North Idaho College

NORTH IDAHO COLLEGE SPORTS COMPLEX FINDINGS

OCTOBER 30, 2013
Since its founding in 2003, Frew Development Group has provided project and construction management services to our private and public sector clients. Specializing in public entertainment venues, we hold ourselves accountable for holding each entity that we manage accountable. We drive the team, enforce the budget, track spending and deliver the project as if it were our own.

In addition to the full range of design and construction phase services, FDG excels at early stage development, including site selection, entitlements, financial planning and legal positioning. Based in Colorado, FDG has offices in New York, Iowa, Oregon and Denver.

“Our core competency is the planning and execution of complex real estate projects.”

John Frew
Owner
CLIENT
- City of Cedar Rapids, Iowa

PROJECT COST
- $66.8 million (Partially Funded by US Department of Commerce, Economic Development Administration, and the State of Iowa)

STATUS
- Completion June 2013

ROLE
- Project & Construction Manager

REFERENCE:
- Jeff Pomeranz, City Manager
  319.286.5080
  j.pomeranz@cedar-rapids.org

KEY FEATURES
- 131,752 square feet of New Construction
- 48,539 square feet of Exhibit Space
- 19,383 square feet of Meeting Space
- 12,359 square foot Ballroom
- Direct Connection to the DoubleTree by Hilton
- Managed by Hilton Worldwide
DOUBLETREE BY HILTON AT THE U.S. CELLULAR CENTER, CEDAR RAPIDS, IOWA

CLIENT
• City of Cedar Rapids, Iowa

PROJECT COST
• $44.4 million

STATUS
• Completion June 2013

ROLE
• Project & Construction Manager

REFERENCE:
• Jeff Pomeranz, City Manager
  319.286.5080
  jpomeranz@cedar-rapids.org

KEY FEATURES
• DoubleTree by Hilton Franchise
• 173,960 square feet of Renovated Space
• 267 Rooms
• 8,466sf of Meeting Space
• Direct Connections to Convention Complex and Arena
• Managed by Hilton Worldwide
CLIENT
• City of Cedar Rapids, Iowa

PROJECT COST
• $20 million (Partially Funded by US Department of Commerce, Economic Development Administration, and the State of Iowa)

STATUS
• Completion: June 2013

ROLE
• Project & Construction Manager

REFERENCE:
• Jeff Pomeranz, City Manager
  319.286.5080
  j.pomeranz@cedar-rapids.org

KEY FEATURES
• 165,515 square feet of Renovations
• 32,593 square feet of Exhibit Space
• 8,600 Seat Capacity
• 12 Open Suites
• 3,000 square foot Club Lounge
• Managed by Hilton Worldwide
CLIENT
• City of Cedar Park, Texas

PROJECT COST
• $55 million

STATUS
• Completed 2009

ROLE
• Owner’s Representative

REFERENCE:
• Brenda Eivens, City Manager
  512.401.5000
eivens@cedarparktx.us

KEY FEATURES
• 6,800 Seat Multi-Purpose Arena
• 2,700 Paved Parking Spaces
• Club Restaurant & Bar
• 24 Luxury Suites
• Club Seating & Lounge
• Public / Private Partnership with Hicks Sports Group
• 50 Acre Development
• AHA Texas Stars

“Hats off to everyone. If there is an MVP however, my vote is John Frew.”
Jim Lites, President Dallas Stars
CLIENT
• City & County of Broomfield, CO

PROJECT COST
• $45 Million

STATUS
• Completed 2006

ROLE
• Co-Developer

REFERENCE:
• Charles Ozaki, City Manager,
  City and County of Broomfield
  303.438.6300
  cozaki@broomfield.org

KEY FEATURES
• 6,000 Seat Multi-Purpose Arena
• 24 Luxury Suites
• 2 Suite Level Club Restaurants
• 1000 Premium Seats
• 2 Adjacent Club Lounges
• NHL Regulation Ice Floor
• 183,000 square feet Full Court Basketball Practice Gym
• NBA D-League Colorado 14ers
• CHL Rocky Mountain Rage
VenuWorks provides comprehensive consulting services to facility owners and an Event Center operator as well, providing management, booking and marketing solutions for arenas, convention centers and theatres throughout North America, representing public-sector owners of over 50 separate facilities in 19 communities in 12 states.

Over the last fifteen years, VenuWorks has participated in the visioning, planning, development and opening of more than fifteen (15) entertainment, sports and meeting facilities. The company's consulting practice provides managerial audits, financial forecasts, benchmarking studies, and marketing and sales reviews among other services.

VenuWorks operated two venues that were contained in the original CSL study for this project, including the Three Rivers Arena and Convention Center facilities complex in Kennewick, WA and the Swiftel Center located in Brookings SD.

VenuWorks has an excellent grasp of the fundamentals in operating multi-purpose event centers facilities in similar sized locations. They bring an extensive data base, familiarity with the Northwest U.S. and Idaho/Washington State region as well as a vital operational perspective and practices to our scope.

VenuWorks grasps project needs quickly while developing sensitivities to stakeholder issues. They readily transfer their operational knowledge and 'comparable' facility capabilities to our team, which provide a valuable underpinning to financial sustainability, once the facility opens.
Three Rivers CC & Toyota Arena
Kennewick, WA
Comparable Venues
3,000 - 5,000 seats

Swiftel Center - Brookings, SD
Comparable Venues
3,000 - 5,000 seats

Bemidji, MN
Comparable Venues
3,000 - 5,000 seats

Bridge View Center - Ottumwa, IA
Our Mission

To objectively consider the design, operation, construction, management, financing and uses of the proposed NIC Sports Complex.
Deliverable: Right Size the Facility

- A multi-purpose facility offering spectator and flat floor/meeting space rather than a single purpose arena with a primary focus on spectator events.
- Break out meeting space
- Show production capabilities (including rigging)
- Commissary
- Amphitheater
- On Site Parking
- NIC athletic department and teams to be located on site
Proposed Building Design Elements

- Number of seats: 3,000
- Size: 80,000sf (± 5,000sf)
- Suites: 2-4
- Concessions: full commissary
- In-house Ticketing
- 10,000sf classroom/conference/meeting space
- On-site Parking
- Amphitheater
Proposed Number of Seats

- 3,000

- Why this level?
  - Threshold for hosting NJCAA events
  - Would allow 4,000 for concert seating
  - A larger facility would compete with Spokane (5,300)
  - INB Performing Arts Center average show = 1,920
  - Schuler non-NIC events average = 579 to 833

- It’s scalable
  - NIC athletics
  - Community Events
  - Flat floor space for winter use
Proposed Size of Building

- 80,000sf (+/- 5,000sf) = 2 acres
- Determined by:
  - Number of seats
  - Suites
  - Commissary and Concessions
  - Storage and Marshaling Space
  - Culinary events and meeting space
  - Ticket Office
  - Classroom space
  - Athletic department space
    - Office space
    - Locker rooms
    - Training rooms
Type of Construction: Framed

- **Pro’s:**
  - Design Flexibility
  - A more customized look

- **Con’s**
  - More expensive
  - Longer schedule
Framed Building

Broomfield, Colorado
Type of Construction: Pre-Manufactured

- Pro’s:
  - Shorter schedule
  - Less expensive

- Con’s
  - Less functionality (e.g. rigging)
  - Needs supplemental exterior finishes
  - Less design flexibility (aesthetics)
Pre-Manufactured Building

Brookings, South Dakota
Type of Construction: Tilt Wall

- **Pro’s:**
  - Cost Effective
  - Durability

- **Con’s**
  - Least remodel flexibility (difficult to add onto)
  - Some perceive it to be more industrial
Tilt Wall Building Type

Prescott Valley, Arizona
Proposed On-Site Parking

- 1,200 spaces

- Calculations:
  - 3,000 seats
  - 2.5 occupants per vehicle
  - 1,200 parking spaces
  - 350sf per space
  - 420,000sf
  - 43,560sf/acre

= 10 acres
Site Selection

NIC has narrowed site selection to two options:

1) Atlas Mill Site
   - 25 acres
   - Assumes Railroad easement is included
   - Assumes site will be within LCDC and City boundaries

2) Riverstone Site
   - 10 acres
Site Requirements

Minimum site requirement: 12 acres

- Event Center: 2.0 acres
- On-site Parking: 10 acres
Site Option 1: Atlas Mill
Site Option 2: Riverstone
Preferred Site: Atlas Mill

Atlas Mill is a unique site that, if properly planned, will allow multiple, complimentary NIC and community uses:

- Sports Complex (including flat floor trade show space)
- Co-Location of NIC Educational Curriculum
  - Professional Technical Education Facility
- Outdoor Pursuits
- Hospitality Restaurant and Recreation Management
- Dockside uses, including seasonal food and beverage
- Amphitheater
- Bike path connecting to main campus
- Shared parking
**Benefits Unique to Atlas Mill Site**

- Sale or lease of out lots to third-party for commercial/retail uses.

- Spreading of infrastructure cost among different uses.

- Developing a community asset on a waterfront location.

- Capable of outdoor entertainment and recreation
### Deliverable: Conceptual Capital Budget

<table>
<thead>
<tr>
<th>Construction Type</th>
<th>Low</th>
<th>High</th>
<th>Range</th>
</tr>
</thead>
<tbody>
<tr>
<td>Framed</td>
<td>$325/sf</td>
<td>$350/sf</td>
<td>$26 - 28 Million</td>
</tr>
<tr>
<td>Tilt Wall</td>
<td>$275/sf</td>
<td>$300/sf</td>
<td>$22 - 24 Million</td>
</tr>
<tr>
<td>Manufactured</td>
<td>$225/sf</td>
<td>$250/sf</td>
<td>$18 - 20 Million</td>
</tr>
</tbody>
</table>

(Each is based on a 80,000 square foot building)
Deliverable: Operating Budget

North Idaho College Multi-Purpose Event Center

Estimated Operating Pro Forma prepared by VenuWorks

- **Note** - This projection is based on estimates, assumptions and other information from supplemental research, general knowledge of the industry, and information provided by and consultations with Venuworks' client. However, changes in market conditions and the national marketplace will likely occur and many competitive, financial and economic factors are outside the control of the consultants.

- From the Ad Hoc Committed Report:
  - #3 Facility must break even by the end of year five.
Operating Budget Assumes Multi-Purpose Events
Operating Budget Assumes Multi-Purpose Events
END STAGE - 4,275 SEATS
TRADE SHOW - 154 BOOTHS TOTAL
124 Booths in Arena
30 Booths in Concourse
OUTDOOR FARMER'S - 80 BOOTHs
General Proforma Assumptions

1. This is a projected Profit & Loss (P&L) based on multiple significant variables. It is for discussion purposes and is not a guarantee of actual results. Does not include any pre-opening or start-up operational expenses during construction.

2. Building size approx. 80K SF; minimum of 3,000 fixed indoor seats with 4 suites/hospitality areas. Additionally, at least 10,000 SF of supplemental meeting, catering space and wide/over-sized concourse spaces to host pre-function hospitality.

3. Stage will have dual-capacity; capability to serve Outdoor set-up of approximately 4,000-5,000 seats/lawn.

4. Attendance figures estimated based on our industry experience and an estimated maximum capacity of 3,000 seats.

5. The overall staffing mix based on Third Party-operating model: FTE’s may include Schuler staff support; Student labor + Part-Time help as described below per Schedule D.

6. College support services (i.e. maintenance, IT and grounds/landscaping, snow removal) will be determined, allocated.
Management Options

- Three Options:
  - NIC manages
  - Third-Party manages
  - Combination
Site Driven Attributes
Now Host Tournaments, Not Travel
Dual Stage: Indoor / Outdoor

Stage AE, Pittsburgh, PA
Opportunity to fill Unmet “Event Niche”

- Cd’A “routes” well for promoters
- Concerts are biggest ‘payday’ (event income)
- Booking driven by 3rd party promoter/risk taker
- Costs for NIC Event Center more affordable than Spokane
- No first class Flat Floor / Trade show space
- Lack of Riverfront catering alternatives, at moderate price points (with alcohol)
# LEAD INCOME STATEMENT

<table>
<thead>
<tr>
<th>Total # of Performances</th>
<th>Projected Year 1</th>
<th>Projected Year 2</th>
<th>Projected Year 3</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total Annual Attendance</td>
<td>181</td>
<td>195</td>
<td>209</td>
</tr>
<tr>
<td></td>
<td>125,325</td>
<td>136,050</td>
<td>146,775</td>
</tr>
</tbody>
</table>

### Event Income

- Rental Income: 108,250 (Year 1), 128,500 (Year 2), 148,750 (Year 3)
- Co-Pro or Promoter Rebate Expense (Net): (25,400) (Year 1), (31,500) (Year 2), (37,600) (Year 3)
- Total Event Income: 82,850 (Year 1), 97,000 (Year 2), 111,150 (Year 3)

### Ancillary Income

- Food & Beverage (Gross, Net of Commissions): 415,400 (Year 1), 476,940 (Year 2), 534,109 (Year 3)
- Cost of Goods Sold: (141,645) (Year 1), (162,760) (Year 2), (182,363) (Year 3)
- Merchandise (Net): 10,400 (Year 1), 12,800 (Year 2), 15,200 (Year 3)
- Parking (Net): 82,974 (Year 1), 89,831 (Year 2), 96,688 (Year 3)
- Facility Fees & Ticket Revenues: 165,110 (Year 1), 180,585 (Year 2), 196,590 (Year 3)
- Reimbursed Event Expenses: 357,500 (Year 1), 390,500 (Year 2), 423,500 (Year 3)
- Total Ancillary Income: 889,739 (Year 1), 988,152 (Year 2), 1,083,724 (Year 3)

### Total Event Income

- 972,589 (Year 1), 1,085,152 (Year 2), 1,194,874 (Year 3)

### Other Operating Income

- Prem. Seating/Adv. + Sponsorship CO1 (Net): 75,000 (Year 1), 75,000 (Year 2), 75,000 (Year 3)
- Naming Rights (Net): 75,000 (Year 1), 75,000 (Year 2), 75,000 (Year 3)
- Other Miscellaneous: 10,000 (Year 1), 10,300 (Year 2), 10,609 (Year 3)
- Total Other Operating Income: 160,000 (Year 1), 160,300 (Year 2), 160,609 (Year 3)

### Total Operating Income

- 1,132,589 (Year 1), 1,245,452 (Year 2), 1,355,483 (Year 3)

### Operating Expenses

- Full-Time Labor: 466,630 (Year 1), 480,629 (Year 2), 495,048 (Year 3)
- Student & Part-Time Labor: 275,000 (Year 1), 283,250 (Year 2), 291,748 (Year 3)
- Event Expenses: 314,000 (Year 1), 338,400 (Year 2), 362,800 (Year 3)
- Insurance: 22,299 (Year 1), 22,968 (Year 2), 23,657 (Year 3)
- General & Administrative: 17,000 (Year 1), 17,510 (Year 2), 18,035 (Year 3)
- Utilities: 200,000 (Year 1), 206,000 (Year 2), 212,180 (Year 3)
- Other Occupancy / NIC Support Allocations: 45,500 (Year 1), 46,865 (Year 2), 48,271 (Year 3)
- Travel & Entertainment: 8,000 (Year 1), 10,000 (Year 2), 10,300 (Year 3)
- Professional Fees: 10,000 (Year 1), 10,300 (Year 2), 10,609 (Year 3)
- Contract Labor: 25,000 (Year 1), 25,750 (Year 2), 26,523 (Year 3)
- Other Services/Operations: 21,200 (Year 1), 21,836 (Year 2), 22,491 (Year 3)
- Total Operating Expenses: 1,464,629 (Year 1), 1,463,508 (Year 2), 1,521,661 (Year 3)

### Net Operating (Loss)

- (272,040) (Year 1), (218,056) (Year 2), (166,178) (Year 3)
## Schedule B: Event Summary

<table>
<thead>
<tr>
<th>Event Type</th>
<th>Year 1</th>
<th>Year 2</th>
<th>Year 3</th>
</tr>
</thead>
<tbody>
<tr>
<td>Concerts (incl. Outdoor)</td>
<td>8</td>
<td>10</td>
<td>12</td>
</tr>
<tr>
<td>Comedy, Stage, Family Shows</td>
<td>6</td>
<td>7</td>
<td>8</td>
</tr>
<tr>
<td>Other / Misc</td>
<td>3</td>
<td>4</td>
<td>5</td>
</tr>
<tr>
<td>HS Sports / Cheer</td>
<td>6</td>
<td>6</td>
<td>6</td>
</tr>
<tr>
<td>Community Use / Civic</td>
<td>10</td>
<td>12</td>
<td>14</td>
</tr>
<tr>
<td>Flat Floor / Trade Shows</td>
<td>4</td>
<td>5</td>
<td>6</td>
</tr>
<tr>
<td>Culinary Instruction &amp; Banquets</td>
<td>45</td>
<td>50</td>
<td>55</td>
</tr>
<tr>
<td>Meetings Only</td>
<td>20</td>
<td>22</td>
<td>24</td>
</tr>
<tr>
<td>NIC Men's/Women's Basketball</td>
<td>26</td>
<td>26</td>
<td>26</td>
</tr>
<tr>
<td>NIC Wrestling</td>
<td>6</td>
<td>6</td>
<td>6</td>
</tr>
<tr>
<td>NIC Volleyball</td>
<td>3</td>
<td>3</td>
<td>3</td>
</tr>
<tr>
<td>NIC Camps</td>
<td>40</td>
<td>40</td>
<td>40</td>
</tr>
<tr>
<td>NIC Other / Graduation</td>
<td>4</td>
<td>4</td>
<td>4</td>
</tr>
<tr>
<td><strong>Annual Total</strong></td>
<td>181</td>
<td>195</td>
<td>209</td>
</tr>
</tbody>
</table>

*This amount represents a stabilized potential; will occur over time subject to market and facility conditions.
### Schedule D: Staffing

VenuWorks

North Idaho College Multi-Purpose Event Center

**OPERATING PROFORMA**

**SCHEDULE D: SALARIES & RELATED EXPENSES**

<table>
<thead>
<tr>
<th>Annual</th>
<th>Medical/</th>
<th>Payroll</th>
<th>Medical/</th>
<th>Other</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Base</td>
<td>Dental</td>
<td>Base</td>
<td>Taxes</td>
<td>Dental/ Benefits</td>
<td>Payroll</td>
</tr>
<tr>
<td>Salary</td>
<td>$645</td>
<td>Salary</td>
<td>Bonus</td>
<td>10% Vision</td>
<td>3% Burden</td>
</tr>
</tbody>
</table>

#### Full Time Positions

<table>
<thead>
<tr>
<th>Position</th>
<th>Salary</th>
<th>Base</th>
<th>Bonus</th>
<th>10%</th>
<th>7,740</th>
<th>2,400</th>
<th>18,140</th>
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</thead>
<tbody>
<tr>
<td>General Manager</td>
<td>80,000</td>
<td>80,000</td>
<td>8,000</td>
<td>7,740</td>
<td>2,400</td>
<td>18,140</td>
<td>98,140</td>
</tr>
<tr>
<td>Administrative Assistant</td>
<td>35,000</td>
<td>35,000</td>
<td>3,500</td>
<td>7,740</td>
<td>1,050</td>
<td>12,290</td>
<td>47,290</td>
</tr>
<tr>
<td>Food &amp; Beverage Director</td>
<td>60,000</td>
<td>60,000</td>
<td>6,000</td>
<td>7,740</td>
<td>1,800</td>
<td>15,540</td>
<td>75,540</td>
</tr>
<tr>
<td>Director of Operations</td>
<td>50,000</td>
<td>50,000</td>
<td>5,000</td>
<td>7,740</td>
<td>1,500</td>
<td>14,240</td>
<td>64,240</td>
</tr>
<tr>
<td>Business Manager</td>
<td>50,000</td>
<td>50,000</td>
<td>5,000</td>
<td>7,740</td>
<td>1,500</td>
<td>14,240</td>
<td>64,240</td>
</tr>
<tr>
<td>Director of Sales &amp; Marketing</td>
<td>50,000</td>
<td>50,000</td>
<td>5,000</td>
<td>7,740</td>
<td>1,500</td>
<td>14,240</td>
<td>64,240</td>
</tr>
<tr>
<td>Event Coordinator</td>
<td>40,000</td>
<td>40,000</td>
<td>4,000</td>
<td>7,740</td>
<td>1,200</td>
<td>12,940</td>
<td>52,940</td>
</tr>
</tbody>
</table>

| Subtotal                          | 365,000 | 36,500 | 54,180 | 10,950 | 101,630 | 466,630 |

**NOTE:** Estimated Student + Part Time Labor in Year 1 = $275,000
NIC will own the property and facility. Foundation ownership would allow tax-deductible gifts to the project.

Out lots will be created and sold or leased with proceeds dedicated to capital budget, operations or both.

Co-locating NIC educational facilities on site, including the PTE, would allow for cost sharing of infrastructure.
Recommendations

- Multi-Purpose Sports Complex
- Atlas Mill site (including railroad easement and within LCDC and City boundaries)
- Master plan site: co-location of PTE and other NIC educational facilities with shared parking
- Manufactured or Tilt Wall Building Construction
- 80,000sf (+/- 5,000sf)
- 3,000 fixed seats
- 4 suites (subject to design)
- Third Party & NIC Management
- Use synergies to minimize subsidies
Next Steps

1) Secure Atlas Mill property.

2) Decide co-location strategy.

3) Determine allowable uses of property.

4) Confirm city participation.

5) Confirm LCDC participation.

6) Establish viable budget and plan of finance.
Contact Information

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