:			
Transfer to Debt Service - Release of Funds	643,977	-	-
Transfer to Debt Service - Earnings	279,086	236,328	290,627
Total Use of Funds	923,063	236,328	290,627
Year End Fund Balance:	\$19,354,958	\$19,354,958	\$19,354,958
Required Balance:	\$19,354,000	\$19,354,000	\$19,354,000

Currently the FCCFA has invested most funds held in reserve in five year U.S. Agency Securities or Treasuries. Investments are staggered such that 1/5th of the portfolio matures every year during the five year period. As investments mature, principal will be re-invested per requirements of the investment policy. Table 2-13 summarizes current investments for the debt service and rental reserve funds. Most funds within the debt service reserve fund and the rental reserve fund are invested. Funds not invested are held in STAR Ohio.

Table 2-13

Current Investment Portfolio for Convention Center Reserve Funds

Investment	Amount Invested		Yield to Maturity	Maturity
	Debt Reserve	Rental Reserve		
Federal Farm Credit Bureau	1,200,000	600,000	0.60	11/14/2016
Fannie Mae	2,641,098	1,068,775	1.15	11/15/2016
Fannie Mae	2,630,407	1,112,864	0.61	10/26/2017
Federal Home Loan Bank	1,201,800	600,900	0.95	11/28/2017
Federal Farm Credit Bureau	3,944,012	2,281,010	1.49	9/17/2018
Fannie Mae	1,300,000	-	1.35	8/26/2019
Federal Farm Credit Bureau	1,396,710	-	1.37	11/7/2019
Fannie Mae	3,819,000	1,708,500	1.64	11/26/2019
Fannie Mae	-	1,796,544	1.54	11/30/2020
Fannie Mae	1,206,630	-	1.56	10/30/2020
Total Invested	\$19,339,656	\$9,168,593		

As a protection for the city and county, the original structure for the financing of the convention center required that a rental reserve fund be established at a level equal to one half of the highest remaining annual principal and interest payment. This reserve fund is the first source for FCCFA lease payments when hotel and motel tax revenues and bond related investment earnings are below what is needed to cover monthly debt service fund deposits. This reserve fund is most commonly used in the early months of the year to complete the monthly principal and interest deposits to the debt service fund. Later in the year when bed taxes increase, these funds are replaced if the rental reserve fund falls below the required reserve level.

The 2017 budget for the rental reserve fund is provided in the following table. As in the debt service reserve fund, interest earnings in the fund are annually transferred to the debt service fund to meet annual debt service obligations. Notwithstanding temporary advances to the debt service fund (which are completely replenished), the rental reserve fund remains fully funded at \$9.7 million.

Table 2-14

Rental Reserve Fund			
	2015 Actual	2016 Projected	2017 Budget
Sources of Funds			
Prior Year Carryover	\$10,015,610	\$9,677,783	\$9,677,783
Hotel/Motel Taxes	-	85,728	220,185
Interest Earnings	122,253	91,314	146,352
Total Sources of Funds	10,137,863	9,854,825	10,044,320
Uses of Funds:			
Transfer to Debt Service/coverage	-	85,728	220,185
Transfer to Debt Service: release of funds	321,994	-	-
Transfer to Debt Service/interest	138,086	91,314	146,352
Total Use of Funds	460,080	177,042	\$66,537
Year End Fund Balance:	\$9,677,783	\$9,677,783	\$9,677,783
Required Balance	\$9,998,989	\$9,677,000	\$9,677,000

Pursuant to requirements detailed in the trust agreement and supporting documentation associated with each bond issue, the FCCFA is required to prepare an arbitrage rebate calculation report to determine if the particular bonds in review have earned more in interest earnings than allowed under the yield established at the time of the bond sale. Any earnings above and beyond what is allowable (rebate liability) must be paid to the United States government. The report has to be completed every five years and, if a rebate liability is determined by the calculations in the report, payment is due to the Internal Revenue Service (IRS) sixty days after the completion of the five year period. This report must be prepared by a "rebate analyst" such as bond counsel or nationally recognized accounting firm.

Currently, the Authority has no outstanding liabilities as they relate to arbitrage rebate calculations. Rebate calculations for the 2007 bond series were completed in 2016.

Given previous downturns in hotel and motel tax projections it is important to remember that even extreme reductions in tax revenues and debt related interest will not easily jeopardize the FCCFA's ability to meet debt service obligations. Strong protections were built into the foundation of the debt agreements. Annual debt service payments are first

supported by hotel tax revenues and the interest from all debt related funds. Should those revenues be insufficient to cover debt obligations, a rental reserve fund (now fully funded) would make up the shortfall. Should that annually restored tax base also prove insufficient to cover debt obligations, the gap would be filled by the City of Columbus and Franklin County in equal shares. Finally, if all of these combined resources were insufficient, the debt service reserve fund would be used to meet obligations.

Debt Service – Parking Facilities

In December 2011, the FCCFA issued \$16.0 million in parking garage improvement revenue bonds to finance the expansion of the Vine Street parking facility. These bonds were purchased by the Franklin County Treasurer. Bonds were issued as taxable revenue bonds at a negotiated rate of approximately 200 basis points over the corresponding treasury bond or note maturities. Payments were extended over a thirty year period, with principal payments due every five years and interest paid annually. Funding to meet debt service obligations is generated through a long term agreement with Nationwide Realty Investors (NRI) for a license to use parking spaces within the expanded garage. Annual payments from NRI will cover the majority of annual debt. The remaining portion of annual debt service not covered through this license agreement will be paid for from daily parking revenue received through the operation of the Vine Street garage.

In July 2014, the FCCFA issued an additional \$18.0 million in parking garage improvement revenue bonds to finance the construction of the new Goodale Street parking garage. These bonds were also purchased by the Franklin County Treasurer. Structured identical to the 2011 series, debt service associated with these bonds is paid through parking revenue from garage operations.

Table 2-16 provides the 2017 budget for the parking facility debt service fund. Payment made from Nationwide is based upon terms provided for in the license agreement. Transfers from convention center operations will equal the amount of revenue needed to cover debt service less payment from Nationwide. Actual principal payments will be made every 5 years with interest payments made every year. Deposits into the fund will be based upon the value of interest for the year as well as the value of the principal payment annualized over the five year period. Funds will accumulate in the debt service fund until the actual principal payment is made, as in 2016.

Table 2-15

Debt Service (Sinking) Fund - Parking Facility Development			
	2015 Actual	2016 Projected	2017 Budget
Sources of Funds			
Prior Year Carryover	\$949,142	\$2,051,323	\$1,776,595
Nationwide Payment	823,160	824,000	824,000
Parking Revenue - Convention Center	1,383,872	1,383,872	1,495,560
Interest Earnings	24,749	14,000	17,000
Total Sources of Funds	3,180,923	4,273,195	4,113,175
Uses of Funds:			
Principal Payment - Vine St. garage	0	1,367,000	0
Interest Expense - Vine Street garage	467,200	467,200	589,710
Principal Payment - Goodale Street garage	0	0	0
Interest Expense - Goodale Street garage	662,400	662,400	662,400
Total Use of Funds	1,129,600	2,496,600	1,252,110
Year End Fund Balance:	\$2,051,323	\$1,776,595	\$2,861,065

Operations - Convention Center

With respect to convention center operations, revenues collected from events within the convention center are used to offset expenses associated with the actual operation of the facility. These resources are managed by SMG, operator of the Greater Columbus Convention Center, with final review and approval provided by the FCCFA staff and board. Any required support of convention center operations is incorporated into the FCCFA's operating budget.

Historically, financial results from convention center operations have been positive. In most years since the opening of the north facility of the convention center, the operation of the center has been successful. While there are a few years when the FCCFA has had to subsidize operations (all during years of renovation and expansion), most years the convention center has been self-sustaining with positive net income. In recent years, the convention center has done extremely well. The successful performance of the center is attributed to increased booking of events and short term business, strong ancillary income and added revenue from parking due to the expansion of the Vine Street garage and the opening of the Goodale Street garage. This level of financial performance in the center is expected to continue in 2017 and throughout the projection period.

The most important source of income for the convention center is income received from events. Convention center events include conventions, trade shows, sporting events, public events or consumer "gate" shows, meetings and banquets. Not only does the center receive direct income from clients for use of the facility (rental income) but the center receives income from support services such as catering, food and beverage, parking, equipment rental, and electrical services (ancillary income). The largest source of rental income is derived from the lease of exhibit hall space. During 2017, exhibit hall occupancy as well as Battelle Hall occupancy will exceed 62.0 percent. Organizations with large events scheduled in the center for the year include the Arnold Sports Classic, Columbus Automobile Dealers, Ohio Bureau of Workers Compensation, American Cheer Power, Crossfit, The National Needlework Association, USA Volleyball Association, Wizard World, American Electric Power, American International Motorcycle Expo, National Association of Counties, Gordon Food Service, GAMA, Ohio Valley Regional Volleyball, Girl Scouts of the United States of America, Thirty-One Gifts, Ohio School Board Association and American Horticulture - Cultivate. In total, the center will host over 220 events in 2017.

Chart 2-16 provides information on rental income as derived from national, state/regional and local events. State and regional events traditionally have been the largest source of business for the center and is considered the convention center's "core" business. There does seem to be a correlation between state/regional events and national events. In a year where national events are up; state/regional events tend to decline and vice versa. This is proving true in 2017. National events are up for the year which has resulted in the booking of fewer state and regional events.

Chart 2-16

Rental Revenue by Type of Event

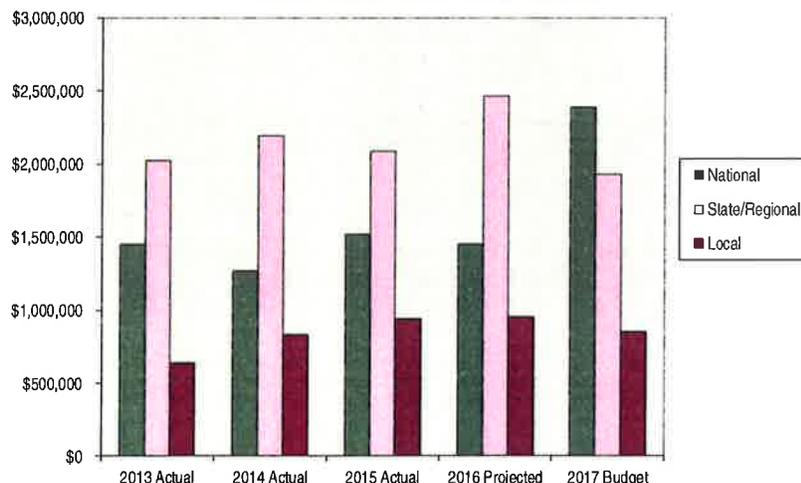


Exhibit hall utilization and rental income tells only a portion of the story when trying to understand financial activity within the convention center. The value of an event within the center also includes revenue received from events for ancillary or support services. Income from catering, food and beverage, technical services, booth cleaning, parking, equipment rental, and concessions all impact the total income an event can bring to the center. Ancillary income is impacted by the type of event as well as the number of attendees. Certainly, events that utilize all the center's services and host a larger number of trade show representatives as well as attendees serve the center well.

Chart 2-17 illustrates the mix of ancillary income within the convention center. As expected, the largest source of ancillary income to the center is from food and beverage services. During 2016, the FCCFA initiated a competitive review process to select a new food and beverage service provider for the convention center. As a result of this process, Levy Premium Foodservice Limited Partnership was selected as the new food service provider for the center. Levy began operations in October 2016. During Levy's initial year of operation, emphasis will be placed on providing a hotel level of food quality and service in the convention center. This will be accomplished through implementation of a new menu, the addition of in-house pastry services, improved food presentation and better use of local food sources. With the planned improvement in food and beverage service delivery as well as increased revenues from Starbucks and the operation of the newly renovated Discovery Café; income from foodservice is projected to improve significantly in 2017.

Chart 2-17

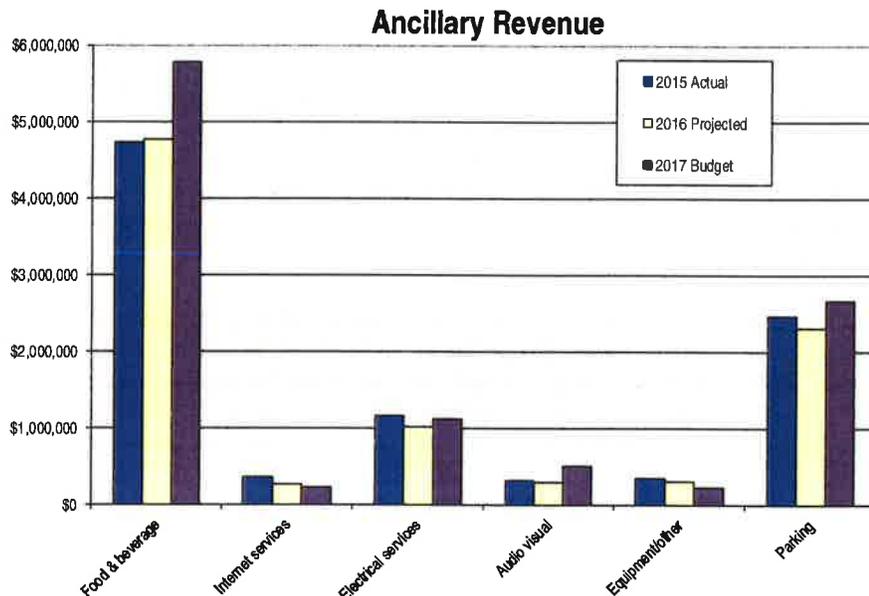
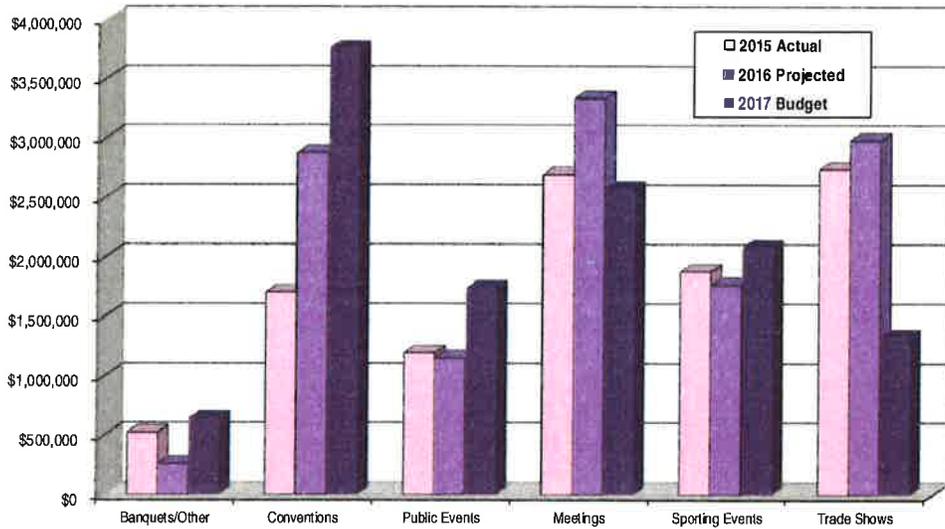


Chart 2-18 (following page) delineates total event income (both rental and ancillary) by type of event. As illustrated, the center is hosting a variety of events during the year, dispersed well between event types. Interesting to note is the difference between events in 2016 and events planned for 2017. The center will host several additional conventions and sporting events during the year thus impacting the number of trade shows and meetings held in the center. Because meetings tend to be short-term, the fact that meetings are down means that the center is relying less on short-term business to achieve projected income. In regards to business currently on the books, 80.0 percent is confirmed for the year. Again, less reliance on short-term business to fill in gaps. In 2017, total event income is projected to be \$14.7 million.

Chart 2-18

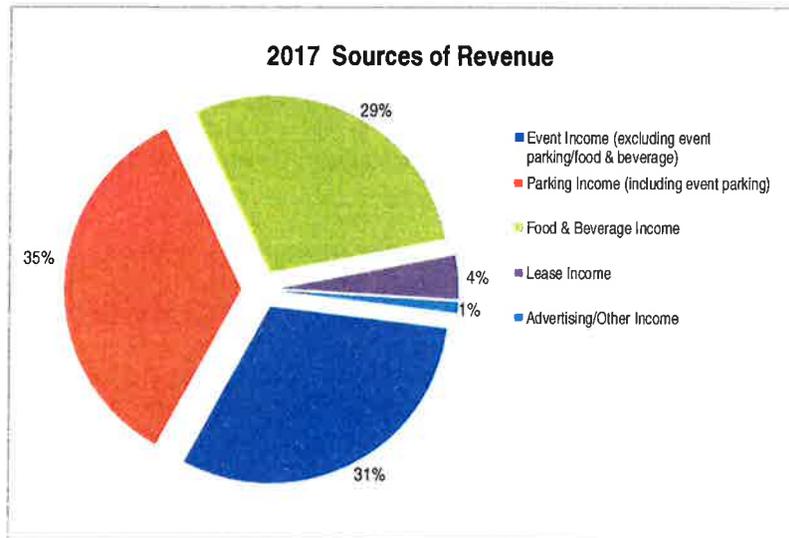
Event Revenue by Type of Event



Income received from parking is another important source of revenue for the convention center. The center operates several parking facilities to include the South parking garage with approximately 550 spaces, the Vine Street parking garage with approximately 1800 spaces and an east parking lot with approximately 950 spaces. A new 800 space parking garage on Goodale Street opened in January 2016. In total, the FCCFA has available over 4000 parking spaces in facilities located around the convention center.

Total parking revenue is comprised of parking revenue from events held within the convention center (considered ancillary income, unless otherwise noted), non-event parking or general parking and parking revenue from monthly parkers. Revenue received from the operation of these facilities continues to be strong not only because of event use but because of high community use due to active Short North and Arena districts. In 2017, parking revenue is expected to increase due to the opening of the new Goodale Street parking facility and the completion of the convention center expansion and renovation project. Overall, total parking revenue will be \$7.0 million in 2017 and is the largest source of income for the center (see Chart 2-19).

Chart 2-19



While not included as operating revenue (funds come directly to the FCCFA), additional parking revenue is received from Nationwide Insurance for employee use of the Vine Street garage. Revenue from employee parking is projected to be over \$824,000 in 2017 and will be used to pay for debt service associated with the Vine Street garage expansion project.

In addition to parking revenue, the convention center receives revenue from tenants leasing space on the first floor of the south facility. Tenants consist of a variety of vendors who provide food service, retail opportunity and business/convention services to center guests. Currently there are 18 tenants leasing space in the convention center and west parking garage. Lease income in 2017 is projected to be \$840,000.

Overall, the center is projected to do well during 2017 despite the operational impact of the convention center renovation and expansion project. Revenues from operations will be available to not only cover all operating expenses of the center but cover parking garage debt service obligations as well (see Table 2-20).

Use of income within the convention center varies between several line items. Most income is used to support those services that directly impact clients and operations of the facility. As shown in Table 2-20, revenue sources include income from events held at the convention center and consist of rental income; income from food and beverage sales; retail mall and food court lease income; and revenue received from the operation of parking lots. Related expenditures include the salaries of permanent and temporary staff who orchestrate events and handle administrative functions; utility expenses; the promotion and advertising of the center; and general facility maintenance and repair.

Expenses for convention center operations in 2017 will increase by over 11.0 percent. During 2017, added attention will be given to improving customer/guest services, security, facility maintenance and cleanliness. As a result, five new positions will be added to address these areas of concern. Another issue in regards to quality service delivery is the attrition of quality staff members. To address this issue, the center will increase salaries of staff members across the board to encourage more sustained employment. Overall, expenses of the convention center now include funding for 141 fulltime positions (\$8.1 million). Most positions are associated with facility operations (facility workers) and engineering (technicians). Other large item expenses included in the 2017 budget are for utilities (\$2.7 million), supplies and maintenance services (\$1.5 million), food/beverage expenses (\$2.6 million) and advertising (\$712,000).

"Below-the-line" expenses are those expenses associated with operating the convention center that are considered external to the direct operations of the center and, per SMG's contract, are excluded when calculating the incentive fee. These expenses are board reviewed and authorized. One such expense is an annual contribution made to the Greater Columbus Sports Commission for marketing initiatives. Since the convention center hosts several sporting events and is directly impacted by the presence of sporting events within the community, the FCCFA Board felt it necessary to support initiatives that continue to attract such business to the center. Contributions to the sports commission will equal \$300,000 in 2017.

Also in 2017, funds from the operation of the convention center will be transferred to a debt service fund to pay for debt service costs associated with the expansion of the Vine Street garage and the development of the Goodale Street garage. The amount transferred for this purpose is equal to the difference between annual debt service and the income received from Nationwide for use of the Vine Street garage. During 2017, this amount is projected to be approximately \$1.5 million.

During 2016 and 2017, the convention center is implementing an extensive construction project that will renovate and expand the convention center. To complete the renovation of the center, the project has been phased such that certain areas within the center will be under renovation at different times throughout a 22-month period beginning August 2015 and extending through June 2017. The phasing of the project will allow for continual use of the center throughout construction. However, phasing also means that some events will be impacted by the project as they may be required to move to accommodate the renovation of a particular area. Such accommodations may result in either a reduction in event income or an increase in center expenses (depending upon the accommodation) as the center will assume all costs. The projection of total income for the center for both 2016 and 2017 includes these costs. As a result, the center is reporting a deficit in operation for both years. This deficit is short-term as the convention center is expected

to operate with a surplus once the expansion and renovation project is complete. In the interim, equity reserves will be used to cover the reported short-fall.

Convention Center revenue and expenses for 2016 and 2017 are summarized in Table 2-20.

Table 2-20

Greater Columbus Convention Center Revenues and Expenses				
	2016 Projected	2017 Budget	Variance	% Change
Sources of Income				
Event Income - Rental	\$3,767,617	\$4,112,199	\$344,582	9.15
Event Income - Ancillary	8,977,512	10,559,128	1,581,616	17.62
Lease/Rental Income	751,920	839,031	87,111	11.59
Non-event Parking	3,717,797	4,382,000	664,203	17.87
Miscellaneous	258,071	245,000	(13,071)	(5.06)
Total Source of Income	17,472,917	20,137,358	2,664,441	15.25
Uses of Income				
Employee Wages/Benefits	6,773,595	8,083,497	1,309,902	19.34
Food and Beverage	2,729,353	2,591,676	(137,677)	(5.04)
General and Administrative	1,441,474	1,612,633	171,159	11.87
Operations	297,024	350,251	53,227	17.92
Repair and Maintenance	691,805	918,345	226,540	32.75
Supplies	458,273	630,545	172,272	37.59
Insurance	225,895	236,492	10,597	4.69
Utilities	2,650,824	2,709,000	58,176	2.19
SMG Management Fees	313,380	316,514	3,134	1.00
Other	157,046	119,148	(37,898)	(24.13)
Total Uses of Income	15,738,669	17,568,101	1,829,432	11.62
Operating Income	1,734,248	2,569,257	835,009	48.15
Less:				
Capital Expenses/Other	170,458	150,000	(20,458)	(12.00)
Transfer Out: Sinking Fund	1,383,872	1,495,580	111,708	8.07
Sports Commission Marketing	300,000	300,000	0	0.00
Food Service Amortization	94,569	378,277	283,708	300.00
Incentive Fees	313,380	416,514	103,134	32.91
Total Operating Income	(\$528,031)	(\$171,114)	\$356,917	(67.59)

Capital Improvements - Convention Center

In addition to operating the convention center the FCCFA is also responsible for managing an on-going capital improvement program for the facility. Every year, FCCFA and SMG staff members review and develop a five year capital improvement program for the center based upon needs of the facility. The planned capital improvements program includes those projects deemed critical to the continued operation of the convention center, those that enhance the client experience and those projects that improve operating efficiencies within the center. A complete list of facility improvements and capital expenditures planned for 2017 is provided in Table 2-21. The total cost of capital improvements for the convention center in 2017 will be \$16.3 million.

Table 2-21

2017 Capital Improvement Projects	
Administration office renovation	\$ 896,000
South garage improvements	280,000
Expansion and replacement FF&E	526,000
Banquet chairs	800,000
Parking system upgrade - south garage	458,000
LEED projects	200,000
Access control system - ballrooms	90,000
RR lease payment	32,000
Hyatt FF&E	75,000
Foodservice Equipment	250,000
Expansion and renovation project	12,710,226
Total: 2017 Capital Projects	\$ 16,317,226

Capital Improvements – Renovation of the Convention Center

Due to the success of the Battelle Hall renovation project, the FCCFA has decided that it is time to renovate the remaining spaces within the convention center to give the facility a fresh, modern, new look. Areas in need of improvement included ballrooms, exhibit halls, meeting rooms, restrooms, food/beverage area and public spaces. While the facility had been maintained, the interior of the center has not changed (other than carpet) since original design. The facility was beginning to look and feel dated. This "feel" had been further accentuated with the opening of the new convention center hotel (Hilton Columbus Downtown Hotel), making it even more apparent that the level of finish within the center was significantly different than what may be experienced within other high quality facilities. To address this issue, the FCCFA began implementation of an extensive renovation project that is upgrading both the interior and exterior of the convention center. The intent of the project is to refresh the center with a new look while also enhancing a client's use and experience within the facility.



In addition to renovating the center, the FCCFA is also expanding the convention center on the north end of the facility. This expansion will add approximately 37,000 square feet of exhibit hall space, 10,000 square feet of new meeting space and a new grand two-story entrance into the convention center. This expansion will provide the convention center with the ability to host and compete for larger events and/or multiple events at one time. Furthermore, a new entrance to the facility will provide much needed pre-function space in the convention center while also better connecting the facility to the surrounding neighborhood.

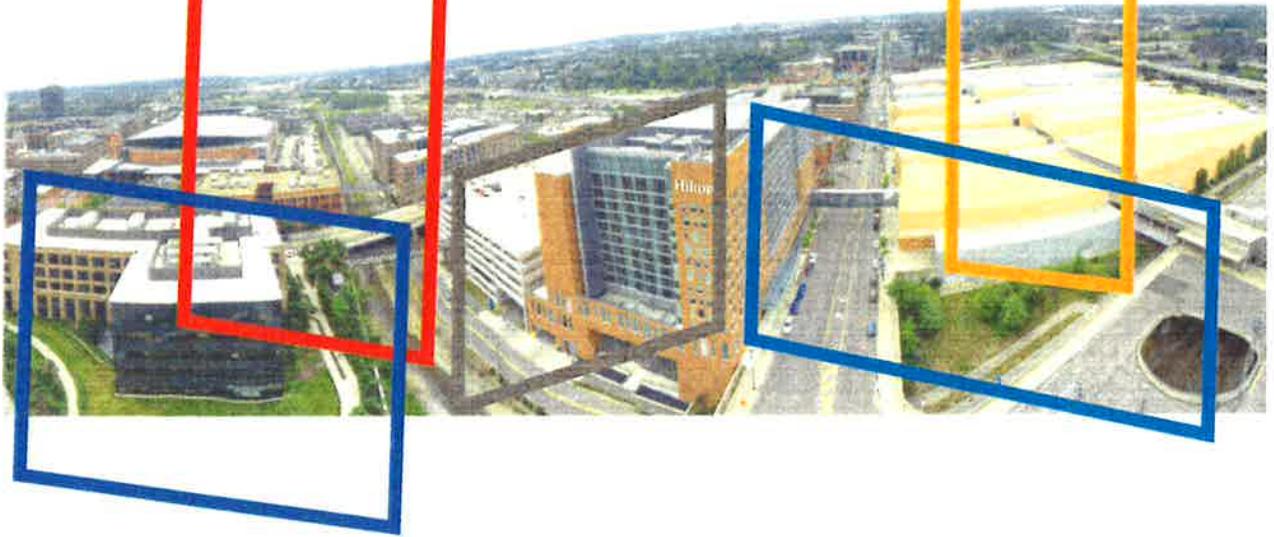


While most of the renovation and expansion project for the convention center is focusing on improvement to the inside of the facility, the project also includes plans to improve the site surrounding the convention center as well. Currently under construction is the re-do of the exterior streetscape along the High Street corridor, the Arnold Plaza and the entrance drive leading up to the "connector" area of the convention center. The intent of these improvements is to add greenery, sitting areas, trees, lighting and art to make the area more welcoming for visitors and more inviting for pedestrians. External space will also be used to host outside functions and events.



Currently, the FCCFA is in the midst of implementing this project. Construction began in August 2015 and will continue through June of 2017. Renovations within the convention center are now 70.0 percent complete. Areas within the convention center that are newly renovated include the Union Station and Short North Ballrooms, B and C meeting rooms, and the connector. LMN Architects and Schooley Caldwell lead the design team for the project and Corna Kokosing and Elford Construction are construction managers at risk for the project. The project will cost approximately \$140.4 million; \$125.0 million financed through bond proceeds and \$15.4 million financed through equity contribution as provided for in the 2016 and 2017 capital improvements program.

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Section 3:
Hilton Columbus
Downtown

Hilton Columbus Downtown Hotel

In March 2009, the FCCFA in partnership with the City of Columbus and Franklin County signed a memorandum of understanding agreeing to and detailing the financial structure for the development of a 532 room convention hotel on property adjacent to the convention center. The financing structure included the following components: Franklin County would provide credit support for the project with an annual "subject to appropriation" guarantee of debt service; all hotel net income would be pledged to pay debt service; the City of Columbus and the FCCFA would pledge an amount equal to the bed taxes collected from the new hotel to fund the project; the FCCFA would provide \$15.0 million in cash equity to fund a rental reserve fund and other project costs; the FCCFA would pledge an amount equal to annual revenue from land leases as additional debt service coverage for the project; and the City of Columbus would pledge up to \$1.4 million in new city parking meter revenue, as needed, to pay debt service. The FCCFA would be the developer and owner of the new hotel.

Opened in October 2012, the hotel has been well received within the community and is proving to be very successful. The hotel includes 532 guest rooms of which 48 are suites, 12,000 square feet of ballroom space, 10,800 square feet of meeting/banquet rooms, lobby, a three-meal bistro restaurant, bar/lounge area, coffee bar, indoor pool and whirlpool, fitness center and walkway to the convention center. Parking for the hotel is provided by the Vine Street parking garage located next to the hotel site. The hotel has 14 floors with over 429,600 square feet of usable space. The hotel's overall design is contemporary and features an atrium with a 15,000 square foot glass ceiling. The hotel includes an art collection of over 150 original pieces by central Ohio artists. Development cost of the hotel was \$142.0 million and, after adding in reserve funds, issuance cost, and capitalized interest, the total cost of the project was \$180 million. The hotel is branded and managed by Hilton Worldwide.

Debt Service – Hilton Columbus Downtown Hotel

On February 10, 2010 the FCCFA sold \$160.0 million in lease revenue anticipation bonds to finance the construction of the Hilton Columbus Downtown Hotel. Bonds issued were Build America Bonds, with a thirty-year term, and escalating net debt service beginning with the start of principal payments in 2016. Bonds are backed by Franklin County subject to appropriation. Beginning in 2013, revenue from the operation of the hotel has been used to meet annual debt service obligations. Prior to hotel opening, interest was capitalized and bond proceeds were used to pay debt service.

Structured similar to the original debt issue completed for the convention center, the hotel bond issue was based upon a cooperative agreement between the FCCFA, the City of Columbus and Franklin County. Within this agreement, the county agreed to lease the facility from the FCCFA on an annual basis, subject to appropriation. In turn the FCCFA established a sublease with the county, pledging to meet debt service obligations for the hotel through use of proceeds from hotel operating income as well as other sources identified in the agreement. In addition to owning, constructing and managing the hotel; the FCCFA also agreed to provide \$15 million in equity towards the project, contribute the Authority's portion of annual hotel/motel tax revenue received from the new hotel towards the payment of debt service and provide revenue from land leases as added coverage for debt service if other income sources prove to be insufficient. The City of Columbus agreed to contribute the city's portion of annual hotel/motel tax revenue received from the new hotel towards the payment of debt service as well as agreed to provide \$1.4 million annually in new parking meter revenue as an added reserve to cover annual debt service obligations if other sources should prove to be insufficient.

Upon issuance, bond proceeds were distributed into several accounts per indenture requirements. Of the \$160 million received, \$1.4 million covered costs associated with issuance and the underwriter's discount, \$6.4 million was deposited into a debt service reserve fund, \$16.1 million was placed in a capitalized interest fund and \$136.1 was deposited into a construction fund to support project development and construction.

Issued as Build American Bonds (BABs), the FCCFA receives subsidy payments from the U.S. Treasury for support of annual debt service pursuant to BABs funding requirements. This subsidy support coupled with hotel net income and hotel generated hotel/motel taxes provides the revenue to support on-going debt obligations. Chart 3-1 illustrates debt service coverage projected for 2017. As shown, revenues dedicated towards the payment of debt service for the year will exceed the outstanding obligation.

Chart 3-1

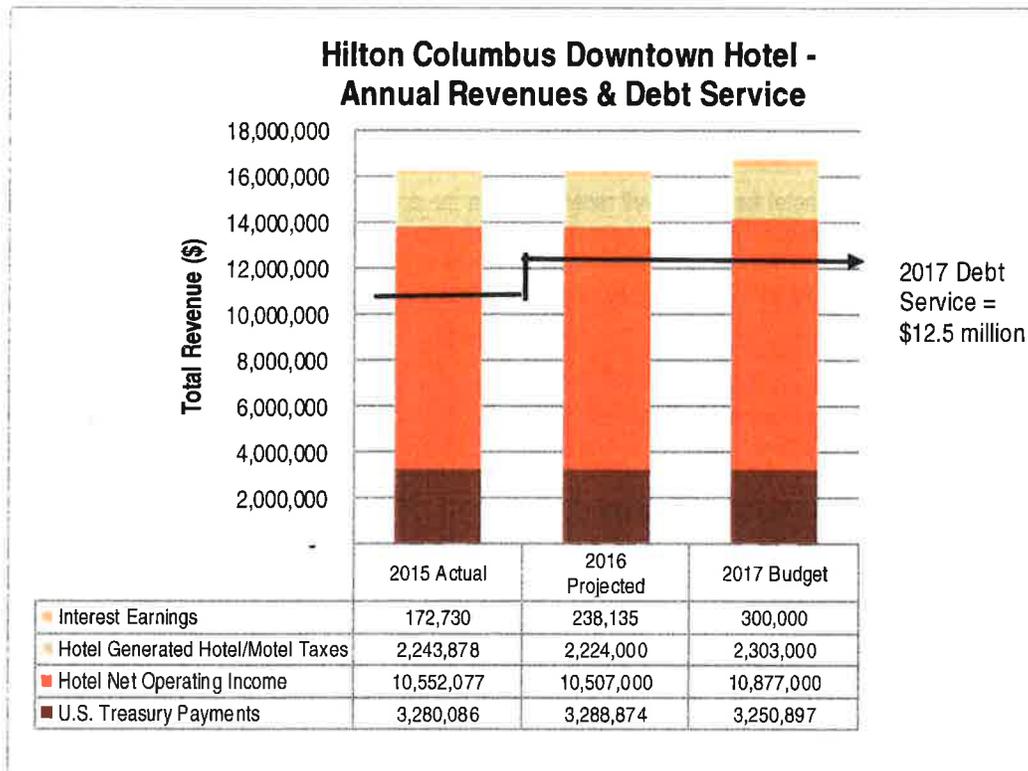


Table 3-2 provides information on the hotel debt service or bond payment fund. Due to exceptional performance of the hotel, revenues from operations along with income from hotel/motel taxes associated with the hotel, will be available in 2016 and in 2017 to meet and even exceed debt service obligations. This proves true despite the increase in debt service in 2016 as the FCCFA will begin to pay both interest and principal on outstanding bonds. Since revenue into the bond payment fund is expected to exceed debt service, income not used for debt service will accumulate in the fund and will be reserved for future debt service obligations. By year end 2017, the bond payment fund is projected to have a fund balance exceeding \$23.7 million.

Table 3-2

HOTEL - Bond Payment (Debt Service) Fund			
	2015 Actual	2016 Projected	2017 Budget
Sources of Funds			
Prior Year Carryover	\$ 9,494,656	\$ 15,661,043	\$ 19,471,668
U.S. Treasury Payments	3,280,086	3,288,874	3,250,897
Distribution from Hotel	10,552,077	10,507,000	10,877,000
Hotel generated Hotel/Motel Taxes	2,243,878	2,224,000	2,303,000
Reserve Earnings/other	172,730	238,135	300,000
Total Sources of Funds	25,743,427	31,919,052	36,202,565
Uses of Funds:			
Principal Payments	-	2,365,000	2,525,000
Interest Expenses	10,082,384	10,082,384	9,976,668
Total Use of Funds	10,082,384	12,447,384	12,501,668
Year End Fund Balance:	\$ 15,661,043	\$ 19,471,668	\$ 23,700,897

Table 3-3

Hotel - Debt Service Reserve Fund			
	2015 Actual	2016 Projected	2017 Budget
Sources of Funds:			
Prior Year Carryover	\$6,404,875	\$6,418,574	\$6,418,574
Interest Earnings	64,264	80,000	80,000
Total Sources of Funds	6,469,139	6,498,574	6,498,574
Uses of Funds:			
Transfer to Bond Payment Fund - Earnings	50,565	80,000	80,000
Total Use of Funds	50,565	80,000	80,000
Year End Fund Balance:	\$6,418,574	\$6,418,574	\$6,418,574
Required Balance:	\$6,391,264	\$6,391,264	\$6,391,264

A standard requirement of public borrowing is that a debt service reserve fund be established to reserve funds for the payment of principal and interest in the event that the borrower is unable to do so given available revenues. Consistent

with this requirement, \$6.4 million in bond proceeds were set aside in a debt service reserve fund to support the bond issue for the hotel. Since establishment, the debt service reserve fund has remained fully funded and is fully invested in U.S. agency securities. Interest earnings from these investments are transferred to the bond payment fund to help pay for annual debt obligations. Table 3-3 summarizes the 2017 budget for the debt service reserve fund.

Pursuant to the cooperative agreement between the City of Columbus, Franklin County and the FCCFA, the FCCFA utilized \$8.0 million of project and equity funds to establish a rental reserve fund for debt service associated with the hotel. This fund is the first source of reserve monies used to meet debt service obligations if net income from the hotel and related bed taxes proves to be less than annual debt requirements. If funds within the rental reserve fund are used to meet debt service obligations, the rental reserve fund will subsequently be replenished up to the required reserve balance with future hotel income as well as with funds from the ground lease rent fund and the City of Columbus (if needed). Funds in excess of the required balance are transferred to the hotel bond/debt service fund. Table 3-4 summarizes the 2017 budget for the hotel rental reserve fund. Funds are now fully invested in US agency securities.

Table 3-4

Hotel - Rental Reserve Fund			
	2015 Actual	2016 Projected	2017 Budget
Sources of Funds			
Prior Year Carryover	\$8,090,541	\$8,095,567	\$8,080,567
Transfer In: Bond Payment Fund	0	0	0
Interest Earnings	105,026	85,000	100,000
Total Sources of Funds	8,195,567	8,180,567	8,180,567
Uses of Funds:			
Transfer to Bond Payment Fund - coverage	0	0	0
Transfer to Bond Payment Fund - interest	100,000	100,000	120,000
Total Use of Funds	100,000	100,000	120,000
Year End Fund Balance:	\$8,095,567	\$8,080,567	\$8,060,567
Required Balance	\$8,000,000	\$8,000,000	\$8,000,000

Also consistent with the requirements of the cooperative agreement, the FCCFA established a ground lease rents fund to serve as an additional reserve fund for debt service. The balance of the ground lease rents fund must equal the value of lease revenue received by the FCCFA for use of property during the preceding calendar year. Such funds will be reserved for payment of debt service if rental reserve funds should be depleted or will be used to replenish the rental reserve fund as required. Funds in excess of the required balance will be maintained in the fund. Table 3-5 summarizes the budget for this fund.

Table 3-5

Hotel - Ground Lease Rents Fund			
	2015	2016	2017
	Actual	Projected	Budget
Sources of Funds			
Prior Year Carryover	\$ 1,524,144	\$ 1,525,763	\$ 1,972,022
Transfer In: Capital Improvements Fund	-	442,259	-
Interest Earnings	1,619	4,000	4,000
Total Sources of Funds	1,525,763	1,972,022	1,976,022
Uses of Funds:			
Transfer to Debt Service/Bond Fund	-	-	-
Total Use of Funds	-	-	-
Year End Fund Balance:	\$ 1,525,763	\$ 1,972,022	\$ 1,976,022
Required Balance	\$ 1,523,642	\$ 1,468,728	\$ 1,548,906

Pursuant to requirements detailed in the trust agreement and supporting documentation associated with each bond issue, the FCCFA is required to prepare an arbitrage rebate calculation report to determine if the particular bonds in review have earned more in interest earnings than allowed under the yield established at the time of the bond sale. Any earnings above and beyond what is allowable (rebate liability) must be paid to the United States government. The report has to be completed every five years and, if a rebate liability is determined by the calculations in the report, payment is due to the Internal Revenue Service (IRS) sixty days after the completion of the five year period. This report must be prepared by a "rebate analyst" such as bond counsel or nationally recognized accounting firm.

Currently, the Authority has no outstanding liabilities as they relate to arbitrage rebate calculations. Rebate calculations for the 2010 bond series were completed in 2015.

Operations and Capital Improvements – Hilton Columbus Downtown Hotel

The Hilton Columbus Downtown Hotel is branded, managed and operated by Hilton Management, LLC per terms of a management agreement entered into July, 2010. As manager of the hotel, Hilton is responsible for booking room nights for both group and transient business in the long and short term, establishing rates, developing and implementing sales/marketing initiatives, providing restaurant, guest and housekeeping services, maintaining building systems and resources, and coordinating banquet and catering events. Hilton is also responsible for managing and implementing a capital improvements program for the hotel per review of the FCCFA board.

Operationally, the hotel does extremely well and continues to exceed expectations. Not only has the hotel been well received by the community but response and input from guests suggest that most are pleased with the accommodations of the hotel as well as the services provided by staff of the hotel. This positive response to the hotel has impacted financial performance. Since opening, the hotel has been able to achieve and maintain an average daily room rate that is above original projections and well above market. Room rates when coupled with strong occupancy, has resulted in very positive revenues for the hotel.

Projections for 2017 suggest that the success the hotel experienced during 2016 will continue. The goal for 2017 will be to maintain occupancy while continuing to improve the average daily rate premium. Improved banquet services will also contribute to revenue growth in 2017. Table 3-6 summarized the operating budget for the hotel. Annual net operating income is transferred to the bond payment fund to pay for debt service on the 2010 bond issue.

Table 3-6

Hilton Columbus Downtown Hotel Revenues and Expenses				
	2016	2017		
	<u>Projected</u>	<u>Budget</u>	<u>Variance</u>	<u>% Change</u>
Departmental Revenues				
Gross Revenues	\$ 35,078,744	\$ 36,402,490	\$ 1,323,746	3.77
Less: Departmental Expenses	12,542,020	13,020,673	478,653	3.82
Total Department Revenue	22,536,724	23,381,817	845,093	3.75
Undistributed Expenses				
General & Administrative	2,699,519	2,757,390	57,871	2.14
Sales & Marketing	3,511,161	3,666,805	155,644	4.43
Property Operations	1,053,450	1,093,175	39,725	3.77
IT	509,834	545,671	35,837	7.03
Energy	750,619	776,147	25,528	3.40
Subtotal - Undistributed Expenses	8,524,583	8,839,188	314,605	3.69
Fixed Charges				
FF&E/Other	2,237,957	2,381,349	143,392	6.41
Management Fee	1,267,377	1,284,000	16,623	1.31
Subtotal - Fixed Charges	3,505,334	3,665,349	160,015	4.56
Net Operating Income	\$ 10,506,807	\$ 10,877,280	\$ 370,473	3.53

In addition to direct expenses and revenues associated with the actual operation of the hotel, the operating budget includes fixed charges that are part of the calculation of net operating income. The first fixed charge is the management fee as established in the management agreement. The management fee is comprised of a base fee and a subordinate fee. Both fees are set amounts. Payment of the base fee began with the opening of the hotel. The subordinate fee obligation began in 2016. The second fixed charge is the annual deposit into the primary/secondary FF&E reserve account that is used to support the capital improvements program for the hotel. Deposits into the FF&E fund are based upon a percentage of gross revenue from hotel operations as defined in the management agreement. In 2017, the deposit into the FF&E reserve will be equal to 6.0 percent of gross revenue.

Per the hotel management agreement, the manager is responsible for maintaining two reserve funds for operations. The first is a working capital fund of \$1.0 million. These funds are used and replenished on a monthly basis as funds are used to address cash flow. The second is an operating reserve fund. This fund was established as part of the hotel development project and is used as a reserve to help meet operating expenses if revenues should prove to be insufficient. Currently, the operating reserve fund has a balance of \$2.4 million and is projected to maintain this balance throughout the projection period.

The capital reserve or primary/secondary FF&E reserve is established as a funding source to pay for any capital improvements or FF&E purchases needed to support the hotel. Six percent of gross revenues is deposited into the FF&E reserve annually. During 2016, \$2.1 million will be deposited into the reserve account. These funds will be used to finance several improvement projects for the year. Table 3-7 lists the capital projects as planned.

Table 3-7

2017 Capital Improvement Projects		
Restaurant/Bar renovation project	\$	692,000
Parking lot - allowance		250,000
Hardwood/tile floor replacement		165,000
Wallcovering - guest rooms		103,000
Lobby/public area projects (carpet)		100,000
IT projects		117,600
FF&E purchases		203,375
Total: 2017 Capital Projects	\$	1,630,975

Table 3-8 provides a summary of the capital reserve fund. At year end 2017, the fund will have a balance of approximately \$3.7 million. These funds will remain in the reserve fund. The expectation for this reserve is that funds will accumulate over time such that monies will be available to support future renovations of the hotel.

Table 3-8

Hotel Capital or FF&E Reserve Fund			
	2015 Actual	2016 Projected	2017 Budget
Sources of Funds			
Prior Year Carryover	\$504,189	\$1,804,134	\$3,121,898
Interest Earnings	236	7,785	9,813
Transfer In: Hotel Operations	1,938,816	2,063,505	2,184,149
Total Sources of Funds	2,443,241	3,875,424	5,315,860
Uses of Funds:			
Annual Capital Improvements	639,107	753,526	1,630,975
Total Use of Funds	639,107	753,526	1,630,975
Year End Fund Balance:	\$1,804,134	\$3,121,898	\$3,684,885

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Section 4:
Nationwide
Arena

Nationwide Arena

In March 2012, the City of Columbus, Franklin County, Nationwide Realty Investors, Columbus Blue Jackets, The Ohio State University (OSU) and the FCCFA agreed upon a plan for Nationwide Arena that was designed to strengthen the facility's financial foundation to ensure that the building remained a valuable asset within the community for years to come. Key terms of this agreement are as follows:

- Since the FCCFA already owned the land under Nationwide Arena, it was determined that the FCCFA would purchase the physical facilities of the arena including the Ice Haus, parking garage, restaurant space and offices for \$42.5 million. To do so, the FCCFA borrowed \$32.5 million from Nationwide Insurance and \$10 million from the State of Ohio. The FCCFA also borrowed an additional \$11.7 million from Nationwide to support an initial capital improvements program for the arena and pay for arena operations in 2012.
- The Columbus Blue Jackets agreed to make Nationwide Arena their home until September 15, 2039. Should the Columbus Blue Jackets breach this home ice covenant then the team is liable for liquidated damages. When not in use by the Columbus Blue Jackets, the arena is available for concerts, family shows, conventions and other events.
- The arena is managed by Columbus Arena Management LLC or CAM. CAM consists of representatives from the FCCFA, Columbus Blue Jackets, OSU and Nationwide. Under terms of the agreement, CAM approves the operating and capital budgets for the facility and provides oversight of arena operations. FCCFA administers the capital improvements program. OSU provides day to day management services for the arena.
- Beginning in 2013, the city and county forwards to the FCCFA a portion of casino tax collections as lease/sublease payments for the arena. These payments are used to cover the arena's operating, capital, debt service and related expenses.
- Casino tax revenue received by the FCCFA is first used to pay for operating, land lease, real estate tax obligations and capital expenses associated with the arena (in that order). Only if casino revenues exceed operating, land lease, real estate and capital expenses would revenues be used to cover debt service obligations in any given year. If revenue from casino lease/sublease payments is not sufficient to cover debt service obligations, Nationwide has agreed to defer payments until revenues are available to cover debt service. There is no obligation on the part of the FCCFA to cover outstanding debt obligations for the arena if casino tax revenues prove inadequate.
- If casino lease/sublease payments are not sufficient to cover the operating and capital programs for the arena; Nationwide, the Columbus Blue Jackets and OSU have agreed to cover operating and capital shortfalls per a funding process outlined in the transaction documents. OSU has a \$7.0 million cap on its funding obligation. Should OSU reach this cap, the FCCFA will be required to step in and help cover shortfalls.

Casino Tax Collections

In 2009, Ohio voters approved the operation of four Ohio casino facilities located in Cincinnati, Cleveland, Toledo and Columbus. Along with this approval, the State of Ohio levied a thirty-three percent tax on all gross casino revenue received by the casino operators of these four facilities. Such taxes are administered and collected by the State of Ohio and are distributed quarterly as follows: 51.0 percent to all counties based upon respective populations with 50.0 percent of such distribution going to a county's most populated city (the city must exceed population by 80,000); 34.0 percent to all public school districts in support of primary and secondary education; 5.0 percent to host cities (i.e., Cleveland, Toledo, Cincinnati and Columbus); 3.0 percent to the Ohio state racing commission; 2.0 percent to the Ohio law enforcement training fund; 2.0 percent to casino gambling and addictions fund and 3.0 percent to the casino control commission fund.

As part of the Nationwide Arena transaction, the City of Columbus and Franklin County through a lease/sublease agreement with the FCCFA, has agreed to provide a certain percentage of casino tax revenue as received from the State of Ohio, to the FCCFA for support of the arena. Beginning in 2013 and continuing through 2015, such payment was equal to 25 percent of casino tax revenue received by the county and the city. In 2016, this payment increased by one percent and will continue to increase by 1.0 percent annually until it reaches 32 percent in 2022. The lease/sublease payment will remain at 32 percent thereafter. Casino tax revenue is distributed from the city and county to the FCCFA on a quarterly basis. Revenue received during a quarter is based upon casino activity of the prior three months. For example, casino taxes received by the FCCFA during the first quarter of the year are based upon actual gaming activity during October, November and December of the prior year.

Growth in casino tax revenue as received by the FCCFA has remained fairly flat since inception. 2013 was the first year the FCCFA received casino tax revenue. During that year, all four casinos were not fully operational until the Cincinnati casino opened during March of that year. As a result, the distribution of taxes during the first half of 2013 was low due to the late opening of the Cincinnati casino. During 2014, casino tax revenues improved but only because of the Cincinnati casino. Otherwise, casino tax revenue growth was flat. In 2015, casino tax revenues declined by 2.0 percent. In 2016, taxes improved due to the one percent increase in the casino tax payment from the city and the county and improvement in actual casino activity (although this improvement just off-set the loss in revenue experienced in 2015). The 2017 estimate assumes that casino tax revenues will increase but only by the change in percent distribution. The estimate assumes no growth in gaming activity. Given this assumption, casino tax revenue for 2017 is projected to be approximately \$4.9 million. Table 4-1 provides a summary of casino tax revenue.

Table 4-1

Casino Tax Revenue					
	Actual Distribution to FCCFA				Estimate
	2013	2014	2015	2016	2017
City (county fund)	1,686,860	1,813,572	1,777,942	1,916,934	1,990,662
City (host city fund)	876,598	867,940	849,845	921,898	957,356
Total City	2,563,458	2,681,512	2,627,787	2,838,833	2,948,018
County (county fund)	1,686,860	1,813,572	1,777,942	1,916,934	1,990,662
Total	\$ 4,250,318	\$ 4,495,084	\$ 4,405,729	\$ 4,755,767	\$ 4,938,681
Change over Prior Year		5.76%	-1.99%	7.95%	3.85%

The following table (Table 4-2) provides the 2017 budget for the arena lease payments fund. Revenues into the fund equal casino tax payments from both the city and county. **All 2017 expenses for which the FCCFA is responsible with respect to Nationwide Arena, including debt service payments, are funded solely from, and only to the extent of, the FCCFA's receipt of casino tax revenue from the city and county.** Since county casino tax money cannot be used to fund operating expenses, monies from the FCCFA operating fund will be transferred into the lease payments fund during 2017 to help cover operating obligations for the arena. In reimbursement, casino tax revenue received from the county will be transferred to the FCCFA's capital improvements fund in an amount equal to the transfer made from the operating fund.

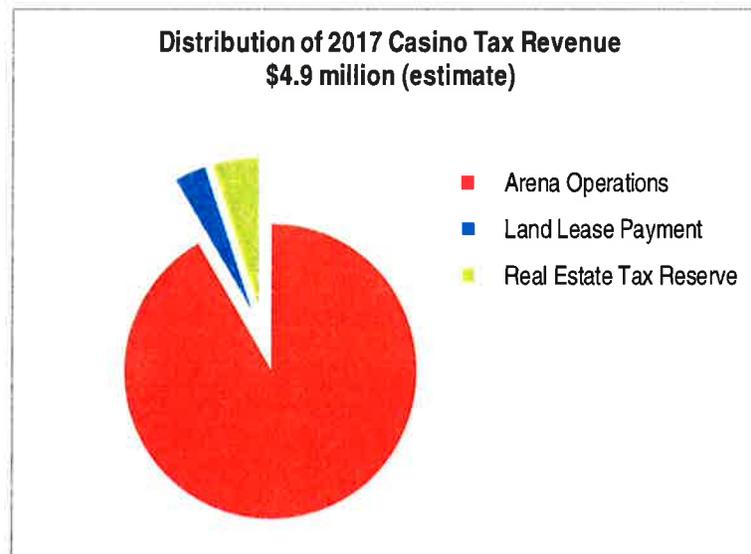
Revenues into the arena lease payment fund must first be used to pay for arena operations. Funding for this line item was pre-determined as part of the arena transaction process. In 2017, the funding commitment for arena operations is \$4,523,617. Funding for operations will be forwarded to CAM and disbursed per CAM approved operating budget. In addition to operating expenses, funds will also be used to make a land lease payment (per terms of the original arena lease agreement between the FCCFA and Nationwide), and will also be reserved for the real property tax obligations

(as defined in the transaction document). Should there be remaining funds after operating, land lease and real property tax commitments have been met, monies will be deposited into a capital improvements fund for support of capital improvement projects as determined by CAM. However, 2017 casino tax revenue projections suggest that there will only be enough revenues to meet funding commitments for operations, the land lease payment and real property tax. There will not be any revenues available for capital improvements (see Graph 4-3).

Table 4-2

Arena Lease Payments Fund			
	2015	2016	2017
	Actual	Projected	Budget
Sources of Funds			
Prior Year Carryover	\$ -	\$ -	\$ -
Casino Tax Revenue: City	2,627,787	2,838,833	2,948,018
Casino Tax Revenue: County	1,777,942	1,916,934	1,990,662
Transfer In: FCCFA Operating Fund	1,595,058	1,751,934	1,825,662
Total Sources of Funds	6,000,787	6,507,701	6,764,342
Uses of Funds:			
Arena Operations	4,222,845	4,370,645	4,523,617
Land Lease Payment	165,000	165,000	165,000
Real Estate Tax Reserve	-	220,122	250,064
Arena Capital Improvements	17,884	-	-
Transfer Out: FCCFA Cap Ex. Fund	1,595,058	1,751,934	1,825,662
Transfer Out: Debt Service	-	-	-
Total Use of Funds	6,000,787	6,507,701	6,764,343
Year End Fund Balance:	\$ -	\$ -	\$ -

Graph 4-3



Debt Service – Nationwide Arena

In March of 2012, the FCCFA received a loan from the State of Ohio, Department of Development to finance a portion of the purchase of Nationwide Arena. The loan equaled \$10.0 million; \$5.0 million of which will be forgiven over a ten year period if certain economic development incentive targets are met. The loan is for a ten year period with interest rate of 1.0 percent. The obligation to pay interest and principal on the State of Ohio loan is contingent on casino tax revenues exceeding annual operating, land lease and capital improvement funding requirements. There is no obligation on the part of the FCCFA to cover outstanding interest and principal on the State of Ohio loan if casino tax revenues prove to be inadequate.

Current and estimated collections for casino tax revenue through 2017 suggest that revenues will not be available to cover any interest or principal payments due to the State of Ohio. The State of Ohio has forgiven \$2.0 million of total principal due based upon the achievement of economic development incentive targets as established in 2012. Application for forgiveness of an addition \$500,000 will be made at year end for achievement of these targets in 2016. Annual service fees of \$20,000 paid to the state for processing the loan have and will continue to be paid through the arena capital improvements program.

In addition to the State of Ohio loan, the FCCFA issued \$44.2 million in second lien arena lease revenue bonds to finance the remaining portion needed for the purchase of Nationwide Arena and to finance other related capital and operating activity. The arena lease revenue bonds were purchased by Nationwide Arena LLC. Bonds are scheduled to mature on December 30, 2039 and have an interest rate of 4.875 percent. As with the State of Ohio loan, the obligation to pay interest and principal on the arena lease revenue bonds only becomes relevant if casino tax revenues exceed annual operating, land lease, real property tax and capital improvement funding requirements. Furthermore, the arena lease revenue bonds are a second lien to the State of Ohio loan and as such, debt service associated with these bonds does not get paid until State of Ohio loan payment requirements are met first. If casino tax collections are insufficient and do not exceed funding requirements as listed, Nationwide has agreed to defer payment until revenues are available. There is no obligation on the part of the FCCFA to cover outstanding interest and principal on arena lease revenue bonds if casino tax revenue proves inadequate.

Because current collections for casino tax revenue through 2016 have not been sufficient to meet debt service funding requirements, the FCCFA has not made any payment to Nationwide for interest or principal due on the arena lease revenue bonds. Projections for 2017 suggest that revenues will not be sufficient next year as well. As a result, there is no payment to Nationwide included in the budget for 2017. While Nationwide has agreed to defer debt service payments, interest on the bonds does accrue during the deferral period. Through year end 2017, accrued interest on the arena lease revenue bonds is projected to be approximately \$14.2 million thus increasing the amount due to Nationwide to \$58.4 million.

Capital Improvements – Nationwide Arena

As owner of Nationwide Arena, the FCCFA is responsible for implementing the capital improvements program for the facility. The capital improvements program for Nationwide Arena is prepared and established by Columbus Arena Management LLC (CAM) per terms of the arena management agreement and CAM operating agreement. Funding for the capital improvements program was originally thought to come from casino tax revenues but because revenues have been low, very little funding from tax revenue has been available for improvements. As a result, CAM has decided to use operating reserves to pay for much needed improvements. While the capital improvements program for the arena is designed to stay within available funds received from casino tax revenues and operating reserves: if CAM should choose to support projects that exceed available resources, funding parties of CAM could choose to provide monies to cover the difference. Contributions for capital improvements are capped at \$250,000 a year per funding party. Current funding parties or funding managers of CAM include the Columbus Blue Jackets, Nationwide Realty Investors and OSU. While the FCCFA is a manager of CAM, the FCCFA is not a current funding party or funding manager of CAM.

Real Estate Tax Reserve Fund

Beginning in 2016, casino tax revenues remaining after funding arena operations and paying for the land lease will be deposited into a real estate tax reserve fund that will be used to help pay for arena property taxes. Annual deposits into the fund are set per the transaction documents. Due to insufficient funds, casino tax revenues deposited into the fund during 2016 and 2017 will be below deposits stipulated in the transaction documents.

Prior to the FCCFA's acquisition of Nationwide Arena, the arena received a fifteen year property tax abatement per terms of a Community Reinvestment Agreement established at the time the arena was constructed. This abatement expired December 31, 2015. With the expiration, the FCCFA, as owner of the arena, is now responsible for property taxes. While the actual property tax liability is not yet known, estimates suggest that property tax for the arena will range between \$600,000 and \$900,000 a year. Because the FCCFA is required to pay property tax regardless of the availability of casino tax revenues, the FCCFA will use equity reserves to meet this obligation. A transfer from the FCCFA's operating fund will be made into the real estate tax reserve fund equal to the difference between property taxes due and the amount of casino taxes available to cover this payment. In 2017, this transfer will equal approximately \$680,000.

Table 4-4

Real Estate Tax Reserve Fund			
	2015 Actual	2016 Projected	2017 Budget
Sources of Funds			
Prior Year Carryover	\$ -	\$ -	\$ 220,122
Transfer In: CFA Operating Fund	-	-	879,878
Transfer In: Arena Lease Payment Fund	-	220,122	250,064
Total Sources of Funds	-	220,122	1,150,064
Uses of Funds:			
Real Estate Tax Payment	-	-	900,000
Total Use of Funds	-	-	900,000
Year End Fund Balance:	\$ -	\$ 220,122	\$ 250,064

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Section 5: FCCFA Office

FCCFA Office

Established by the Franklin County Commissioners in July 1988 pursuant to Chapter 351 of the Ohio Revised Code, the FCCFA is a public authority governed by an eleven-member board whose main responsibility is to construct, manage and operate a convention center and related facilities for the Columbus community. The eleven member board consists of six members appointed by the Board of County Commissioners, three members appointed by the Mayor of Columbus (subject to the approval of a majority of City Council), and two members appointed by agreement of the mayors of the remaining municipal corporations in the county. As owner/developer of the convention center, the FCCFA is responsible for the improvement, management and successful operation of owned facilities. In addition, the FCCFA is responsible for ensuring the continued success and growth of the convention business within the Greater Columbus community.

To assist with the implementation of its mission, the FCCFA Board has established an office. Through this office, the Board directs, manages and implements activities and functions associated with the management, development and improvement of facilities owned by the FCCFA. The office is financially supported through equity funds of the FCCFA. Equity monies of the FCCFA reside in two funds; the FCCFA operating fund and FCCFA capital improvements fund. Through the use of such funds, the FCCFA sets priorities and financially supports projects and initiatives deemed critical to the mission of the board.

FCCFA Operating Fund

The FCCFA operating fund is the primary equity fund of the FCCFA. The major revenue source into the operating fund is revenue received from hotel/motel tax collections. Deposits of this revenue are made into the operating fund only after all convention center debt service obligations are met. In 2017, hotel/motel tax revenues deposited into the fund are projected to be \$6.3 million.

In addition to hotel/motel tax revenue, the operating fund receives miscellaneous revenue from other sources. The operating fund will receive reimbursement from Nationwide Arena operations and Hilton Columbus Downtown Hotel operations for the payment of property insurance. As owner, the FCCFA is responsible for purchasing property insurance for both facilities.

The FCCFA also receives net operating income from convention center operations. This transfer is made only when income from center obligations exceeds all convention center funding obligations. In 2017, this transfer will not occur as center income is needed to cover additional expenses associated with the expansion and renovation project. Transfers from convention center operations are expected to resume in 2018 as the convention center will again operate with positive net income.

Uses of funds within the operating fund include costs associated with operating the FCCFA office. Such costs include personnel expenses; insurances; professional contracts for legal, public relations, audit, trustee and accounting services; and basic office support services. The 2017 budget also includes \$150,000 for miscellaneous repair and maintenance projects as may be implemented by FCCFA staff. Table 5-1 (following page) provides information on the FCCFA's office budget.

Table 5-1

**Franklin County Convention Facilities Authority
2016 - 2017 Operating Budget**

	<u>2016 Projected</u>	<u>2017 Budget</u>	<u>2016-2017 Variance</u>	<u>% Change</u>
FCCFA Office Expenses:				
Personnel	1,102,635	1,226,229	123,594	11.21
Materials and Supplies	30,000	30,000	0	0.00
Services & Charges	<u>1,699,525</u>	<u>1,303,750</u>	<u>(395,775)</u>	<u>(23.29)</u>
Total FCCFA Office Expenses	2,832,160	2,559,979	(272,181)	(9.61)
Other Operating Expenses (Support of Facilities):				
Insurance	514,233	539,945	25,712	5.00
Maintenance & Repair	<u>100,000</u>	<u>150,000</u>	<u>50,000</u>	<u>50.00</u>
Total Support of Facilities	614,233	689,945	75,712	12.33
Total Operating Expenses	\$3,446,393	\$3,249,924	(\$196,469)	(5.70)

In addition to funding the FCCFA office, monies in the operating fund will be transferred in 2017 to several funds. The first transfer will occur between the operating fund and the hotel bond payment fund to pay for debt service associated with the hotel. As part of the financing program for the hotel, the FCCFA agreed to use the FCCFA's portion of the hotel/motel taxes received from the new hotel as a resource to help cover annual debt service associated with the hotel. These funds will be transferred monthly to the hotel's bond payment fund per requirements of the indenture.

The second transfer will occur between the operating fund and the arena lease payment fund to help cover expenses associated with the operations of the arena. These funds will be reimbursed back to the FCCFA with a transfer from the arena lease payment fund to the capital improvements fund. Because casino tax revenue from the county cannot be used to pay for operating costs of the arena; the FCCFA will be required to supplement the city's casino tax revenue to make the payment due for operations. In turn, the county's casino tax revenue will be used to help support the FCCFA's capital improvement program to offset this contribution.

Prior to the FCCFA's acquisition of Nationwide Arena, the arena received a fifteen year property tax abatement per terms of a Community Reinvestment Agreement established at the time the arena was constructed. This abatement expired December 31, 2015. With the expiration, the FCCFA, as owner of the arena, is now responsible for property taxes. While the actual property tax liability is not yet known, estimates suggest that property tax for the arena will range between \$600,000 and \$900,000 a year. Because the FCCFA is required to pay property tax regardless of the availability of casino tax revenues, the FCCFA will use equity reserves to meet this obligation. A transfer from the FCCFA's operating fund will be made into the real estate tax reserve fund equal to the difference between property taxes due and the amount of casino taxes available to cover this payment. In 2017, this transfer will equal approximately \$680,000.

The fourth transfer will occur between the operating fund and the capital improvements fund to cover costs associated with the capital improvements program in 2017. All of the funds transferred to the capital improvements fund will be used to provide monies to support the convention center expansion and renovation project. Funds provided to support the convention center expansion and renovation project will be used to help finance exterior site improvements, food service upgrades to include the north café and exhibit hall concessions, the purchase of a new boiler, north facility restroom renovations and artwork.

Table 5-2 summarizes the 2017 budget for the operating fund.

Table 5-2

Operating Fund			
	2015	2016	2017
	Actual	Projected	Budget
Sources of Funds:			
Prior Year Carryover	\$ 4,621,789	\$ 9,275,854	\$11,378,582
Hotel Taxes	8,948,967	7,652,445	6,337,682
Transfer: convention center operations	1,070,000	500,000	-
Reimbursement: property insurance	176,236	172,130	180,737
Interest Earnings/misc.	6,703	44,000	34,136
Total Sources of Funds:	14,823,695	17,644,429	17,931,137
Uses of Funds:			
FCCFA Office	2,480,988	2,932,160	2,709,979
Support of Facilities	413,012	514,233	539,945
Transfer to Hotel Bond Payment Fund	1,058,783	1,067,520	1,105,440
Transfer to Arena Tax Lease Payment Fund	-	-	679,878
Transfer to Arena Lease Payment Fund	1,595,058	1,751,934	1,825,662
Transfer to Capital Improvements Fund	-	-	9,750,000
Total Uses of Funds:	5,547,841	6,265,847	16,610,904
Year End Fund Balance:	\$ 9,275,854	\$11,378,582	\$ 1,320,233

FCCFA Capital Improvements Fund

The capital improvements program for the FCCFA includes all initiatives associated with the development and improvement of facilities owned and managed by the FCCFA. Such programs may include the improvement and renovation of current facilities as well as the development of new facilities that support convention business within the community. Currently, most on-going capital improvement projects are financed through the capital improvements fund. Revenue for this fund is generated through interest earnings; property lease payments from the Hyatt Regency Hotel, Drury Inn and Nationwide Arena; and, if necessary, an annual transfer of cash from the operating fund. Projects requiring more substantial resources, such as the renovation and expansion of the convention center, call for debt financing.

Table 5-3 delineates the expenses and revenues associated with the capital improvements fund. As in prior years, the FCCFA will continue to invest in capital improvements and development projects that will extend the useful life of facilities, improve efficiency within those facilities and enhance revenue opportunity from the facilities. The capital improvements program in 2017 provides funding to support the convention center capital improvements program, the development of the north café and other food service initiatives, the renovation of SMG offices, the improvement of the south garage, the center's art program and the convention center expansion and renovation project.

Table 5-3

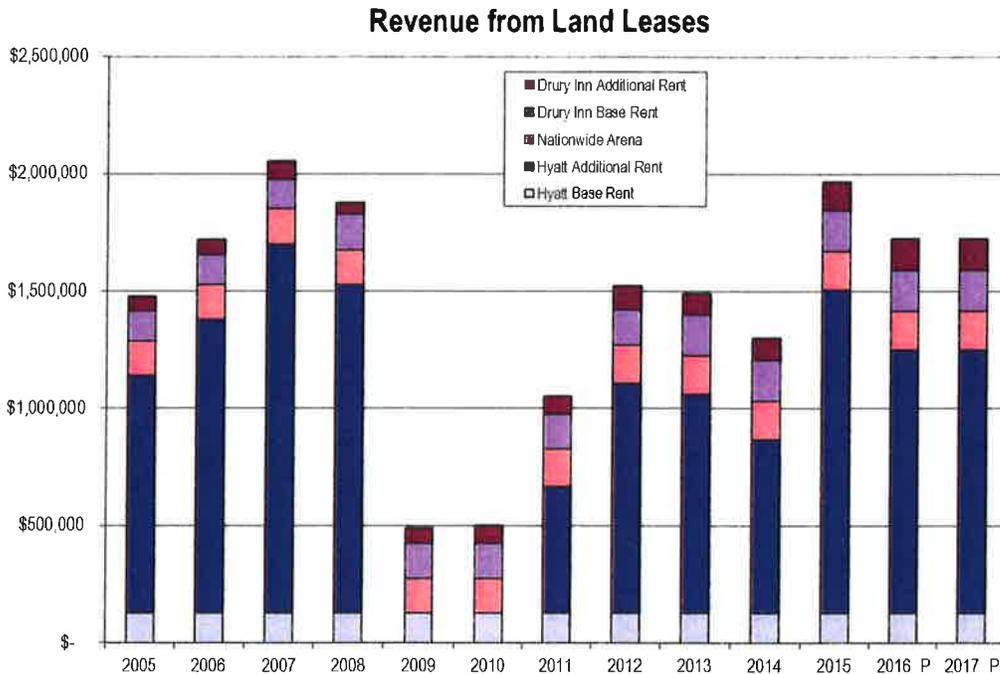
Capital Improvements Fund			
	2015	2016	2017
	Actual	Projected	Budget
Sources of Funds			
Prior Year Carryover	\$ 1,314,252	\$ 3,919,391	\$ 3,585,249
Transfers from the Operating Fund	-	-	9,750,000
Transfer from Arena Lease Payment Fund	1,595,058	1,751,934	1,825,662
Food service inventory payment	-	2,070,000	-
Reimbursement for costs - Lease of RR property	16,000	16,000	16,000
Reimbursement for costs - Goodale/Renovation	1,083,693	-	-
Hyatt Lease Payments	865,825	1,503,982	1,250,000
Arena Lease Revenue	165,000	165,000	165,000
Drury Inns Lease	299,542	308,528	317,784
Release of escrow for Goodale St. garage project	-	-	251,436
Interest Earnings/Misc. Revenue	28,758	21,500	2,000
Total Sources of Funds	5,368,128	9,756,335	17,163,131
Uses of Funds:			
Facility Improvements - Convention Fund	735,914	1,915,000	2,059,000
Food Service	-	-	250,000
Lease of RR property	32,000	32,000	32,000
Inventory "buy-out"	-	2,000,000	-
Goodale St. garage project	-	521,440	-
Escrow deposit for Goodale St. garage project	251,436	-	-
Convention center expansion/renovation project	429,387	1,260,387	13,976,226
Hotel project - ground lease rent fund	-	442,259	-
Total Use of Funds	1,448,737	6,171,086	16,317,226
Year End Fund Balance:	\$ 3,919,391	\$ 3,585,249	\$ 845,905

In 1997 the former Greater Columbus Convention Center for Community Urban Redevelopment transferred the south portion of the facility, formerly known as the Ohio Center, to the FCCFA. That facility sits upon land owned by the City of Columbus and leased to the FCCFA. Certain property interests are licensed to the Hyatt Regency Hotel for the priority use of the second floor meeting rooms and the third floor ballroom. As part of its land lease agreement the Hyatt pays the FCCFA both a fixed lease rate and a variable rate based upon its revenue performance. Those monies are deposited into the capital improvements fund and are used for the maintenance and improvement of the convention center

Other lease revenue to the capital improvements fund includes annual payments for use of FCCFA owned or leased property. Currently, the FCCFA receives payments for two property leases that are in addition to the Hyatt lease. The first is associated with Nationwide Arena. Prior to the FCCFA owning the arena, Nationwide leased from the FCCFA property upon which the arena was constructed for an annual payment of \$165,000. While the original lease between the FCCFA and Nationwide was dissolved when the arena was purchased by the FCCFA; the terms of the original lease remain and this payment will continue. The second lease payment is associated with Drury Inns, Inc. for property just east of the convention center. Drury Inn lease payments consist of an annual base fee payment of \$175,000 and a variable payment based upon hotel performance.

Chart 5-4 summarizes these lease payments and illustrates the change in lease revenue experienced by the FCCFA during the past several years. Because a large portion of these payments are based upon hotel performance, lease revenue is impacted by market conditions and, as a result, is sensitive to economic trends.

Chart 5-4



In addition to land lease revenue, funds are periodically transferred from the operating fund to the capital improvements fund to meet ongoing capital needs and to build reserves for future capital projects. This transfer will equal \$9.750 million in 2017.

Planned expenses for the 2017 capital improvements fund includes projects deemed critical to the continued operation of FCCFA owned facilities. The 2017 budget includes funding for capital improvements for the convention center and for the arena (to the extent there are any recommended by CAM). Capital expenses, if any, for the arena are reimbursed with revenues received from casino taxes. Capital improvements for the hotel are funded through revenues set-aside from the hotel's net operating income. The capital improvements program for the hotel is managed through the hotel manager and is not included within the FCCFA's capital improvements fund.

In 2012, the FCCFA entered a 40-year lease agreement with Norfolk Southern Railroad Company for property just south of the Hilton Columbus Downtown Hotel. The FCCFA also entered a cost sharing arrangement with Nationwide Realty Investors for this same property. Nationwide agreed to pay the costs of developing the property into a plaza/park, to maintain the property and to pay half of the lease cost. This payment from Nationwide is included as revenue to the capital improvements fund.

Pursuant to terms of the cooperative agreement (established for the hotel development project) between the City of Columbus, Franklin County and the FCCFA; the FCCFA is required to maintain a ground lease rents fund to serve as an additional reserve fund for the hotel's debt service. The balance of this fund equals the value of land lease revenue received by the FCCFA during the preceding year. Transfers from the capital improvements fund into the ground lease rents fund will be made annually to meet such funding requirements; however, this transfer will vary based upon land lease revenue received in a given year and the current balance within the ground lease rents fund. In 2017, funds will not be transferred from the capital improvements fund to the ground lease rents fund as the ground lease rents fund is fully funded for the year.

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Section 6: Long-Term Forecast

Long-Term Forecast

The following long-term financial forecast has been developed to effectively analyze and project the on-going financial strength of the FCCFA. The forecast incorporates projections for all categories of funding with all anticipated expenses (to include operations, planned capital improvement projects, and debt service) into a forecast of FCCFA's on-going financial position. Designed as a tool to help with financial planning, the forecast does identify potential flow of funds and the impact of given revenue and expenditure assumptions on equity reserves.

As in all financial forecasts, the first twelve to eighteen months of projections have the highest probability of accuracy. Outer years typically have reduced accuracy but should reflect trends and planned financial and operational activities. The following pro forma remains conservative. A conservative forecast is used to assess the adequacy of the FCCFA's current reserves and capacity to afford current debt obligations.

The 2015 to 2021 Long-term Forecast is presented in several sections:

Summary Information provides a quick look at the long-range forecast for all financial activity of the FCCFA including all revenue funds, debt service funds, debt reserve funds, capital improvements funds and operating funds.

Section One provides a detailed long range forecast of all financial activity associated with the convention center to include a projection of hotel/motel tax revenues, debt service activity and convention center operations.

Section Two begins to project the financial status of funds associated with the Hilton Columbus Downtown Hotel. Included are all debt service funds as required by the 2010 bond issue.

Section Three projects the financial status of funds associated with Nationwide Arena. Included is a projection of casino tax revenues and an estimate of resource distribution.

OVERVIEW LONG-TERM FORECAST
as of November 2016

Summary Information - Debt Obligations & Related Information

	2015	2016 Projected	2017 Budget	2018	2019	2020	2021
Greater Columbus Convention Center Debt Obligations (includes 2014 issue and refundings)							
Hotel/Motel Taxes: (accrual basis)	\$22,190,146	\$22,989,210	\$23,908,779	\$24,626,042	\$25,364,823	\$26,125,768	\$26,909,541
Increase over Prior Year		3.60%	4.00%	3.00%	3.00%	3.00%	3.00%
Interest Earnings (Debt Service, Debt Reserve & Rental Reserve):	392,823	332,642	441,979	441,979	441,979	441,979	441,979
Debt Service Obligation:	14,102,192	15,393,565	17,663,073	18,231,815	18,231,251	19,128,454	19,124,057
Debt Service Coverage Ratio: with earnings	1.60	1.52	1.38	1.37	1.42	1.39	1.43
Parking Facilities Debt Obligation (includes 2014 issue)							
Parking Revenue in Sinking Fund	3,180,923	4,273,195	4,113,176	5,197,646	3,161,748	4,124,750	5,090,752
Sinking Fund Obligation	1,129,600	2,496,600	1,252,110	4,252,110	1,260,210	1,260,210	2,990,210
Hilton Columbus Downtown Debt Obligations							
Hilton Net Operating Income	10,552,077	10,507,000	10,877,000	11,067,000	11,401,000	11,620,000	11,843,000
Increase over Prior Year		-0.43%	3.52%	1.75%	3.02%	1.92%	1.92%
Hilton Hotel/Motel Taxes	2,243,878	2,224,000	2,303,000	2,372,000	2,443,000	2,492,000	2,542,000
Debt Service Obligation (less BABS)	6,802,298	9,158,511	9,250,771	9,335,595	9,423,109	9,508,466	9,544,606
Debt Service Coverage Ratio:	1.88	1.39	1.42	1.44	1.47	1.48	1.51
Nationwide Arena Debt Obligations							
Casino Tax Revenue	4,405,729	4,755,767	4,938,681	5,128,820	5,326,279	5,531,341	5,744,298
		7.95%	3.85%	3.85%	3.85%	3.85%	3.85%
Distribution to Operating Expenses	4,222,845	4,370,645	4,523,617	4,681,944	4,845,812	5,015,415	5,190,955
Distribution to FCCFA - Land Lease	165,000	165,000	165,000	165,000	165,000	165,000	165,000
Distribution to FCCFA - Real Estate Tax Reser	-	220,122	250,064	281,876	315,467	344,257	356,306
Distribution to FCCFA - Capital Improvements	17,884	-	-	-	-	6,669	32,037
Distribution to State - Ohio Loan	-	-	-	-	-	-	-
Distribution to Nationwide - Debt Service	-	-	-	-	-	-	-
Total Distribution	4,405,729	4,755,767	4,938,681	5,128,820	5,326,279	5,531,341	5,744,298

Summary Information - Fund Balances @ Year End

	2015	2016 Projected	2017 Budget	2018	2019	2020	2021
Non-discretionary Funds - Greater Columbus Convention Center:							
Revenue Fund	14	14	14	14	14	14	14
Debt Service Fund	1,549,817	1,738,942	1,787,854	1,798,241	1,881,826	1,889,403	1,891,451
Debt Service Reserve Fund	19,354,958	19,354,958	19,354,958	19,354,958	19,354,958	19,354,958	19,354,958
Rental Reserve Fund	9,677,784	9,677,784	9,677,784	9,677,784	9,677,784	9,677,784	9,677,784
Sinking Fund - Parking Facilities	2,051,323	1,776,595	2,861,066	945,536	1,901,538	2,864,540	2,100,542
Construction Fund - Goodale Garage	6,170,626	-	-	-	-	-	-
Construction Fund - Renovation & Expansion	109,936,482	44,612,500	-	-	-	-	-
Capital Reserve	-	-	-	-	-	2,000,000	4,000,000
Non-discretionary Funds - Nationwide Arena:							
Real Estate Tax Reserve Fund	-	-	250,064	281,876	315,467	344,257	356,306
Capital Improvements Fund	90,549	69,749	49,949	32,549	17,649	11,918	44,055
Non-discretionary Funds - Hilton Columbus Downtown:							
Bond Payment Fund	15,661,043	19,471,668	23,700,897	28,084,301	32,785,192	20,500,000	20,500,000
Debt Service Reserve Fund	6,418,574	6,418,574	6,418,574	6,418,574	6,418,574	6,418,574	6,418,574
Rental Reserve Fund	8,095,567	8,080,567	8,060,567	8,060,567	8,060,567	8,080,567	8,100,567
Ground Lease Rents Fund	1,525,763	1,972,022	1,976,022	1,980,022	1,984,022	1,988,022	1,992,022
Reserve Fund for Operations	2,400,000	2,400,000	2,400,000	2,400,000	2,400,000	2,400,000	2,400,000
Reserve Fund for FF&E	1,804,134	3,121,898	3,684,885	4,755,504	3,370,214	2,798,376	1,899,661
Discretionary Funds:							
Capital Improvements Fund	3,919,391	3,585,249	845,905	803,755	800,805	743,840	1,752,578
Operating Fund	<u>9,275,854</u>	<u>11,378,582</u>	<u>1,320,232</u>	<u>1,638,994</u>	<u>2,936,027</u>	<u>19,148,747</u>	<u>22,985,305</u>
Total:	13,195,246	14,963,831	2,166,137	2,442,749	3,736,832	19,892,587	24,737,883

FCCFA Operating Fund

	2015	2016 Projected	2017 Budget	2018	2019	2020	2021
Sources of Funds:							
1. Prior Year Carryover	\$4,621,788	\$9,275,854	\$11,378,582	\$1,320,232	\$1,638,994	\$2,936,027	\$19,148,747
2. FCCFA Revenues							
Transfer from Revenue Fund	8,948,967	7,652,445	6,337,682	6,728,248	7,391,644	7,328,355	8,118,922
Reimbursements from arena/hotel	176,236	172,130	180,737	189,773	199,262	209,225	219,686
Transfer from convention center operations	1,070,000	500,000	-	500,000	1,000,000	1,000,000	1,000,000
Transfer from hotel operations	-	-	-	-	-	17,148,726	5,100,394
Interest Earnings + misc.	6,703	44,000	34,136	3,961	4,917	8,808	57,446
Total FCCFA Revenues	10,201,907	8,368,575	6,552,554	7,421,982	8,595,823	25,695,114	14,496,448
Total Sources of Funds:	14,823,694	17,644,430	17,931,137	8,742,213	10,234,817	28,631,141	33,645,195
Uses of Funds:							
1. FCCFA Expenses							
Support of Facilities (insurances)	413,012	514,233	539,945	566,942	595,289	625,054	656,307
FCCFA Office	2,480,988	2,932,160	2,709,979	2,845,478	2,930,842	3,018,768	3,109,331
Total FCCFA Expenses	2,894,000	3,446,393	3,249,924	3,412,420	3,526,132	3,643,821	3,765,637
3. Transfer to Capital Improvements Fund	-	-	9,750,000	-	-	2,000,000	3,000,000
4. Transfer to Hotel Bond Payment Fund	1,058,783	1,067,520	1,106,440	1,138,560	1,172,640	1,196,160	1,220,160
5. Transfer to Arena Real Estate Tax Reserve Fund	-	-	679,878	649,936	618,124	584,533	555,743
6. Transfer to Arena Lease Payment Fund	1,595,058	1,751,934	1,825,682	1,902,303	1,981,894	2,057,880	2,118,350
Total Uses of Funds:	5,547,840	6,265,847	16,610,905	7,103,219	7,298,790	9,482,394	10,659,890
Fund Balance @ Year End:	\$9,275,854	\$11,378,582	\$1,320,232	\$1,638,994	\$2,936,027	\$19,148,747	\$22,965,305
Change to Receivable from Center Operations:							
Prior year receivable	2,636,042	1,899,789	871,758	700,644	651,898	577,995	632,521
Add/Deduct: Current year net Operating Income	263,747	(528,031)	(171,114)	451,254	926,097	1,054,526	928,758
Deduct: Cash to FCCFA (reduction in receivable)	(1,000,000)	(500,000)	-	(500,000)	(1,000,000)	(1,000,000)	(1,000,000)
Current Receivable	1,899,789	871,758	700,644	651,898	577,995	632,521	561,279

Notes:

1. Interest earnings are based upon very low interest rates for 2017.
2. FCCFA office expenses include insurance for the hotel and the arena. These expenses are completely reimbursed from hotel and arena operations.
3. Projected changes to the receivable from the GCCC are based upon the operator's (SMG) financial projections. Current receivable is not included in the fund balance. Cash transfer is included in the balance.
4. 2016 expenses for the FCCFA office includes additional costs associated with Centerplate transition and related legal issues.

Capital Improvements Fund

	2015	2016 Projected	2017 Budget	2018	2019	2020	2021
Sources of Funds:							
Prior Year Balance	\$ 1,314,253	\$ 3,919,391	\$ 3,585,249	\$ 845,905	\$ 803,755	\$ 800,805	\$ 743,840
Transfer in: Operating Fund	-	-	9,750,000	-	-	2,000,000	3,000,000
Transfer in: Arena Lease Payment Fund	1,595,058	1,751,934	1,825,662	1,902,303	1,981,894	2,057,880	2,118,350
Hyatt Lease Revenue	865,825	1,503,981	1,250,000	1,250,000	1,250,000	1,250,000	1,250,000
Arena Lease Revenue	165,000	165,000	165,000	165,000	165,000	165,000	165,000
Food Service: Inventory payment	0	2,070,000	-	-	-	-	-
Reimbursement : Lease of RR property	16,000	16,000	16,000	16,000	16,000	16,000	16,000
Reimbursement for costs - Parking Facility/Renovation	1,083,693	-	-	-	-	-	-
Release of Escrow for Goodale St. garage project	-	-	251,436	-	-	-	-
Drury Inns Lease	299,542	308,528	317,784	327,318	337,137	347,251	357,669
Interest Earnings/misc.	28,758	21,500	2,000	4,230	4,019	4,004	3,719
Total Sources of Funds	5,368,129	9,756,335	17,163,131	4,510,755	4,557,805	6,640,940	7,654,578
Uses of Funds:							
Facility Improvements - Convention Center	735,914	1,915,000	2,339,000	3,325,000	3,325,000	3,415,100	3,420,000
Food Service Equipment	-	-	250,000	350,000	400,000	450,000	450,000
Food Service: inventory buyout	-	2,000,000	-	-	-	-	-
Goodale St. garage project	-	521,440	-	-	-	-	-
Escrow deposit for Goodale St. garage project	251,436	-	-	-	-	-	-
Expansion and renovation project	429,387	1,260,387	8,110,226	-	-	-	-
Expansion and renovation: food service	-	-	3,000,000	-	-	-	-
Expansion and renovation: art	-	-	1,600,000	-	-	-	-
Expansion and renovation: office renov./access ballrooms	-	-	986,000	-	-	-	-
Lease of RR property	32,000	32,000	32,000	32,000	32,000	32,000	32,000
Transfer out: Hotel Ground Lease Rent Fund	-	442,259	-	-	-	-	-
Total Use of Funds	1,448,737	6,171,086	16,317,226	3,707,000	3,757,000	3,897,100	3,902,000
Less: Capital Project and FF& E Reserve	-	-	-	-	-	2,000,000	2,000,000
Fund Balance @ Year End:	\$ 3,919,391	\$ 3,585,249	\$ 845,905	\$ 803,755	\$ 800,805	\$ 743,840	\$ 1,752,578
Capital Reserve							
Prior Year Balance	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 2,000,000
Deposit	-	-	-	-	-	2,000,000	2,000,000
Balance @ Year End:	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 2,000,000	\$ 4,000,000

Notes:

1. Facility improvements for 2017 and beyond include significant investment in the renovation of the convention center. Projects funded are considered necessary and will extend the useful life of the facility and improve efficiency of systems within the center.
2. Due to timing/funding issues, funds from the operating fund will be transferred to the arena fund in 2017 to help pay for costs associated with the operations of the arena. These funds will be reimbursed with casino tax revenue received from the county and will be deposited back into the capital improvements fund.

SECTION ONE
CONVENTION CENTER LONG-TERM FORECAST
as of November 2016

Convention Center - Summary Information

	2015	2016 Projected	2017 Budget	2018	2019	2020	2021
Hotel/Motel Taxes: (accrual basis)	\$22,190,146	\$22,989,210	\$23,908,779	\$24,626,042	\$25,364,823	\$26,125,768	\$26,909,541
Increase over Prior Year		3.60%	4.00%	3.00%	3.00%	3.00%	3.00%
Interest Earnings (Debt Service, Debt Reserve & Rental Reserve):	439,572	332,642	441,979	441,979	441,979	441,979	441,979
Debt Service Obligation:	14,102,192	15,393,565	17,663,073	18,231,815	18,231,251	19,128,454	19,124,057
Debt Service Coverage Ratios:							
with earnings	1.60	1.52	1.38	1.37	1.42	1.39	1.43
without earnings	1.57	1.49	1.35	1.35	1.39	1.37	1.41

	2015	2016 Projected	2017 Budget	2018	2019	2020	2021
Fund Balances @ Year End:							
Revenue Fund	14	14	14	14	14	14	14
Debt Service Fund	1,549,817	1,738,942	1,787,854	1,798,241	1,881,826	1,889,403	1,891,451
Debt Service Reserve Fund	19,354,958	19,354,958	19,354,958	19,354,958	19,354,958	19,354,958	19,354,958
Rental Reserve Fund	9,677,784	9,677,784	9,677,784	9,677,784	9,677,784	9,677,784	9,677,784
Sinking Fund - Garage Development	2,051,323.47	1,776,595	2,861,066	945,536	1,901,538	2,864,540	2,100,542
Construction Fund - Expansion/Renovation	109,936,482	44,612,500		-	-	-	-
Convention Center Operations (NOI):	\$263,747	(\$528,031)	(\$171,114)	\$451,254	\$926,097	\$1,054,526	\$928,758

Notes:

1. Hotel/motel tax revenue and interest revenues are conservatively estimated.
2. Projections for interest earnings are based upon yields achieved through current investments. Earnings assume a very low rate for funds in Star Ohio.
3. Convention center operations for 2017 are based upon the operator's (SMG) financial projections.

Revenue Fund

	2015	2016 Projected	2017 Budget	2018	2019	2020	2021
Sources of Funds:							
Prior Year Carryover	\$ 64	\$ 14	\$ 14	\$ 14	\$ 14	\$ 14	\$ 14
Hotel/Motel Taxes (cash basis)	21,976,279	22,902,495	23,606,988	24,527,671	25,263,502	26,021,407	26,802,049
Interest Earnings	966	700	700	800	1,000	1,000	1,000
Total Sources of Funds	21,977,309	22,903,209	23,607,702	24,528,486	25,264,516	26,022,421	26,803,063
Distribution of Funds:							
Debt Service	13,027,362	15,164,322	17,049,121	17,710,614	17,838,579	18,629,665	18,683,127
Debt Service - Interest	966	700	700	800	1,000	1,000	1,000
Rental Reserve	0	85,728	220,185	88,810	33,279	63,387	0
Operating Fund	8,948,967	7,652,445	6,337,682	6,728,248	7,391,644	7,328,355	8,118,922
Total Use of Funds	21,977,295	22,903,195	23,607,688	24,528,471	25,264,502	26,022,407	26,803,049
Fund Balance @ Year End:	\$ 14						

Notes:

- Hotel/motel tax revenue is collected and initially deposited into the revenue fund. Funds are disbursed on a monthly basis from the revenue fund to the debt service fund to meet debt service obligations. If debt service obligations are met and funds are available, revenue is deposited into the rental reserve fund to replace any funds transferred earlier in the year to the debt service fund to help meet debt service monthly obligations when tax revenue was not sufficient. If hotel/motel tax revenue is still available after all debt service obligations are met, available funds are deposited into the operating fund.
- To more accurately calculate the flow of funds, hotel/motel tax collections are recorded on a cash basis.

Debt Service Fund

	2015	2016 Projected	2017 Budget	2018	2019	2020	2021
Sources of Funds:							
Prior Year Carryover	\$1,218,139	\$ 1,549,817	\$ 1,738,942	\$1,787,854	\$1,798,241	\$1,881,826	\$1,889,403
Hotel/Motel Taxes	13,027,362	15,164,322	17,049,121	17,710,614	17,838,579	18,629,665	18,683,127
Interest Earnings/other	22,401	5,000	5,000	5,000	5,000	5,000	5,000
Transfers-Debt Reserve/other	924,028	236,328	291,327	291,427	291,627	291,627	291,627
Transfer-Rental Reserve	460,080	177,042	366,536	235,161	179,631	209,739	146,352
Total Sources of Funds:	15,652,009	17,132,508	19,450,927	20,030,056	20,113,077	21,017,857	21,015,508
Uses of Funds:							
Series 2007 Unrefunded	1,011,700	1,008,700	1,014,700	-	-	-	-
Series 2005 Unrefunded	3,873,125	-	-	-	-	-	-
Series 2012	6,475,180	6,476,758	6,511,685	6,529,385	6,475,105	-	-
Series 2007 Refunded	1,656,250	1,656,250	1,856,250	1,901,250	1,898,900	10,346,400	4,376,150
Series 2014 (less capitalized interest)	1,085,937	3,170,612	5,431,961	6,221,250	6,221,250	6,221,250	6,221,250
Series 2015	-	3,081,246	3,048,477	3,031,368	3,083,521	1,917,866	8,025,307
Series 2017	-	-	-	548,562	552,475	642,938	501,350
Total Use of Funds:	14,102,192	15,393,565	17,663,073	18,231,815	18,231,251	19,128,454	19,124,057
Fund Balance @ Year End:	\$ 1,549,817	\$ 1,738,942	\$ 1,787,854	\$ 1,798,241	\$ 1,881,826	\$ 1,889,403	\$ 1,891,451
Required Balance:	1,282,797	1,471,923	1,519,318	1,519,271	1,594,038	1,593,671	1,600,551

Notes:

1. Interest earnings are based upon a very low interest rate for 2016 (consistent with current earning rates). Rates remain low through the forecast period.
2. Rental reserve funds are used to meet debt service obligations when hotel/motel tax collections are not sufficient on a monthly basis to meet debt obligations.
3. Principal/interest payments reflect outstanding debt service for all series.
4. On a cash basis the fund will have sufficient resources at each year's end to cover debt service obligations for the subsequent month.
5. The 2017 total debt service payment is net of capitalized interest acquired through the 2014 bond issue.
6. With completion of the 2015 bond issue; the required balance within the reserve funds decreased; allowing for a release of funds used to off-set debt service in 2015. The transfer to debt service from the reserve funds in 2015 includes this release.

Debt Service Reserve Fund

	<u>2015</u>	<u>2016</u>	<u>2017 Budget</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>
Sources of Funds:							
Prior Year Carryover	\$20,029,852	\$ 19,354,958	\$ 19,354,958	\$19,354,958	\$19,354,958	\$19,354,958	\$19,354,958
Interest Earnings	248,169	236,328	290,627	290,627	290,627	290,627	290,627
Total Sources of Funds	<u>20,278,021</u>	<u>19,591,285</u>	<u>19,645,585</u>	<u>19,645,585</u>	<u>19,645,585</u>	<u>19,645,585</u>	<u>19,645,585</u>
Uses of Funds:							
Transfer to Debt Service - Release of Funds	643,977	-	-	-	-	-	-
Transfer to Debt Service - Earnings	279,086	236,328	290,627	290,627	290,627	290,627	290,627
Total Use of Funds	<u>923,063</u>	<u>236,328</u>	<u>290,627</u>	<u>290,627</u>	<u>290,627</u>	<u>290,627</u>	<u>290,627</u>
Fund Balance @ Year End:	<u>\$ 19,354,958</u>	<u>\$ 19,354,958</u>	<u>\$ 19,354,958</u>	<u>\$ 19,354,958</u>	<u>\$ 19,354,958</u>	<u>\$ 19,354,958</u>	<u>\$ 19,354,958</u>
Required Balance:	<u>\$ 19,354,000</u>	<u>\$ 19,354,000</u>	<u>\$ 19,354,000</u>	<u>\$ 19,354,000</u>	<u>\$ 19,354,000</u>	<u>\$ 19,354,000</u>	<u>\$ 19,354,000</u>

Notes:

1. Interest earnings are based upon current investment rates achieved through purchase of agency securities through 2016.
2. Year end balances are in line with bond indenture requirements.
3. Debt service reserve funds are fully invested.

Rental Reserve Fund

	2015	2016 Projected	2017 Budget	2018	2019	2020	2021
Sources of Funds:							
Prior Year Carryover	\$10,015,610	\$9,677,784	\$9,677,784	\$9,677,784	\$9,677,784	\$9,677,784	\$9,677,784
Hotel/Motel Taxes	0	85,728	220,185	88,810	33,279	63,387	-
Interest Earnings	122,254	91,314	146,352	146,352	146,352	146,352	146,352
Total Sources of Funds	10,137,863	9,854,826	10,044,320	9,912,945	9,857,414	9,887,522	9,824,135
Uses of Funds:							
Transfer to Debt Service/coverage	-	85,728	220,185	88,810	33,279	63,387	-
Transfer to Debt Service release of funds	321,994	-	-	-	-	-	-
Transfer to Debt Service/interest	138,086	91,314	146,352	146,352	146,352	146,352	146,352
Total Use of Funds	460,080	177,042	366,536	235,161	179,631	209,739	146,352
Fund Balance @ Year End:	\$9,677,784						
Required Balance	\$9,677,000						

Notes:

1. Interest earnings are based upon current investment rates achieved through purchase of agency securities through 2016.
2. Most rental reserve funds are invested in agency securities. Approximately \$400,000 is invested in StarOhio and remains accessible for debt service coverage requirements.
3. Year end balances are in line with bond indenture requirements.

Sinking (Debt Service) Fund - Parking Facility Development Projects

	2015	2016 Projected	2017 Budget	2018	2019	2020	2021
Sources of Funds:							
Prior Year Carryover	\$ 949,142	\$ 2,051,323	\$ 1,776,595	\$ 2,861,066	\$ 945,536	\$ 1,901,538	\$ 2,864,540
Nationwide Payment	823,160	824,000	824,000	824,000	824,000	824,000	824,000
Interest Earnings/misc.	24,749	14,000	17,000	17,000	10,000	17,000	20,000
Transfers-Convention Center Operations	1,383,872	1,383,872	1,495,580	1,495,580	1,382,212	1,382,212	1,382,212
Total Sources of Funds:	3,180,923	4,273,195	4,113,176	5,197,646	3,161,748	4,124,750	5,090,752
Uses of Funds:							
Principal Payments - Vine Garage	-	1,367,000	-	-	-	-	1,730,000
Interest Expenses - Vine Garage	467,200	467,200	589,710	589,710	589,710	589,710	589,710
Principal Payments - Goodale Garage	-	-	-	3,000,000	-	-	-
Interest Expenses - Goodale Garage	662,400	662,400	662,400	662,400	670,500	670,500	670,500
Total Use of Funds:	1,129,600	2,496,600	1,252,110	4,252,110	1,260,210	1,260,210	2,990,210
Fund Balance @ Year End:	\$ 2,051,323	\$ 1,776,595	\$ 2,861,066	\$ 945,536	\$ 1,901,538	\$ 2,864,540	\$ 2,100,542

Notes:

The FCCFA issued parking garage improvement revenue bonds in December 2011 to finance the expansion of the Vine Street parking garage. This expansion added approximately 900 spaces to the current parking facility. The FCCFA also entered into an agreement with Nationwide for a license to use these spaces. Revenue received from this agreement is used as the main revenue source for payment of debt associated with this issue. The remaining funds needed to support debt service comes from parking revenue received through the operation of the garage. Interest payments on debt will be made every year with principal payments due every five years. However, actual annual deposits made into the sinking fund equal annual interest and principal payments.

The FCCFA issued additional parking garage improvement revenue bonds during 2014 to finance the construction of a new 800 car parking facility on the north parking lot. Construction of this facility was completed January, 2016. The bonds issued to support this project are almost identical in structure to the 2011 issue. Revenue received from parking garage operations is used to pay for debt service due on the 2014 bonds.

CONVENTION CENTER OPERATIONS

	2015	2016	2017 Budget	2018	2019	2020	2021
Direct Event Income (Rent)	\$3,853,266	\$3,767,617	\$4,112,199	\$4,441,175	\$4,574,410	\$4,620,154	\$4,666,356
Ancillary Income							
F&B	4,736,025	4,772,293	5,790,734	6,253,993	6,441,613	6,506,029	6,571,089
Parking	2,475,456	2,314,819	2,668,224	2,881,682	2,968,132	2,997,814	3,027,792
Booth Cleaning	123,616	110,628	18,000	19,440	20,023	20,223	20,426
Telephone	28,153	22,446	19,557	21,122	21,755	21,973	22,192
Electrical Services	1,160,180	1,015,575	1,130,413	1,220,846	1,257,471	1,270,046	1,282,747
Audio Visual	323,678	293,098	506,000	546,480	562,874	568,503	574,188
Internet Services	358,241	269,329	236,339	255,246	262,904	265,533	268,188
Equipment Rental	193,768	179,324	189,861	205,050	211,201	213,313	215,447
Sub-Total: Ancillary Income	9,399,117	8,977,512	10,559,128	11,403,858	11,745,974	11,863,434	11,982,068
Total Event Income:	13,252,383	12,745,129	14,671,327	15,845,033	16,320,384	16,483,588	16,648,424
Other Operating Income:							
Lease/Rental	842,100	751,920	839,031	839,031	839,031	839,031	839,031
Non-event Parking	3,420,119	3,717,797	4,382,000	4,820,200	4,964,806	5,064,102	5,165,384
Decorator/Adv. Income/Other	305,001	258,071	245,000	245,000	245,000	245,000	245,000
Total Other Income:	4,567,220	4,727,788	5,466,031	5,904,231	6,048,837	6,148,133	6,249,415
Total Income:	17,819,603	17,472,917	20,137,358	21,749,264	22,369,221	22,631,721	22,897,839
Expenses:							
Employee Wages/Benefits	6,012,223	6,773,595	8,083,497	8,326,002	8,492,522	8,662,372	8,835,620
General and Administrative	1,255,112	1,441,474	1,612,633	1,661,012	1,694,232	1,728,117	1,762,679
Operations	306,491	297,024	350,251	360,759	367,974	375,333	382,840
Food Service Expenses	2,528,076	2,729,353	2,591,676	2,669,426	2,722,815	2,777,271	2,832,817
Repair and Maintenance	699,418	691,805	918,345	945,895	964,813	984,110	1,003,792
Supplies	472,486	458,273	630,545	649,461	662,451	675,700	689,214
Insurance	238,227	225,895	236,492	243,587	248,458	253,428	258,496
Utilities	2,831,059	2,650,824	2,709,000	2,790,270	2,929,784	2,988,379	3,048,147
SMG Management Fees	311,825	313,380	316,514	326,009	332,530	339,180	345,964
Other	214,892	157,046	119,148	122,722	125,177	127,680	130,234
Total Expenses:	14,869,809	15,738,669	17,568,101	18,095,144	18,540,755	18,911,570	19,289,802
Operating Income	2,949,794	1,734,248	2,569,257	3,654,120	3,828,466	3,720,151	3,608,038
Less - Capital Exp./Renovation	470,368	170,458	150,000	150,000	150,000	150,000	150,000
Debt Service: Garage projects	1,383,872	1,383,872	1,495,580	1,495,580	1,382,212	1,382,212	1,382,212
Sports Commission	300,000	300,000	300,000	300,000	300,000	300,000	300,000
NCAA Women's Final 4	-	-	-	200,000	-	-	-
ASAE	-	-	-	250,000	250,000	-	-
Food Service /Eq. Amortization	219,985	94,569	378,277	378,277	378,277	378,277	378,277
Incentive Fees	311,820	313,380	416,514	429,009	441,880	455,136	468,790
TOTAL INCOME	\$283,749	(\$528,031)	(\$171,114)	\$451,254	\$926,097	\$1,054,526	\$928,758

Notes:

- 2016 expenses and revenues are based upon SMG's projection as submitted October 2016.
- Event income includes anticipated revenue from direct rent and ancillary income. Projection is based upon rental income already booked as well as anticipated income from contracts yet to be signed and short term business.
- Expense projections for 2017 and beyond are based upon varying inflation factors.
- Below the line expense includes, for the most part, funds provided to Experience Columbus for support of the Greater Columbus Sports Commission for marketing efforts to bring sport and sport related activities to the convention center and Columbus community. Other expenses include SMG and Levy's incentive fee payment, amortization of food service equipment (initial investment made by Levy) and miscellaneous expenses associated with capital improvements.
- Beginning in 2013, money is transferred out of operations to cover debt service obligations associated with the Vine Street Garage expansion project. In 2015, this transfer increased to include debt service obligations for the new Goodale St. parking facility on the north lot. Transfers out for debt service is covered through additional parking revenue gained through the operation of the expanded and new garage. Parking revenues and expenses have been adjusted throughout the proforma for added parking facilities.

Construction Fund - Convention Center Expansion & Renovation Project

	2014	2015	2016	2017	2018	2019	2020
Sources of Funds:							
Prior Year Carryover	\$ -	\$ 123,916,308	\$ 109,936,482	\$ 44,612,500	\$ -	\$ -	\$ -
2014 Issue: Bond proceeds	125,000,000	-	-	-	-	-	-
Transfer In: Capital Improvements Fund	-	429,387	1,260,387	13,696,226	-	-	-
Interest Earnings	-	-	100,000	25,000	-	-	-
Total Sources of Funds:	125,000,000	124,345,695	111,296,869	58,333,726	-	-	-
Uses of Funds:							
Design/Engineering Services	1,083,692	6,964,341	1,751,967	904,037	-	-	-
Construction	-	7,015,486	62,964,514	52,282,636	-	-	-
Owner's costs	-	429,387	730,829	1,249,484	-	-	-
Transfer to Goodale Garage project	-	-	1,217,058	-	-	-	-
Art: sculpture and branding	-	-	-	1,600,000	-	-	-
Contingency	-	-	-	2,297,569	-	-	-
Total Use of Funds:	1,083,692	14,409,213	66,684,369	58,333,726	-	-	-
Fund Balance @ Year End:	\$ 123,916,308	\$ 109,936,482	\$ 44,612,500	\$ -	\$ -	\$ -	\$ -

Note:

1. Funding for the expansion and renovation project was acquired through lease and revenue anticipation bonds issued in December 2014.
2. Project is scheduled for completion June 2017.

SECTION TWO
HILTON COLUMBUS DOWNTOWN HOTEL LONG-TERM FORECAST
as of November 2016

Summary Information

	2015	2016 Projected	2017 Budget	2018	2019	2020	2021
Hotel Net Operating Income	\$ 10,552,077	\$ 10,507,000	\$ 10,877,000	\$ 11,067,000	\$ 11,401,000	\$ 11,620,000	\$ 11,843,000
Increase over Prior Year		-0.43%	3.52%	1.75%	3.02%	1.92%	1.92%
Hilton Hotel/Motel Taxes	2,243,878	2,224,000	2,303,000	2,372,000	2,443,000	2,492,000	2,542,000
Debt Service Obligation (less BABS)	6,802,298	9,158,511	9,250,771	9,335,595	9,423,109	9,508,466	9,544,606
Debt Service Coverage Ratio:	1.88	1.39	1.42	1.44	1.47	1.48	1.51

	2015	2016 Projected	2017 Budget	2018	2019	2020	2021
Fund Balances @ Year End:							
Non-discretionary Funds:							
Bond Fund	15,661,043	19,471,668	23,700,897	28,084,301	32,785,192	20,500,000	20,500,000
Debt Service Reserve Fund	6,418,574	6,418,574	6,418,574	6,418,574	6,418,574	6,418,574	6,418,574
Rental Reserve Fund	8,095,567	8,080,567	8,060,567	8,060,567	8,060,567	8,080,567	8,100,567
Ground Lease Rents Fund	1,525,763	1,972,022	1,976,022	1,980,022	1,984,022	1,988,022	1,992,022
Reserve Fund for Operations ***	2,400,000	2,400,000	2,400,000	2,400,000	2,400,000	2,400,000	2,400,000
Reserve Fund for FF&E ***	1,804,134	3,121,898	3,684,885	4,755,504	3,370,214	2,798,376	1,899,661
***(Funds held by Hotel Manager)							

Notes:

In February 2010, the FCCFA issued \$160 million in Lease Revenue Anticipation Bonds to finance the construction of the Hilton Columbus Downtown Hotel. These bonds were issued as Build America Bonds. Income from the hotel as well as revenue equivalent to the hotel's hotel/motel taxes cover annual debt service obligations. Payments from the US Treasury are also used to cover debt service.

Based upon a design developed by HOK Architects, the hotel consists of 532 rooms (48 suites), a 12,000 square foot ballroom, banquet and meeting rooms, a restaurant, lounge and coffee shop. The hotel is located on property owned by the FCCFA and is connected to the convention center via walkway over High Street. Opened in October 2012, the hotel is branded and managed by Hilton Worldwide.

HCD - Bond Payment (Debt Service) Fund

	2015	2016 Projected	2017 Budget	2018	2019	2020	2021
Sources of Funds:							
Prior Year Carryover	\$ 9,494,656	\$ 15,661,043	\$ 19,471,668	\$23,700,897	\$28,084,301	\$32,785,192	\$20,500,000
U.S. Treasury Payments	3,280,086	3,288,874	3,250,897	3,212,145	3,167,441	3,119,279	3,119,279
Distribution from Hotel	10,552,077	10,507,000	10,877,000	11,067,000	11,401,000	11,620,000	11,843,000
Hotel related hotel/motel taxes - city	1,185,095	1,156,480	1,197,560	1,233,440	1,270,360	1,295,840	1,321,840
Hotel related hotel/motel taxes - FCCFA	1,058,783	1,067,520	1,105,440	1,138,560	1,172,640	1,196,160	1,220,160
Interest earnings/Misc.	22,165	55,000	100,000	100,000	100,000	100,000	100,000
Transfer In: Debt Reserve Earnings	50,565	83,135	80,000	80,000	80,000	80,000	80,000
Transfer In: Rental Reserve Fund	100,000	100,000	120,000	100,000	100,000	80,000	80,000
Total Sources of Funds:	25,743,427	31,919,052	36,202,565	40,632,041	45,375,743	50,276,471	38,264,279
Uses of Funds:							
Debt Service - Principal Payments	-	2,365,000	2,525,000	2,690,000	2,870,000	3,055,000	3,250,000
Debt Service - Interest Expenses	10,082,384	10,082,384	9,976,668	9,857,740	9,720,551	9,572,746	9,413,886
Transfer to FCCFA Operating Fund	-	-	-	-	-	17,148,726	5,100,394
Total Use of Funds:	10,082,384	12,447,384	12,501,668	12,547,740	12,590,551	29,776,471	17,764,279
Fund Balance @ Year End:	\$ 15,661,043	\$ 19,471,668	\$ 23,700,897	\$ 28,084,301	\$ 32,785,192	\$ 20,500,000	\$ 20,500,000
Required Balance:	\$ 20,417,294						

Notes:

- In February 2010, the FCCFA issued Lease Revenue Anticipation Bonds to finance the construction of a new hotel. Bonds were issued as Build America Bonds backed by Franklin County. Interest payments for the hotel were capitalized through construction of the hotel. Principal payments begin in 2016; with net debt service escalating one percent annually after that point in time through 2042 when the last debt service payment is due. Income from the hotel as well as revenue equivalent to the hotel's hotel/motel taxes will be used to cover debt service once the hotel is opened.
- Any residual funds available after debt service obligations have been met must remain in the fund until November 2015. After this point in time, funds can be transferred from the bond fund only if the amounts paid into the bond fund exceed maximum debt service by 1.2 times coverage or are equal to approximately \$20.5 million during the three immediately preceding years.
- Hotel net operating income is based upon forecasted operations as prepared by Hilton and SAG.

HCD - BABS Payment Fund

	2015	2016 Projected	2017 Budget	2018	2019	2020	2021
Sources of Funds:							
Prior Year Carryover	\$ -	\$ 42	\$ 72	\$ 102	\$ 132	\$ 162	\$ 192.00
U.S. Treasury Payment	3,280,051	3,288,874	3,250,897	3,212,145	3,167,441	3,119,279	3,119,279
Interest Earnings	77	30	30	30	30	30	30
Total Sources of Funds	3,280,128	3,288,946	3,250,999	3,212,277	3,167,603	3,119,471	3,119,501
Distribution of Funds:							
HCD Debt Service	3,280,086	3,288,874	3,250,897	3,212,145	3,167,441	3,119,279	3,119,279
Total Use of Funds	3,280,086	3,288,874	3,250,897	3,212,145	3,167,441	3,119,279	3,119,279
Fund Balance @ Year End:	\$ 42	\$ 72	\$ 102	\$ 132	\$ 162	\$ 192	\$ 222

Notes:

1. The FCCFA receives funds twice a year from the US Treasury for debt service associated with the 2010 bond series for the hotel.
 All funds received from the US Treasury are transferred to the bond payment fund to cover the cost of annual debt service.
2. Due to sequestration, funds received during 2015 and 2016 have and will be less than original amounts established at the time of the bond issue.

HCD - Debt Service Reserve Fund

	2015	2016 Projected	2017 Budget	2018	2019	2020	2021
Sources of Funds:							
Prior Year Carryover	6,404,875	\$ 6,418,574	\$ 6,418,574	\$ 6,418,574	\$6,418,574	\$6,418,574	\$6,418,574
Interest Earnings	64,264	80,000	80,000	80,000	80,000	80,000	80,000
Total Sources of Funds	<u>6,469,139</u>	<u>6,498,574</u>	<u>6,498,574</u>	<u>6,498,574</u>	<u>6,498,574</u>	<u>6,498,574</u>	<u>6,498,574</u>
Uses of Funds:							
Transfer to Debt Service - Earnings	50,565	80,000	80,000	80,000	80,000	80,000	80,000
Total Use of Funds	<u>50,565</u>	<u>80,000</u>	<u>80,000</u>	<u>80,000</u>	<u>80,000</u>	<u>80,000</u>	<u>80,000</u>
Fund Balance @ Year End:	<u>\$ 6,418,574</u>						
Required Balance:	<u>\$ 6,391,264</u>						

Notes:

1. Upon issue of the 2010 Lease Revenue Anticipation Bonds, proceeds were deposited into a debt service reserve fund per indenture requirements.
2. Year end balances are in line with reserve requirements.
3. Debt service reserve funds are fully invested.

HCD - Rental Reserve Fund

	2015	2016 Projected	2017 Budget	2018	2019	2020	2021
Sources of Funds:							
Prior Year Carryover	\$ 8,090,541	\$ 8,095,567	\$ 8,080,567	\$ 8,060,567	\$8,060,567	\$8,060,567	\$8,080,567
Transfer in: Bond Payment Fund	-	-	-	-	-	-	-
Interest Earnings	105,026	85,000	100,000	100,000	100,000	100,000	100,000
Total Sources of Funds	<u>8,195,567</u>	<u>8,180,567</u>	<u>8,180,567</u>	<u>8,160,567</u>	<u>8,160,567</u>	<u>8,160,567</u>	<u>8,180,567</u>
Uses of Funds:							
Transfer Out: HCD Bond Fund/coverage	-	-	-	-	-	-	-
Transfer Out: HCD Bond Fund/interest	100,000	100,000	120,000	100,000	100,000	80,000	80,000
Total Use of Funds	<u>100,000</u>	<u>100,000</u>	<u>120,000</u>	<u>100,000</u>	<u>100,000</u>	<u>80,000</u>	<u>80,000</u>
Fund Balance @ Year End:	<u>\$ 8,095,567</u>	<u>\$ 8,080,567</u>	<u>\$ 8,060,567</u>	<u>\$ 8,060,567</u>	<u>\$ 8,060,567</u>	<u>\$ 8,080,567</u>	<u>\$ 8,100,567</u>
Required Balance	<u>\$ 8,000,000</u>						

Notes:

1. Pursuant to the cooperative agreement between the City of Columbus, Franklin County and the FCCFA, the FCCFA has established a rental reserve fund to off-set any shortages in hotel net income should hotel income prove to be less than required debt service obligations. If funds within the rental reserve fund are used to meet debt service obligations, the rental reserve fund will subsequently be replenished up to the required reserve balance with future hotel income as well as funds from the ground lease rent fund and the City of Columbus.
2. Funds in excess of the required balance will be periodically transferred to the hotel bond fund.
3. Funds within the reserve fund are fully invested.

Ground Lease Rents Fund

	2015	2016 Projected	2017 Budget	2018	2019	2020	2021
Sources of Funds:							
Prior Year Carryover	\$ 1,524,144	\$ 1,525,763	\$ 1,972,022	\$ 1,976,022	\$ 1,980,022	\$ 1,984,022	\$ 1,988,022
Transfer In: FCCFA Capital Improv. Fund	-	442,259	-	-	-	-	-
Interest Earnings	1,619	4,000	4,000	4,000	4,000	4,000	4,000
Total Sources of Funds	<u>1,525,763</u>	<u>1,972,022</u>	<u>1,976,022</u>	<u>1,980,022</u>	<u>1,984,022</u>	<u>1,988,022</u>	<u>1,992,022</u>
Uses of Funds:							
Transfer Out: Bond Fund	-	-	-	-	-	-	-
Total Use of Funds	<u>-</u>						
Fund Balance @ Year End:	<u>\$ 1,525,763</u>	<u>\$ 1,972,022</u>	<u>\$ 1,976,022</u>	<u>\$ 1,980,022</u>	<u>\$ 1,984,022</u>	<u>\$ 1,988,022</u>	<u>\$ 1,992,022</u>
Required Balance:	<u>\$ 1,468,728</u>	<u>\$ 1,968,523</u>					

Notes:

1. Pursuant to the cooperative agreement between the City of Columbus, Franklin County and the FCCFA, the FCCFA established a ground lease rents fund to serve as an additional reserve fund for debt service. The balance of this fund equals the value of lease revenue received by the FCCFA for use of property during the preceding calendar year. Such funds will be reserved for the payment of debt service if rental reserve funds should be depleted or will be used to replenish the rental reserve fund as required.
2. Funds in excess of the required balance will be maintained in the fund.
3. Funds are fully invested.

HCD - Capital Improvements and FF&E Reserve

	2015	2016 Projected	2017 Budget	2018	2019	2020	2021
Sources of Funds:							
Prior Year Carryover	504,189	\$ 1,804,134	\$ 3,121,898	\$ 3,684,885	\$ 4,755,504	\$ 3,370,214	\$ 2,798,376
Reserve Deposit (% of hotel revenue)	1,938,816	2,063,505	2,184,149	2,242,919	2,303,319	2,349,385	2,396,373
Interest Earnings	236	7,785	8,813	12,700	6,057	1,443	5,578
Total Sources of Funds	2,443,241	3,875,424	5,315,860	5,940,504	7,064,880	5,721,042	5,200,327
Uses of Funds:							
Capital Project Expenses	639,107	753,526	1,630,975	1,185,000	3,694,666	2,922,666	3,300,666
Total Use of Funds	639,107	753,526	1,630,975	1,185,000	3,694,666	2,922,666	3,300,666
Fund Balance @ Year End:	\$ 1,804,134	\$ 3,121,898	\$ 3,684,885	\$ 4,755,504	\$ 3,370,214	\$ 2,798,376	\$ 1,899,661

Notes:

1. A percentage of gross revenues from hotel operations is deposited annually into a FF&E Primary/Secondary reserve fund. This fund is used to support needed capital improvements and FF&E for the hotel.
2. Residual funds remaining after payment of annual expenses must remain in the fund. These funds will accumulate over time and will be used to support significant hotel refurbish/refresh projects in the future.
3. The FF&E reserve fund is managed by the hotel operator.

SECTION THREE
NATIONWIDE ARENA LONG-TERM FORECAST
as of November 2016

Summary Information

	2015	2016 Projected	2017 Budget	2018	2019	2020	2021
Casino Tax Revenue	\$ 4,405,729	\$ 4,755,767	\$ 4,938,681	\$ 5,128,820	\$ 5,326,279	\$ 5,531,341	\$ 5,744,298
Increase over Prior Year		7.95%	3.85%	3.85%	3.85%	3.85%	3.85%
Distribution of Tax Revenue							
Arena Operating Expenses	4,222,845	4,370,645	4,523,617	4,681,944	4,845,812	5,015,415	5,190,955
Land Lease Payment	165,000	165,000	165,000	165,000	165,000	165,000	165,000
Real Estate Tax Provision	-	220,122	250,064	281,876	315,467	344,257	356,306
Arena Capital Improvements	17,884	-	-	-	-	6,669	32,037
State Loan	-	-	-	-	-	-	-
Nationwide Loan	-	-	-	-	-	-	-
Total Distribution	4,405,729	4,755,767	4,938,681	5,128,820	5,326,279	5,531,341	5,744,298

	2015	2016 Projected	2017 Budget	2018	2019	2020	2021
Fund Balances @ Year End:							
Lease Payment Fund	-	-	-	-	-	-	-
Real Estate Tax Reserve Fund	-	-	250,064	281,876	315,467	344,257	356,306
Capital Improvements Fund	90,549	69,749	49,949	32,549	17,649	11,918	44,055

Notes:

In March 2012, the FCCFA purchased Nationwide Arena and related buildings/facilities. To facilitate this purchase, the FCCFA borrowed \$32.5 million from Nationwide Arena LLC and \$10 million from the State of Ohio with the understanding that repayment of such loans is contingent upon the availability of casino tax revenue.

As part of the acquisition process, the City of Columbus and Franklin County agreed to forward a percent of casino tax revenue to the FCCFA to cover costs associated with operating and maintaining the arena. Once capital and operating expenses have been met, casino tax revenue exceeding such expenses can be used to pay outstanding debt service.

Given current revenue projections for casino taxes, revenues will be insufficient and will not be available to meet debt service requirements in 2017. The FCCFA has requested that the State of Ohio defer interest payments until 2021. While debt service due on the Nationwide bonds is automatically deferred if revenues prove to be insufficient, interest on the bonds does accrue during the deferral period. Through 2017, approximately \$14.2 million in interest will have accrued on the loan; increasing the amount due to Nationwide from \$44.2 million to \$58.4 million.

ARENA LEASE PAYMENT FUNDS

	2015	2016 Projected	2017 Budget	2018	2019	2020	2021
Sources of Funds:							
Prior Year Carryover	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Casino Tax Revenue: City	2,627,787	2,838,833	2,948,018	3,061,517	3,179,385	3,301,792	3,428,911
Casino Tax Revenue: County	1,777,942	1,916,934	1,990,662	2,067,303	2,146,894	2,229,549	2,315,387
Transfer In: FCCFA Operating Fund	1,595,058	1,751,934	1,825,662	1,902,303	1,981,894	2,057,880	2,118,350
Interest Earnings	-	-	-	-	-	-	-
Total Sources of Funds	6,000,787	6,507,701	6,764,343	7,031,123	7,308,173	7,589,221	7,862,648
Uses of Funds:							
Arena Operations	4,222,845	4,370,645	4,523,617	4,681,944	4,845,812	5,015,415	5,190,955
Land Lease Payment	165,000	165,000	165,000	165,000	165,000	165,000	165,000
Real Estate Tax	-	220,122	250,064	281,876	315,467	344,257	356,306
Arena Capital Improvements	17,884	-	-	-	-	6,669	32,037
Transfer Out: FCCFA Cap Ex. Fund	1,595,058	1,751,934	1,825,662	1,902,303	1,981,894	2,057,880	2,118,350
Transfer Out: Debt Service	-	-	-	-	-	-	-
Total Use of Funds	6,000,787	6,507,701	6,764,343	7,031,123	7,308,173	7,589,221	7,862,648
Fund Balance @ Year End:	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

Notes:

The FCCFA receives a percentage of casino tax revenue from the city and county to cover obligations associated with Nationwide Arena. During 2017, tax revenue will be equal to 27 percent of taxes collected by the city and county. The 2017 projection for casino taxes assumes a 3.85 percent increase in revenues. The increase in tax revenues is due to the 1.0 percent increase in percentage tax revenue received from the city and county (increase of 26.0 percent to 27.0 percent). The projection assumes no growth in taxes due to improved casino activity.

Upon receipt of the casino taxes, the FCCFA will allocate funds according to a predetermined and agreed upon formula established and outlined in the arena transaction documents. In 2017, funds from casino taxes will first be distributed to CAM for operations, second to the FCCFA for the land lease payment and third to a reserve for real estate taxes. No funds will be available for capital improvements.

Maximum funding levels for operations and capital improvements are based upon levels established at the time of the arena acquisition. Debt service payments are based upon availability of funds.

Casino tax revenue from the county cannot be used to cover operating expenses. Because city casino tax revenue during 2017 will not completely cover required operating expenses, the FCCFA will transfer available equity into the fund to make up the difference. Such payment from the FCCFA will be reimbursed with casino tax revenue received from the county which will be used to support other FCCFA capital improvement projects.

ARENA CAPITAL IMPROVEMENTS FUND

	2015	2016 Projected	2017 Budget	2018	2019	2020	2021
Sources of Funds:							
Prior Year Carryover	\$ 426,298	\$ 90,549	\$ 69,749	\$ 49,949	\$32,549	\$17,649	\$11,918
Transfer in: Aena Lease Payment Fund	17,884	-	-	-	-	6,669	32,037
Interest Earnings	125	450	200	100	100	100	100
Total Sources of Funds	444,307	90,999	69,949	50,049	32,649	24,418	44,055
Uses of Funds:							
Arena CapEx Expenditures	353,759	21,250	20,000	17,500	15,000	12,500	-
Total Use of Funds	353,759	21,250	20,000	17,500	15,000	12,500	-
Fund Balance @ Year End:	<u>\$ 90,549</u>	<u>\$ 69,749</u>	<u>\$ 49,949</u>	<u>\$ 32,549</u>	<u>\$ 17,649</u>	<u>\$ 11,918</u>	<u>\$ 44,055</u>

Notes:

Funding for arena capital improvements is based upon a capital improvements program established at the time of the original transaction. To the extent resources are available, funds are deposited into the program up to a pre-determined funding level. No deposits will be made during 2017. The 2017 budget also assumes that there will not be any capital improvement expenses during the year except for service fees associated with the State of Ohio loan.

ARENA REAL ESTATE TAX RESERVE FUND

	2015	2016 Projected	2017 Budget	2018	2019	2020	2021
Sources of Funds:							
Prior Year Carryover	\$ -	\$ -	\$ 220,122	\$ 250,064	\$281,876	\$315,467	\$344,257
Transfer: Arena Lease Payment Fund	-	220,122	250,064	281,876	315,467	344,257	356,306
Transfer: CFA Operating Fund	-	-	679,878	649,936	618,124	584,533	555,743
Interest Earnings	-	-	-	-	-	-	-
Total Sources of Funds	-	220,122	1,150,064	1,181,876	1,215,467	1,244,257	1,256,306
Uses of Funds:							
Real Estate Tax Payment	-	-	900,000	900,000	900,000	900,000	900,000
Total Use of Funds	-	-	900,000	900,000	900,000	900,000	900,000
Fund Balance @ Year End:	\$ -	\$ 220,122	\$ 250,064	\$ 281,876	\$ 315,467	\$ 344,257	\$ 356,306

Notes:

Beginning in 2016, funds are to be reserved for the payment of real estate taxes due on property associated with the arena. Amount of funds deposited into the reserve fund are established within the transaction document. Deposits are made to the extent casino tax revenues are available. CFA operating funds will be used to make up the difference between casino tax revenues available for real estate payments and the amount actually due.