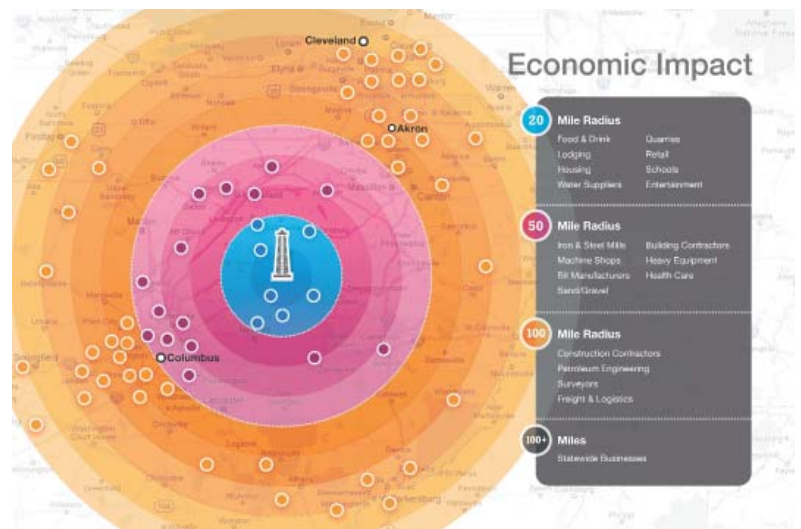




Lessons to Learn from Utica Shale Hotel Developers

Many site selectors and developers for manufacturing facilities, restaurants, office, mixed-use, and housing have waited on the sidelines during the initial few years of the Utica shale development in eastern Ohio. As illustrated in the “Potential Economic Impact” graphic, the opportunities appear as diverse and widespread as the natural gas production and pricing forecasts, making investment decisions difficult and uncertain.

Commercial developers and investors are seeing a great deal of activity in the Utica region and don't want to miss opportunities but misjudging a site location could be costly.



Source: Ryan Lewis and the Ohio University Voinovich School of Leadership and Public Affairs for the OhioShaleEnergy.com

So how can site consultants and developers focus their searches in such a complex region?

Hotel developers were part of the earliest wave of commercial development to follow the oil and gas producers and there are important lessons to be learned from their site selection strategies.

1. Understand the macro and micro site factors.

The productivity patterns of the oil and gas products are becoming more apparent as well production volumes have been confirmed, the mix of condensate and gas products is better understood, and the gathering system and transportation infrastructure is starting to take shape.

The shale gas and liquids production reports vary greatly from the northern Ohio counties to the southernmost and these differences are influencing the scale of infrastructure and processing facilities.

It is critically important that site selectors and real estate developers understand the employment nuances of various natural gas and oil infrastructure elements in order to determine appropriate site and facility locations. For example, during construction of one of the largest project investments in the Utica, the nearly \$2 billion Scio fractionation plant, employment exceeded 700 workers. While construction continues on some phases of the plant, the facility expects to employ 60 to 70 workers for operations.

2. Establish a unique and sustainable market position.

Several lodging properties stand out for their unique positioning in a competitive marketplace. Although the following hotels will serve oil and gas industry business travelers and workers, each property has defined a unique and sustainable position by appealing to multiple market segments.

Atwood Lake Resort & Golf Club

The Atwood Lake Resort & Golf Club in Carroll County, Ohio reopened in 2012 under Carroll County's management. The county's signing bonus for the property's mineral rights paid for \$2 million of upgrades. With 104 recently renovated rooms and numerous common area upgrades, the resort has enjoyed substantial support from the oil and gas industry as a lodging, dining and business meeting destination.



With its extensive recreation and natural amenities, Atwood Lake is promoted primarily as a leisure destination, a strategy that relies on multiple sources of demand.

But with its extensive recreation and natural amenities, Carroll County promotes Atwood Lake primarily as a leisure destination, a strategy that is not reliant on the cyclical nature of energy markets.

Data from Ohio Tourism Works shows that tourism is a \$36 billion per year industry in Ohio that sustains 443,000 Ohio jobs. "Carroll County is benefitting from the growth in tourism, the shale development, and the businesses that support these industries," said Larry Fenbers, CEO/General Manager of Carroll Electric Cooperative, Inc. "Developers will find that local service providers are knowledgeable and ready to help their projects progress quickly and smoothly. "



With its desirable mix of amenities, the Wallhouse Hotel is positioned to attract university visitors, business travelers and oil and gas industry executives and workers.

Wallhouse Hotel

When the 77-room Wallhouse Hotel opens in the summer of 2015, it will be the first hotel in New Concord, Ohio. New Concord, a village of approximately 1,700 residents, is the home of Muskingum University with approximately 3,100 undergraduate and graduate students.

Located midway between Columbus and Wheeling, the Wallhouse Hotel will serve oil and gas industry business people but with its conference center, pool and adjacency to Interstate 70, the hotel and its facilities will also appeal to local businesses, university visitors and general travelers.

"The Wallhouse is just the beginning of development at this area of New Concord," shared Jerry Kackley, General Manager/CEO of Guernsey-Muskingum Electric Cooperative, Inc. "We are well prepared to serve the anticipated retail and restaurant development, and look forward to providing these new members with safe, reliable electric service."

Comfort Inn & Suites

The recently opened Comfort Inn & Suites is the third new hotel in the Village of Caldwell in Noble County, Ohio. With amenities designed to attract Utica shale workers and visitors to the region's natural attractions, the Comfort Inn offers a competitively priced option.



“Being near the southern edge of the Utica development gives Noble County a different mix of opportunities,” noted Ken Schilling, General Manager/CEO of Washington Electric Cooperative, Inc. “The lodging demand in our area may end up being more seasonal and price-sensitive than other communities in the Utica shale region.”

3. Connect to local resources.

An advantage of doing business in a low-population area such as the Utica shale region is that the individuals, economic developers and government officials with the information site selectors need are readily available and easy to reach. Local residents typically know the previous use history for sites, soils issues, mineral rights and land ownership status and other nuances that can speed up or slow down a project.

The three lodging properties described above are each served by one of Ohio's electric cooperatives. Buckeye Power, Inc., the generation and transmission cooperative that is jointly owned by the 25 electric distribution cooperatives in Ohio, provides economic development services and site selection support for the territories served by local cooperatives. Dennis Mingyar, Buckeye Power's Director – Economic Development, can be reached at dmingyar@buckeyepower.com or (614) 430-7876 for assistance with local contacts and available sites and buildings.

Eastern Ohio planning for durability and flexibility.

Eastern Ohio tourism officials and hotel owners are proactively developing plans to promote the region's numerous natural areas and attractions to help ensure that hotel occupancy levels are sustained after the surge of oil and gas construction workers subsides.

Site selectors and real estate developers can connect with local community leaders, state and local economic development officials, power provider experts, and energy producers to help craft a property and facility investment strategy that is flexible and sustainable for various economic scenarios.

**Buckeye Power and Ohio's Electric
Cooperatives can help with:**

- Comprehensive site and building portfolios
- Preliminary site studies
- Site search tours
- Assistance in identifying financial incentives
- Electric rate analyses
- Community profiles
- State and local government contacts
- Contractor introductions

Look for Us:

**Industrial Asset Management Council
(IAMC) Fall 2015 Professional Forum**
September 26 - 30, 2015
Cleveland, Ohio

CORENET 2015 Global Summit
October 18 - 20, 2015
Los Angeles, California

**Ohio Economic Development Association
(OEDA) 2015 Annual Summit**
October 21 - 23, 2015
Columbus, Ohio



Contact Us:

Dennis Mingyar

Buckeye Power Inc.

www.buckeyepowersites.com

6677 Busch Boulevard

Columbus, OH 43229

614-430-7876

dmingyar@buckeyepower.com