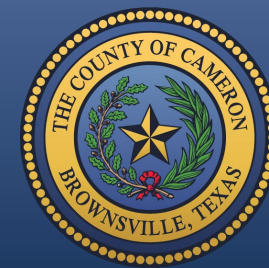




Proposed Cameron County Multi-Purpose Arena Market & Financial Feasibility Study



Study Methodology



Local Market Analysis

An analysis of the demographic conditions of Cameron County, the Lower Rio Grand Valley, & Mexican border regions.



Assessment of Existing Venues

An assessment of the competitive landscape in the local and regional market and an analysis of these competitive facilities.



User Feedback

Interviews with promoters and other potential users of the venue in order to elicit feedback on market conditions, building program requirements, and estimated utilization.



Live Entertainment Industry Overview

An examination of the live entertainment industry and the trends presented in the wider live event industry as well as trends presented by specific venue types



Comparable Venue Benchmarking

Analyzing similar premier venues across the country in order to gather information regarding the trends in operations and building programs of these venues.



Sponsorship Projections

The identification of sponsorship landmarks and assets informed by the current market landscape, comparable venues, and anticipated utilization / impressions.



Estimated Demand & Building Program Recommendations

Synthesizing the study's research in order to develop recommendations as to the ideal venue building program and estimations of the subsequent venue utilization



Financial Projections & Economic & Fiscal Impact Estimates

The development of projected financial operating results of the proposed venue as well as the estimated economic and fiscal impacts the activities of the venue generate.

Local Market Analysis

Primary Market



Population

428,927 (U.S. Only)
0.72% Growth Rate
(0.39x the U.S. Rate)



Age

35.0 Years Old
(4.3 Years younger than the U.S.)



Income

\$53,033
(\$26,035 less than the U.S.)



Diversity

91.64% Hispanic
(4.67x the U.S.)

Secondary Market



Population

1,426,160 (U.S. Only)
2.35% Growth Rate
(1.26x the U.S. Rate)



Age

33.5 Years Old
(5.8 Years younger than the U.S.)



Income

\$50,814
(\$28,255 less than the U.S.)



Diversity

91.48% Hispanic
(4.66x the U.S.)

Primary & Secondary Market



- Cameron County sees 5.0 million annual border crossings
- As of 2020, Matamoros had a population of 563,000 & the bin-national Matamoros-Brownsville Metropolitan area had a population of nearly 1.4 million (4th largest along the US-Mexico Border)

- Reynosa had a population of 837,000 & the Reynosa-McAllen metropolitan area has a population of over 1.5 million (3rd largest along US-Mexico Border)
- The border supplements the market with nearly 2.3 million total population and 10,000 corporations across Matamoros, Reynosa & Monterrey

Primary Competitive Venues in Regional Market



1. Payne Arena // Hidalgo, TX
 Drive Time: 1 hr. 8 min (64 miles)
 Capacity: 7,000
 Avg. Attendance: 4,497
 Year Opened: 2003

69
Annual Events



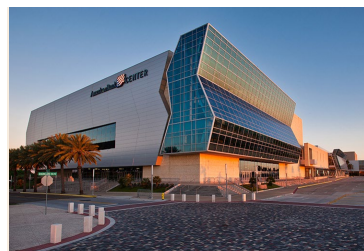
2. Bert Ogden Arena // Edinberg, TX
 Drive Time: 1 hr. 2 min (63 miles)
 Capacity: 9,000
 Avg. Attendance: 4,832
 Year Opened: 2018

20
Annual Events



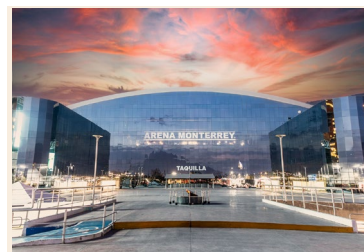
3. Sames Auto Arena // Laredo, TX
 Drive Time: 3 hr. 28 min (204 miles)
 Capacity: 9,600
 Avg. Attendance: 5,666
 Year Opened: 2002

26
Annual Events



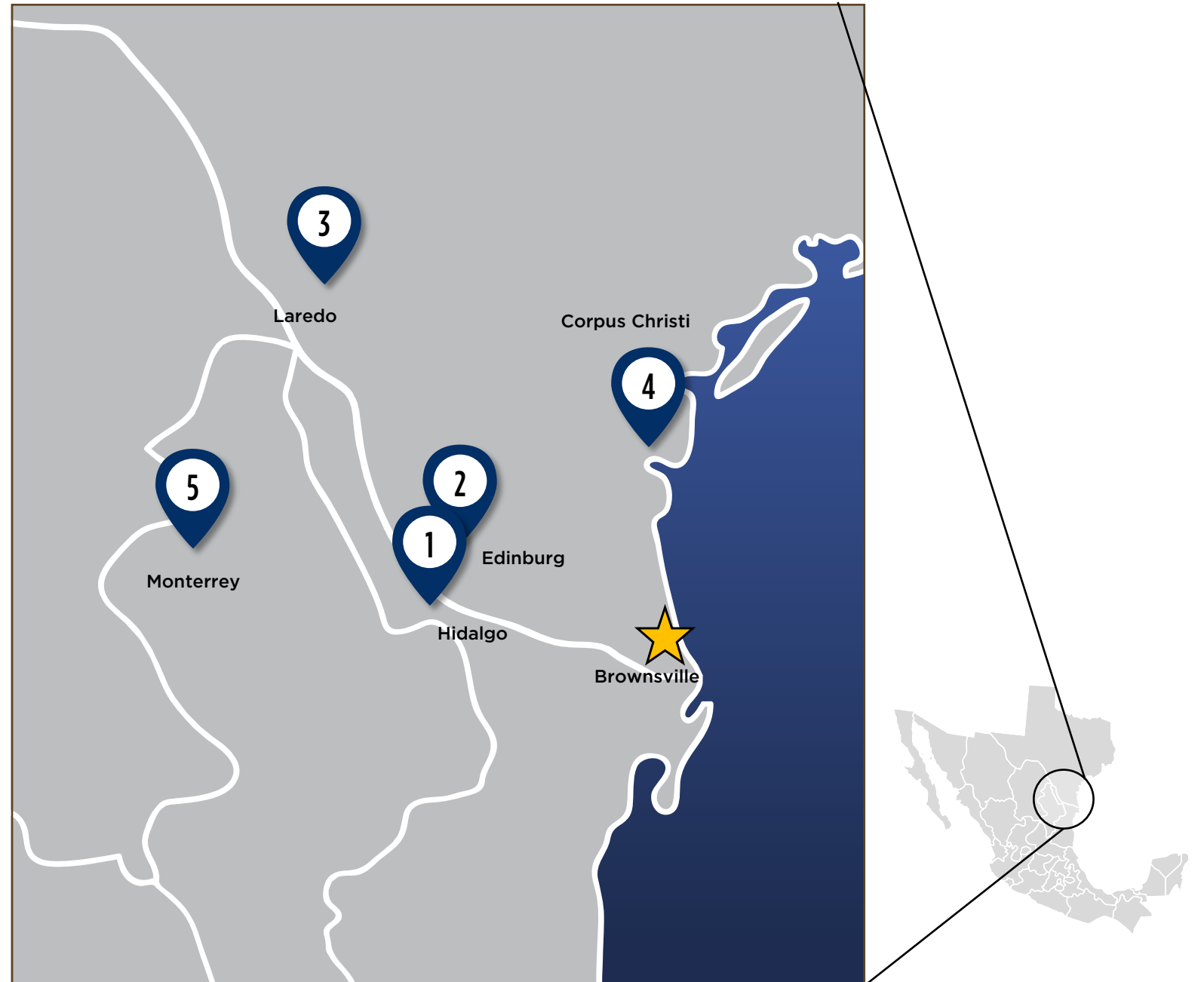
4. American Bank Center // Corpus Christi, TX
 Drive Time: 2 hr. 31 min (164 miles)
 Capacity: 10,000
 Avg. Attendance: 3,363
 Year Opened (Renovated): 1978 (2005)

31
Annual Events

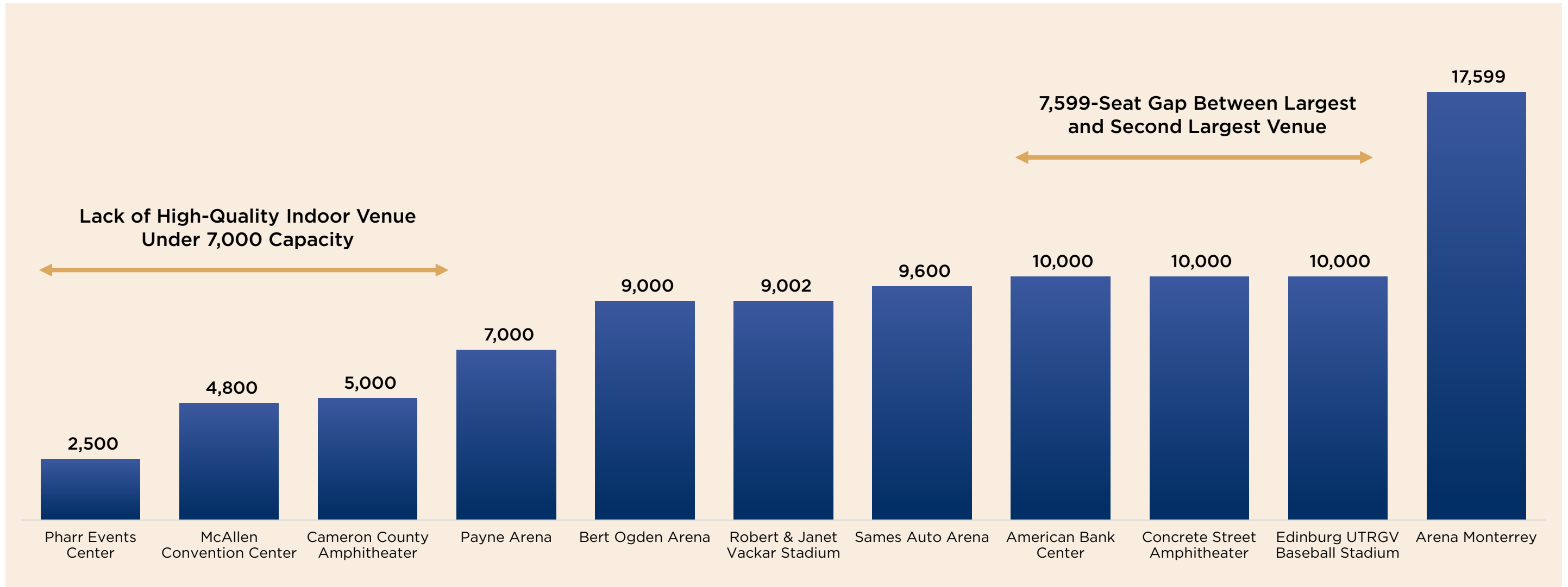


5. Arena Monterrey // Monterrey, MX
 Drive Time: 3 hr. 35 min (194 miles)
 Capacity: 17,599
 Avg. Attendance: 10,797
 Year Opened: 2003

87
Annual Events



Regional Venue Capacities

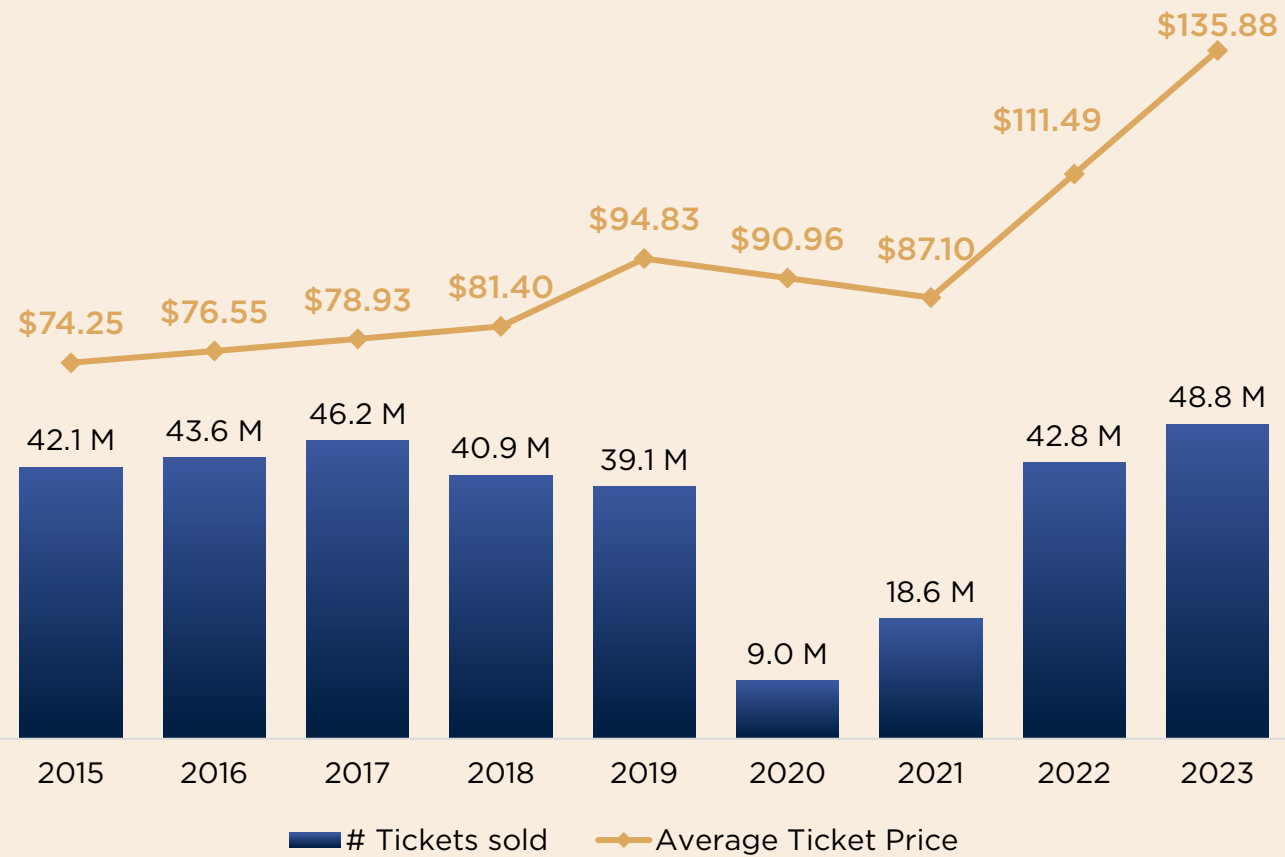


Tour Tiers

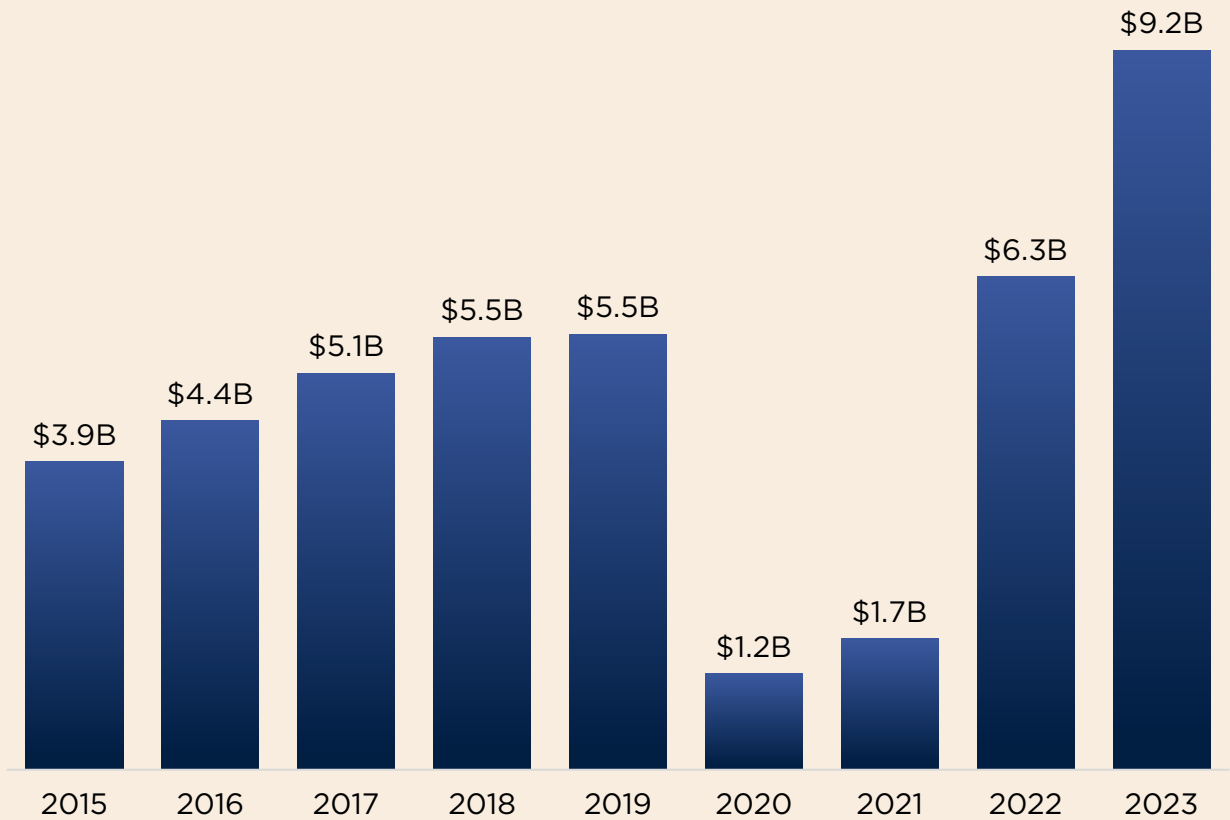
Tier 1A	Tier 1B	Tier 2A	Tier 2B	Tier 3	Tier 4
\$5,000,000+ in gross ticket sales revenue per show	\$5,000,000 - \$2,500,000 in gross ticket sales revenue per show	\$2,500,000 - \$1,000,000 in gross ticket sales revenue per show	\$1,000,000 - \$500,000 in gross ticket sales revenue per show	\$500,000 - \$250,000 in gross ticket sales revenue per show	Less than \$250,000 in gross ticket sales revenue per show
45,309 Average Attendance	22,735 Average Attendance	12,867 Average Attendance	9,114 Average Attendance	5,475 Average Attendance	3,080 Average Attendance
\$194.36 Average Ticket Price	\$175.80 Average Ticket Price	\$131.13 Average Ticket Price	\$83.82 Average Ticket Price	\$74.39 Average Ticket Price	\$67.09 Average Ticket Price
19 Average Shows Per Artist	17 Average Shows Per Artist	22 Average Shows Per Artist	29 Average Shows Per Artist	48 Average Shows Per Artist	86 Average Shows Per Artist
17 Number of Tours 2023 (Top 200 Tours)	16 Number of Tours 2023 (Top 200 Tours)	70 Number of Tours 2023 (Top 200 Tours)	59 Number of Tours 2023 (Top 200 Tours)	25+ Number of Tours 2023 (Top 200 Tours)	100's Number of Tours 2023 (Top 200 Tours)
<i>Example Artists: Taylor Swift, Beyoncé</i>	<i>Example Artists: Luke Combs, Harry Styles</i>	<i>Example Artists: Doja Cat, Dave Matthews Band</i>	<i>Example Artists: Snoop Dog, The Chicks</i>	<i>Example Artists: Noah Kahan, Hozier</i>	<i>Example Artists: Tank and the Bangas, Chicago</i>
Target Venue Type: Stadium	Target Venue Type: Stadium, Major Arena, Major Amphitheater	Target Venue Type: Major Arena, Amphitheater	Target Venue Type: Arena, Amphitheater, Theater	Target Venue Type: Amphitheater, Theater, Club	Target Venue Type: Theater, Club
					

Growth of the Concert Industry

Top 100 North American Tours Tickets Sold & ATP



Top 100 Worldwide Tours Gross Ticket Sales



Potential User Interviews



Live Nation is the largest live music promoter in the world while simultaneously owning or operating over 300 music venues worldwide.



Loud and Live is a Miami based “entertainment, experiential, and content development company” and is one of the largest independent event promoters in the world.



Professional Bull Riders (“PBR”) is the largest bull riding league in the world. The organization travels across the US and world putting on hundreds of events and competitions each year.



V.G. Young Institute of County Government, part of The Texas A&M AgriLife Extension Service, hosts large-scale continuing education conferences for elected county officials across the state of Texas.



LiveCo is a private equity-backed entertainment company that promotes a variety of music, comedy, and family entertainment tours as well as festivals and other events totaling over 3,000 annual events.



Feld Entertainment is one of the largest producers of family shows in the country. Feld owns a diverse portfolio of traveling shows including Ringling Bros., Disney on Ice, Monster Jam, and Supercross.



Based in the South Rio Grande Valley, 3G Entertainment is a local live event promoter that has hosted events across various venues in the regional market including the Cameron County Amphitheater and various local Arenas.

KEY FEEDBACK

Demand for New Live Entertainment Content

Larger Arena Could Attract Higher Tier Events

Saturated Arena Market for Small to Midsized Arenas

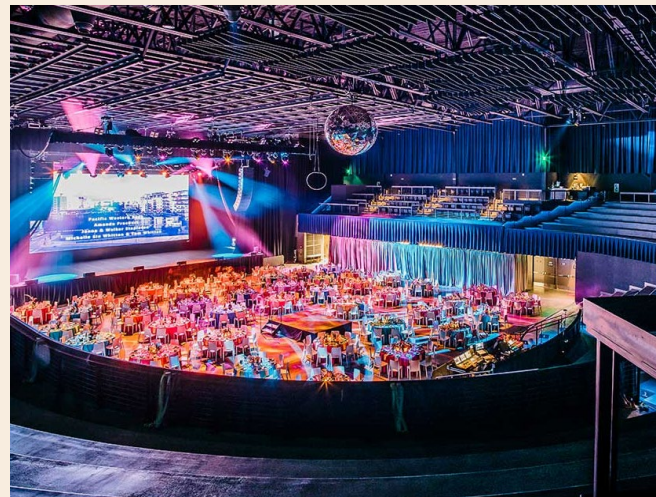
Potential for Smaller Indoor Venue Success

Stabilized Utilization is a Multi-Year Process

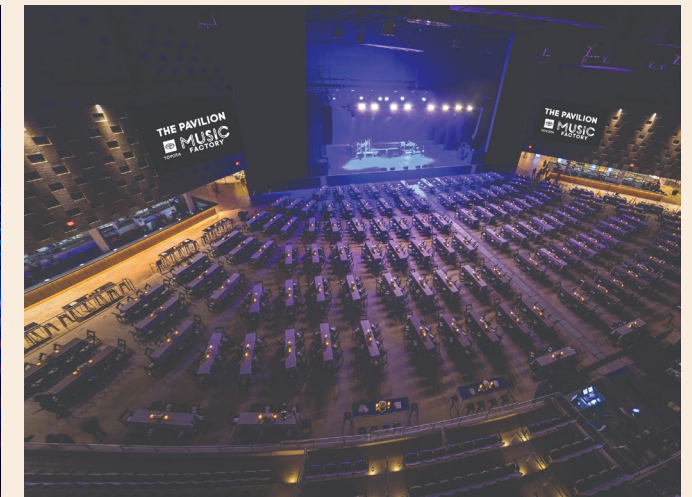
Premium Seating Opportunities For Differentiation

Flexible-Hybrid Venues

MISSION BALLROOM



TOYOTA MUSIC FACTORY



Top 100 Arenas

17,875
AVERAGE CAPACITY

9,425
AVERAGE ATTENDANCE

53%
AVERAGE ATTENDANCE AS A PERCENT OF CAPACITY

18,000
MEDIAN CAPACITY

\$28.2M
AVERAGE 2023 GROSS TICKET SALES

\$23.2M
MEDIAN 2023 GROSS TICKET SALES

\$98.91
2023 AVERAGE TICKET PRICE

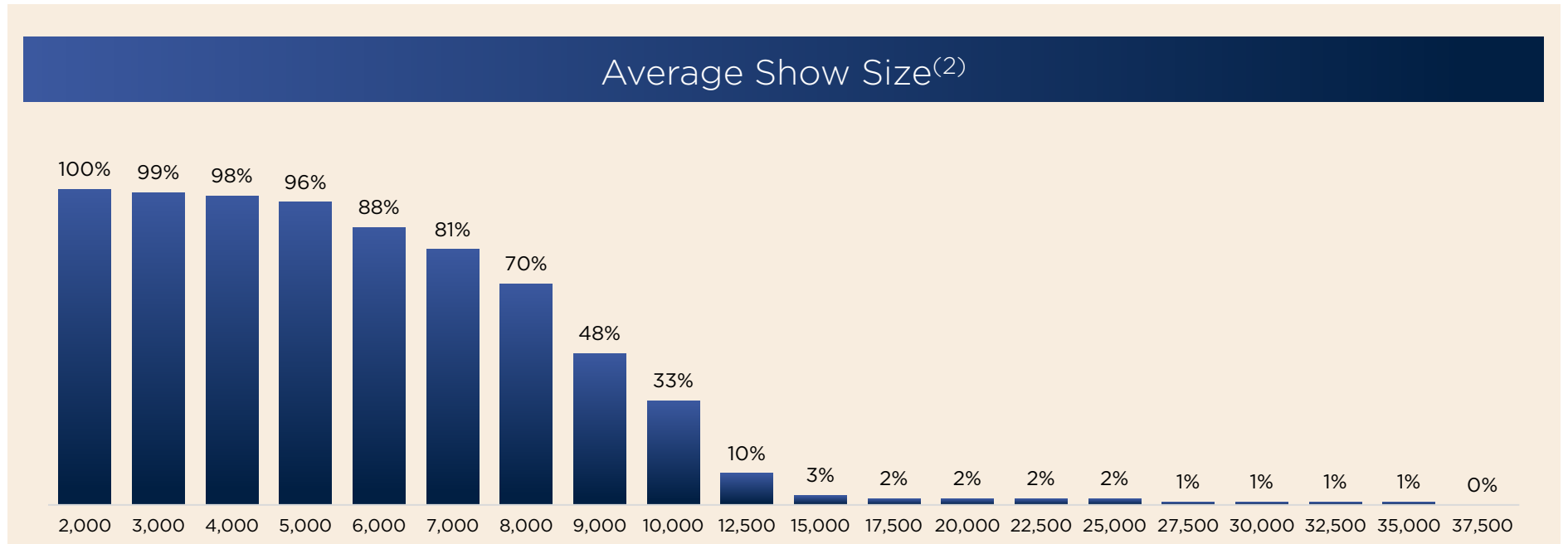
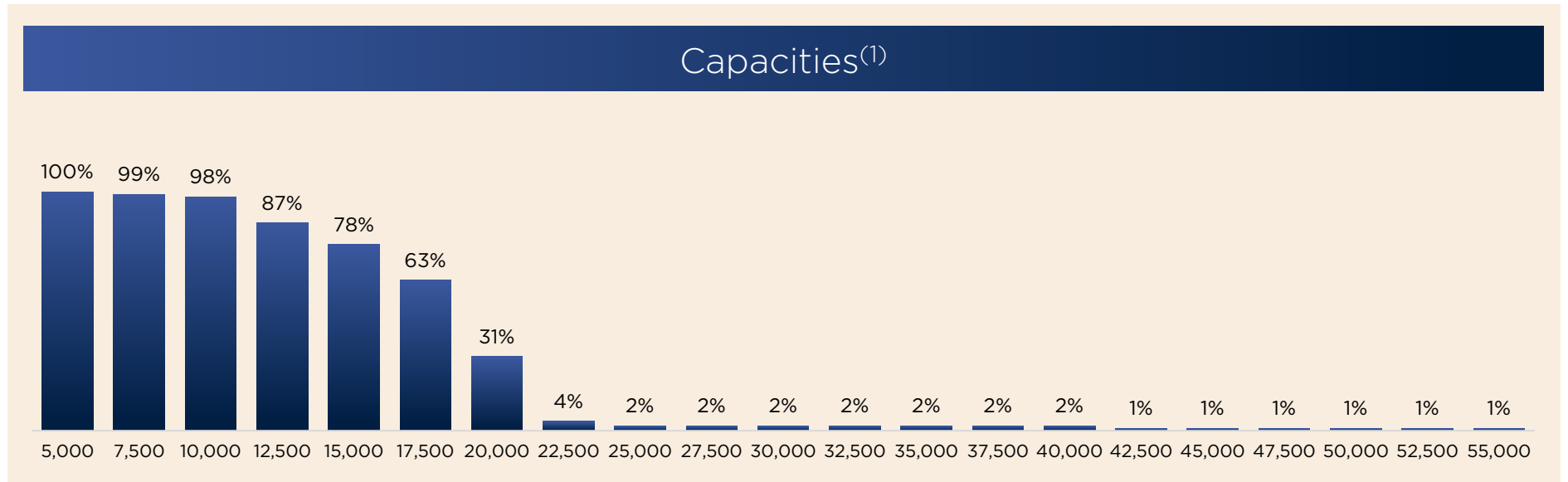
61
AVERAGE EVENTS

53
MEDIAN EVENTS

Source: Pollstar

1) Should be read as percent of top 100 arenas with capacities greater than that value.

2) Should be read as percent of top 100 arenas with average show size greater than that value.



Top 100 Theaters

3,905
AVERAGE CAPACITY

2,679
AVERAGE ATTENDANCE

72 %
AVERAGE ATTENDANCE AS A
PERCENT OF CAPACITY

2,115
MEDIAN
CAPACITY

\$17.8M
AVERAGE 2023
GROSS TICKET
SALES

\$11.1M
MEDIAN 2023
GROSS TICKET
SALES

\$75.76
2023 AVERAGE
TICKET PRICE

74
AVERAGE
EVENTS

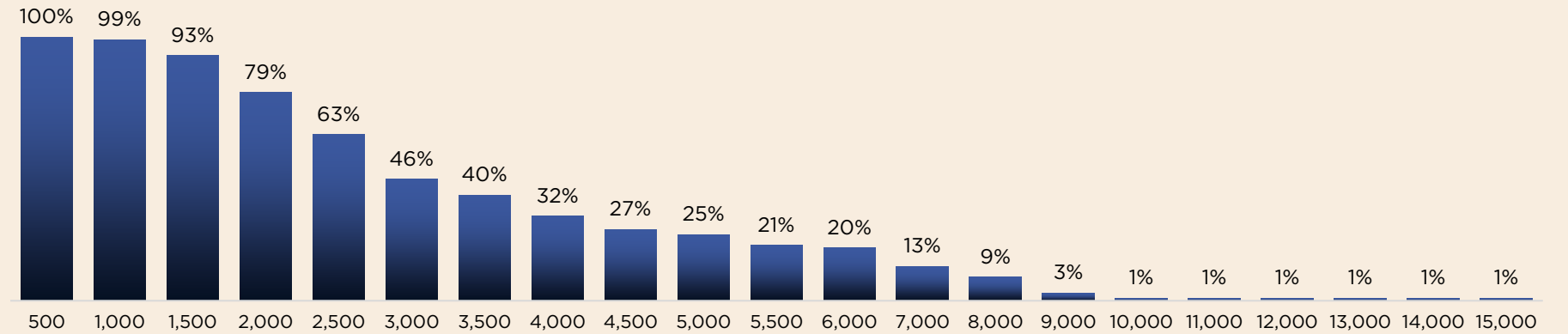
67
MEDIAN
EVENTS

Source: Pollstar

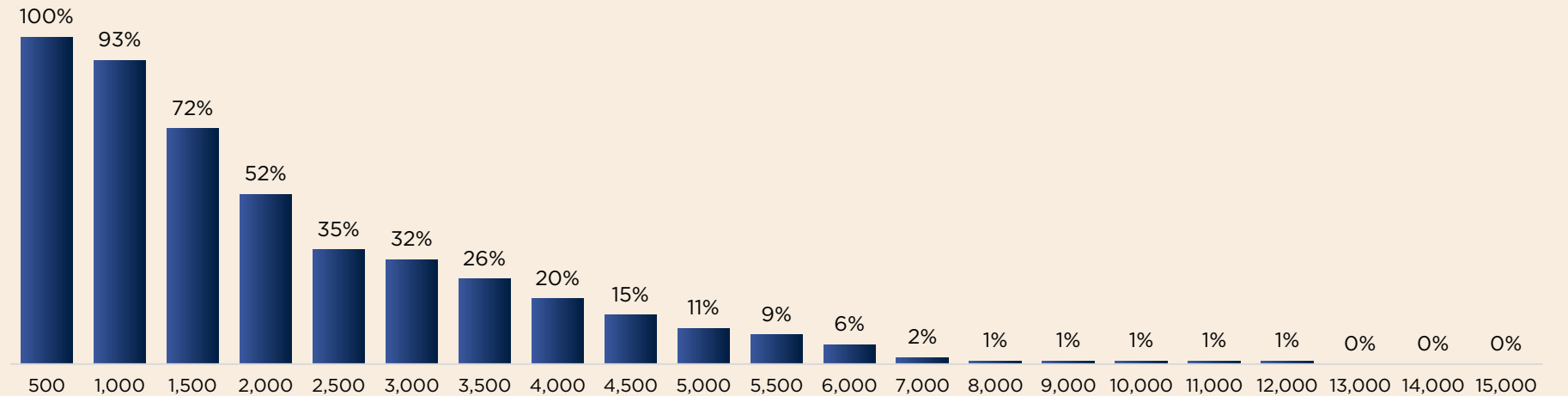
1) Should be read as percent of top 100 theaters with capacities greater than that value.

2) Should be read as percent of top 100 theaters with average show size greater than that value.

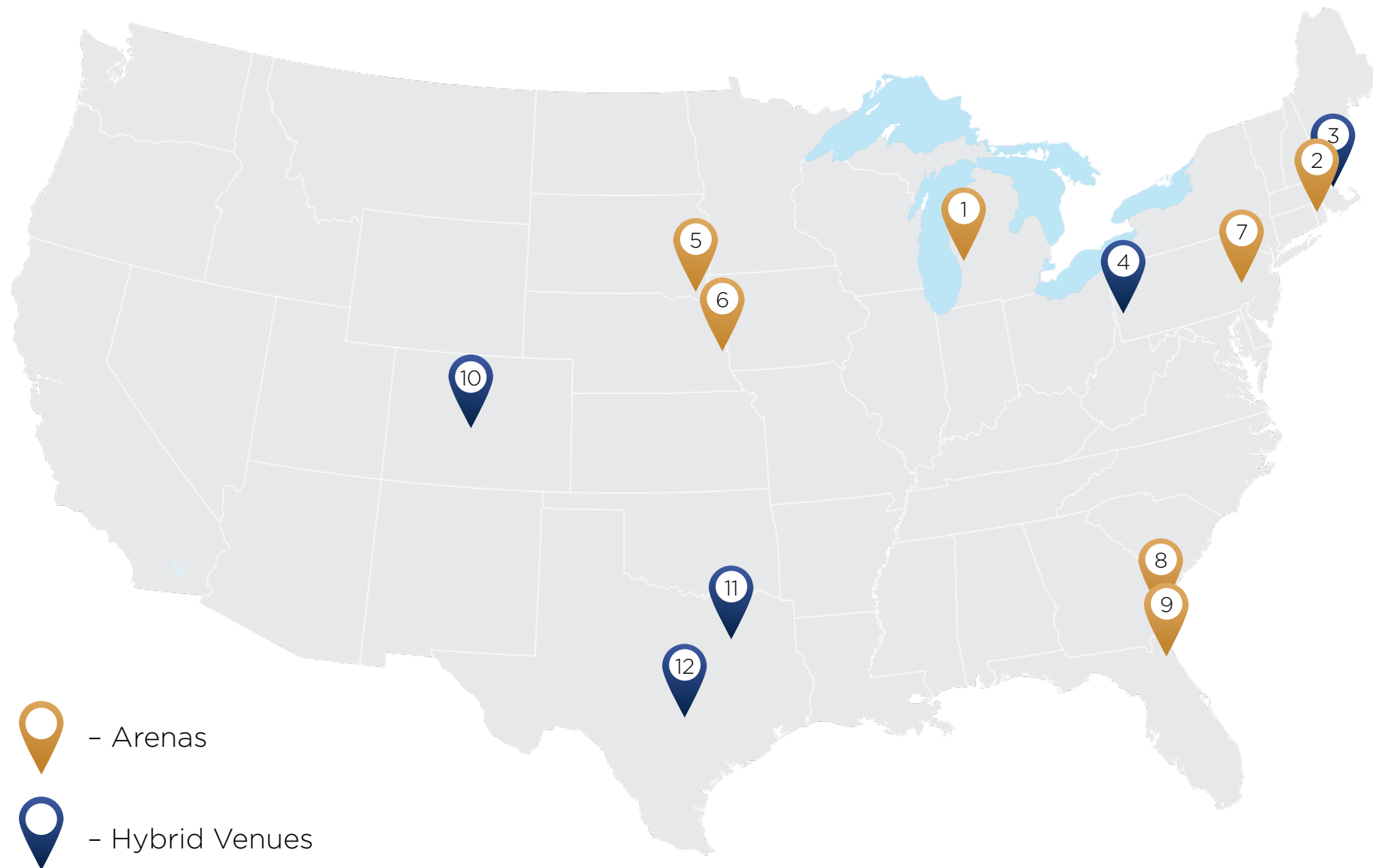
Capacities⁽¹⁾



Average Show Size⁽²⁾



Comparable Venues



1. Van Andel Arena

Location: Grand Rapids, MI
 Year Opened: 1996
 Capacity: 13,184

2. Amica Mutual Pavilion

Location: Providence, RI
 Year Opened: 2008 (Renovated)
 Capacity: 14,000

3. MGM Music Hall at Fenway

Location: Boston, MA
 Year Opened: 2022
 Capacity: 5,009

4. Stage AE

Location: Pittsburgh, PA
 Year Opened: 2010
 Capacity: 2,400
 (5,500 Outdoor)

5. Denny Sanford Premier Center

Location: Sioux Falls, SD
 Year Opened: 2014
 Capacity: 12,000

6. Pinnacle Bank Arena

Location: Lincoln, NE
 Year Opened: 2013
 Capacity: 15,900

7. PPL Center

Location: Allentown, PA
 Year Opened: 2014
 Capacity: 10,500

8. Enmarket Arena

Location: Savannah, GA
 Year Opened: 2022
 Capacity: 9,500

9. VyStar Veteran Memorial Arena

Location: Jacksonville, FL
 Year Opened: 2013
 Capacity: 14,375

10. Mission Ballroom

Location: Denver, CO
 Year Opened: 2019
 Capacity: 3,950

11. Toyota Music Factory

Location: Irving, TX
 Year Opened: 2017
 Capacity: 4,000 (8,000 Indoor)

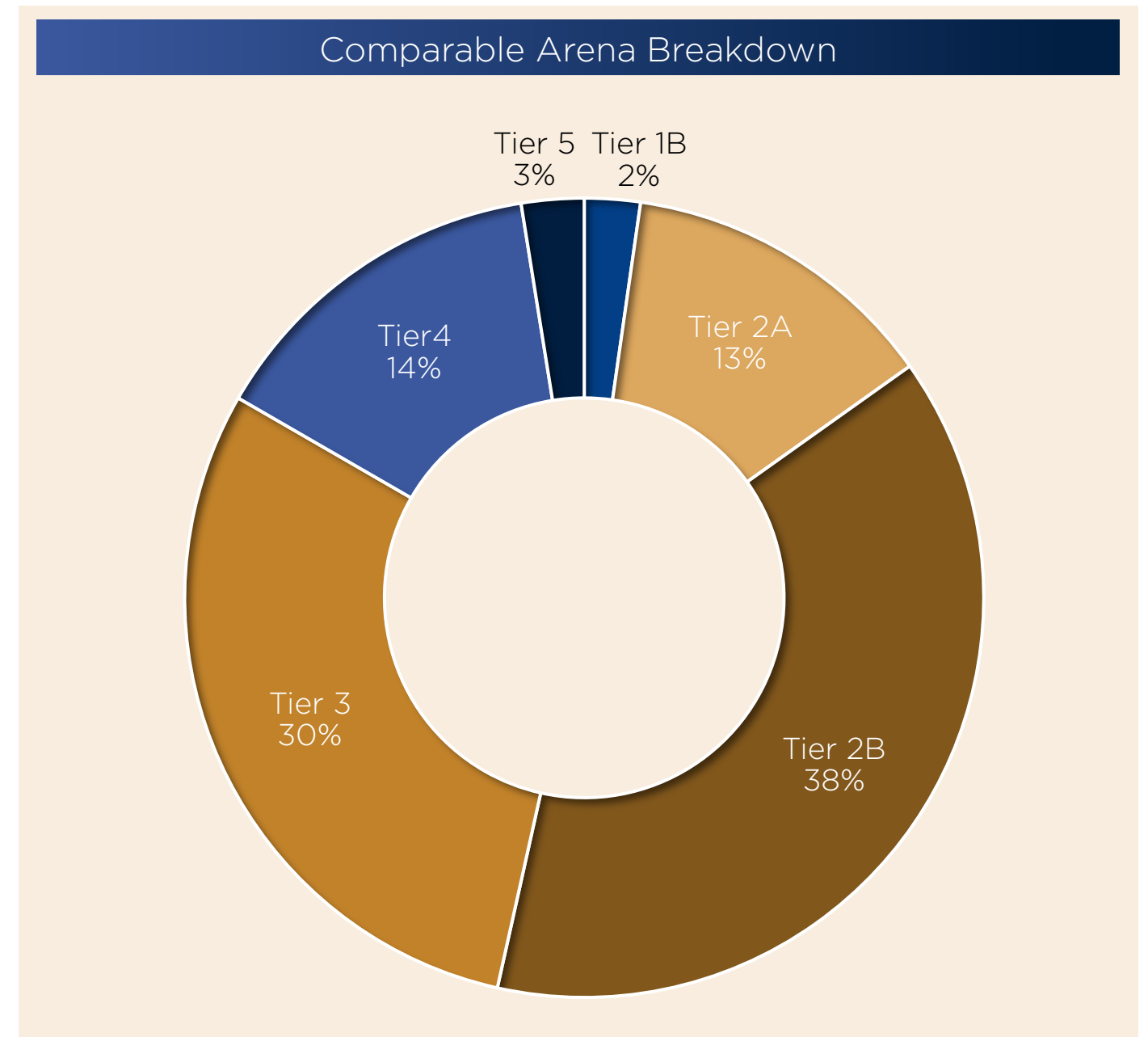
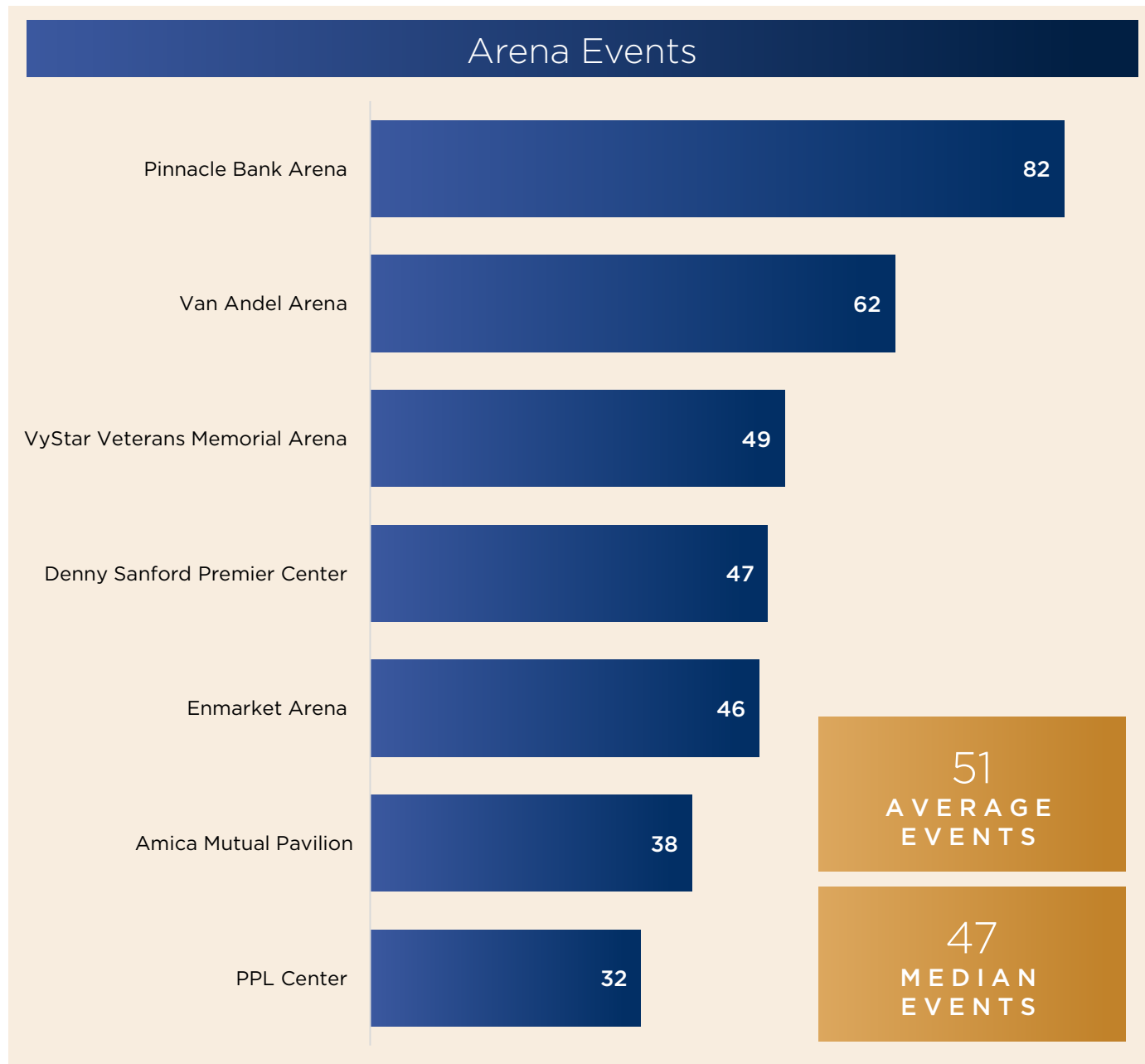
12. Boeing Center at Tech Port

Location: San Antonio, TX
 Year Opened: 2022
 Capacity: 3,100

Comparable Venues

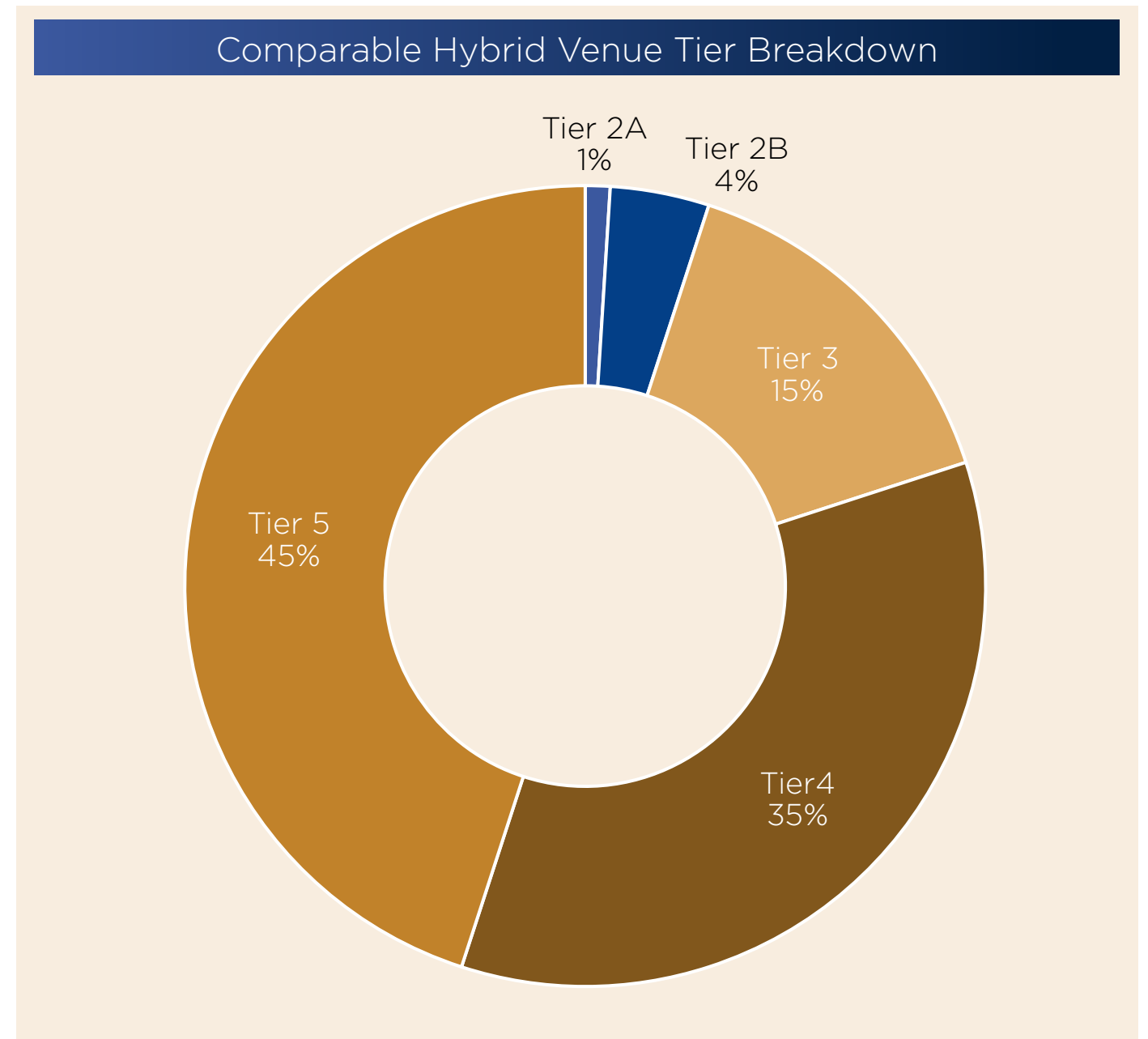
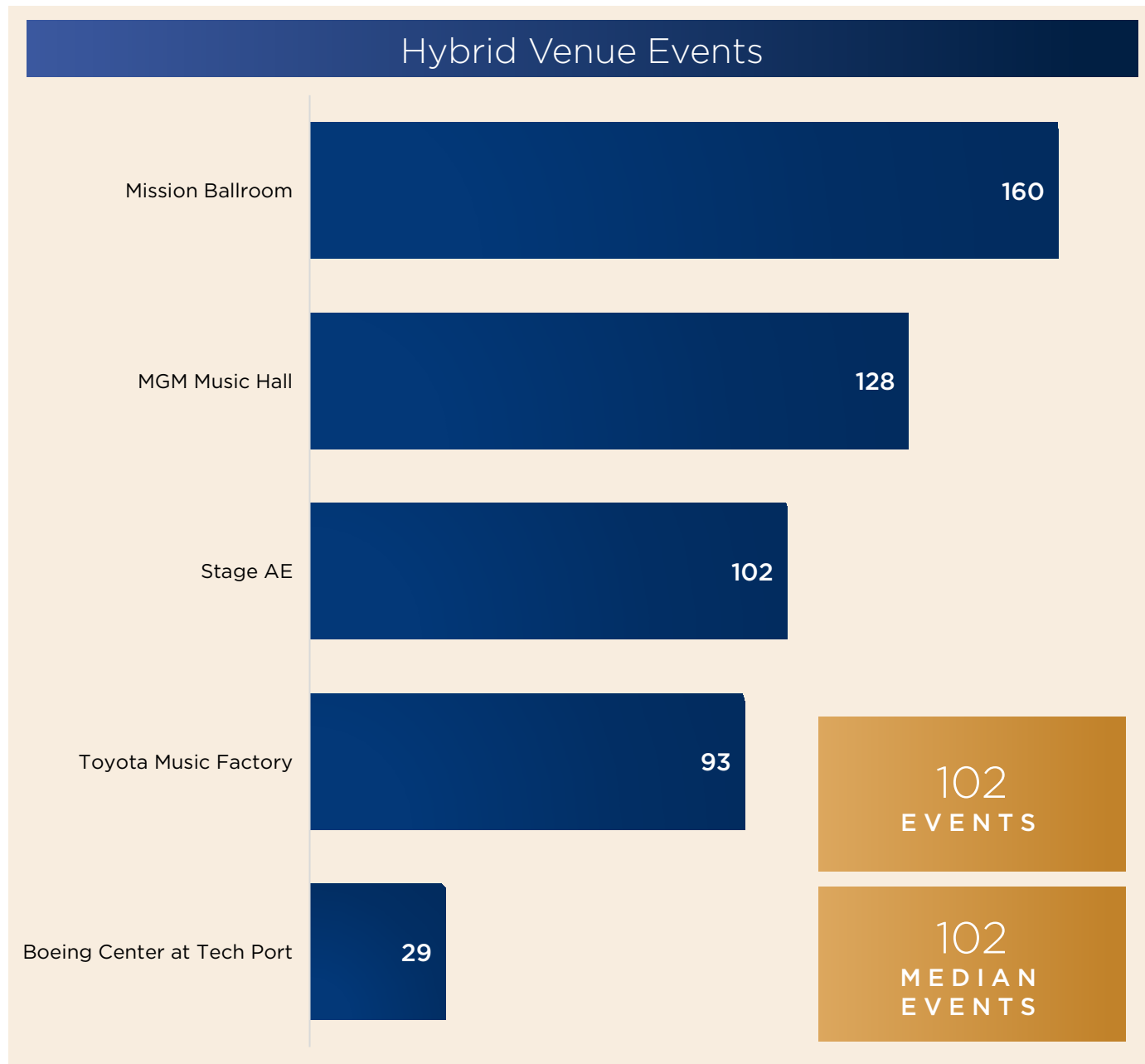
Venue	Location	Year Opened / Renovated	Indoor Capacity	Outdoor Capacity	Annual 3 rd Party Events	Cost	Public	Private
Arenas								
Pinnacle Bank Arena	Lincoln, NE	2013	15,900	--	82	\$173M	58%	42%
VyStar Veterans Memorial Arena	Jacksonville, FL	2003	15,000	--	49	\$130M	100%	0%
Amica Mutual Pavilion	Providence, RI	1972 (2008)	14,000	--	38	\$80M (Renovation)	14%	86%
Van Andel Arena	Grand Rapids, MI	1996	13,184	--	62	\$77M	71%	29%
Denny Sanford Premier Center	Sioux Falls, SD	2014	13,000	--	47	\$110M	100%	0%
PPL Center	Allentown, PA	2014	10,500	--	32	\$177M	100%	0%
Enmarket Arena	Savannah, GA	2022	9,500	--	46	\$165M	100%	0%
Flexible Hybrid Venues								
Toyota Music Factory	Irving, TX	2017	4,000	4,000	93	\$50M	50%	50%
Stage AE	Pittsburgh, PA	2010	2,400	5,500	102	\$13M	20%	80%
MGM Music Hall at Fenway	Boston, MA	2022	5,009	--	128	--	0%	100%
Mission Ballroom	Denver, CO	2019	3,950	--	160	\$38M	0%	100%
Boeing Center at Tech Port	San Antonio, TX	2022	3,100	--	29	\$70M	100%	0%

Comparable Arena Utilization



Note: * Tier breakdown as a weighted average of annual events

Comparable Hybrid Venue Utilization



Note: * Tier breakdown as a weighted average of annual events

Estimated Utilization

Key Utilization Research Findings

Arena	Hybrid Venue
51 AVERAGE COMPARABLE VENUE ANNUAL EVENTS	121 AVERAGE COMPARABLE VENUE ANNUAL EVENTS
7,194 AVERAGE COMPARABLE EVENT ATTENDANCE	3,491 AVERAGE COMPARABLE EVENT ATTENDANCE
61 AVERAGE ANNUAL EVENTS TOP 100	74 AVERAGE ANNUAL EVENTS TOP 100
56% AVERAGE COMPARABLE EVENT ATTENDANCE	73% AVERAGE COMPARABLE EVENT ATTENDANCE

Estimated Utilization

Events	Arena	Hybrid Venue
Ticketed Shows		
Tier 1B	0	0
Tier 2A	3	0
Tier 2B	6	0
Tier 3	6	8
Tier 4	2	15
Tier 5	1	15
Family Shows	5	2
Sporting Events	10	2
Total	33	42
Non-Ticketed		
Graduation	10	10
Private Rentals	30	30
Banquet / Galas	7	7
Trade Shows/Consumer Shows	10	2
Community Events	5	5
Total	62	54
Combined Total	95	96

Recommended Building Program

Key Building Program Research Findings

Arena	Hybrid Venue
10,000 to 17,599 ARENA MARKET GAP	2,500 to 7,000 HYBRID VENUE MARKET GAP
12,000 PROMOTER RECOMMENDED CAPACITY	2,000 – 6,000 PROMOTER RECOMMENDED CAPACITY
12,869 AVERAGE COMPARABLE ARENA CAPACITY	4,802 AVERAGE COMPARABLE HYBRID VENUE CAPACITY
28 AVERAGE SUITES	21 AVERAGE VIP BOXES

Building Program

Building Program	Arena	Hybrid Venue
Total Fixed Capacity	10,070	3,530
Fixed Reserved	9,250	3,250
Club Seats	500	200
Small Group Seating	20	20
Suites	20	0
Floor	2,000	1,250
Total Capacity	12,070	4,780
Premium Seating		
Total Seats	820	280
Luxury Suites	20	--
Loge Boxes	20	--
VIP Boxes	--	20
Club Seats	500	200
Premium Seating Percentage	8%	8%

Sponsorship Revenue

Arena

Partner Category	Number of Partners	Annual Fee (Year 3)	Net Sponsorship Revenue
Naming Rights Partner	1	\$875,000	\$788,000
Founding Partner	6	\$159,000	\$859,000
Other Partners	5	\$53,000	\$239,000
Total			\$1,886,000

Hybrid Venue

Partner Category	Number of Partners	Annual Fee (Year 3)	Net Sponsorship Revenue
Naming Rights Partner	1	\$503,000	\$454,000
Other Partners	6	\$80,000	\$430,000
Total			\$883,000

Sponsorship Methodology

- 1. Identification of Assets**
- 2. Analysis of Expected Traffic Through and Around Venues**
- 3. Comparable Venue Benchmarking**
- 4. Package Development**
- 5. Determination of Fair Market Value**

Key Determinants of Value

EXTERIOR
VISIBILITY

INTERIOR
TRAFFIC

PAID MEDIA

EARNED
MEDIA

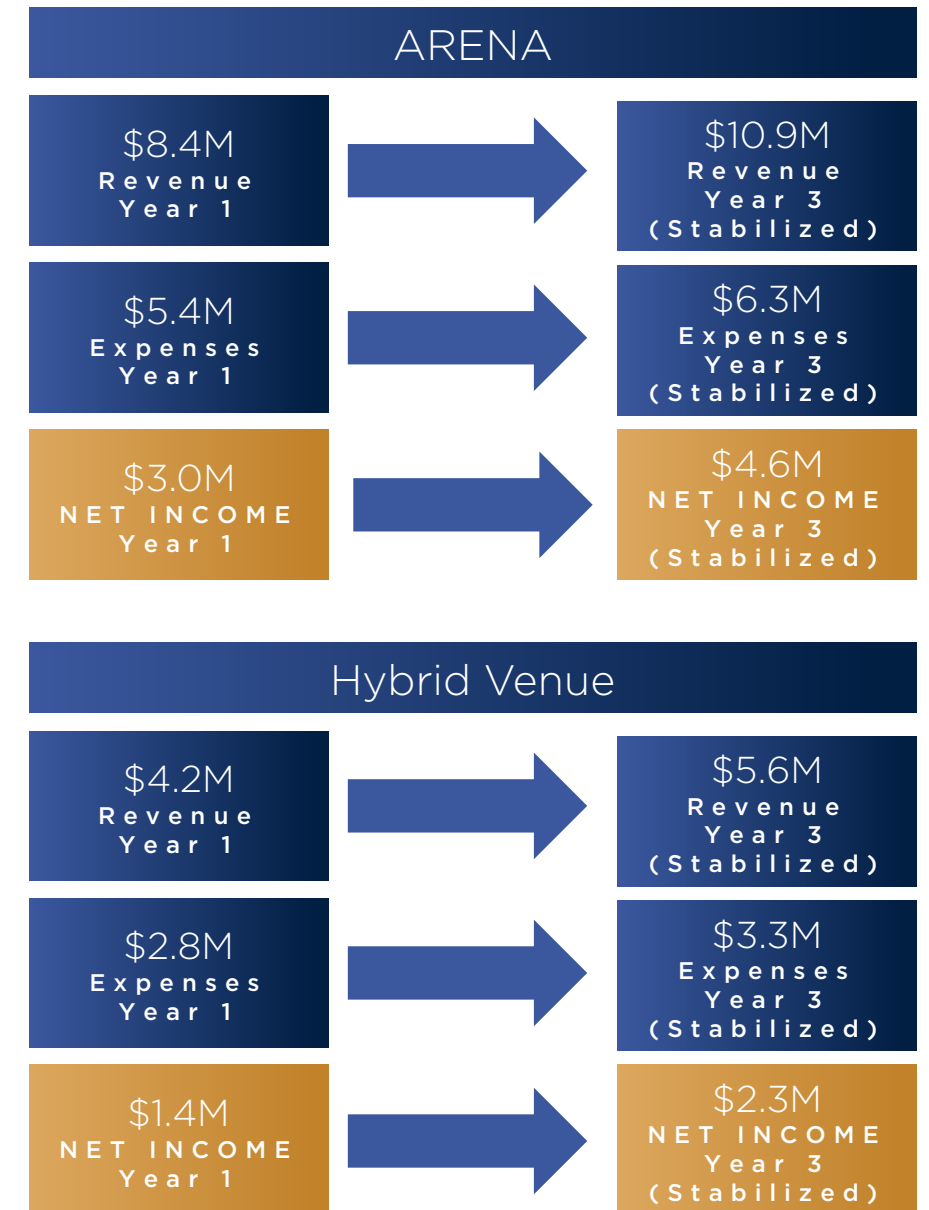
HOSPITALITY

QUALITATIVE
VALUE

Operating Pro Forma

Financial Pro Forma

	Arena			Hybrid Venue		
	Year 1	Year 2	Year 3	Year 1	Year 2	Year 3
Operating Revenues						
Rental Income, Net	\$872,000	\$1,051,000	\$1,246,000	\$551,000	\$670,000	\$798,000
Premium Seating	2,075,000	2,260,000	2,486,000	540,000	590,000	641,000
F&B, Net	1,668,000	2,004,000	2,380,000	1,044,000	1,278,000	1,520,000
Merchandise, Net	183,000	224,000	269,000	86,000	103,000	123,000
Advertising & Sponsorships, Net	1,778,000	1,831,000	1,886,000	833,000	857,000	883,000
Parking, Net	858,000	1,027,000	1,215,000	578,000	703,000	835,000
Ticket Rebates, Net	624,000	781,000	949,000	314,000	377,000	442,000
Facility Fees	343,000	411,000	486,000	231,000	281,000	334,000
Total Revenue	\$8,401,000	\$9,589,000	\$10,917,000	\$4,177,000	\$4,859,000	\$5,576,000
Operating Expenses						
Staffing	\$2,811,000	\$2,895,000	\$2,982,000	\$1,522,000	\$1,567,000	\$1,614,000
Management Fees	250,000	258,000	265,000	150,000	155,000	159,000
General & Administrative	750,000	900,000	1,150,000	500,000	600,000	700,000
Repairs & Maintenance	400,000	375,000	450,000	200,000	250,000	325,000
Utilities	908,000	990,000	1,073,000	289,000	315,000	341,000
Insurance	330,000	340,000	350,000	105,000	108,000	111,000
Total Expenses	\$5,449,000	\$5,758,000	\$6,270,000	\$2,766,000	\$2,995,000	\$3,250,000
Net Operating Income	\$2,952,000	\$3,831,000	\$4,647,000	\$1,411,000	\$1,864,000	\$2,326,000
Capital Reserve	(\$1,500,000)	(\$1,545,000)	(\$1,591,000)	(\$550,000)	(\$567,000)	(\$583,000)
Net Financial Surplus	\$1,452,000	\$2,286,000	\$3,056,000	\$861,000	\$1,297,000	\$1,743,000



Economic & Fiscal Impact Summary: Arena

Cameron County New Economic Impact Summary

2026 - 2027 Construction Impacts (2026\$)

\$109.6M	\$160.0M	450	\$52.6M
Direct Spending	Total Output	Jobs (FTEs)	Personal Earnings

2030 Annual Impacts (Stabilized Operations, 2030\$)

\$13.3M	\$18.5M	180	\$5.1M
Direct Spending	Total Output	Jobs (FTEs)	Personal Earnings

2026 - 2057 Cumulative NPV Impacts (2026\$)

\$374.5M	\$530.4M	195	\$153.7M
Direct Spending	Total Output	Jobs (FTEs)	Personal Earnings

Note: Jobs impacts are not discounted and represent the average annual jobs over the specified period.

New Fiscal Impact Summary

2026 - 2027 CONSTRUCTION IMPACTS (2026\$)

	City of Brownsville	Cameron County	State of Texas
Sales Tax	\$1,049,000	--	\$7,702,000
Hotel Occupancy	--	--	--
Mixed Beverage Tax (Combined)	--	--	--
Combative Sports Tax	--	--	--
TOTAL	\$1,049,000	\$0	\$7,702,000

2030 ANNUAL IMPACTS (STABILIZED OPERATIONS, 2030\$)

	City of Brownsville	Cameron County	State of Texas
Sales Tax	\$228,000	--	\$1,281,000
Hotel Occupancy	\$96,000	\$23,000	\$77,000
Mixed Beverage Tax (Combined)	--	--	\$261,000
Combative Sports Tax	--	--	--
TOTAL	\$324,000	\$23,000	\$1,619,000

2026 - 2057 CUMULATIVE NPV IMPACTS (2026\$)

	City of Brownsville	Cameron County	State of Texas
Sales Tax	\$5,596,000	--	\$33,278,000
Hotel Occupancy	\$1,926,000	\$460,000	\$1,537,000
Mixed Beverage Tax (Combined)	--	--	\$5,216,000
Combative Sports Tax	--	--	--
TOTAL	\$7,522,000	\$460,000	\$40,031,000

Economic & Fiscal Impact Summary: Hybrid Venue

Cameron County New Economic Impact Summary

2026 - 2027 Construction Impacts (2026\$)

\$40.2M	\$58.7M	165	\$19.3M
Direct Spending	Total Output	Jobs (FTEs)	Personal Earnings

2030 Annual Impacts (Stabilized Operations, 2030\$)

\$8.0M	\$11.2M	105	\$3.1M
Direct Spending	Total Output	Jobs (FTEs)	Personal Earnings

2026 - 2057 Cumulative NPV Impacts (2026\$)

\$199.4M	\$282.1M	110	\$80.5M
Direct Spending	Total Output	Jobs (FTEs)	Personal Earnings

Note: Jobs impacts are not discounted and represent the average annual jobs over the specified period.

New Fiscal Impact Summary

2026 - 2027 CONSTRUCTION IMPACTS (2026\$)

	City of Brownsville	Cameron County	State of Texas
Sales Tax	\$384,000	--	\$2,824,000
Hotel Occupancy	--	--	--
Mixed Beverage Tax (Combined)	--	--	--
Combative Sports Tax	--	--	--
TOTAL	\$384,000	\$0	\$2,824,000

2030 ANNUAL IMPACTS (STABILIZED OPERATIONS, 2030\$)

	City of Brownsville	Cameron County	State of Texas
Sales Tax	\$141,000	--	\$762,000
Hotel Occupancy	\$66,000	\$16,000	\$53,000
Mixed Beverage Tax (Combined)	--	--	\$173,000
Combative Sports Tax	--	--	\$14,000
TOTAL	\$207,000	\$16,000	\$1,002,000

2026 - 2057 CUMULATIVE NPV IMPACTS (2026\$)

	City of Brownsville	Cameron County	State of Texas
Sales Tax	\$3,206,000	--	\$18,021,000
Hotel Occupancy	\$1,317,000	\$315,000	\$1,051,000
Mixed Beverage Tax (Combined)	--	--	\$3,454,000
Combative Sports Tax	--	--	\$277,000
TOTAL	\$4,523,000	\$315,000	\$22,803,000

Study Conclusions

- **There Is Demand In The Market For A New Live Entertainment Venue**
- **From An Operating Perspective, Both A Larger Arena (~12,000 Seats) And A Hybrid Venue (~4,750 Seats) Can Generate Annual Profit Before Debt**
- **It Is Recommended That The County Secure A Private Operator For The Venue**
 - **EX) ASM Global | Oakview Group | VenueWorks**
- **It Is Expected That A New Arena Will Cost Between \$275M And \$375M And A Hybrid Venue Of \$100M To \$150M**
- **Annual Net Operating Income Will Not Be Sufficient To Fund Construction Of A New Arena Or Hybrid Venue**
- **Similar To Most Municipal Venue Projects, Additional Public Or Private Funding Sources Would Be Required**
 - **EX) TIRZ Funding | Venue Tax Funding | Public-Private Partnerships**