

# CITY OF SPOKANE VALLEY

## Request for Council Action

**Meeting Date:** April 21, 2026

**Department Director Approval:**

**Check all that apply:**  consent  old business  new business  public hearing  
 information  admin. report  pending legislation  executive session

**AGENDA ITEM TITLE:** Admin. Report – Ice Sports Facility Ground Lease

**GOVERNING LEGISLATION:**

**PREVIOUS COUNCIL ACTION TAKEN:** Administrative report on August 19, 2025

Administrative report on September 23, 2025

Motion Consideration allocating lodging tax funds for the Sullivan park infrastructure and the operations of the ice sports facility on December 16, 2025.

### **BACKGROUND:**

In fall of 2024, the City was approached by a donor indicating an interest in developing and constructing a regional tourism facility to serve youth sports within Spokane Valley and the region and associated economic development facilities. The donor is partnering with Innovia Foundation, which has been tasked to lead the project on behalf of the donor. Staff identified the recently acquired Sullivan Property north of Sullivan Park as a potential location for the project. The donor has indicated a desire to provide a substantial portion of the project but requested some City participation.

On August 19, 2025, City Council heard a report from Innovia Foundation discussing the potential project. Council directed Innovia to provide a proposal on the ice facility and the use of the City's Sullivan property (Attachment A). On September 23, 2025, Innovia discussed a proposal for using the Sullivan property and constructing an ice sports facility. Innovia requested a long-term 99-year ground lease for the entire Sullivan property to construct and operate the ice sports facility and at least two related facilities that will complement the ice facility. The proposal included the option for the City to purchase the facility for \$9.4 million. Innovia also requested that the City pay for certain infrastructure improvements which are estimated to cost \$3.03M. The improvements include improvements to the Sullivan intersection and signal, two access roads to property and a sewer lift station.

On September 30, 2025, the City hosted a public input session and staff discussed the ice sports facility proposal, estimated costs for the infrastructure requested by Innovia and potential economic impact for the project to the City and region. Council reached consensus to authorize the City Manager to negotiate ground lease terms with Innovia.

On December 16, 2025, Council discussed the Lodging Tax Committee recommendations and moved to allocate \$2M of Lodging Tax funds (Fund 104) for the infrastructure improvements for the Sullivan property to the City. Council also allocated \$600,000 and up to \$550,000 for 2029-2031 from Fund 104 for the operations of the facility to Innovia.

Since the fall of 2025, staff have been negotiating ground lease terms with Innovia. The material terms of proposed ground lease agreement are provided in Appendix C. The proposed ground lease agreement is included in Attachment D.

**OPTIONS:** Consensus to consider the proposed ground lease agreement for approval at Council's April 18, 2026 meeting or take other appropriate action.

**RECOMMENDED ACTION OR MOTION:** Consensus to consider the proposed ground lease agreement for approval at Council's April 28, 2026 meeting.

**BUDGET/FINANCIAL IMPACTS:** The cost of the requested transportation improvements are estimated at \$3.03M which are funded with \$2M of Fund 104 and Fund 312. Fund 104 will also be used for the operations of the facility from 2027-2031 as recommended by the Lodging Tax Committee and approved by Council on December 16, 2025. Innovia will be responsible for the ongoing operations and development of the ice sports facility. Per the ground lease, the City has the option to purchase the property for \$9.4M or exercise a right of first refusal to purchase the facility if a third-party desires to buy the ice sports facility at the same terms as the third party. The lease agreement does not obligate the City to purchase the facility. Funding will need to be identified in the future if Council desires to acquire the ice sports facility.

**STAFF CONTACT:** John Hohman, City Manager

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**ATTACHMENTS:**

Appendix A - Innovia Foundation Proposal

Appendix B - Proforma

Appendix C - Ground lease Terms

Appendix D – Ground lease agreement

PowerPoint Presentation



INNOVIA  
FOUNDATION

# PROPOSED ICE & ASSOCIATED FACILITIES AT SULLIVAN PROPERTY

SEPTEMBER 17, 2025



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John Hohman  
City Manager  
City of Spokane Valley  
10210 E Sprague Avenue  
Spokane Valley, WA 99206

September 17, 2025

**RE: Response to City Request for Information – Proposed Ice and Associated Facilities at Sullivan Property**

Dear Mr. Hohman,

On behalf of a generous donor and longtime community member, Innovia Foundation extends our sincere appreciation to the City of Spokane Valley for the opportunity to collaborate on the proposed indoor ice-skating facility at the Sullivan property. We are grateful for the City’s request for information, dated August 25, 2025, and are pleased to submit the enclosed comprehensive proposal for your review and consideration by the City Council.

This project represents far more than the construction of an arena. It is an investment in Spokane Valley’s vitality — expanding recreation, strengthening tourism, and driving long-term economic opportunity. The proposed facility will broaden access to ice sports while also offering inclusive programming designed to equip young people with mentorship, life skills, and confidence that extend well beyond the rink and into their schools, careers, and civic lives.

We respectfully submit this proposal in a spirit of partnership, with the shared goal of creating a world-class civic asset that will serve Spokane Valley residents for generations. We look forward to working closely with you, the City Council, and City staff as this vision advances.

Respectfully,

A handwritten signature in black ink, appearing to read "Shelly O'Quinn". The signature is fluid and cursive.

Shelly O’Quinn  
Chief Executive Officer  
Innovia Foundation

# project information

## 1. Introduction

We acknowledge the City’s request and affirm our commitment to delivering a project that enhances Spokane Valley’s recreational, hospitality, and economic landscape. This initiative is more than the construction of an ice arena — it is an investment in community vitality, regional tourism, and sustainable economic growth.

The vision for the Spokane Valley Ice Facility is to provide low- or no-cost opportunities for children and youth to participate in ice sports while building essential life and leadership skills. At its core, this project seeks to remove financial and structural barriers that have historically limited access for economically challenged families. By providing equipment, mentorship, and inclusive programming, the facility will empower young people to develop confidence, teamwork, and resilience — qualities that will serve them throughout life.

Meeting this vision addresses an urgent regional need. Current ice facilities are overscheduled, outdated, and insufficient to meet demand. Families are turned away, and youth programs are constrained by lack of consistent ice time. A modern, two-sheet facility will directly address this shortage, ensuring Spokane Valley residents and youth organizations have access to safe, high-quality, and inclusive ice sports opportunities. The project also aligns with the Spokane Valley Tourism Strategic Plan, which identified additional ice capacity as a top priority to strengthen sports tourism and recreation infrastructure.

The impact reaches beyond sports. According to feasibility analysis, the new facility is projected to generate nearly \$5.6 million in annual direct visitor spending and over 9,800 new hotel room nights once fully operational. Regional and national tournaments will draw families and athletes from across the country, filling hotels and restaurants, creating jobs, and positioning Spokane Valley as a family-friendly recreation destination.

By integrating a state-of-the-art ice facility with lodging and dining amenities, this project delivers two transformative outcomes:

1. Ensuring every child has access to affordable, life-enriching sports and leadership opportunities.
2. Establishing Spokane Valley as a regional hub for tourism, recreation, and community vitality.

## **2. Project Description**

### **Facilities Overview**

- Dual-Sheet Ice Arena: 65,000 SF facility with two NHL-size ice sheets, spectator seating, conditioned viewing areas, locker rooms, player support spaces, and concessions.
- Hotel Development: A potential 120-room hotel (final brand and design TBD), accommodating visiting teams, families, and traveling professionals while supporting nearby business activity.
- Commercial / Food & Beverage: Approximately 4,500 SF of flexible space envisioned for family dining, retail, or other visitor-serving uses.

### **Anticipated Size & Key Components**

- Ice Arena: 500-700 seating capacity (combined), locker rooms, skate rental, concessions, and team facilities.
- Hotel: 120 rooms with meeting/event space and visitor amenities.
- Food & Beverage: Full-service dining or retail tenant to complement the facility.

### **Proposed Uses**

The Spokane Valley Ice Facility will serve as a multipurpose hub for sport, recreation, and tourism, including:

- Year-round youth and adult hockey programs, leagues, and clinics.
- Regional and national tournaments that drive significant visitor spending.
- Affordable public skating and learn-to-skate programs.
- School partnerships, after-school activities, and community events.
- Dedicated practice venue for the WHL Spokane Chiefs, elevating visibility and inspiring local youth.
- On-site lodging and dining options to serve teams, families, and local residents.

## **3. Funding Sources**

The Spokane Valley Ice Facility will be financed through a diverse, multi-layered strategy that combines private capital, philanthropic investment, and public partnership. This balanced approach minimizes financial risk, ensures sustainability, and underscores the shared commitment of stakeholders to deliver a transformative community asset.

## **Philanthropic Contributions**

- Charitable Support through Innovia Foundation: Innovia Foundation, on behalf of a generous donor and other philanthropists, will facilitate contributions to offset capital costs and ensure broad youth access.
- Naming Rights and Sponsorships: Corporate and philanthropic partners will be invited to support through naming opportunities, sponsorship packages, and recognition programs, creating enduring ties between community leaders and the project.
- Program Scholarships: Dedicated gifts will fund scholarships and program subsidies, ensuring that families of all income levels can participate in hockey and skating programs.

## **Private Financing and Investment**

- Equity Contributions: Private partners will contribute direct equity into hotel and commercial components, demonstrating strong financial commitment.
- Hotel Development Capital: A hospitality partner will finance and operate the adjoining hotel, providing professional management and generating a reliable revenue stream.
- Tenant Investments: Retail and food & beverage tenants will fund their own build-outs, reducing overall project cost while tailoring spaces to community demand.

## **Public–Private Partnership with the City of Spokane Valley**

- Land Lease: Favorable, long-term ground lease terms for the Sullivan property will provide the foundation for project viability and ensure alignment with City priorities.
- City participation in financing off-site improvements — such as roadway access, utilities, and traffic mitigation — will reduce upfront development costs while improving the broader Sullivan corridor.
- Incentives and Tax Relief: Local tax incentives, including sales/use tax relief and targeted lodging tax allocations, will enhance financial feasibility and expand youth programming.
- Purchase Option: The City will retain the ability to acquire the completed facility—projected to be valued at approximately \$44 million—for a fixed purchase price of just \$9.4 million. This strategic provision offers Spokane Valley a rare opportunity to secure permanent public ownership of a state-of-the-art recreational and economic asset at a fraction of its market value. By exercising this option in the future, the City can transform a privately initiated development into a publicly owned community cornerstone, ensuring long-term local control, stability, and equitable access. This safeguard protects public interests for generations to come, while allowing the City to defer financial commitment until the facility is fully operational and its success firmly established.

## **4. Operations of Facilities**

### **Revenues**

The Spokane Valley Ice Facility will operate under a diversified revenue model designed to balance community affordability with financial sustainability. Anticipated revenue streams include:

- Youth & Adult Hockey Programming Fees: League play, clinics, and practice sessions across skill levels.
- Tournaments & Special Events: Regional and national events driving hotel occupancy, visitor spending, and local economic activity.
- Public Skating & Community Programs: Affordable fees for open skate, learn-to-skate, and school groups to ensure consistent community use.
- Ground Lease Payments (Hotel & Retail): Predictable long-term revenue from hotel and retail parcels will contribute directly to facility operations.
- Food & Beverage & Retail Operations: Concessions, pro-shop sales, and restaurant/café tenants serving residents and visitors alike.

### **Ownership & Management**

The facility will be owned by a designated project entity (final structure determined in collaboration with Innovia Foundation, donor, and investment partners). Daily operations will be contracted to experienced management firms specializing in ice facilities, hospitality, and events, ensuring professional oversight. This structure provides:

- Optimized scheduling to maximize ice time.
- High-quality customer service and engagement.
- Coordination with hotel/retail tenants for seamless visitor experiences.
- Partnerships with Spokane Chiefs and schools for training, practices, and educational programming.

### **Sustainability**

The operational framework is designed to ensure long-term self-sufficiency without ongoing City subsidy. Key measures include:

- Balanced Programming: Blending affordable community use with higher-revenue tournaments.
- Economic Multipliers: Leveraging hotel, retail, and dining activity to strengthen the local economy.

- **Energy Efficiency:** The building will meet the current Washington State Energy code which incorporates elevated environmental building design requirements.
- **Reserves & Reinvestment:** Establishing a capital reserve fund from operating surpluses for ongoing maintenance, upgrades, and equipment replacement.

Together, these measures will ensure the Spokane Valley Ice Facility operates as a resilient, community-centered, and economically catalytic asset.

## **5. City Contributions and Expectations**

To unlock the full potential of this project, we respectfully request the City of Spokane Valley's consideration of the following contributions. Each request is paired with clear community benefits to ensure accountability and shared success.

### **Ground Lease & Purchase Option**

We request a 99-year lease term for the 11-acre Sullivan parcel to establish a strong foundation for development. Under the proposed structure, the City also retains the option to purchase the completed facility — valued at \$44 million — for only \$9.4 million. This ensures project feasibility today while preserving the City's ability to secure permanent public ownership tomorrow, at less than one-quarter of cost.

### **Infrastructure Support & Reimbursement**

The facility requires infrastructure investment — including utility connections and roadway improvements. We respectfully request that the City provide funding for these off-site improvements. This not only advances the facility but also strengthens the broader Sullivan corridor's capacity for future economic growth.

### **Tax Incentives & Exemptions**

We seek relief of construction-related sales/use tax exemptions. These incentives will reduce upfront costs, enabling greater investment in youth programming and amenities, while also generating recurring lodging tax revenues through tournaments and visitor activity.

### **Collaboration & Permitting Partnership**

We request continued City partnership in navigating environmental review, SEPA, traffic studies, and permitting processes. By streamlining approvals, the City and development team can maintain momentum, reduce delays, and ensure timely, cost-effective delivery of the project.

## 6. City Contributions and Community Benefits

### City Contribution

### Community & Economic Benefit

Ground Lease & Purchase Option Favorable lease terms for 11-acre Sullivan parcel, with option to purchase \$44M facility for \$9.4M.

Provides immediate project viability while preserving a pathway to permanent public ownership at extraordinary value. Ensures long-term civic control of a landmark asset.

Infrastructure Support Funding for utilities, road access, and off-site improvements.

Strengthens safety, access, and future development capacity in the Sullivan corridor. Supports long-term economic growth.

Tax Incentives & Exemptions Relief on sales/use tax and potential allocation of lodging tax revenue.

Reduces development costs, enabling greater investment in affordable youth programming. Generates recurring hotel and visitor tax revenues.

Collaboration in Permitting & Environmental Processes Active City partnership in regulatory approvals.

Accelerates project delivery while ensuring compliance and environmental stewardship. Demonstrates City commitment to tourism and recreation growth.

## 7. Additional Information

Innovia Foundation is committed to **full transparency, accountability, and collaboration** with the City of Spokane Valley. To ensure Council members and City staff have all necessary information at each stage, Innovia Foundation and its partners will:

- **Provide Updated Materials on Request:** At the City Council’s request, we will deliver updated architectural designs, construction schedules, operational models, and financial details as the project progresses from planning to implementation.
- **Share Feasibility and Market Data:** Supplemental studies on projected economic impact, tourism growth, and community demand will be made available to validate assumptions and strengthen decision-making.
- **Ongoing Progress Briefings:** Regular updates will be provided to the City Council, City staff, and community stakeholders throughout design, permitting, and construction phases.

This **commitment to open communication** ensures that Spokane Valley residents, elected officials, and community leaders remain informed and confident in the facility’s performance and long-term impact.

## 8. Conclusion

The Spokane Valley Ice Facility represents a **once-in-a-generation opportunity** to invest in the community's youth, economy, and quality of life. At its core, the dual-sheet ice facility will expand access to ice sports, provide mentorship, and create leadership opportunities for young people — ensuring that every child, regardless of background, has the chance to grow in confidence, teamwork, and resilience.

Complementary elements, including an on-site hotel, dining, and retail space, will enhance Spokane Valley's reputation as a **family-friendly regional destination** while generating new revenue streams for local businesses, lodging tax collections, and long-term tourism growth.

Equally important, the facility is structured to be **financially sustainable**. With diversified funding sources, experienced professional operators, and balanced programming, it will serve residents affordably while attracting regional and national tournaments. The result is a facility that enriches community life, drives economic activity, and requires no ongoing operational subsidy from the City.

Through the proposed **purchase option**, the City will also preserve the ability to acquire the completed facility — valued at \$44 million — for only \$9.4 million. This ensures that Spokane Valley can one day secure permanent public ownership of a world-class facility at an extraordinary value, protecting community interests for generations.

By partnering together, **Innovia Foundation, the City of Spokane Valley, and local stakeholders** can deliver not only a modern ice arena but also a transformative investment in community vitality, youth opportunity, and regional economic growth.

We respectfully submit this proposal with gratitude for the City's consideration and look forward to continuing this collaborative process.

## 9. Attachments:

- Letters of Support
- Project Timeline
- Conceptual Design Drawings
- Conceptual Renderings

# making more possible

As the community foundation serving Eastern Washington and North Idaho, Innovia Foundation is a trusted presence in the Inland Northwest providing leadership, vision, and resources to meet the evolving needs of communities. Focused on its mission to ignite generosity that transforms lives and communities, Innovia works alongside local leaders, nonprofit organizations, donors, and community members to strengthen the places people call home.

For more than 50 years, Innovia has partnered with thousands of donors who share a commitment to generosity and place-based investment. These partnerships have made it possible to fund programs that enhance education, expand access to the arts, improve health outcomes, and support economic vitality. Across the region, Innovia's investments have fueled countless local iconic projects - including the Spokane Centennial Trail and the restoration of the historic Fox Theater - demonstrating how local, flexible funding and innovative leadership make things happen that would not otherwise be possible.

Community members and nonprofits rely on Innovia as more than just a grantmaker; they see it as a collaborator in building civic life. Whether responding to an urgent crisis, elevating opportunities for young people, or investing in the development of local community leaders, the foundation works alongside those whose ideas and dedication move the region forward and enrich the fabric of the Inland Northwest.

With a record of five decades of strategic investment, Innovia ensures that critical resources are leveraged not only for immediate needs but also for long-term solutions that create lasting impact and ensure vibrant and sustainable communities where every person has the opportunity to thrive.

## about Innovia



### MISSION

TO IGNITE GENEROSITY  
THAT TRANSFORMS LIVES  
& COMMUNITIES

### VISION

VIBRANT & SUSTAINABLE COMMUNITIES  
WHERE EVERY PERSON HAS THE  
OPPORTUNITY TO THRIVE

**FOUNDED  
IN 1974**

SERVING 20 COUNTIES & 6 NATIVE AMERICAN TRIBAL  
REGIONS ACROSS EASTERN WASHINGTON & NORTH IDAHO

**\$280+**  
**MILLION**  
IN TOTAL ASSETS

\$14 MILLION  
DISTRIBUTED IN  
GRANTS &  
SCHOLARSHIPS  
**ANNUALLY**

**\$150 MILLION**  
CUMULATIVE GRANTS  
& SCHOLARSHIPS  
**SINCE 1974**

SUPPORTED BY  
MORE THAN  
**300**  
**VOLUNTEERS**

# letters of support

The following pages contain letters of support for the proposed ice rink project. These endorsements reflect strong community interest and backing for the initiative, highlighting its potential benefits for residents, youth programs, and local recreation.

## ***From The Desk of Denny LaRue***

September 15 2025

City of Spokane Valley City Council  
10210 E Sprague Avenue  
Spokane Valley, WA 99206

Dear Council Members,

I write to you in full support of the proposed Spokane Valley Ice Facility.

I spent 27 years employed by the National Hockey League as an on ice Referee. Subsequent to my on ice career, I became involved with the Spokane American Youth Hockey Association (SAYHA) the parent organization for the Spokane Jr. Chiefs. I served as President of SAYHA for 5 years, ending in 2022.

While at SAYHA, we faced numerous challenges, COVID being one of the most difficult but others too. One of those was trying to figure out how to grow youth hockey in the greater Spokane area, with limited ice surfaces. As we came out of COVID, this challenge faded a bit as the pandemic had a direct impact on our growth trajectory.

Today, several years removed from that time, the Jr. Chiefs have returned to pre COVID numbers and are again challenged with finding and appropriating ice for their growing membership.

The new Valley Ice Facility will change that. It will allow the Jr. Chiefs to continue to work closely with the Spokane Chiefs and the Seattle Kraken from the NHL, to resume the quest to grow participation in the youth game, to the greatest numbers ever seen.

My personal relationship with several people involved from both the Kraken and the NHL, makes me extremely confident that both of those entities are committed and excited about growing the game outside of the Greater Seattle Market. There is a unique opportunity sitting right in front of us and the time is NOW. These windows don't remain open forever.

The NHL, through their Industry Growth Fund and initiative and the Kraken, is committed to bring the great game of hockey to as many kids, in big cities and small communities, as they can.

This new ice facility would be a huge step forward in carrying out that mission.

I respectfully request that you give it your utmost consideration and approve the proposal so that the people who are ready and willing to do this work, can get started.

Sincerely  
Denny LaRue  
NHL Referee, Retired  
Member, Inland Northwest Sports Hall of Fame, 2024



September 15, 2025  
City of Spokane Valley City Council  
10210 E Sprague Avenue  
Spokane Valley, WA 99206

Dear Council Members,

On behalf of the Spokane Americans Youth Hockey Association, I want to thank you for your leadership and express our strong support for the proposed Spokane Valley Ice Facility at the Sullivan property.

Our association serves more than 450 children and their families each year. Despite the tremendous interest in our programs, the lack of available ice time has created significant barriers to participation. Too often, athletes are turned away, or families must commit to late-night practices that place unnecessary strain on young players, parents, and siblings alike.

The addition of a modern, two-sheet facility is not just a convenience—it is a necessity. Beyond providing equitable access for families, this facility would open the door for expanded programming, new tournaments, and regional events that will bring visitors and economic activity to Spokane Valley. It represents an investment in both community health and the local economy, while also giving children a safe, inclusive space to develop skills, confidence, and lifelong friendships.

We respectfully urge you to move this project forward. It will have a lasting impact on thousands of families, and ensure that Spokane Valley becomes a destination where youth sports, community engagement, and economic opportunity thrive together.

Thank you for your thoughtful consideration and support.

Respectfully,

Luke Damskov  
President Spokane Youth Hockey Association



September 16, 2025

RE: Spokane Valley Ice Complex

I am writing to express Spokane Sports' support for a two sheet ice complex in the City of Spokane Valley. This initiative presents a unique opportunity to boost our community's economy through sports tourism, a sector that remains resilient even as traditional leisure and business travel softens.

**Nationally, the impact of sports tourism is significant:**

- 63% of destinations report that **sports are their largest generator of room nights.**
- The industry generates **\$52.2 billion in direct spending**, contributing to a total economic impact of \$128 billion.
- This results in **\$20.1 billion in total tax revenues** and supports 73.5 million hotel room nights generated.

*Source: 2023 Sports ETA State of The Industry report*

At home, initiatives through Spokane Sports inject approximately **\$92.6 million in direct spending into our economy each year.** This translates to over \$1.7 million weekly—new money that would not be realized without our efforts. This activity supports **589 jobs**, benefiting sectors ranging from hospitality to transportation. The Food & Beverage sector alone benefits from \$20.9 million in direct sales, equivalent to the **annual gross sales of 42 restaurants.**

**Developing a two sheet ice complex would further position Spokane Valley as a hub for sports tourism.** It could attract new revenue, and keep families in our community for tournaments and events, rather than sending them to compete elsewhere. Thank you for considering our endorsement of this vital project. We are excited about the possibilities it presents for our region's future as a leading sports destination.

All the best,

A handwritten signature in black ink that reads 'Ashley Blake'.

Ashley Blake  
Spokane Sports  
CEO



OFFICE OF THE SUPERINTENDENT • John Parker, EdD  
2218 N. Molter Road, Liberty Lake, WA 99019 • (509) 558-5400 • [cvsd.org](http://cvsd.org)

September 15, 2025

City of Spokane Valley  
City Council  
10210 E Sprague Ave  
Spokane Valley, WA 99206

Dear Councilmembers,

As Superintendent of Central Valley School District, I am writing to express our support for the proposed Spokane Valley Ice Facility.

This initiative closely aligns with our district's commitment to promoting student wellness, character development, and inclusive access to extracurricular opportunities. The promise of low- or no-cost access for youth is particularly impactful—it ensures that all students can experience the physical, social, and emotional benefits that come from participation in ice sports.

Beyond recreation, the proposed facility represents a meaningful opportunity for educational collaboration. From integrating skating into our physical education curriculum to hosting leadership development programs and school-based events, we see this as a dynamic space where students can learn, grow, and thrive in new ways.

We commend the Innovia Foundation and the City of Spokane Valley for their vision and leadership in bringing this proposal forward. It is a project that will not only enhance community life but also enrich the educational landscape for years to come.

We encourage your favorable consideration and look forward to future partnership opportunities that support the success and well-being of our students.

Sincerely,

John Parker, Superintendent  
Central Valley School District  
[Jparker@cvsd.org](mailto:Jparker@cvsd.org)



**Board of Directors:** Theresa Noack, District 1; Beata Cox, District 2; Justin Voelker, District 3; Jonathan Horsley, District 4; Mike Bly, District 5 **Superintendent:** Brian Talbott

3830 N. Sullivan Rd., Bldg. 1, Spokane Valley, WA 99216 Phone: 509.924.1830 Fax: 509.927.9500

September 16, 2025

City of Spokane Valley  
City Council

Dear Council Members,

As Superintendent of East Valley School District, I am pleased to share our enthusiastic support for the Spokane Valley Ice Facility proposal.

This project aligns directly with our mission of providing students with opportunities that foster physical health, teamwork, and leadership. Many of our students are unable to participate in activities outside of the school district offerings due to financial constraints. The inclusion of low- or no-cost access for youth ensures that all students, regardless of socioeconomic background, can benefit from participation in ice sports.

The facility will also serve as a venue for school partnerships to potentially include physical education programs, school celebrations, and leadership development workshops. A facility such as this proposal represents an athletic and gathering asset as well as an educational one.

We commend the Innovia Foundation and the City of Spokane Valley for pursuing this initiative and urge your favorable consideration. We look forward to partnering in this endeavor.

With appreciation and gratitude,

A handwritten signature in blue ink that reads "Brian L. Talbott".

Brian L. Talbott,  
Superintendent  
East Valley School District #361

*East Valley School District does not discriminate in any programs or activities based on sex, race, creed, religion, color, national origin, age, veteran or military status, sexual orientation, gender expression or identity, disability, or the use of a trained dog guide or service animal and provides equal access to the Boy Scouts and other designated youth groups. The following employees have been designated to handle questions and complaints of alleged discrimination; Title IX Compliance Coordinator: Jane Stencel, Phone: (509) 924-1830, stencelj@evsd.org; ADA/Civil Rights Compliance Coordinator: Jane Stencel, Phone: (509) 924-1830, stencelj@evsd.org; Section 504 Coordinator: Heather Awbery, Phone: (509) 924-1830, awberyh@evsd.org; Gender-Inclusive Schools Coordinator: Brian Talbott, Phone: (509) 924-1830, talbottb@evsd.org, 3830 N. Sullivan Rd, Bldg. 1, Spokane Valley, WA 99216.*



2805 N Argonne Road  
Spokane WA 99212  
509.924.2150 • wvwd.org

Superintendent Kyle Rydell  
Asst. Superintendent Vicki Leifer

9/15/25

City of Spokane Valley  
City Council

Dear Council Members,


As Superintendent of West Valley School District, I am pleased to share our full support for the Spokane Valley Ice Facility proposal.

This project aligns directly with our mission to provide students with opportunities that foster physical health, teamwork, and leadership. The inclusion of low- or no-cost access for youth ensures that all students—regardless of socioeconomic background—can benefit from participation in ice sports.

The facility will also serve as a venue for school partnerships, from physical education programs to leadership development workshops. It represents not just an athletic asset, but an educational one.

We commend Innovia Foundation and the City of Spokane Valley for pursuing this initiative and urge your favorable consideration.

With appreciation,



Kyle Rydell  
Superintendent  
West Valley School District



**BELONG. ACHIEVE. SUCCEED.**

*Board of Directors: Amy Anselmo, Bob Dompier,  
Dan Hansen, Pam McLeod, Adam Mortensen*





## FREEMAN SCHOOL DISTRICT #358

15001 S Jackson Rd, Rockford, WA 99030

Phone: 509-291-3695 • Fax: 509-291-3636 • [www.freemansd.org](http://www.freemansd.org)

September 15, 2025

City of Spokane Valley  
City Council

Dear Council Members,

As Superintendent of Freeman School District, I am pleased to share our enthusiastic support for the Spokane Valley Ice Facility proposal.

This project aligns directly with our mission to provide students with opportunities that foster physical health, teamwork, and leadership. The inclusion of low- or no-cost access for youth ensures that all students—regardless of socioeconomic background—can benefit from participation in ice sports.

The facility will also serve as a venue for school partnerships, from physical education programs to leadership development workshops. It represents not just an athletic asset, but an educational one.

We commend Innovia Foundation and the City of Spokane Valley for pursuing this initiative and urge your favorable consideration.

With appreciation,

Randy Russell, Ph.D.  
Superintendent  
Freeman School District



**SUPERINTENDENT:** Randy Russell, Ph.D.

**PRINCIPALS:** Lisa Phelan, Elementary; Jim Straw, Middle School; Jeff Smith, High School

**BOARD OF DIRECTORS:** Annie Keebler, Bill Morphy, Danielle Santman, Nate Talbott, Dave Teague





Dear City of Spokane Valley Council,

On behalf of the Spokane Chiefs Hockey Club, I am writing to express our strong support for the addition of a new twin-sheet ice facility in the Spokane Valley.

As one of the region's premier youth hockey organizations, the Spokane Jr. Chiefs have seen a significant increase in interest and participation in recent years. This growth reflects a broader trend across the Inland Northwest, where hockey, figure skating, and recreational skating are thriving. However, our ability to accommodate new athletes and grow the game is being severely limited by a lack of available ice time.

A new twin-sheet ice rink in the Spokane Valley would serve as a cornerstone for the region's hockey culture, providing a lasting impact on youth development, the Spokane Chiefs, and the local economy. This new ice facility would allow increased ice availability, reduced scheduling conflicts, more training and development opportunities, increased exposure, more programs and clinics, a pathway for aspiring players, increased tourism and events and increased community engagement.

Furthermore, a modern twin sheet facility opens the door to hosting regional and national-level tournaments that are currently out of reach for the Spokane area. These events not only drive economic activity and tourism but also raise the profile of the city as a hockey destination. There is no better time to build momentum and create the infrastructure needed to support the long-term growth of ice sports in our region. A new facility will ensure the Spokane Valley is a key player in that growth.

We respectfully urge the City Council to support this much-needed project. Investing in an additional ice facility is an investment in our youth, our community, and the future of amateur sports in the Spokane Valley. Thank you for your continued commitment to improving recreational opportunities and we look forward to partnering with you to help make this vision a reality.

Sincerely,

Mark Miles  
President  
Spokane Chiefs Hockey Club  
509-981-2854  
mmiles@spokanechiefs.com



Photo: Colin Mulvany/  
The Spokesman-Review



# Wildfire Disaster Response



Between August 18 and 25, 2023, the Oregon Road Fire and Gray Fire devastated Spokane County, burning over 20,000 acres and destroying 366 primary homes - the most ever destroyed by wildfire in Washington State history.

Innovia Foundation played a pivotal role in responding to the Gray and Oregon Road wildfires by rapidly mobilizing resources and community support, ultimately raising over \$1.3 million through its Wildfire Emergency Response Fund. This fund was seeded with initial donations from Innovia and regional partners, and then expanded through contributions from individuals, businesses, and charitable organizations, ensuring an immediate and sustained response.

In the days following the fires, Innovia prioritized granting funds to local nonprofit organizations actively assisting those affected, such as Salvation Army, Re\*Imagine Medical Lake, and New Hope Resource Center. Grants were used to meet urgent needs including food, shelter, gas cards, emergency hotel stays, and propane for displaced families. By pooling funds from generous donors, Innovia can maximize the impact of gifts - large and small - to provide flexible funding where and when it is needed most.

While immediate relief was critical, Innovia Foundation is helping ensure long-term recovery, recognizing that rebuilding from such devastation is a complex, multi-year process. In partnership with the Spokane Region Long Term Recovery Group, Innovia is funding ongoing efforts such as debris removal, winterizing RVs, restoring utility connections, and constructing new homes for survivors. Innovia's grants help bridge funding gaps, bringing together county and private resources to make projects like the completion of eight homes possible in July 2025.

Looking ahead, up to 12 additional homes are planned for the next building phase. This sustained effort ensures families and communities can regain stability and hope for the future.

## relevancies



MULTI-SOURCE FUNDING



ECONOMIC IMPACT



COLLABORATIVE PARTNERSHIPS



COMMUNITY DEVELOPMENT



# HUB Sports Center Partnership



Innovia Foundation partnered with an anonymous donor to secure the future of the HUB Sports Center in Spokane Valley by facilitating the purchase of its building through a unique philanthropy-driven approach. In 2011, the anonymous donor established a fund with the foundation requesting that the initial disbursement be used toward acquiring the HUB facility - at that time a critical step for the sports center, which was operating without long-term security and was merely breaking even.

To carry out this plan, Innovia Foundation formed a supporting organization to purchase the HUB building from private owners for \$3.2 million in 2012, with the intent of leasing it back to the HUB Sports Center and giving them five years to run a capital campaign to raise funds for the eventual buyback. During that period, the HUB paid reduced rent to the foundation while leveraging donations, grants, and campaign proceeds to work toward full ownership.

This partnership created stability for the HUB Sports Center and unlocked its ability to expand youth outreach, offer community classes, and host a broad array of sports programming for local organizations. When the buyback was finalized in 2017, the proceeds from the sale were earmarked to return to the donor's fund at Innovia Foundation, creating a legacy mechanism where those funds could continue supporting other charitable causes in the region long term.

Ultimately, thanks to the tenacity of the HUB and the generosity of both the donor and Innovia Foundation, the sports center became a secure, permanent multi-use facility, ensuring access for thousands of youth and families in the community for years to come.



## relevancies



ASSEMBLY/GATHERING PLACE



HEALTH & WELLBEING



YOUTH ENGAGEMENT



ECONOMIC IMPACT



# Oakesdale Mill Partnership



Situated in the heart of Oakesdale, the JC Barron Flour Mill embodies the rich history and cultural identity of this town of 394. Built in 1890, it stands as the only surviving grain mill in Whitman County and one of just a few left in Washington State. Though largely closed to the public since 1960, the Old Mill has endured as a cherished landmark - so much so that Oakesdale's annual "Old Mill Days" celebration bears its name, and passersby regularly stop along the state highway to capture photos of its iconic wooden frame.

Inspired by its history and craftsmanship, Mary Jane Butters bought the mill from longtime owner Joseph Barron and kept it alive for decades, grinding organic grains for her foods business while preserving its role as a town centerpiece. When Butters later put the property up for sale, Innovia Foundation stepped in to purchase the mill in early 2024. This action ensured that the landmark would remain locally owned and not lost to outside interests. Innovia then partnered with Oakesdale leaders to raise the funds necessary to secure the mill's future as part of the town's heritage and economic vitality.

Galvanized by this effort, former Oakesdale resident and business leader Larry Stanley issued a \$60,000 matching challenge, inspiring community members to rally together in support of the Old Mill's preservation and return to local stewardship. By December 2024, Innovia transferred ownership of the mill to the Port of Whitman County, positioning it for long-term use as a hub for both historic preservation and future economic development.

Looking ahead, plans for the Old Mill may include value-added agriculture, retail services, co-working spaces, and an event venue. These opportunities promise to bring new jobs, grow local tourism, and ensure that this historic landmark continues to serve as both a source of pride and a driver of economic resilience for Oakesdale and the surrounding region.

## relevancies



COLLABORATIVE PARTNERSHIPS

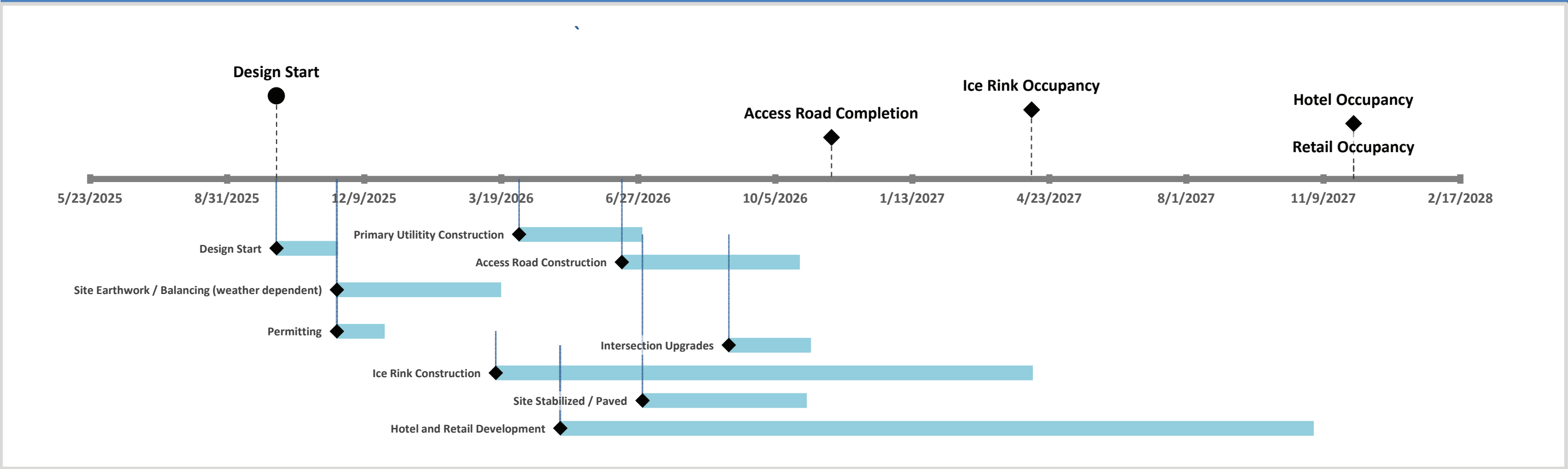


COMMUNITY DEVELOPMENT



ECONOMIC IMPACT

# SULLIVAN DEVELOPMENT



**Tasks**

Start	End	Duration	Label
10/6/2025	11/19/2025	45	Design Start
11/19/2025	3/18/2026	120	Site Earthwork / Balancing (weather dependent)
11/19/2025	12/23/2025	35	Permitting
3/15/2026	4/10/2027	392	Ice Rink Construction
6/15/2026	11/15/2026	130	Access Road Construction
4/1/2026	6/29/2026	90	Primary Utility Construction
9/1/2026	10/30/2026	60	Intersection Upgrades
6/30/2026	10/27/2026	120	Site Stabilized / Paved
5/1/2026	12/1/2027	550	Hotel and Retail Development

**Milestones**

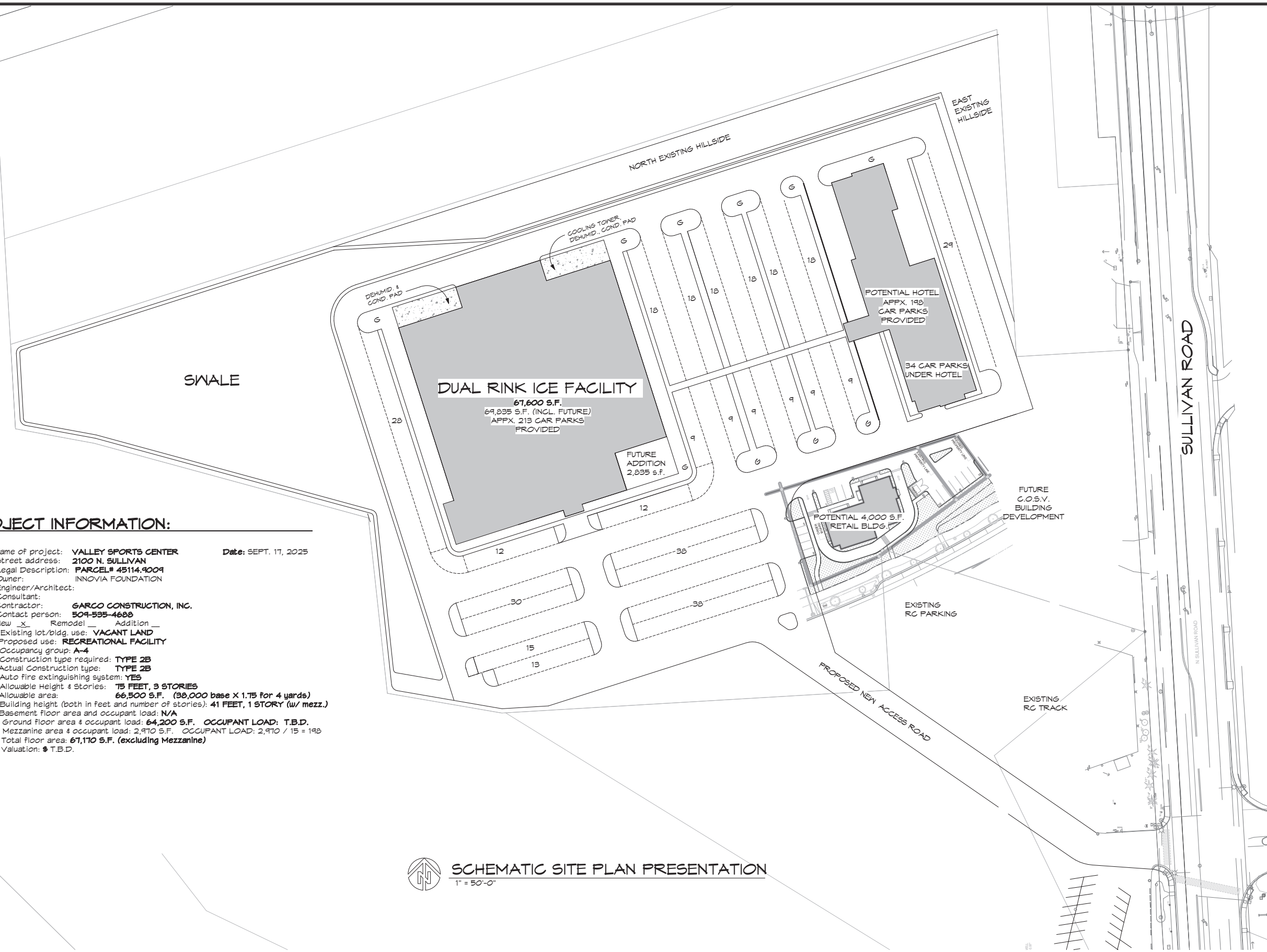
Date	Label
10/6/2025	Design Start
4/10/2027	Ice Rink Occupancy
12/1/2027	Hotel Occupancy
12/1/2027	Retail Occupancy
11/15/2026	Access Road Completion

project timeline

L:\ACAD\_RVT\IBL-IceRink3 - Proposal  
 Documentation\Renderings\3 - Revit Rendering Model\IceRink  
 New Site-05.rvt

**PROJECT INFORMATION:**

- A. 1. Name of project: **VALLEY SPORTS CENTER**      Date: SEPT. 17, 2025  
 2. Street address: **2100 N. SULLIVAN**  
 3. Legal Description: **PARCEL# 45114.9004**  
 4. Owner: **INNOVIA FOUNDATION**  
 5. Engineer/Architect:  
 6. Consultant:  
 7. Contractor: **GARCO CONSTRUCTION, INC.**  
 8. Contact person: **509-535-4688**  
 9. New  Remodel  Addition   
 10. Existing lot/bldg. use: **VACANT LAND**  
 11. Proposed use: **RECREATIONAL FACILITY**  
 12. Occupancy group: **A-4**  
 13. Construction type required: **TYPE 2B**  
 14. Actual Construction type: **TYPE 2B**  
 15. Auto Fire extinguishing system: **YES**  
 16. Allowable Height & Stories: **75 FEET, 3 STORIES**  
 17. Allowable area: **66,500 S.F. (38,000 base X 1.75 for 4 yards)**  
 18. Building height (both in feet and number of stories): **41 FEET, 1 STORY (w/ mezz.)**  
 19. Basement floor area and occupant load: **N/A**  
 20. Ground floor area & occupant load: **64,200 S.F. OCCUPANT LOAD: T.B.D.**  
 21. Mezzanine area & occupant load: **2,970 S.F. OCCUPANT LOAD: 2,970 / 15 = 198**  
 22. Total floor area: **67,170 S.F. (excluding Mezzanine)**  
 23. Valuation: **\$ T.B.D.**



**SCHEMATIC SITE PLAN PRESENTATION**  
 1" = 50'-0"

**CONCEPTUAL**

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REVISIONS:	STAMP:

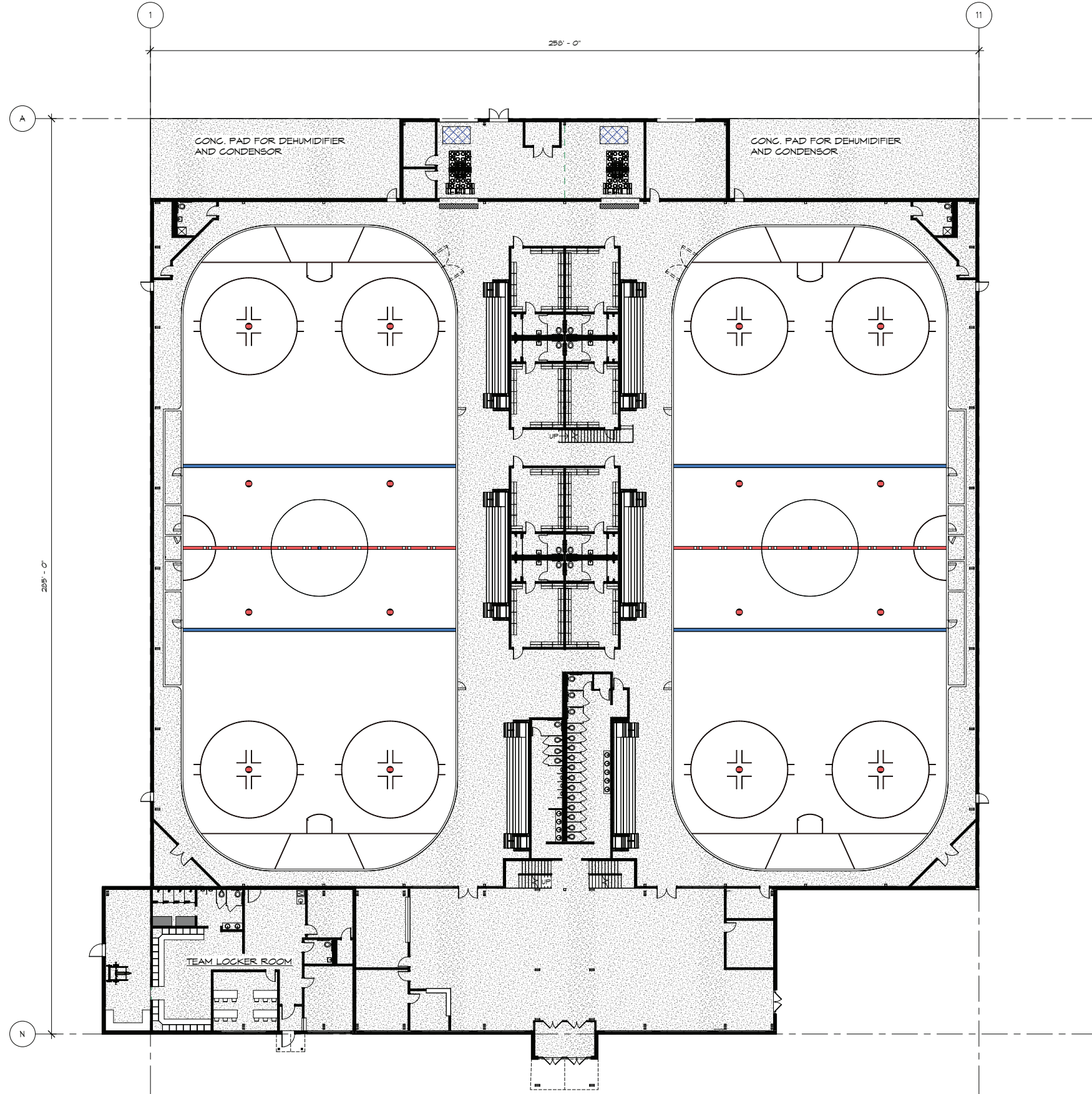
DRAWN BY:	CHECKED BY:
ARCHITECT/ENGINEER:	
DATE: SEPT 17, 2025	JOB NUMBER:
<b>GARCO CONSTRUCTION</b>	
SPOKANE, WASHINGTON EAST 4114 BROADWAY 99202 (509) 535-4688	

SHEET TITLE: SCHEMATIC SITE PLAN PRESENTATION
PROJECT: SPOKANE VALLEY ICE ARENA 2100 N. SULLIVAN SPOKANE VALLEY, WA
SHEET
A110.P
OF

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Model\ValleySportsFacility-Arch.rvt



**FIRST FLOOR PLAN PRESENTATION**  
1/16" = 1'-0"



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REVISIONS:  
STAMP:

SHEET TITLE: FIRST FLOOR PLAN PRESENTATION  
PROJECT: SPOKANE VALLEY ICE ARENA  
2100 N. SULLIVAN  
SPOKANE VALLEY, WA



**GARCO CONSTRUCTION**  
SPOKANE, WASHINGTON EAST 4114 BROADWAY  
99202 (509) 535-4688  
DATE: SEPT.17, 2025  
JOB NUMBER:

DRAWN BY:

CHECKED BY:

ARCHITECT \ ENGINEER:

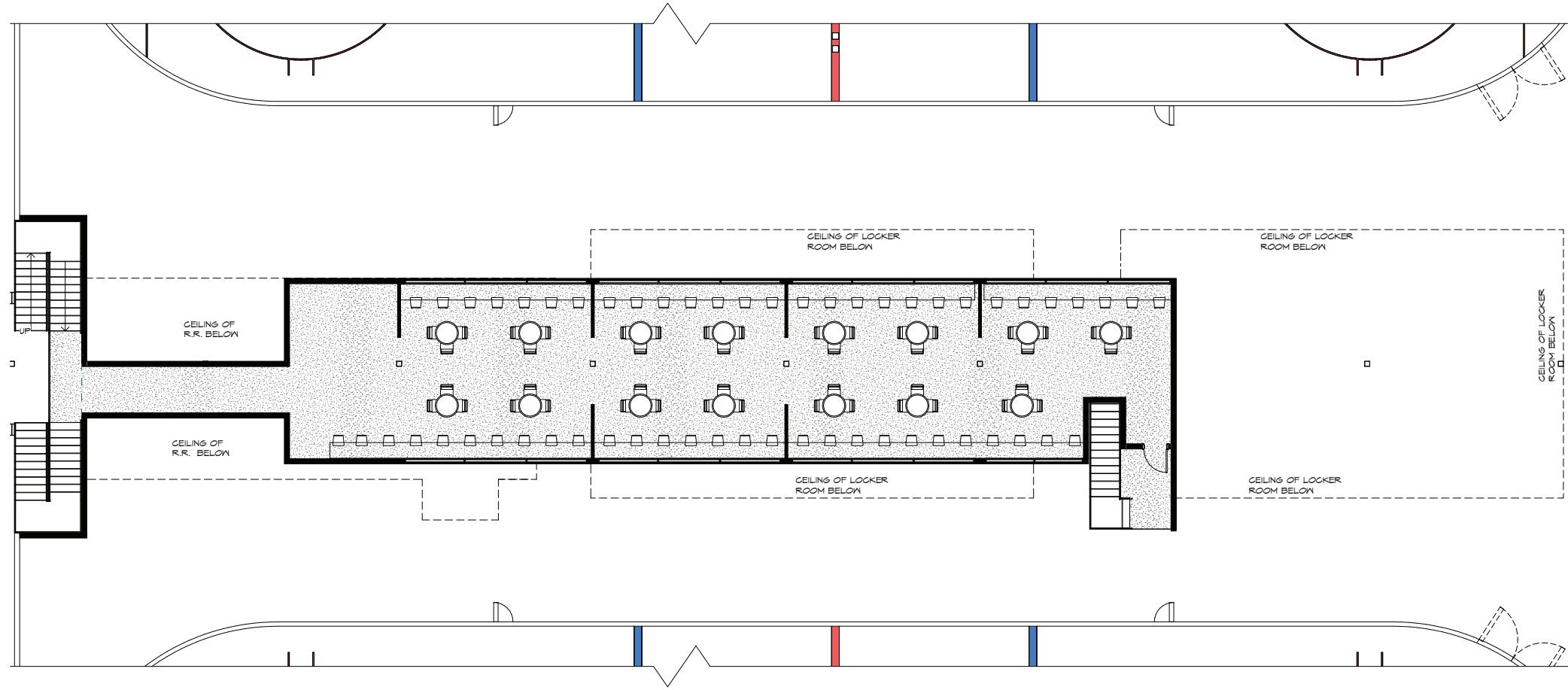
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**SECOND FLOOR PLAN PRESENTATION**  
1/8" = 1'-0"

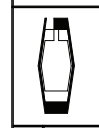


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REVISIONS:	STAMP:

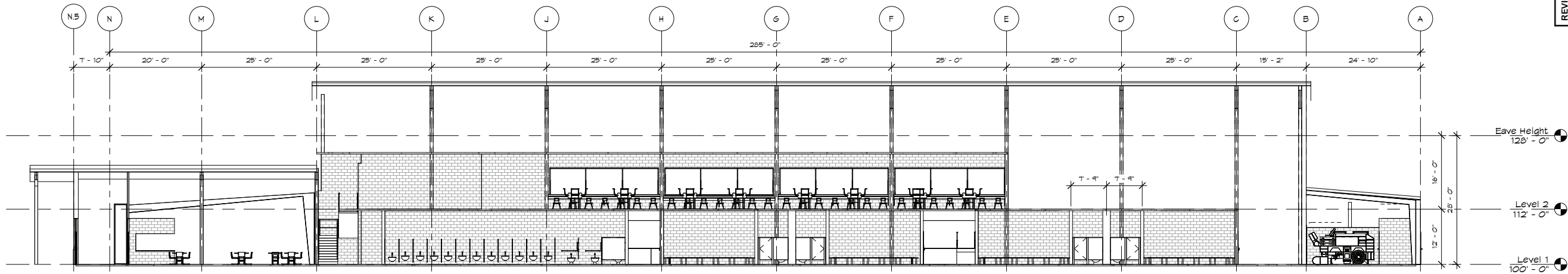
**GARCO CONSTRUCTION**  
DRAWN BY: **GARCO CONSTRUCTION**  
CHECKED BY:  
ARCHITECT/ENGINEER:  
SPokane, Washington East 4114 Broadway  
99202 (509) 535-4688  
DATE: SEPT.17, 2025  
JOB NUMBER:



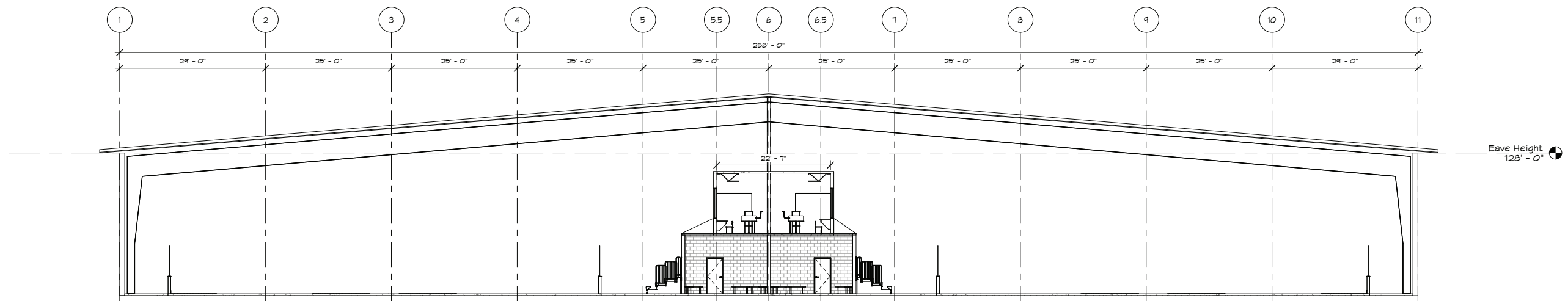
SHEET TITLE: SECOND FLOOR PLAN PRESENTATION  
PROJECT: SPOKANE VALLEY ICE ARENA  
2100 N. SULLIVAN  
SPOKANE VALLEY, WA

SHEET  
**A201.P**  
OF

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Model\ValleySportsFacility-Arch.rvt



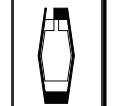
BUILDING SECTION 1  
3/32" = 1'-0"



BUILDING SECTION 2  
1" = 10'-0"

REVISIONS:  
STAMP:

CHECKED BY:  
DRAWN BY:  
ARCHITECT/ENGINEER:  
GARCO CONSTRUCTION  
SPokane, Washington East 4114 Broadway  
99202 (509) 535-4688  
JOB NUMBER:



SHEET TITLE: BUILDING SECTIONS  
PROJECT: SPOKANE VALLEY ICE ARENA  
2100 N. SULLIVAN  
SPOKANE VALLEY, WA

CONCEPTUAL

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SHEET  
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OF









# make more possible.

Innovia Foundation  
818 W. Riverside Ave. Ste. 650  
Spokane, WA 99201  
[www.innovia.org](http://www.innovia.org)  
501 (c)(3) tax-exempt organization  
EIN # 91-0941053





# FIVE YEAR OPERATING PRO FORMA: ICE MODEL

PREPARED FOR: CITY OF SPOKANE VALLEY, WA

REPORT DELIVERY DATE: SEPTEMBER 2025



THIS PROJECT IS REPRESENTED BY



FOR MORE INFORMATION VISIT  
[WWW.SPORTSFACILITIES.COM](http://WWW.SPORTSFACILITIES.COM)

# Facility Program Details

**Facility Program**

**Indoor Athletic Facility**

Space	Indoor Programming Product/Service	Count	Dimensions		Approx. SF each	Total SF	% of Footprint
			L (')	W (')			
Ice	Primary Ice Rink (600 Seats)	1	220	115	25,300	25,300	27.9%
	Secondary Ice Rink	1	220	100	22,000	22,000	24.2%
	Locker Rooms	8	25	20	500	4,000	4.4%
	Ref Locker Rooms	4	20	15	300	1,200	1.3%
	Zamboni Storage	1	25	40	1,000	1,000	1.1%
	Ice Plant Room	1	25	50	1,250	1,250	1.4%
<b>Total Ice Sq. Ft.</b>						<b>54,750</b>	<b>60.3%</b>
P&S	Sports Performance Training Area	1	50	50	2,500	2,500	2.8%
	Hockey Specific Training Area	1	-	-	1,500	1,500	1.7%
<b>Total Sports Performance Sq. Ft.</b>						<b>4,000</b>	<b>4.4%</b>
Flex Space	Lobby/Welcoming Area	1	-	-	1,200	1,200	1.3%
	Manager's Offices	3	10	10	100	300	0.3%
	Office Area	1	-	-	900	900	1.0%
	Kitchen	1	30	30	900	900	1.0%
	Café Seating Area	1	50	50	2,500	2,500	2.8%
	Flex/Team Rooms (Divisible)	1	60	25	1,500	1,500	1.7%
	Restrooms	2	35	25	875	1,750	1.9%
	Skate Rental	1	12	30	360	360	0.4%
	Skate Storage	1	15	30	450	450	0.5%
	Leased Space - Office	1	-	-	1,000	1,000	1.1%
	Leased Space - Ice Pro Shop	1	-	-	1,000	1,000	1.1%
	Leased Space - Medical	1	-	-	3,000	3,000	3.3%
<b>Total Flex Space Sq. Ft.</b>						<b>14,860</b>	<b>16.4%</b>
Required SF for Products and Services						73,610	81.1%
Mechanical, Electrical, Storage, etc. 10% of P&S SF (Excl. Leased Space)						6,861	7.6%
Common Area, Stairs, Circulation, etc. 15% of P&S SF (Excl. Leased Space)						10,292	11.3%
<b>Total Estimated Indoor Athletic Facility SF</b>						<b>90,763</b>	<b>100%</b>
<b>Estimated Building Footprint</b>						<b>88,263</b>	
<b>Total Building Acreage</b>						<b>2.03</b>	

**Site Development**

Parking Spaces Total	Quantity	Dimensions		Approx. SF each	Total SF	% of Total	
		L (')	W (')				
Parking Spaces Total	Parking Spaces Total (10'x18' actual, 20' x 20' inc. aisles)	318	20	20	400	127,200	70.3%
	Setbacks, Green Space, Trails, etc.	25% Indoor/Parking, 50% Outdoor				53,866	29.7%
<b>Total Estimated Site Development SF</b>					<b>181,066</b>	<b>100%</b>	
<b>Total Site Development Acreage</b>					<b>4.16</b>		
<b>Total Complex Acreage</b>					<b>6.18</b>		

# Facility Development Costs and Financing

**Capital Costs and Start-up Expenses - Indoor Athletics Facility**

Details	Quantity	Unit	Cost/Unit	Prevailing Wage Factor	Cost Multiplier Factor	Low - Budgeted Cost	High - Budgeted Cost	Budgeted Cost	% of Total		
<b>Building &amp; Land Cost</b>											
Real Estate Acquisition	TBD		\$0.00			\$0	\$0	\$0	0.0%		
<b>Land Cost Total</b>								\$0	0.0%		
<b>Hard Costs</b>											
Hard Structure Cost		Warm Shell	36,013	SF	\$177	1.15	1.04	\$6,223,752	\$8,420,371	\$7,322,062	16.1%
Hard Structure Cost - Ice Areas		Warm Shell	54,750	SF	\$270	1.15	1.04	\$14,471,301	\$19,578,819	\$17,025,060	37.5%
Locker Rooms/Lounge Areas		Build Out	4,000	SF	\$83	1.15	1.04	\$325,312	\$440,128	\$382,720	0.8%
Finish Out		Enhanced Cost of Kitchen & Secondary Concession Space	1	LS	\$18,000	1.15		\$17,595	\$23,805	\$20,700	0.0%
Site Development		Paving, Grading, Utilities, Landscaping, Improvement Allocation for Indoor Facility	6.18	Acre	\$364,000	1.15	1.04	\$2,199,946	\$2,976,397	\$2,588,172	5.7%
Contingency					10.00%			\$2,323,791	\$3,143,952	\$2,733,871	6.0%
Escalation					6.00%			\$1,533,702	\$2,075,008	\$1,804,355	4.0%
Contractor Fee		Includes Hard Cost Contingency/Escalation			3.50%			\$948,339	\$1,283,047	\$1,115,693	2.5%
<b>Hard Cost Total</b>						\$27,095,399	\$36,658,480	\$32,992,632	72.6%		
<b>Field and Sport Equipment Cost</b>											
<b>Ice Area</b>											
Refrigeration System	1	LS	\$3,500,000	1.15		\$3,421,250	\$4,628,750	\$4,025,000	8.9%		
Upgraded Dasher Boards	2	Ea.	\$300,000	1.15		\$586,500	\$793,500	\$690,000	1.5%		
Ice Resurfacers	1	Ea.	\$150,000			\$127,500	\$172,500	\$150,000	0.3%		
Ice Edger	1	Ea.	\$8,000			\$6,800	\$9,200	\$8,000	0.0%		
Scoreboards	2	Ea.	\$15,000	1.15		\$29,325	\$39,675	\$34,500	0.1%		
Floor Scrubber	1	Ea.	\$5,000			\$4,250	\$5,750	\$5,000	0.0%		
Rental Skates	250	Ea.	\$200			\$42,500	\$57,500	\$50,000	0.1%		
Skate Rental Racks	1	LS	\$10,000			\$8,500	\$11,500	\$10,000	0.0%		
Skate Sharpener & Tools	1	LS	\$5,000			\$4,250	\$5,750	\$5,000	0.0%		
Ice Tools/Hoses	1	LS	\$5,000			\$4,250	\$5,750	\$5,000	0.0%		
Rubber Flooring	20,000	SF	\$12			\$204,000	\$276,000	\$240,000	0.5%		
<b>Sports Performance Training Area</b>											
Sports Performance Training Flooring	2,500	SF	\$12	1.15		\$29,325	\$39,675	\$34,500	0.1%		
Sports Performance Equipment	2,500	SF	\$50	1.15		\$122,188	\$165,313	\$143,750	0.3%		
Hockey Training Equipment	1	LS	\$150,000			\$125,907	\$169,168	\$150,000	0.3%		
		Shooting, Passing, Stick Handling, Etc.				\$495,404	\$670,253	\$582,829	1.3%		
Shipping					5.00%			\$326,967	\$442,367	\$384,667	0.8%
Contingency					10.00%			\$326,967	\$442,367	\$384,667	0.8%
Escalation					6.00%			\$5,776,416	\$7,815,151	\$6,795,783	14.9%
<b>Field and Sport Equipment Cost Total</b>						\$5,776,416	\$7,815,151	\$6,795,783	14.9%		
<b>Furniture, Fixtures and Equipment Cost</b>											
<b>FOOD &amp; BEVERAGE</b>											
Concessions Equipment		Local Recreation Level	1	LS	\$150,000	1.15		\$146,625	\$198,375	\$172,500	0.4%
Smallwares	1	LS	\$11,000			\$9,350	\$12,650	\$11,000	0.0%		
<b>FURNISHINGS</b>											
Furnishings		Flex Space	9,860	SF	\$2.00			\$16,762	\$22,678	\$19,720	0.0%
Hardware - Security/Access Control		Cameras, Building Access, Card Reader Systems w/Structured Cabling and Conveyance	90,763	SF	\$1.06	1.15		\$93,608	\$126,646	\$110,127	0.2%
Hardware - Point of Sale	1	LS	\$6,000	1.15		\$5,865	\$7,935	\$6,900	0.0%		
Hardware - Telecommunications		Core Network/Wireless/IT/Software	90,763	SF	\$1.50	1.15		\$133,081	\$180,050	\$156,565	0.3%
<b>MISCELLANEOUS</b>											
Marquee Signage		Exterior	1	LS	\$75,000	1.15		\$73,313	\$99,188	\$86,250	0.2%
Graphics Package		Interior signage, branding, advertisement, wall art, etc.	90,763	SF	\$2.00	1.15		\$177,441	\$240,067	\$208,754	0.5%
Audio/Video		tv's, pa speaker/sound systems facility-wide	1	LS	\$200,000	1.15		\$195,500	\$264,500	\$230,000	0.5%
Maintenance Equipment			90,763	SF	\$0.50			\$38,574	\$52,188	\$45,381	0.1%
Shipping					5.00%			\$44,506	\$60,214	\$52,360	0.1%
Contingency					10.00%			\$93,462	\$126,449	\$109,956	0.2%
Escalation					6.00%			\$61,685	\$83,456	\$72,571	0.2%
<b>Furniture, Fixtures and Equipment Cost Total</b>						\$1,089,771	\$1,474,396	\$1,282,084	2.8%		
<b>Soft Costs Construction</b>											
Design Soft Costs		Civil, Architectural			7.0%			\$1,896,678	\$2,566,094	\$2,231,366	4.9%
SFC Owner's Rep Services		Planning Support, FF&E Procurement			4.0%			\$1,358,463	\$1,837,921	\$1,598,192	3.5%
Permits/Inspections					0.50%			\$135,477	\$183,292	\$159,385	0.4%
Additional Services					10.00%			\$339,062	\$458,731	\$398,896	0.9%
<b>Soft Cost Total</b>						\$3,729,680	\$5,046,038	\$4,387,859	9.7%		
<b>Total Construction Costs - Indoor Facility</b>						\$37,891,265	\$50,994,065	\$45,458,358	100.0%		
<b>Cost Per Square Foot</b>						\$415	\$562	\$501			

**Capital Costs and Start-up Expenses - Soft Costs Operations**

	Details	Cost/Unit	Budgeted Cost	% of Total
<b>Soft Costs Operations</b>				
Pre-Launch Professional Services	<i>Legal, Accounting, Bank, Consulting</i>		\$150,000	9.8%
Permits and Extensions			\$75,000	4.9%
Presentation Materials	<i>Renderings, Etc.</i>		\$50,000	3.3%
Grand Opening			\$15,000	1.0%
Marketing Allowance	<i>Pre-Opening Marketing Budget</i>		\$40,000	2.6%
Talent Buying Fund	<i>In-House Concerts Model</i>		\$0	0.0%
Operational Office Space	<i>Professional Management Support for Pre-Opening Operations Development</i>		\$33,000	2.1%
Operational Support Services	<i>Ongoing Management AND Professional Management Support for Pre-Opening Operations Development</i>		\$350,000	22.8%
Pre-Funded Operational Account			\$282,451	18.4%
Pre-Opening Staff Budget	<i>Staffing Cost Pre-Grand Opening</i>		\$377,168	24.5%
Pre-Opening Staff Recruitment			\$24,500	1.6%
Cost of Issuance/Financing			TBD	0.0%
Interest Reserve			TBD	0.0%
Closing Costs			TBD	0.0%
Working Capital Reserve			TBD	0.0%
<b>Contingency</b>		10.00%	\$139,712	9.1%
<b>Soft Cost Total</b>			<b>\$1,536,830</b>	<b>100.0%</b>
<b>Total Construction Costs - Soft Cost Operations</b>			<b>\$1,536,830</b>	<b>100.0%</b>
<b>Working Capital Reserve</b>			<b>TBD</b>	<b>100.0%</b>

**Capital Costs and Start-up Expenses**

<b>SOURCES OF FUNDS</b>		
Equity Contribution	100%	\$46,995,188
Bank Financing	0%	\$0
Bond Financing	0%	\$0
Public Contribution	0%	\$0
<b>Total Sources of Funds</b>		<b>\$46,995,188</b>

<b>USES OF FUNDS</b>	<b>LOW</b>	<b>MID</b>	<b>HIGH</b>
Land Cost	TBD	TBD	TBD
Hard Cost	\$28,069,450	\$31,188,277	\$34,307,105
Field and Sport Equipment Cost	\$5,770,005	\$6,411,116	\$7,052,228
Furniture, Fixtures, and Equipment	\$1,088,561	\$1,209,513	\$1,330,464
Soft Costs Construction	\$3,949,073	\$4,387,859	\$4,826,645
Soft Costs Operations	\$1,536,830	\$1,536,830	\$1,536,830
Escalation	\$2,035,434	\$2,261,593	\$2,487,752
Working Capital Reserve	TBD	TBD	TBD
<b>Total Uses of Funds</b>	<b>\$42,449,353</b>	<b>\$46,995,188</b>	<b>\$51,541,024</b>

# Financial Performance Summary

### Total Revenue & Expenses - 5-Year Detail

Revenue	Year 1	Year 2	Year 3	Year 4	Year 5
Rental Hockey Tournaments	\$135,000	\$165,000	\$209,000	\$225,500	\$236,775
In-House Hockey	\$82,875	\$105,655	\$142,356	\$165,112	\$192,413
In-House Ice Programs	\$114,809	\$137,771	\$174,280	\$191,708	\$211,358
Ice Rental	\$669,403	\$776,855	\$908,684	\$980,025	\$1,081,947
Fitness and Training	\$114,994	\$137,993	\$159,382	\$167,351	\$175,718
Birthday Parties	\$64,800	\$77,760	\$89,813	\$94,303	\$103,970
Food & Beverage	\$238,664	\$289,952	\$330,115	\$356,645	\$367,693
Hotel Rebates	\$0	\$0	\$0	\$0	\$0
Retail	\$10,361	\$12,266	\$13,903	\$15,033	\$15,763
Tenant Revenue	\$113,000	\$113,000	\$113,000	\$113,000	\$113,000
Sponsorship/Advertisement Revenue	\$131,250	\$131,250	\$166,250	\$175,000	\$175,000
<b>Total Revenue</b>	<b>\$1,675,156</b>	<b>\$1,947,503</b>	<b>\$2,306,782</b>	<b>\$2,483,677</b>	<b>\$2,673,636</b>
Cost of Goods Sold	Year 1	Year 2	Year 3	Year 4	Year 5
Rental Hockey Tournaments	\$20,250	\$24,750	\$31,350	\$33,825	\$35,516
In-House Hockey	\$27,731	\$35,354	\$44,469	\$51,577	\$58,068
In-House Ice Programs	\$24,375	\$29,250	\$36,965	\$40,661	\$44,808
Ice Rental	\$110,452	\$128,181	\$149,933	\$161,704	\$178,521
Fitness and Training	\$55,170	\$66,204	\$76,466	\$80,289	\$84,304
Birthday Parties	\$16,632	\$19,958	\$22,508	\$23,633	\$25,755
Food & Beverage	\$131,265	\$159,474	\$181,563	\$196,155	\$202,231
Hotel Rebates	\$0	\$0	\$0	\$0	\$0
Retail	\$7,253	\$8,587	\$9,732	\$10,523	\$11,034
Tenant Expense	\$0	\$0	\$0	\$0	\$0
Sponsorship/Advertisement Expense	\$32,813	\$32,813	\$41,563	\$43,750	\$43,750
<b>Total Cost of Goods Sold</b>	<b>\$425,941</b>	<b>\$504,571</b>	<b>\$594,548</b>	<b>\$642,118</b>	<b>\$683,987</b>
<b>Gross Margin</b>	<b>\$1,249,215</b>	<b>\$1,442,932</b>	<b>\$1,712,234</b>	<b>\$1,841,559</b>	<b>\$1,989,648</b>
<i>% of Revenue</i>	<i>75%</i>	<i>74%</i>	<i>74%</i>	<i>74%</i>	<i>74%</i>
Facility Expenses	\$638,925	\$646,357	\$656,052	\$665,893	\$675,881
Operating Expense	\$420,575	\$420,411	\$441,853	\$457,278	\$473,808
Management Payroll	\$472,500	\$491,400	\$566,056	\$588,698	\$612,246
Payroll Taxes/Benefits/Bonus	\$162,704	\$178,250	\$207,488	\$219,330	\$231,608
<b>Total Operating Expenses</b>	<b>\$1,694,704</b>	<b>\$1,736,417</b>	<b>\$1,871,449</b>	<b>\$1,931,198</b>	<b>\$1,993,543</b>
<b>EBITDA</b>	<b>(\$445,489)</b>	<b>(\$293,485)</b>	<b>(\$159,215)</b>	<b>(\$89,639)</b>	<b>(\$3,895)</b>
<i>% of Revenue</i>	<i>-26.6%</i>	<i>-15.1%</i>	<i>-6.9%</i>	<i>-3.6%</i>	<i>-0.1%</i>

### Total Revenue & Expenses - 20-Year Outlook

#### Total Revenue and Expenses - Year 1-10

	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10
Total Revenue	\$1,675,156	\$1,947,503	\$2,306,782	\$2,483,677	\$2,673,636	\$2,753,845	\$2,836,460	\$2,921,554	\$3,009,201	\$3,099,477
Total Cost of Goods Sold	\$425,941	\$504,571	\$594,548	\$642,118	\$683,987	\$704,507	\$725,642	\$747,411	\$769,834	\$792,929
<b>Gross Margin</b>	<b>\$1,249,215</b>	<b>\$1,442,932</b>	<b>\$1,712,234</b>	<b>\$1,841,559</b>	<b>\$1,989,648</b>	<b>\$2,049,338</b>	<b>\$2,110,818</b>	<b>\$2,174,143</b>	<b>\$2,239,367</b>	<b>\$2,306,548</b>
% of Revenue	75%	74%	74%	74%	74%	74%	74%	74%	74%	74%
Total Operating Expenses	\$1,694,704	\$1,736,417	\$1,871,449	\$1,931,198	\$1,993,543	\$2,023,447	\$2,053,798	\$2,084,605	\$2,115,874	\$2,147,613
<b>EBITDA</b>	<b>(\$445,489)</b>	<b>(\$293,485)</b>	<b>(\$159,215)</b>	<b>(\$89,639)</b>	<b>(\$3,895)</b>	<b>\$25,891</b>	<b>\$57,020</b>	<b>\$89,537</b>	<b>\$123,492</b>	<b>\$158,935</b>
% of Revenue	-27%	-15%	-7%	-4%	0%	1%	2%	3%	4%	5%

#### Total Revenue and Expenses - Year 11-20

	Year 11	Year 12	Year 13	Year 14	Year 15	Year 16	Year 17	Year 18	Year 19	Year 20
Total Revenue	\$3,161,466	\$3,224,696	\$3,289,189	\$3,354,973	\$3,422,073	\$3,456,293	\$3,490,856	\$3,525,765	\$3,561,023	\$3,596,633
Total Cost of Goods Sold	\$808,787	\$824,963	\$841,462	\$858,292	\$875,458	\$884,212	\$893,054	\$901,985	\$911,005	\$920,115
<b>Gross Margin</b>	<b>\$2,352,679</b>	<b>\$2,399,732</b>	<b>\$2,447,727</b>	<b>\$2,496,682</b>	<b>\$2,546,615</b>	<b>\$2,572,081</b>	<b>\$2,597,802</b>	<b>\$2,623,780</b>	<b>\$2,650,018</b>	<b>\$2,676,518</b>
% of Revenue	74%	74%	74%	74%	74%	74%	74%	74%	74%	74%
Total Operating Expenses	\$2,179,827	\$2,212,524	\$2,245,712	\$2,279,398	\$2,313,589	\$2,348,292	\$2,383,517	\$2,419,270	\$2,455,559	\$2,492,392
<b>EBITDA</b>	<b>\$172,852</b>	<b>\$187,208</b>	<b>\$202,015</b>	<b>\$217,284</b>	<b>\$233,027</b>	<b>\$223,789</b>	<b>\$214,285</b>	<b>\$204,511</b>	<b>\$194,459</b>	<b>\$184,126</b>
% of Revenue	5%	6%	6%	6%	7%	6%	6%	6%	5%	5%

# Economic Impact

**Economic Impact**

**Number of Events Per Year**

	Year 1	Year 2	Year 3	Year 4	Year 5
Ice Events/Ice Hockey Tournaments	10	12	14	15	15
<b>Total Events Per Year</b>	<b>10</b>	<b>12</b>	<b>14</b>	<b>15</b>	<b>15</b>

**Per Person Spending By Category**

	Year 1	Year 2	Year 3	Year 4	Year 5
Lodging/Accommodations	\$42.00	\$42.63	\$43.27	\$43.92	\$44.58
Dining/Groceries	\$64.50	\$65.47	\$66.45	\$67.45	\$68.46
Transportation	\$10.97	\$11.13	\$11.30	\$11.47	\$11.64
Entertainment/Attractions	\$5.16	\$5.24	\$5.32	\$5.40	\$5.48
Retail	\$30.32	\$30.77	\$31.23	\$31.70	\$32.18
Miscellaneous	\$17.42	\$17.68	\$17.94	\$18.21	\$18.48
<b>Total</b>	<b>\$170.36</b>	<b>\$172.91</b>	<b>\$175.50</b>	<b>\$178.14</b>	<b>\$180.81</b>

**Economic Impact Drivers**

	Year 1	Year 2	Year 3	Year 4	Year 5
Non-Local Days in Market - Overnight	24,597	30,564	34,560	37,544	38,219
Room Nights	6,180	7,710	8,700	9,465	9,615

**Economic Impact**

	Year 1	Year 2	Year 3	Year 4	Year 5
Total Direct Spending - Overnight	\$4,190,222	\$5,284,831	\$6,065,418	\$6,687,869	\$6,910,233
Total Indirect Spending	\$0	\$0	\$0	\$0	\$0
<b>Total Economic Impact</b>	<b>\$4,190,222</b>	<b>\$5,284,831</b>	<b>\$6,065,418</b>	<b>\$6,687,869</b>	<b>\$6,910,233</b>

### Economic Impact - 20-Year Outlook

#### Economic Impact Drivers: Years 1-10

	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10
Non-Local Days in Market	24,597	30,564	34,560	37,544	38,219	38,601	38,987	39,377	39,770	40,168
Room Nights	6,180	7,710	8,700	9,465	9,615	9,711	9,808	9,906	10,005	10,105

#### Economic Impact: Years 1-10

	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10
Overnight	\$170.36	\$172.91	\$175.50	\$178.14	\$180.81	\$183.52	\$186.27	\$189.07	\$191.90	\$194.78
<b>Total Economic Impact</b>	<b>\$4,190,222</b>	<b>\$5,284,831</b>	<b>\$6,065,418</b>	<b>\$6,687,869</b>	<b>\$6,910,233</b>	<b>\$7,084,025</b>	<b>\$7,262,189</b>	<b>\$7,444,833</b>	<b>\$7,632,070</b>	<b>\$7,824,017</b>

#### Economic Impact Drivers: Years 11-20

	Year 11	Year 12	Year 13	Year 14	Year 15	Year 16	Year 17	Year 18	Year 19	Year 20
Non-Local Days in Market	40,570	40,975	41,385	41,799	42,217	42,639	43,066	43,496	43,931	44,370
Room Nights	10,207	10,309	10,412	10,516	10,621	10,727	10,834	10,943	11,052	11,163

#### Economic Impact: Years 11-20

	Year 11	Year 12	Year 13	Year 14	Year 15	Year 16	Year 17	Year 18	Year 19	Year 20
Overnight	\$197.70	\$200.67	\$203.68	\$206.73	\$209.84	\$212.98	\$216.18	\$219.42	\$222.71	\$226.05
<b>Total Economic Impact</b>	<b>\$8,020,791</b>	<b>\$8,222,514</b>	<b>\$8,429,310</b>	<b>\$8,641,307</b>	<b>\$8,858,636</b>	<b>\$9,081,431</b>	<b>\$9,309,829</b>	<b>\$9,543,971</b>	<b>\$9,784,002</b>	<b>\$10,030,069</b>

# Business Unit Analysis



**Rental Hockey Tournament Revenue & Expenses**

Revenue	Management Assumption	Rental Fees					Number of Events per Year					Event Details	Year 1	Year 2	Year 3	Year 4	Year 5
		Year 1	Year 2	Year 3	Year 4	Year 5	Year 1	Year 2	Year 3	Year 4	Year 5						
<b>Large Ice Hockey Youth Tournament - 2 Rinks, 3 Days</b>																	
Team Information	15 Players per Team						7	9	10	11	11	24					
Spectators	2 Spectators per Player											720					
Rental Fees	Daily Rental Rate	\$2,500	\$2,500	\$2,750	\$2,750	\$2,888	7	9	10	11	11	6	\$105,000	\$135,000	\$165,000	\$181,500	\$190,575
<b>Ice Events - 2 Rinks, 2 Days</b>																	
Team Information	300 Skaters						2	2	3	3	2	300					
Spectators	2 Spectators per Player											600					
Rental Fees	Daily Rental Rate	\$2,500	\$2,500	\$2,750	\$2,750	\$2,888	2	2	3	3	2	4	\$20,000	\$20,000	\$33,000	\$33,000	\$23,100
<b>Ice Events - 2 Rinks, 2 Days</b>																	
Team Information	500 Skaters						1	1	1	1	2	500					
Spectators	2 Spectators per Player											1000					
Rental Fees	Daily Rental Rate	\$2,500	\$2,500	\$2,750	\$2,750	\$2,888	1	1	1	1	2	4	\$10,000	\$10,000	\$11,000	\$11,000	\$23,100
	<b>Non-Capacity Growth Rate</b>		1.00	1.10	1.00	1.05	10	12	14	15	15						
							10	12	14	15	15						
<b>Total Revenue</b>												<b>\$135,000</b>	<b>\$165,000</b>	<b>\$209,000</b>	<b>\$225,500</b>	<b>\$236,775</b>	
<b>Cost of Goods Sold</b>																	
	<b>Management Assumption</b>												<b>Year 1</b>	<b>Year 2</b>	<b>Year 3</b>	<b>Year 4</b>	<b>Year 5</b>
Tournament Hosting Expenses	15% Gross Revenue												\$20,250	\$24,750	\$31,350	\$33,825	\$35,516
Trainer Fees	Pass Through												\$0	\$0	\$0	\$0	\$0
<b>Total Cost of Goods Sold</b>												<b>\$20,250</b>	<b>\$24,750</b>	<b>\$31,350</b>	<b>\$33,825</b>	<b>\$35,516</b>	
<b>Net Revenue</b>												<b>\$114,750</b>	<b>\$140,250</b>	<b>\$177,650</b>	<b>\$191,675</b>	<b>\$201,259</b>	

\*\$2,500 is the daily rental rate per rink. The tournaments are 2-3 days long so there are between 4-6 daily rink rentals depending on the event.



**In-House Hockey Revenue & Expenses**

Revenue	Management Assumption	Program Fees					Number of Registrations					Sellable Sessions	Year 1	Year 2	Year 3	Year 4	Year 5	
		Year 1	Year 2	Year 3	Year 4	Year 5	Year 1	Year 2	Year 3	Year 4	Year 5							
Instructional Clinics - Youth	\$/Session	\$0	\$0	\$0	\$0	\$0	22	28	34	39	44	6	\$0	\$0	\$0	\$0	\$0	\$0
Instructional Clinics - Adult	\$/Session	\$0	\$0	\$0	\$0	\$0	15	20	24	28	31	6	\$0	\$0	\$0	\$0	\$0	\$0
Learn to Play Hockey	\$/Session	\$0	\$0	\$0	\$0	\$0	28	36	44	51	56	6	\$0	\$0	\$0	\$0	\$0	\$0
Instructional Camps (Full Days)	\$/Week	\$0	\$0	\$0	\$0	\$0	14	18	22	26	29	5	\$0	\$0	\$0	\$0	\$0	\$0
<b>Leagues</b>																		
Adult League - Fall/Winter	\$/Team	\$3,250	\$3,250	\$3,575	\$3,575	\$3,754	13	16	20	23	26	1	\$41,438	\$52,828	\$71,178	\$82,556	\$96,207	
Adult League - Spring/Summer	\$/Team	\$3,250	\$3,250	\$3,575	\$3,575	\$3,754	13	16	20	23	26	1	\$41,438	\$52,828	\$71,178	\$82,556	\$96,207	
Youth League - Fall/Winter	\$/Player	\$0	\$0	\$0	\$0	\$0	77	98	119	139	154	1	\$0	\$0	\$0	\$0	\$0	
Youth League - Spring/Summer	\$/Player	\$0	\$0	\$0	\$0	\$0	48	61	75	87	96	1	\$0	\$0	\$0	\$0	\$0	
<b>Non-Capacity Growth Rate</b>		1.00	1.10	1.00	1.05		1.27	1.22	1.16	1.11								
<b>Total Revenue</b>												<b>\$82,875</b>	<b>\$105,655</b>	<b>\$142,396</b>	<b>\$165,112</b>	<b>\$192,413</b>		
<b>Cost of Goods Sold</b>		<b>Management Assumption</b>										<b>Year 1</b>	<b>Year 2</b>	<b>Year 3</b>	<b>Year 4</b>	<b>Year 5</b>		
Ice Hockey Management	Responsibility of Management Team											\$0	\$0	\$0	\$0	\$0		
Ice Hockey Staff	5% Gross Revenue											\$4,144	\$5,283	\$7,118	\$8,256	\$9,621		
Referee Fees	Avg. \$60/Game											\$20,273	\$25,845	\$31,657	\$36,717	\$40,751		
Instructor Fees	25% Instructor Revenue											\$0	\$0	\$0	\$0	\$0		
Equipment and Supplies	2% Gross Revenue											\$1,658	\$2,113	\$2,847	\$3,302	\$3,848		
Awards	2% Gross Revenue											\$1,658	\$2,113	\$2,847	\$3,302	\$3,848		
<b>Total Cost of Goods Sold</b>												<b>\$27,731</b>	<b>\$35,354</b>	<b>\$44,469</b>	<b>\$51,677</b>	<b>\$58,066</b>		
<b>Net Revenue</b>												<b>\$55,144</b>	<b>\$70,301</b>	<b>\$97,887</b>	<b>\$113,535</b>	<b>\$134,345</b>		

\*Pricing is zero for programs outside of adult leagues because it is assumed that the facility partners with existing local service providers to offer these programs. SFC has forecasted the number of registrations for these programs but the revenue to the facility is reflected on the "Ice Rental" page.

\*\*Sellable sessions is the number of times that program is run throughout the year.

Pricing Notes		Clinics	Camps	Drop in	Leagues
*1	Eagles Ice Arena - Fall Clinic	Learn to play Frontier Ice Arena - Learn to Play \$99/6 weeks	Frontier Ice Arena - Prospect Camp \$389/3 days with scout views	X	Frontier Ice Arena - Mites \$250/24 games
	Frontier Ice Arena - CDAHA Summer \$120/ 3 2H	Frontier Ice Arena - Learn to Play \$175/12 weeks	Kraken Comm. Iceplex - Kraken Hockey \$810/5 days	X	Frontier Ice Arena - 18U Rec \$600/20
	Frontier Ice Arena - CDA Skills Sessions \$150/5days	Eagles Ice Arena - Learn to Play \$225/10 session	Kraken Comm. Iceplex - Power skating \$750/5days	X	Eagles Ice Arena - Womens \$150/10 games
	Travel Wenatchee Amateur Travel - Youth \$2,300/20 games	Kraken Comm. Iceplex - Learn to Play \$310/8 sessions			Salmon Hockey Rink - Hockey assc. 19u \$475/10 games
	WCYHA Travel Bantam \$1,250/12 games				Olympic View Arena Seattle Jr. hockey assc. \$1340/20 games
	Tacoma Rockets 18U \$2,348/22 games				



**In-House Ice Program Revenue & Expenses**

Revenue	Management Assumption	Program Fees					Number of Registrations					Sellable Sessions	Year 1	Year 2	Year 3	Year 4	Year 5		
		Year 1	Year 2	Year 3	Year 4	Year 5	Year 1	Year 2	Year 3	Year 4	Year 5								
Instructional Camps (Full Days)	\$/Week	\$0	\$0	\$0	\$0	\$0	70	84	97	107	112	2	\$0	\$0	\$0	\$0	\$0	\$0	
Figure Skating	\$/Session	\$0	\$0	\$0	\$0	\$0	320	384	442	486	510	12	\$0	\$0	\$0	\$0	\$0	\$0	
Learn to Skate - Clinic	\$/Session	\$0	\$0	\$0	\$0	\$0	44	53	61	67	70	12	\$0	\$0	\$0	\$0	\$0	\$0	
Public Skate - Mon./Fri.	\$/Session	\$10	\$10	\$11	\$11	\$12	234	281	323	355	373	12	\$28,088	\$33,705	\$42,637	\$46,901	\$51,708		
Public Skate - Sat./Sun.	\$/Session	\$15	\$15	\$17	\$17	\$17	351	421	485	533	560	12	\$63,198	\$75,837	\$95,934	\$105,527	\$116,344		
Skate Rental	\$/Session	\$5	\$5	\$6	\$6	\$6	392	470	541	595	625	12	\$23,524	\$28,228	\$35,709	\$39,280	\$43,306		
<b>Non-Capacity Growth Rate</b>							1.00	1.10	1.00	1.05	1.20	1.15	1.10	1.05					
<b>Total Revenue</b>												<b>\$114,809</b>	<b>\$137,771</b>	<b>\$174,280</b>	<b>\$191,708</b>	<b>\$211,358</b>			
Cost of Goods Sold		Management Assumption					Year 1	Year 2	Year 3	Year 4	Year 5								
Ice Program Management	Responsibility of Management Team						\$0	\$0	\$0	\$0	\$0								
Ice Program Staff	18% Gross Revenue						\$20,666	\$24,799	\$31,370	\$34,507	\$38,044								
Public Skate Cost	1.5% Drop-In Skating Revenue						\$1,722	\$2,067	\$2,614	\$2,876	\$3,170								
Learn to Skate Program Registration	\$12/Skater per Year (LTS USA)						\$265	\$318	\$366	\$403	\$423								
Rink Supplies	1.5% Gross Revenue						\$1,722	\$2,067	\$2,614	\$2,876	\$3,170								
<b>Total Cost of Goods Sold</b>						<b>\$24,375</b>	<b>\$29,250</b>	<b>\$36,965</b>	<b>\$40,661</b>	<b>\$44,808</b>									
<b>Net Revenue</b>												<b>\$90,434</b>	<b>\$108,520</b>	<b>\$137,315</b>	<b>\$151,046</b>	<b>\$166,550</b>			

\*Pricing is zero for programs outside of adult leagues because it is assumed that the facility partners with existing local service providers to offer these programs. SFC has forecasted the number of registrations for these programs but the revenue to the facility is reflected on the "Ice Rental" page.

\*\*Sellable sessions is the number of times that program is run throughout the year.

<b>Pricing Notes</b>	Camps	Clinics	Figure Skating	Public Skate Mon./Fri.	Public Skate Sat.
	*1 <b>Eagles Ice Arena - Lilac Figure Skating Camp</b>	<b>Frontier Ice Arena -Learn to super skate</b>	<b>Kraken Community Iceplex - High Performance</b>	<b>Eagles Ice Arena</b>	<b>Frontier Ice Ar</b>
	\$90/2 days	\$99/16 days	\$32/1 day	\$15/hour/IS	\$13/day
	<b>Eagles Ice Area - Pre School Camp</b>		<b>Kraken Community Iceplex - Elite</b>	<b>Frontier Ice Arena - Adult</b>	<b>Eagles Ice Arer</b>
	\$30/3 days		\$17.25/day	\$7/hour	\$15/day



**Indoor Ice Rink Rental Revenue & Expenses**

Revenue	Management Assumption	Rental Fees					Number of Rentals					Sellable Sessions	Year 1	Year 2	Year 3	Year 4	Year 5
		Year 1	Year 2	Year 3	Year 4	Year 5	Year 1	Year 2	Year 3	Year 4	Year 5						
<b>Ice Rentals</b>																	
Sept. - Oct. Rentals	\$/Hour	\$300	\$300	\$315	\$315	\$331	339.84	390	429	460	484	1	\$101,953	\$116,961	\$135,275	\$144,890	\$160,226
Nov. - Dec. Rentals	\$/Hour	\$300	\$300	\$315	\$315	\$331	340	390	429	460	484	1	\$101,953	\$116,961	\$135,275	\$144,890	\$160,226
Jan. - Feb. Rentals	\$/Hour	\$300	\$300	\$315	\$315	\$331	327	374	410	437	459	1	\$98,224	\$112,207	\$129,160	\$137,798	\$151,961
Mar. - Apr. Rentals	\$/Hour	\$300	\$300	\$315	\$315	\$331	263	303	335	360	380	1	\$78,782	\$90,821	\$105,582	\$113,512	\$125,696
May - June Rentals	\$/Hour	\$300	\$300	\$315	\$315	\$331	411	489	559	613	645	1	\$123,183	\$146,784	\$176,152	\$193,158	\$213,465
July - Aug. Rentals	\$/Hour	\$300	\$300	\$315	\$315	\$331	551	644	721	780	817	1	\$165,308	\$193,121	\$227,239	\$245,777	\$270,372
<b>Non-Capacity Growth Rate</b>			1.00	1.05	1.00	1.05		1.10	1.05	1.03	1.03						
<b>Total Revenue</b>												<b>\$669,403</b>	<b>\$776,855</b>	<b>\$908,684</b>	<b>\$980,025</b>	<b>\$1,081,947</b>	
<b>Cost of Goods Sold</b>		<b>Management Assumption</b>										<b>Year 1</b>	<b>Year 2</b>	<b>Year 3</b>	<b>Year 4</b>	<b>Year 5</b>	
Supervision/Maint. Staff	15% Gross Revenue											\$100,411	\$116,528	\$136,303	\$147,004	\$162,292	
Rink Supplies	1.5% Gross Revenue											\$10,041	\$11,653	\$13,630	\$14,700	\$16,229	
<b>Total Cost of Goods Sold</b>												<b>\$110,452</b>	<b>\$128,181</b>	<b>\$149,933</b>	<b>\$161,704</b>	<b>\$178,521</b>	
<b>Net Revenue</b>												<b>\$558,952</b>	<b>\$648,674</b>	<b>\$758,751</b>	<b>\$818,321</b>	<b>\$903,426</b>	

**Pricing Notes** Rentals  
 \*1 Eagles Ice Arena  
 \$285/hour



**Fitness & Training Revenue & Expenses**

Revenue	Management Assumption	Program Fees					Number of Registrations					Sellable Sessions	Year 1	Year 2	Year 3	Year 4	Year 5
		Year 1	Year 2	Year 3	Year 4	Year 5	Year 1	Year 2	Year 3	Year 4	Year 5						
<b>Sessions</b>																	
Sports Performance Training - Ind.	\$/Session	\$75	\$75	\$83	\$83	\$87	56	67	71	74	74	12	\$50,490	\$60,588	\$69,979	\$73,478	\$77,152
Sports Performance Training - Team	\$/Session	\$260	\$260	\$286	\$286	\$300	19	22	24	25	25	12	\$58,344	\$70,013	\$80,865	\$84,908	\$89,153
Club Team Training	Included in Dues	\$0	\$0	\$0	\$0	\$0	-	-	-	-	-	1	\$0	\$0	\$0	\$0	\$0
Sports Performance Clinic	\$/Session	\$175	\$175	\$193	\$193	\$202	9	11	11	12	12	4	\$6,160	\$7,392	\$8,538	\$8,965	\$9,413
<b>Non-Capacity Growth Rate</b>		1.00	1.10	1.00	1.05		1.20	1.05	1.05	1.00							
<b>Total Revenue</b>												<b>\$114,994</b>	<b>\$137,993</b>	<b>\$159,382</b>	<b>\$167,351</b>	<b>\$175,718</b>	
<b>Cost of Goods Sold</b>																	
<b>Management Assumption</b>		<b>Year 1</b>	<b>Year 2</b>	<b>Year 3</b>	<b>Year 4</b>	<b>Year 5</b>											
Fitness & Training Management	10% Gross Revenue	\$11,499	\$13,799	\$15,938	\$16,735	\$17,572											
Fitness & Training Instructors	50% Personal Training, 25% Group Training	\$41,371	\$49,645	\$57,340	\$60,207	\$63,218											
Boutique Fitness Instructors	50% Gross Revenue	\$0	\$0	\$0	\$0	\$0											
Club Performance Instructors	\$50 per Session, 20 Sessions per Team, per Season	\$0	\$0	\$0	\$0	\$0											
Equipment and Supplies	2% Gross Revenue	\$2,300	\$2,760	\$3,188	\$3,347	\$3,514											
<b>Total Cost of Goods Sold</b>												<b>\$55,170</b>	<b>\$66,204</b>	<b>\$76,466</b>	<b>\$80,289</b>	<b>\$84,304</b>	
<b>Net Revenue</b>												<b>\$59,824</b>	<b>\$71,788</b>	<b>\$82,916</b>	<b>\$87,061</b>	<b>\$91,415</b>	

\*Sellable sessions is the number of times that program is run throughout the year.

<b>Pricing Notes</b>	Personal Training	SP Individual Training	SP Team Training	SP Clinic
*1 <b>APF</b>	\$35-70/session	*2 <b>ITZ Performance Training</b>	*3 <b>PTA Small Group Training</b>	*4 <b>U District PT</b>
		\$45/session	\$30/session	\$100/5 sessions
	<b>CHROME Personal Training Center</b>	<b>PTA Performance</b>	<b>Elevate Performance</b>	<b>GTX - SP</b>
	\$425 / 8 - 30 minute sessions	\$18/session	\$20/session/person	\$135 / 12 classes

\*5



**Birthday Parties Revenue & Expenses**

Revenue	Management Assumption	Party Fees					Number of Parties					Sellable Sessions	Year 1	Year 2	Year 3	Year 4	Year 5
		Year 1	Year 2	Year 3	Year 4	Year 5	Year 1	Year 2	Year 3	Year 4	Year 5						
Sports/FEC Parties	\$/Party (Avg 15 Kids)	\$450	\$450	\$495	\$495	\$520	12	14	15	16	17	12	\$64,800	\$77,760	\$89,813	\$94,303	\$103,970
<b>Non-Capacity Growth Rate</b>			1.00	1.10	1.00	1.05		1.20	1.05	1.05	1.05						
<b>Total Revenue</b>												<b>\$64,800</b>	<b>\$77,760</b>	<b>\$89,813</b>	<b>\$94,303</b>	<b>\$103,970</b>	
Cost of Goods Sold		Management Assumption										Year 1	Year 2	Year 3	Year 4	Year 5	
Birthday and Group Party Management	Responsibility of Management Team											\$0	\$0	\$0	\$0	\$0	
Birthday and Group Party Staff	2 Hr./Party plus set up & clean, 1 Employee/Party, \$15/Hr. per Employee											\$4,320	\$5,184	\$5,443	\$5,715	\$6,001	
Birthday and Group Party Supplies	4% Gross Revenue											\$2,592	\$3,110	\$3,593	\$3,772	\$4,159	
Birthday and Group Party Food	15% Gross Revenue											\$9,720	\$11,664	\$13,472	\$14,146	\$15,595	
<b>Total Cost of Goods Sold</b>												<b>\$16,632</b>	<b>\$19,958</b>	<b>\$22,508</b>	<b>\$23,633</b>	<b>\$25,755</b>	
<b>Net Revenue</b>												<b>\$48,168</b>	<b>\$57,802</b>	<b>\$67,305</b>	<b>\$70,670</b>	<b>\$78,214</b>	

**Pricing Notes** Parties  
 \*1 **Wonderland**  
 \$25/8participants  
  
**Flight 509**  
 \$449.95/6 guests



**Food & Beverage Revenue & Expenses**

Revenue		Management Assumption	Year 1	Year 2	Year 3	Year 4	Year 5
Concessions Sales - Local			\$33,704	\$39,632	\$44,515	\$48,365	\$51,013
Concessions Sales - Tournament			\$204,960	\$250,320	\$285,600	\$308,280	\$316,680
<b>Total Revenue</b>			<b>\$238,664</b>	<b>\$289,952</b>	<b>\$330,115</b>	<b>\$356,645</b>	<b>\$367,693</b>
Cost of Goods Sold		Management Assumption	Year 1	Year 2	Year 3	Year 4	Year 5
Concessions Food		30% Concession Sales	\$71,599	\$86,986	\$99,034	\$106,994	\$110,308
Concessions Wages		25% Concession Sales	\$59,666	\$72,488	\$82,529	\$89,161	\$91,923
<b>Total Cost of Goods Sold</b>			<b>\$131,265</b>	<b>\$159,474</b>	<b>\$181,563</b>	<b>\$196,155</b>	<b>\$202,231</b>
<b>Net Revenue</b>			<b>\$107,399</b>	<b>\$130,479</b>	<b>\$148,552</b>	<b>\$160,490</b>	<b>\$165,462</b>



**Hotel Rebates**

Revenue	Management Assumption	Nights Per Event	Venue Rebate Rate	Number of Events per Year					# Non-Local Participants	# Non-Local Fans	Hotel Rooms/Night	Rebate Capture	Year 1	Year 2	Year 3	Year 4	Year 5				
				Year 1	Year 2	Year 3	Year 4	Year 5													
Ice Events	50% non-local attendance	1.5	\$0.00	2	2	3	3	2	150	300	150	50%	\$0	\$0	\$0	\$0	\$0				
Ice Events Large	50% non-local attendance	1.5	\$0.00	1	1	1	1	2	250	500	250	50%	\$0	\$0	\$0	\$0	\$0				
In-House Ice Tournaments	85% non-local attendance	2.5	\$0.00	-	-	-	-	-	204	408	204	50%	\$0	\$0	\$0	\$0	\$0				
In-House Ice Tournaments Large	85% non-local attendance	2.5	\$0.00	-	-	-	-	-	306	612	306	50%	\$0	\$0	\$0	\$0	\$0				
Rental Ice Tournaments	85% non-local attendance	2.5	\$0.00	-	-	-	-	-	204	408	204	50%	\$0	\$0	\$0	\$0	\$0				
Rental Ice Tournaments Large	85% non-local attendance	2.5	\$0.00	-	-	-	-	-	204	408	204	50%	\$0	\$0	\$0	\$0	\$0				
Hotel Commissions	2.1% of Total Hotel Room Revenue			7	9	10	11	11	306	612	306	50%	\$0	\$0	\$0	\$0	\$0				
<b>Total Revenue</b>												10	12	14	15	15	\$0	\$0	\$0	\$0	\$0
<b>Cost of Goods Sold</b>												Year 1	Year 2	Year 3	Year 4	Year 5	\$0	\$0	\$0	\$0	\$0
<b>Total Cost of Goods Sold</b>												\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
<b>Net Revenue</b>												\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	



**Retail Revenue & Expenses**

Revenue		Management Assumption	Year 1	Year 2	Year 3	Year 4	Year 5
Retail Sales			\$10,361	\$12,266	\$13,903	\$15,033	\$15,763
<b>Total Revenue</b>			<b>\$10,361</b>	<b>\$12,266</b>	<b>\$13,903</b>	<b>\$15,033</b>	<b>\$15,763</b>
Cost of Goods Sold		Management Assumption	Year 1	Year 2	Year 3	Year 4	Year 5
Retail Product Cost	55% Retail Sales		\$5,698	\$6,747	\$7,647	\$8,268	\$8,669
Retail Wages	15% Retail Sales		\$1,554	\$1,840	\$2,085	\$2,255	\$2,364
<b>Total Cost of Goods Sold</b>			<b>\$7,253</b>	<b>\$8,587</b>	<b>\$9,732</b>	<b>\$10,523</b>	<b>\$11,034</b>
<b>Net Revenue</b>			<b>\$3,108</b>	<b>\$3,680</b>	<b>\$4,171</b>	<b>\$4,510</b>	<b>\$4,729</b>



**Tenant Revenue**

Leased Space Revenue	Area (Sq./ft.)	\$ per Sq./ft.	Year 1	Year 2	Year 3	Year 4	Year 5
<b>Tenant Lease Agreements</b>							
Leased Space - Office	1,000	\$20.00	\$20,000	\$20,000	\$20,000	\$20,000	\$20,000
Leased Space - Ice Pro Shop	1,000	\$18.00	\$18,000	\$18,000	\$18,000	\$18,000	\$18,000
Leased Space - Medical	3,000	\$25.00	\$75,000	\$75,000	\$75,000	\$75,000	\$75,000
<b>Total Revenue</b>			<b>\$113,000</b>	<b>\$113,000</b>	<b>\$113,000</b>	<b>\$113,000</b>	<b>\$113,000</b>
<b>Total Cost of Goods Sold</b>			-	-	-	-	-
<b>Net Revenue</b>			<b>\$113,000</b>	<b>\$113,000</b>	<b>\$113,000</b>	<b>\$113,000</b>	<b>\$113,000</b>



**Sponsorship & Advertisement Revenue**

Revenue		Management Assumption	Year 1	Year 2	Year 3	Year 4	Year 5
Sponsorship/Advertisement Income			\$131,250	\$131,250	\$166,250	\$175,000	\$175,000
<b>Total Revenue</b>			<b>\$131,250</b>	<b>\$131,250</b>	<b>\$166,250</b>	<b>\$175,000</b>	<b>\$175,000</b>
Cost of Goods Sold		Management Assumption	Year 1	Year 2	Year 3	Year 4	Year 5
Sponsorship COGS		25% Sponsorship Revenue	\$32,813	\$32,813	\$41,563	\$43,750	\$43,750
<b>Total Cost of Goods Sold</b>			<b>\$32,813</b>	<b>\$32,813</b>	<b>\$41,563</b>	<b>\$43,750</b>	<b>\$43,750</b>
<b>Net Revenue</b>			<b>\$98,438</b>	<b>\$98,438</b>	<b>\$124,688</b>	<b>\$131,250</b>	<b>\$131,250</b>

# Overhead Expenses

## Facility Expenses

### Indoor Facility/Buildings

Indoor Facility Expense	Management Assumption	Year 1	Year 2	Year 3	Year 4	Year 5
Alarm System Maintenance		\$5,000	\$5,075	\$5,151	\$5,228	\$5,307
Janitorial Expenses	<i>Cleaning and Supplies</i>	\$150,084	\$152,336	\$154,621	\$156,940	\$159,294
Safety Supplies	<i>Includes Year 1 Purchase</i>	\$3,500	\$1,400	\$1,421	\$1,442	\$1,464
Grounds Maintenance, Labor, & Lighting	<i>Based on Site Development</i>	\$75,000	\$76,125	\$77,267	\$78,426	\$79,602
Maintenance & Repairs	<i>Excludes Capital Replacement</i>	\$85,763	\$87,049	\$88,355	\$89,680	\$91,025
Utility Expense	<i>Electricity, Gas, Water, Trash, etc.</i>	\$45,828	\$46,516	\$47,213	\$47,922	\$48,640
Utility Expense - Ice Areas		\$273,750	\$277,856	\$282,024	\$286,254	\$290,548
<b>Total Indoor Facility Expense</b>		<b>\$638,925</b>	<b>\$646,357</b>	<b>\$656,052</b>	<b>\$665,893</b>	<b>\$675,881</b>

## Operating Expenses

Expense	Management Assumption	Year 1	Year 2	Year 3	Year 4	Year 5
Accounting Fees		\$5,000	\$5,075	\$5,151	\$5,228	\$5,307
Bank Service Charges	<i>Banking Fees, Credit Card Processing</i>	\$28,618	\$34,065	\$40,551	\$43,914	\$47,713
Communications	<i>IT, Phone, Cable, Internet</i>	\$13,614	\$13,819	\$14,026	\$14,236	\$14,450
Dues/Subscriptions		\$500	\$508	\$515	\$523	\$531
Employee Uniforms		\$2,000	\$2,030	\$2,060	\$2,091	\$2,123
Marketing and Advertising		\$42,927	\$34,065	\$40,551	\$43,914	\$47,713
Insurance	<i>General, Property, Liability</i>	\$50,255	\$51,008	\$51,774	\$52,550	\$53,338
Legal Fees		\$5,000	\$5,075	\$5,151	\$5,228	\$5,307
Licenses, Permits	<i>Food, Music, etc.</i>	\$15,000	\$15,225	\$15,453	\$15,685	\$15,920
National Management & Marketing Service		\$216,000	\$222,480	\$229,154	\$236,029	\$243,110
National Management Travel		\$15,000	\$10,000	\$10,000	\$10,000	\$10,000
Office Supplies		\$7,261	\$7,370	\$7,480	\$7,593	\$7,707
Real Estate Tax	<i>Public Ownership</i>	\$0	\$0	\$0	\$0	\$0
Software	<i>Operating, Scheduling, POS, Registration</i>	\$14,400	\$14,616	\$14,835	\$15,058	\$15,284
Travel and Education		\$5,000	\$5,075	\$5,151	\$5,228	\$5,307
<b>Total Operating Expenses</b>		<b>\$420,575</b>	<b>\$420,411</b>	<b>\$441,853</b>	<b>\$457,278</b>	<b>\$473,808</b>

**Management Payroll Summary**

<b>Management Position</b>	<b>Management Assumptic</b>	<b>Year 1</b>	<b>Year 2</b>	<b>Year 3</b>	<b>Year 4</b>	<b>Year 5</b>
General Manager		\$105,000	\$109,200	\$113,568	\$118,111	\$122,835
Director of Operations		\$80,000	\$83,200	\$86,528	\$89,989	\$93,589
Marketing & Business Development Director		\$65,000	\$67,600	\$70,304	\$73,116	\$76,041
Program Director		\$55,000	\$57,200	\$59,488	\$61,868	\$64,342
Ice Facility Specialist		\$45,000	\$46,800	\$48,672	\$50,619	\$52,644
Food & Beverage Director		\$0	\$0	\$55,000	\$57,200	\$59,488
Finance Manager		\$62,500	\$65,000	\$67,600	\$70,304	\$73,116
Admin Support	<i>Part Time - Front Desk</i>	\$60,000	\$62,400	\$64,896	\$67,492	\$70,192
<b>Total Management Payroll</b>		<b>\$472,500</b>	<b>\$491,400</b>	<b>\$566,056</b>	<b>\$588,698</b>	<b>\$612,246</b>

**Payroll Summary**

Total Payroll Summary		Management Assumption	Pre-Open	Year 1	Year 2	Year 3	Year 4	Year 5
Mgmt	General Manager	12 months prior	\$105,000	\$105,000	\$109,200	\$113,568	\$118,111	\$122,835
Mgmt	Director of Operations	9 months prior	\$60,000	\$80,000	\$83,200	\$86,528	\$89,989	\$93,589
Mgmt	Marketing & Business Development Director	12 months prior	\$65,000	\$65,000	\$67,600	\$70,304	\$73,116	\$76,041
Mgmt	Program Director	3 months prior	\$13,750	\$55,000	\$57,200	\$59,488	\$61,868	\$64,342
Mgmt	Ice Facility Specialist	3 months prior	\$11,250	\$45,000	\$46,800	\$48,672	\$50,619	\$52,644
Mgmt	Food & Beverage Director	3 months prior	\$0	\$0	\$0	\$55,000	\$57,200	\$59,488
Mgmt	Finance Manager	6 months prior	\$31,250	\$62,500	\$65,000	\$67,600	\$70,304	\$73,116
Support	Admin Support	1 month prior	\$5,000	\$60,000	\$62,400	\$64,896	\$67,492	\$70,192
<b>Subtotal Management Payroll</b>			<b>\$291,250</b>	<b>\$472,500</b>	<b>\$491,400</b>	<b>\$566,056</b>	<b>\$588,698</b>	<b>\$612,246</b>
Director	Fitness & Training Management Allotment	3 months prior	\$2,875	\$11,499	\$13,799	\$15,938	\$16,735	\$17,572
<b>Subtotal Program Management</b>			<b>\$2,875</b>	<b>\$11,499</b>	<b>\$13,799</b>	<b>\$15,938</b>	<b>\$16,735</b>	<b>\$17,572</b>
Staff	Rental Ice Hockey Tournament Staff	1 month prior	\$1,688	\$20,250	\$24,750	\$31,350	\$33,825	\$35,516
Staff	Ice Hockey Staff	1 month prior	\$345	\$4,144	\$5,283	\$7,118	\$8,256	\$9,621
Staff	Ice Programs Staff	1 month prior	\$1,722	\$20,666	\$24,799	\$31,370	\$34,507	\$38,044
Staff	Ice Rental Staff	1 month prior	\$8,368	\$100,411	\$116,528	\$136,303	\$147,004	\$162,292
Staff	Birthday Party Staff	1 month prior	\$360	\$4,320	\$5,184	\$5,443	\$5,715	\$6,001
Staff	Food & Beverage Staff	1 month prior	\$4,972	\$59,666	\$72,488	\$82,529	\$89,161	\$91,923
Staff	Retail Staff	1 month prior	\$130	\$1,554	\$1,840	\$2,085	\$2,255	\$2,364
<b>Subtotal Sport Admin Staff</b>			<b>\$17,584</b>	<b>\$211,010</b>	<b>\$250,872</b>	<b>\$296,198</b>	<b>\$320,723</b>	<b>\$345,762</b>
Instructors	Fitness & Training Instructors	Per Diem		\$41,371	\$49,645	\$57,340	\$60,207	\$63,218
Instructors	Ice Hockey Instructors	Per Diem		\$0	\$0	\$0	\$0	\$0
Instructors	Ice Hockey Team Coaches	Per Diem		\$0	\$0	\$0	\$0	\$0
Instructors	Youth Programming Instructors	Per Diem		\$0	\$0	\$0	\$0	\$0
<b>Subtotal Instructors (COGS)</b>				<b>\$41,371</b>	<b>\$49,645</b>	<b>\$57,340</b>	<b>\$60,207</b>	<b>\$63,218</b>
Referees	In-House Ice Hockey Tournament Referees	Per Diem		\$0	\$0	\$0	\$0	\$0
Referees	Ice Hockey Referees	Per Diem		\$20,273	\$25,845	\$31,657	\$36,717	\$40,751
<b>Subtotal Referee/Trainers (COGS)</b>				<b>\$20,273</b>	<b>\$25,845</b>	<b>\$31,657</b>	<b>\$36,717</b>	<b>\$40,751</b>
<b>Payroll Subtotal</b>			<b>\$311,709</b>	<b>\$756,653</b>	<b>\$831,561</b>	<b>\$967,189</b>	<b>\$1,023,081</b>	<b>\$1,079,548</b>
	Bonus Pool	1% of Total Revenue		\$16,752	\$19,475	\$23,068	\$24,837	\$26,736
	Payroll Services	3% of Payroll	\$9,351	\$20,850	\$22,682	\$26,346	\$27,785	\$29,267
	Payroll Taxes/Benefits	18% of Payroll	\$56,108	\$125,102	\$136,093	\$158,075	\$166,708	\$175,604
<b>Payroll Taxes/Benefits/Bonus Totals</b>			<b>\$65,459</b>	<b>\$162,704</b>	<b>\$178,250</b>	<b>\$207,488</b>	<b>\$219,330</b>	<b>\$231,608</b>
<b>Total Payroll Cost</b>				<b>\$919,356</b>	<b>\$1,009,811</b>	<b>\$1,174,677</b>	<b>\$1,242,411</b>	<b>\$1,311,157</b>

# Supplemental Analysis

**Facility Utilization Summary**

Day	Prime Hours	Prime Hours
Monday	4:00pm-11:00pm	7
Tuesday	4:00pm-11:00pm	7
Wednesday	4:00pm-11:00pm	7
Thursday	4:00pm-11:00pm	7
Friday	4:00pm-11:00pm	7
Saturday	8:00am-11:00pm	15
Sunday	9:00am-11:00pm	14
		<b>64</b>

Ice Utilization	Annual Utilization				
	Annual %	Annual %	Annual %	Annual %	Annual %
Sport	Year1	Year2	Year3	Year4	Year5
Ice Hockey Tournaments	8.44%	10.31%	11.88%	12.81%	12.81%
Ice Hockey	3.98%	5.08%	6.22%	7.22%	8.01%
Ice Programs	3.49%	4.19%	4.82%	5.30%	5.56%
Ice Rental	34.86%	40.46%	45.07%	49.61%	51.11%
<b>Total Ice Utilization</b>	<b>50.78%</b>	<b>60.04%</b>	<b>67.99%</b>	<b>73.94%</b>	<b>77.50%</b>
Number of Ice Sheets	2				
Maximum Ice Time/Year (Hours)	6,400				
Maximum Ice Time/Session (Hours)	1,067				

Ice Utilization	Busiest Session Utilization (Winter)				
	Session %	Session %	Session %	Session %	Session %
Sport	Year1	Year2	Year3	Year4	Year5
Ice Hockey Tournaments	45.00%	45.00%	45.00%	45.00%	45.00%
Ice Hockey	4.78%	6.10%	7.47%	8.66%	9.61%
Ice Programs	3.49%	4.19%	4.82%	5.30%	5.56%
Ice Rental	30.70%	35.06%	38.44%	41.01%	43.07%
<b>Total Ice Utilization</b>	<b>83.97%</b>	<b>90.35%</b>	<b>95.72%</b>	<b>99.97%</b>	<b>103.25%</b>



# CITY OF SPOKANE VALLEY ICE COMPLEX FEASIBILITY REPORT

PREPARED FOR: CITY OF SPOKANE VALLEY, WASHINGTON

REPORT DELIVERY DATE: SEPTEMBER 2025



THIS PROJECT IS REPRESENTED BY



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\*Overland Park, KS – AdventHealth Sports Park at Bluhawk – Managed by Sports Facilities Management

## EXECUTIVE SUMMARY

### DEFINITIONS OF SUCCESS

In May of 2025, the City of Spokane Valley, WA engaged Sports Facilities Advisory, LLC (SFA) to complete a full, five-year financial forecast, economic impact analysis, and development of this feasibility report to explore the potential development of a new multi-sheet ice facility in Spokane Valley and update the previous work completed in 2023. The facility is intended to focus on attracting participants from the local and regional areas with high quality-programs, tournaments, and services, while also driving new visitor spending to the community. It is important to note that it is the goal of the City of Spokane Valley to add to current facilities in the region and work with existing local service providers to grow participation and access to ice facilities not to compete with or create duplicative programs.

To understand the Client’s desired outcomes, SFA facilitated an exercise to define success for the project. Based on that exercise, SFA created those desired outcomes as the “definitions of success.” As such, SFA considers meeting the following criteria critical to determining the success of the project:

- Create a best-in-class facility that grows ice activity participation and accessibility in the Spokane Valley region.
- Establish a tournament and event destination that drives non-local visitation, room nights, and economic impact.
- Create a catalyst for what becomes a cultural hub.
- Bring together stakeholders and community members to create a facility that provides community benefits such as wellness, jobs, and other positive impacts.

# EXECUTIVE SUMMARY

Based on the market analysis conducted during this scope of work, industry experience, and the Client's definitions of success for the project, SFA developed a recommended facility program model for a multi-sheet ice facility with various support and training amenities. SFA developed a five-year financial forecast (pro forma) for the model. A detailed breakdown of the sports and recreation assets for the model is listed below, alongside the total project development cost and approximate acreage required for the facility according to a range between low and high development costs.

## RECOMMENDED FACILITY PROGRAM

### INDOOR ATHLETIC FACILITY – 90,763 SQUARE FEET

- Ice
  - Primary Ice Rink (600 Seats)
  - Secondary Ice Rink
  - Locker Rooms
  - Ref Locker Rooms
  - Zamboni Storage
  - Ice Plant Room
- Sports Performance
  - Sports Performance Training Area
  - Hockey Specific Training Area
- Flex Space
  - Lobby/Welcome Area
  - Manager's Offices
  - Office Area
  - Kitchen
  - Café Seating Area
  - Flex/Team Rooms (Divisible)
  - Restrooms
  - Skate Rental
  - Skate Storage
  - Leased Space – Office
  - Leased Space – Ice Pro Shop
  - Leased Space – Medical

SFA PROJECTS THE ICE MODEL TO COST BETWEEN **\$42.4 MILLION AND \$51.5 MILLION**, NOT INCLUDING LAND ACQUISITION COSTS, AND REQUIRE **6.18 TOTAL ACRES** OF LAND.

SFA PROVIDES A DETAILED OPINION OF COST WITH A DEVELOPMENT COST RANGE IN THE "FACILITY PROGRAM & OPINION OF COST" SECTION OF THIS REPORT.

### SITE DEVELOPMENT – 4.16 ACRES

- 318 On-Site Parking Spaces
- Setbacks, Green Space, Trails, etc.

### TOTAL COMPLEX ACREAGE – 6.18 ACRES REQUIRED

SFA also analyzed the inclusion of a third sheet of ice, however, found that the operational performance based on market realities does not currently support the development of a third rink. SFA recommends that the Client pursue the development of the above two-sheet facility, however, to plan for potential expansion in the future. The recommended facilities represent the assets that would establish the indoor ice sports facilities in Spokane Valley as a premier location for local programming and serve as a regional destination for tournaments and events.

# EXECUTIVE SUMMARY

## SUMMARY OF FINANCIAL PERFORMANCE

SFA's determination of feasibility for the ice facility in Spokane Valley depends on the financial forecast of the business and the ability for it to achieve results that support the Client's long-term financial goals. SFA constructed a detailed pro forma/financial analysis model for the facility that projects the financial viability for the first five years of operations. SFA developed the proposed model based on the Client's vision to explore various market opportunities, sports tourism capabilities, and to maximize operational performance. SFA has summarized the financial performance of the multi-sheet model throughout this report. In creating the financial forecast, SFA intentionally projects numbers that are dependent on timely marketing, attention to detail, ongoing financial analysis, a focus on customer service, and intelligent management practices.

The following tables combine and summarize the forecasted revenues, cost of goods sold, operating expenses, and capital replacement costs through the first five years of operations at the Ice Model. The financial performance details have been provided in the full financial forecast documents. SFA has projected the items within the financial forecast according to standard processes backed by more than a decade of industry experience including the production of hundreds of institutional-grade pro forma documents, the development of numerous youth and amateur sports facilities, and the real-world management experience gained from the day-to-day operations of more than 90 youth and amateur sports facilities around the United States and in the Northwest.

### FINANCIAL PERFORMANCE: ICE MODEL

	YEAR 1	YEAR 2	YEAR 3	YEAR 4	YEAR 5
Total Revenue	\$1,675,156	\$1,947,503	\$2,306,782	\$2,483,677	\$2,673,636
Total Cost of Goods Sold	\$425,941	\$504,571	\$594,548	\$642,118	\$683,987
<b>Gross Margin</b>	<b>\$1,249,215</b>	<b>\$1,442,932</b>	<b>\$1,712,234</b>	<b>\$1,841,559</b>	<b>\$1,989,648</b>
Total Operating Expenses	\$1,694,704	\$1,736,417	\$1,871,449	\$1,931,198	\$1,993,543
<b>EBITDA</b>	<b>(\$445,489)</b>	<b>(\$293,485)</b>	<b>(\$159,215)</b>	<b>(\$89,639)</b>	<b>(\$3,895)</b>
<i>% of Revenue</i>	<i>-26.6%</i>	<i>-15.1%</i>	<i>-6.9%</i>	<i>-3.6%</i>	<i>-0.1%</i>

As demonstrated in the previous table, the operations for the Ice facility are expected to require an operational subsidy of approximately \$445,000 due to a negative Earnings Before Interest, Tax, Depreciation, and Amortization (EBITDA) in year one before gradually improving to just below break even at maturity in year five and beyond.

Based on current and forecasted future market conditions (five-year outlook), SFA forecasted that the operation of a three-sheet ice facility would require a larger annual subsidy, and therefore, is not currently recommended.

# EXECUTIVE SUMMARY

## SUMMARY OF ECONOMIC IMPACT EXPECTATIONS

SFA developed its forecasts based on the prioritization of events that meet the Client’s objectives related to balancing local community use for recreational programming in addition to tournament and event programming and best practices for managing successful sports tourism facilities around the country and in the Northwest. SFA projected per-person spending in the categories in which visitors to the Spokane Valley area are expected to spend for regional youth and amateur tournaments and events.

The table that follows summarizes the total direct economic impact generated based on out-of-market visitation, showing the total room nights generated and the dollar value of economic impact generated directly by the construction and operation of the new complex for the model outlined previously.

### ECONOMIC IMPACT: ICE MODEL

	YEAR 1	YEAR 2	YEAR 3	YEAR 4	YEAR 5
Non-Local Days in Market	24,597	30,564	34,560	37,544	38,219
Room Nights	6,180	7,710	8,700	9,465	9,615
<b>Total Economic Impact</b>	<b>\$4,190,222</b>	<b>\$5,284,831</b>	<b>\$6,065,418</b>	<b>\$6,687,869</b>	<b>\$6,910,233</b>

The table above demonstrates that SFA expects the facility to generate approximately 38,000 new non-local days in market, approximately 9,600 new room nights, and a total of approximately \$6.9 million in direct economic impact at maturity in year five of operations.

## PRO FORMA INSIGHTS

The following insights are important clarifications related to the structure of the model and assumptions related to operations of the potential new facility:

- The pro forma includes the recommendation, assumption, and expense (operating expenses - national management and marketing service) associated with outsourced management of the facility by a third-party, experienced operator to achieve the forecasted financial and economic impact performance.
- Local programming for ice hockey and ice-skating activities assumes that the facility operates both “in-house” programs (owned and programmed by the facility) and partners with existing service providers to offer programs by renting the facility.
- Pricing notes related to what other service providers in the area charge for programs and services can be found on each business unit page within the pro forma which has been delivered as an associated document.
- The pro forma reflects both full-time (management payroll) and part-time staff within the operational forecast.
  - The full-time salaries are based on SFA’s experience in existing venues, tailored to the cost of living in Spokane Valley.

# EXECUTIVE SUMMARY

- The pro forma analyzes how the forecasted programs and rentals utilize time and space over the ice rinks on an annual and busiest session (January-February) basis.
  - The utilization is focused on prime hours that are the most desirable to test utilization.
  - Generally, those hours are 4 pm – 11 pm during the week and 8/9 am – 11 pm on the weekends (64 hours per week).
    - Facilities, especially ice rinks, will operate more hours on a weekly basis, however, SFA isolates the prime hours to understand demand during the busiest times at the facility.
  - Year five of operations (maturity) reflects a utilization of 103.25% of the available hours. SFA is comfortable slightly exceeding the prime hours in this facility and market because of the desirability of ice time and ability for the facility to serve demand outside of prime hours.

## DETERMINATION OF FEASIBILITY AND NEXT STEPS

Based on the work completed to date, SFA believes that an opportunity exists to develop a premium multi-sheet ice facility in Spokane Valley with the capability of meeting the Client's objectives. SFA has detailed the recommendation for two-sheet ice model with dedicated sports performance and ice hockey training space that has the highest likelihood to achieve the Client's goals. Assets have been right sized to meet the local demand and sports tourism opportunity, meeting the appropriate volume and size requirements to adequately compete with existing and proposed ice venues in the region.

In recognition of the work completed to date and the information above and detailed throughout this report. SFA deems the opportunity to develop a new ice facility in Spokane Valley to be a **"Feasibility: Yes, if"** project, meaning that there are multiple key steps/factors that must be addressed before moving forward with the project. The top three steps/factors are:

1. A funding plan must be created to cover the cost of development for both equity and long-term financing costs.
2. An operating structure must be created to ensure that top-tier management, marketing, maintenance, and service initiatives are in place.
3. A plan must be developed to cover long-term capital improvement and replacement costs.

SFA believes that the facilities as planned have the potential to accomplish the Client's goals if pursued. If the three steps/factors above can be accomplished, SFA endorses the development of new ice sports assets in Spokane Valley, WA.

Based on the results of this study, SFA believes that this project has the components needed to move a project from analyzing feasibility to exploring potential fundability or the potential to secure financing. Based on these fundings and recommendations, the project is ready to move to the next phase exploring and discussing funding strategies that will continue to mature and develop the conversation around creating a regionally utilized youth sports and recreation facility in Spokane Valley.



\*Overland Park, KS – AdventHealth Sports Park at Bluhawk – Managed by Sports Facilities Management

## INTRODUCTION

In May of 2025, the City of Spokane Valley, WA engaged Sports Facilities Advisory, LLC (SFA) to complete a full, five-year financial forecast, economic impact analysis, and development of this feasibility report to explore the potential development of a new multi-sheet ice facility in Spokane Valley and update the previous work completed in 2023. The facility is intended to focus on attracting participants from the local and regional areas with high quality-programs, tournaments, and services, while also driving new visitor spending to the community. It is important to note that it is the goal of the City of Spokane Valley to add to current facilities in the region and work with existing local service providers to grow participation and access to ice facilities not to compete with or create duplicative programs.

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# INTRODUCTION

## SCOPE OF WORK

### THE FULL SCOPE OUTLINED IN THE AGREEMENT CONSISTS OF THE FOLLOWING STEPS:

- **Step 1: Project Kick-Off Meeting**

- In this step, SFA facilitated an initial Zoom call to cover six topics such as introductions, reviewing the project history, project goals/definitions of success, existing data, potential partners, key dates for the project, etc. In this step, SFA reviewed work completed during a prior scope of work and recognized changes to the Project Team, goals, and potential partners.

- **Step 2: Existing Data Review and Market Analysis**

- SFA discussed the current facilities used for local programming and sports tourism with the City of Spokane Valley. SFA then conducted market research on various local sports and recreation assets, as well as sports tourism assets in the region.

- **Step 3: Updated Facility Program and Opinion of Cost**

- Working with the Client' s team to obtain site massing and construction cost estimates that are being developed by the Client and its partners, Consultant will produce an updated facility program and opinion of cost for the two- sheet ice facility. As part of this process, Consultant will identify and note any insights or challenges related to the Client' s work, which may include recommendations for changes to the number of parking spaces, seats, locker rooms, etc.

- **Step 4: Updated Detailed Financial Forecast (Pro Forma)**

- Based on the preceding steps, the Advisory Team will complete more in-depth research/analysis to produce a five-year cash flow forecast. The Advisory Team's pro forma documents are detailed, institutional-grade financial forecasts used to better understand financial outcomes and support decision-making and financing. The pro forma will provide insight into the financial potential of the project and will include projections related to construction costs, revenues/expenses by product and program, EBITDA, net income, facility utilization, and more.

- **Step 5: Updated Economic Impact Forecast**

- Building upon the pro forma, the Advisory Team will update the projected incremental economic impact of the complex on an annual basis. Economic impact is defined as new spending that will occur in the market as a result of tourism- generating events held at the complex. This information is used to project economic activity from out-of-town visitors who would not be in the market but for tournaments and events at the facility.
- The Advisory Team's projections are reflective of several key components of economic impact, including:
  - Number of events and number of guests (participants and spectators)
  - Percent of guests from out of town and length of stay
  - Number of non-local days in market
  - Number of room nights generated
  - Average Daily Rate (ADR)
  - Average Daily Expenditures (ADE)
  - Direct spending

# INTRODUCTION

## SCOPE OF WORK

- **Step 6: Updated Feasibility Report**

- To conclude the study, the Advisory Team will package findings into an updated Feasibility Report that will include:
  - Executive Summary
  - Goals and Objectives
  - Market and Industry Analysis
  - Facility Program
  - Opinions of Cost for Development
  - Detailed Financial Forecast ( Pro Forma)
  - Economic Impact Projections
  - Conclusion and Next Steps
- The Advisory Team will present the draft document to the Client via video conference and deliver the draft documents via email. Following an independent review, SFC will facilitate a follow- up meeting to answer questions and address requested updates to the draft documents, then produce and deliver a final version of all deliverable documents.

# PROCESS & WORK COMPLETED

## OUTLINE OF PROCESS USED TO FORM RECOMMENDATIONS

In order to create the recommendations detailed in this report, SFA utilized a proven process to develop an in-depth understanding of goals, opportunities, and viable strategies for improving the market's access to quality sport and recreation facilities and enhance the local youth and amateur sports tourism position. While the process included dozens of steps and was not linear, SFA summarizes the work completed as a six-phase process that begins with developing a contextual understanding of desired outcomes and ends with recommendations to achieve those outcomes. The "SFA Funnel Model" depicted here demonstrates SFA's process to develop and refine recommendations for the City of Spokane Valley.



## FACILITY PROGRAM & FINANCIAL PERFORMANCE EXPECTATIONS

## OUTLINE OF WORK PERFORMED

**IN ORDER TO COMPLETE ITS WORK, SFA PERFORMED THE FOLLOWING STEPS:**

- **Reviewed existing data, including:**
  - Previous Feasibility Studies
  - May 2025 Site Plan
  - And more
- **Conducted a market analysis, including:**
  - Demographics and socioeconomics
  - Sports participation
  - Sports tourism industry, participation, and competition trends
- **Researched existing local and regional assets and tournaments and events including:**
  - Facility amenities
  - Location
  - Length
  - Number of teams
  - Pricing
  - Event Seasonality
  - And more
- **Created a facility program plan and opinion of cost for the development of new facilities, including a range of development costs to demonstrate the low and high projected cost to develop the recommended facilities**
- **Developed a full, five-year financial forecast for a multi-sheet ice model**
- **Identified preliminary funding sources and developed funding case studies for the City of Spokane Valley to consider in determining the opportunities to invest in indoor sports facilities**

## KEY DATA: DEMOGRAPHIC & SOCIOECONOMIC ANALYSIS

SFA conducted an in-depth demographic and socioeconomic analysis of the local, sub-regional, and regional market. The goal of this portion of the analysis is to determine the key characteristics of the most regular users of new facilities during non-tournament and event times. SFA also determined the characteristics of those users who would participate in tournaments and events in Spokane Valley. SFA has included comprehensive local demographic reports in the Appendix of this document. SFA has made recommendations that best meet the Client’s definitions of success, that also match the market opportunity, research, and analysis, based on a Client-provided address in Spokane Valley.

The chart that follows displays some of the key demographic factors used in analyzing the utilization of facilities by the local population; these customers will be the most frequent users of an ice and training facility during non-tournament and event times. SFA also analyzed the regional population based on drive time from the Spokane Valley market. While these statistics do not serve as strict predictors of a facility’s opportunity to meet its objectives, SFA has developed a proprietary analytical process which considers these factors and several others as an integral part of the financial forecast, sports participation projections, and other analyses required in SFA’s study. SFA utilizes drivetime data from Esri’s ArcGIS platform, which maps and pairs demographic and socioeconomic data from the United States Census to customized geographical ranges. In this case, that geographic range is based on drivetime data from the preliminary site in Spokane Valley. SFA has also made additional notes about the Canadian population that could impact the operations of the proposed facility.

### KEY LOCAL, SUB-REGIONAL, AND REGIONAL DEMOGRAPHIC FACTORS

Spokane Valley, WA						
Category	10 Minutes	15 Minutes	30 Minutes	60 Minutes	90 Minutes	240 Minutes
Population* (U.S. Population Only)	57,245	158,142	580,004	783,321	879,314	2,541,388
Growth Projections – Next 5 Years	+4.10%	+4.00%	+5.35%	+5.65%	+5.70%	+4.25%
Median Age (U.S. Median: 39)	36.7	38.4	38.5	39.5	40.3	39.0
Median HH Income (U.S. Median: \$77,719)	\$57,633	\$70,254	\$71,719	\$75,498	\$74,076	\$73,717
Median HH Income % Above/Below Adjusted Cost of Living (Index: 99)	-25.10%	-8.69%	-6.79%			
Spending Rec. Lessons (U.S Avg.: \$172) (State Avg.: \$218.82)	\$112.00	\$147.04	\$148.69	\$152.93	\$147.19	\$141.73

## KEY DATA: DEMOGRAPHIC & SOCIOECONOMIC ANALYSIS

### POPULATION SIZE:

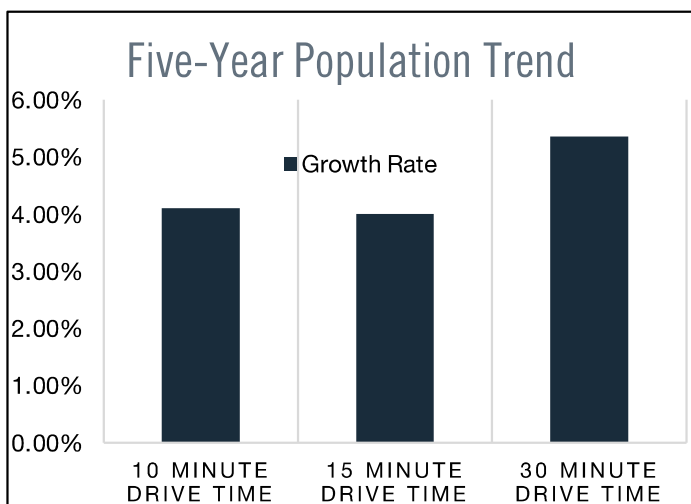
SFA uses drive times from the proposed site to analyze the population of the possible participants that a sports complex would seek to capture. The immediate area of Spokane Valley, within the 30-minute drive-time window, is made up of approximately 580,000 people, while the overall region (240 minutes) is made up of approximately 2.5 million people.

SFA views the local market as a positive factor for local programming, since the assets are right-sized to meet local utilization needs. The regional population offers a moderate base to attract teams and participants from the entire Spokane-Spokane Valley market, Kennewick, Coeur d'Alene, and more.

### POPULATION TREND:

Based on SFA's analysis of U.S. Census data provided through SFA's industry best standard data source, Esri ArcGIS, shown in the chart and referenced on the previous page, the population is expected to increase in the immediate area, with estimates suggesting an approximate 5.35 percent increase over five years in the 30-minute drive time interval.

SFA views the increasing population trend as a positive factor for facility development.



### AGE:

The median age within all local drive time intervals is less than the national median of approximately 39. Based on SFA's experience, a below average median age typically suggests that there are a high percent of children and young adults in the market, which are key age segments for sports and recreation. The Age Breakdown of the U.S. population provided by Esri's ArcGIS Data can be found in the appendix section of this report.

The median age market characteristic will not impact the success of the sports tourism assets but presents a positive factor for local-programmed assets.

### MEDIAN HOUSEHOLD INCOME:

The median household income levels in all drive time intervals appear to sit below the national median, which is approximately \$77,719. SFA adjusted the median household income based on the cost of living in Spokane Valley. Based on these adjustments, SFA calculated that the adjusted median household income falls between 25.10 percent and 6.79 percent below the median in Spokane Valley.

As a result, SFA views median household income as a challenging factor in determining the local market opportunity, although this could minimally impact the sports tourism assets.

### FEES FOR RECREATIONAL LESSONS:

The surrounding communities have below average spending on recreational lessons when compared to the national average, which is approximately \$172. Based on SFA's experience, communities with above-average level of household expenditures on fees for recreational lessons displays the willingness to purchase recreation-based programs and services in the immediate area. Because fees (spending) for recreational lessons are below average, SFA views spending on recreation as a challenging factor for the local market opportunity, although this will likely have a neutral effect on the sports tourism assets.

## **KEY DATA: DEMOGRAPHIC & SOCIOECONOMIC INSIGHTS**

Within the local Spokane Valley market, the population ranges up to 580,000 people, which is a positive characteristic for new facility development. The five-year population trend shows increasing figures that demonstrate an influx of new residents moving to the local market, based on the most recent expected population growth/decline trends. Population trends can be impacted by a variety of factors such as employment opportunities, educational opportunities, programs and services for families and youth, cost of living, the housing market, and more. Sport and recreation facilities provide opportunities to attract and retain families and young adults to communities, potentially contributing an additional positive impact on the population growth trends. The median age sits below the national median, which demonstrates a likely high presence of younger families and youth residents in the market. This is a positive characteristic for the local market. The median household income and spending on recreational lessons characteristics create challenging characteristics for the local market, while a sports tourism complex would rely more heavily on the regional market and the regional population. As mentioned previously, the regional market offers a strong population base to attract from for sports tourism tournaments and events in the Spokane Valley area, including most of the state of Washington and parts of Idaho.

## **KEY DATA: SPORTS IN THE REGION**

As part of the process of analyzing the opportunity for the development in the Spokane Valley area, SFA determined the total number of sports participants in the local, sub-regional, and regional markets. SFA evaluated the potential for core participants over ice asset types. SFA made the determination to focus on the analysis of ice sports based on the market demand for ice, the Client's vision and definitions of success for the project to serve the local community, generate sports tourism, and achieve operational sustainability, in addition to the analysis of other existing service providers, outlined in the subsequent Existing Service Providers section of this report.

SFA calculates sports participation using a blend of national and regional sports participation rates as reported by the National Sporting Goods Association (NSGA) and the Sports and Fitness Industry Association (SFIA). The projections in this report consider active sports participants who play their respective sport in an organized format a specific number of times per year, as well as casual participants. The qualifying participation threshold varies by sport and is intended to separate casual participants from core participants; core participants are more likely to pay to visit the facility because they play consistently enough to consider paying for and participating in an organized program on a regular basis. However, due to the climate and socioeconomic factors of the market, SFA acknowledges that casual ice skaters and ice hockey participants will have a significant impact on the modeled facility.

The following table lists the potential core ice skaters and ice hockey participants that could be attracted from the local, sub-regional, and regional marketplaces. Through this process, SFA gained an understanding of the high-level potential of core and casual participants in the local, sub-regional, and regional market.

## KEY DATA: SPORTS IN THE REGION

As a preliminary step in determining the market opportunity for certain sports and recreation services, SFA groups core participation rates and potential participants in the region by asset type. As shown in the chart below, there is a sizable base of potential participants that new ice assets could capture within the proposed model.

Ice Sport/Activity	Total Participation Rate	Local (30 min.) Participants	Sub-Regional (60 min.) Participants	Regional (240 min.) Participants
<b>Ice Skating</b>	<b>2.48%</b>	<b>14,369</b>	<b>19,406</b>	<b>62,961</b>
<b>Ice Hockey</b>	<b>0.93%</b>	<b>5,400</b>	<b>7,293</b>	<b>23,663</b>
<b>Total</b>	<b>3.41%</b>	<b>19,769</b>	<b>26,699</b>	<b>86,624</b>

Grouping ice sports together, new ice-based assets in Spokane Valley could serve approximately 3.41 percent of the regional population, totaling almost 20,000 ice skaters and ice hockey players in the local market and almost 87,000 core participants in the region.



## KEY DATA: EXISTING SERVICE PROVIDERS – LOCAL

As a preliminary step in determining the market opportunity for certain sports and recreation services, SFA conducted a comprehensive review of the local and regional market for existing service providers. SFA analyzed specific asset types based on the City’s vision and direction for the facility. In addition, SFA conducted a standard review of the market to identify additional areas of focus for a new facility in the market. In this case, the Client’s definitions of success suggested prioritizing ice assets.

In reviewing the local market, within the 60-minute drive time interval, SFA identified five existing indoor ice facilities, shown below alongside the drivetime from the preliminary site location. SFA included facilities from the aforementioned asset type within the body of the report due to their relevance to the recommended facility program. SFA has included an expanded list of facilities analyzed in the local market in the Appendix.



Ice Facilities	Drive Time (Minutes)
Spokane Arena	15
Eagles Ice Arena	20
Frontier Ice Arena	27
Eastern Washington University Recreation Center	29
CDA On Ice (Covered Pavilion)	30

## KEY DATA: EXISTING SERVICE PROVIDERS – REGIONAL

In exploring the sports tourism opportunity for the Spokane Valley market, SFA researched sports tourism ice facilities in the region. The table that follows shows the tournament and event-capable facilities analyzed by SFA. SFA presented these facilities in order of proximity to the preliminary site rather than similarity to the Spokane Valley project. SFA has included an expanded list of single sheet facilities analyzed in the regional market in the Appendix. SFA limited the sports tourism ice facilities to multi-sheet facilities only while recognizing that single sheet ice facilities *can* host tournaments and events. However, multi-sheet facilities can accommodate a higher quantity of events and larger team volumes in a given year, driving more significant direct economic impact from out-of-market visitation.

Sports Tourism Ice Facilities	Drive Time (Minutes)	Facility Amenities and Features
Eagles Ice Arena	20	2 sheet facility with café and pro shop
Town Toyota Center	173	1 main event convertible arena for court, concerts or ice and 1 permanent rink
Glacier Ice Rink	183	2 sheets
Kirkland Kraken Rink*** In-Conceptual Development	256	2 ice sheets, restaurant and community center
Kraken Community Iceplex	271	3 NHL ice sheets, 12 locker rooms, 2 meeting rooms, and bar and grill
Tacoma Twin Rinks	288	2 ice sheets

## KEY DATA: EXISTING SERVICE PROVIDERS

SFA conducted additional analyses during the pro forma development to determine each competing facility's effect on the ability of new youth and amateur sport assets to achieve operational success. The facilities researched represent potential competitors in the market that are currently hosting programs, tournaments, or other events that may impact the operations at a new facility. The factors SFA used to perform this analysis include, but are not limited to:

### EXISTING SPORTS AND RECREATION INVENTORY:

SFA analyzed existing facility inventory in terms of the quantity of existing sports assets, the quality of those assets, and their proximity to critical supporting structures and businesses.

### PROXIMITY TO THE FACILITY:

SFA determined the proximity of existing sports and recreation assets to the new facility, recognizing that closer assets will have a larger impact from a competitive standpoint than assets that are farther away.

### PRICING:

SFA examined the market prices of user fees, rental rates, registration fees, etc. Unless otherwise directed, SFA sets prices in its financial forecast that are either in line with or slightly above current-year market rates.

### SEASONALITY:

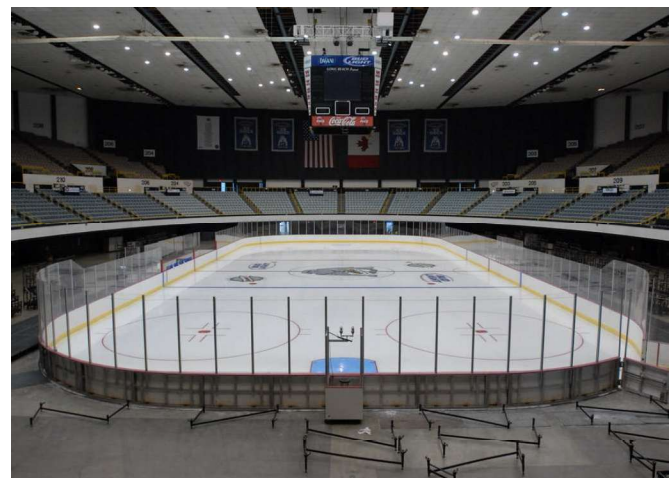
SFA utilized its experience in managing similar facilities to determine the optimized seasonality for hosting programs and events. In addition, SFA recommended asset types based on their ability to flexibly support year-round programming, especially in climate-challenged markets.

### MARKETING REACH AND CAPTURE RATE:

SFA based the ability of a new facility to effectively market and capture sports and recreation participants, tournaments, and events on market factors such as demographics and socioeconomics, competitive factors such as the quality of existing facilities in the region, and destination factors such as site accessibility and the reputation of the destination.

### PROGRAM MIX AND SERVICE OFFERINGS:

SFA created a financial forecast that reflects a robust, detailed set of revenue streams for the facility based on the type, size, quantity, and quality of assets.



## KEY DATA: EXISTING SERVICE PROVIDERS

### KEY INSIGHTS:

- SFA observed a moderate volume of indoor ice facilities in the local market, with most facilities featuring just a single ice sheet operating between 15 and 30 minutes from the preliminary site location.
- SFA reviewed the existing service providers in the region and observed that among the largest tournament-capable facilities located within four hours of the Spokane Valley area, facilities offer a maximum of two full ice sheets/pads, although one three-sheet facility operates outside of the 240-minute drive time interval.



# SPORTS TOURISM INDUSTRY INSIGHTS

Based on the desire of the Client to develop assets that drive non-local visitation to the community through sports tourism that generates economic impact, in addition to providing high-quality local recreation spaces, SFA has provided insights related to the sports tourism industry. As a focus of potential sports tourism assets in the Spokane Valley area, sports tourism could help drive economic impact and non-local spending in the market, benefitting the entire community, including those who may never utilize the facility itself.

## GENERAL OVERVIEW

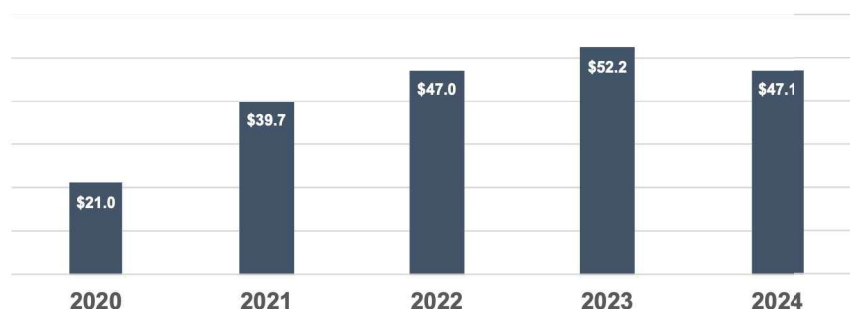
According to survey data collected by the Sports Events & Tourism Association (Sports ETA) published in its most recent “State of the Industry Report” in April of 2025, the sports tourism industry continues to grow and be an impactful part of life in the United States:

- In 2024, nearly 110 million people traveled to a sports tournament or event within the spectator sport traveler category, setting a new all-time high for annual travelers for these events.
- In 2024, there was approximately \$47.1 billion spent on travel for sports related tournaments and events.
  - \$11.7 billion was spent on transportation.
  - \$6.9 billion was spent on lodging and accommodations.
  - \$9.1 billion was spent on food, beverage, and dining.
  - \$10.8 billion was spent on recreation/entertainment.
  - \$8.6 billion was spent on retail.
- In 2024, spending related to travel sports tournaments and events supported approximately 664,860 jobs in total, while inducing almost 174,000 of those jobs, and sports tourism leading to \$17.6 billion in generated tax revenues.

## INDUSTRY GROWTH

The sustained growth in the youth and amateur sports tourism industry over the last 15+ years is one of the most compelling reasons to consider sports tourism as a reliable, attractive industry. In fact, sports tourism is the only segment of the tourism industry that did not decline in any quarter of the Great Recession, allowing it to be considered “recession resistant” and therefore of increased interest to communities across the country.

Sports-related travel spending and annual growth  
(\$ billions)



Source: Sports ETA, Longwoods International, U.S. Travel Association, Tourism Economics

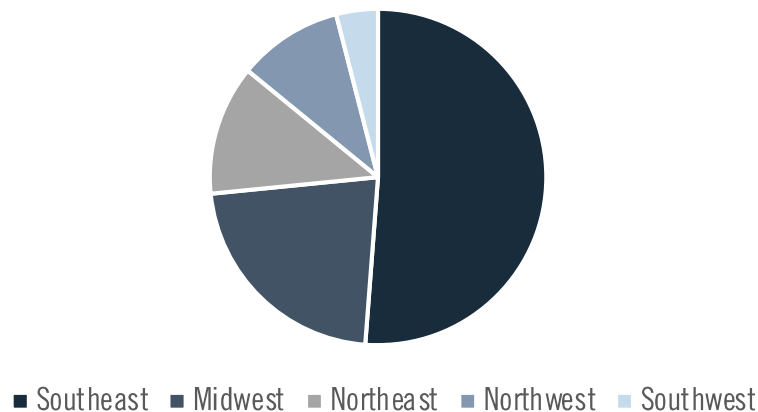
# SPORTS TOURISM INDUSTRY INSIGHTS

## EVENTS AND SPENDING BY REGION

In addition to overall growth, Sports ETA research breaks down youth and amateur sports tourism spending by region to demonstrate where activity has taken place.

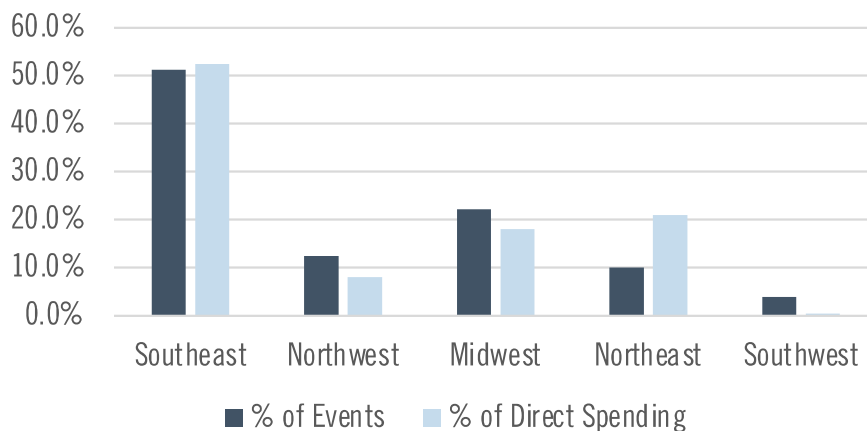
The chart that follows shows the distribution of events across five regions of the United States.

EVENTS BY REGION



The chart that follows demonstrates the percent of events and direct spending occurring in each region of the United States, with approximately 12 percent of events, and nine percent of direct spending taking place in the Northwest.

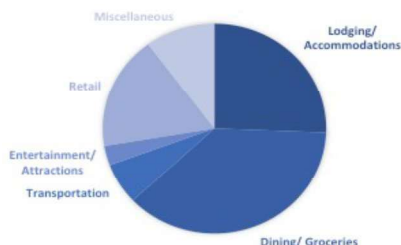
% of Events vs. % of Direct Spending



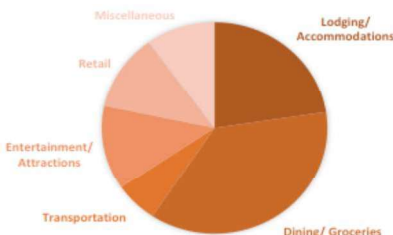
## AVERAGE EXPENDITURES

Based on data from hundreds of events, SFA analyzed how individuals and families typically spend when traveling for youth and amateur sports events by type of destination. The graphs that follow demonstrate the average individual spending per day and family spending per weekend for travelers attending events in standard and tourism destination markets. A standard market is categorized as a location that does not have a significant, established tourism industry while a tourism destination is defined as a location that generates significant activity through tourism outside of youth and amateur sports.

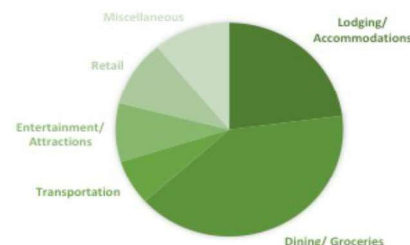
# SPORTS TOURISM INDUSTRY INSIGHTS



**Standard Market**  
**\$110.37/Person/Day**  
**\$883/Family/Weekend**



**Tourism - Off-Peak**  
**\$150.58/Person/Day**  
**\$1,205/Family/Weekend**



**Tourism - Peak**  
**\$185.82/Person/Day**  
**\$1,487/Family/Weekend**

As demonstrated in a standard market, families currently spend approximately \$883 per weekend of travel for youth and amateur sports tournaments and events.

## SPORTS TOURISM DESTINATION AND OPERATIONAL SUCCESS FACTORS

To capitalize on the opportunities created by youth and amateur sports tourism activities as described above, SFA highlights several destination and operational success factors that are important in the industry today.

### DESTINATION FACTORS

- **High Quality, Large Facilities and Assets**
  - The success of youth and amateur sports tourism starts with facilities. With the proliferation of competitive destination facilities, amenity quality is increasingly important as well as the number of spaces available to host teams, participants, and spectators. Additionally, supporting amenities like food and beverage services, entertainment options, etc. create a competitive advantage for facilities that feature them.
- **Variety of Lodging, Dining, and Entertainment Options**
  - Outside of the facility, decisions related to events to attend are often made in part on the lodging, dining, and entertainments options in the market. For players and teams traveling regularly, having known brands and affordable options to choose from is often important. For players and teams traveling infrequently or for families opting to create a vacation around a tournament, having unique and exciting lodging, dining, and entertainment is critical.
- **Desirable Competition**
  - One of the primary reasons to travel for tournaments and events is to compete against unfamiliar teams. Tournaments that feature a mix of teams from a large geographic range and have a well-defined competitive level structure are best able to draw teams and to bring them back year after year.
- **Affordability**
  - Affordability continues to be a top concern of coaches, parents, and participants as they decide which events to attend and how many times to travel. The increase in number of competitive events and the expansion of traditional seasons has created a need to be cost conscious when selecting events.
- **Reputation of the Destination**
  - Establishing and maintaining a reputation as a great place to visit is a critical factor for attracting and retaining events and participants.

# SPORTS TOURISM INDUSTRY INSIGHTS

## OPERATIONAL SUCCESS FACTORS

- **Program-Driven Design**
  - In today's climate where new special-purpose sports tourism facilities are being opened regularly across the country, facilities must be built for and operated to create a best-in-class experience for visitors. To successfully attract, host, and retain events and participants, the facility must have been designed with event operations and participant satisfaction in mind.
- **Dedicated Marketing and Business Development Personnel and Budget**
  - With so many communities and facilities seeking to capture a portion of the sports tourism industry, it is imperative to dedicate people and money to marketing and selling opportunities. While the recommended organization structure and budget varies significantly from location to location, all successful destinations have some level of dedicated personnel and money available to secure business.
- **Dedicated Management**
  - Similar to dedicated resources to selling the facility, successful venues have a dedicated and specialized management team to ensure the investment into the facility is protected and the reputation within the industry is built and maintained.
- **Collaboration**
  - The youth and amateur sports tourism industry consists of a variety of existing destinations and events across activities, levels of competition, governing bodies, rules of play, etc. The increasingly mature industry now features an environment in which it is often difficult to build new events and attract visitors to events that are not already established. This necessitates collaboration with tournament and events rights holders to attract existing events, working with existing facilities to grow events that demand greater capacity, and maximizing visitation and economic impact during early years of operations.
- **Owner, Member, and Community Buy-In**
  - Sustainable facilities often feature a balance of tournaments/events and local leagues, camps, clinics, etc. To set expectations for how an optimal balance is achieved and to execute on a well-rounded, sustainable business plan, the facility must educate all stakeholders and communicate the purpose as well as the schedule for tournaments and events on a regular and ongoing basis.

# FACILITY PROGRAM AND OPINION OF COST

## FACILITY OVERVIEW

Based on the data and insights detailed in this report, SFA has provided an ice facility and training program model for the development of a multi-sheet ice and training facility in Spokane Valley. The model balances the desire for local recreation programming and sports tourism tournaments and events programmed over the recommended ice spaces. SFA has provided the full facility program for the model as well as the financial performance details for the model in the associated documents. The facility program model below outlines the recommended indoor amenities and space requirements for the proposed model.

## RECOMMENDED FACILITY PROGRAM

### Indoor Athletic Facility

Space	Indoor Programming Product/Service	Count	Dimensions L (') W (')		Approx. SF each	Total SF	% of Footprint
Ice	Primary Ice Rink (600 Seats)	1	220	115	25,300	25,300	27.9%
	Secondary Ice Rink	1	220	100	22,000	22,000	24.2%
	Locker Rooms	8	25	20	500	4,000	4.4%
	Ref Locker Rooms	4	20	15	300	1,200	1.3%
	Zamboni Storage	1	25	40	1,000	1,000	1.1%
	Ice Plant Room	1	25	50	1,250	1,250	1.4%
<b>Total Ice Sq. Ft.</b>						<b>54,750</b>	<b>60.3%</b>
Sports	Sports Performance Training Area	1	50	50	2,500	2,500	2.8%
	Hockey Specific Training Area	1	-	-	1,500	1,500	1.7%
	<b>Total Sports Performance Sq. Ft.</b>						<b>4,000</b>
Flex Space	Lobby/Welcome Area	1	-	-	1,200	1,200	1.3%
	Manager's Offices	3	10	10	100	300	0.3%
	Office Area	1	-	-	900	900	1.0%
	Kitchen	1	30	30	900	900	1.0%
	Café Seating Area	1	50	50	2,500	2,500	2.8%
	Flex/Team Rooms (Divisible)	1	60	25	1,500	1,500	1.7%
	Restrooms	2	35	25	875	1,750	1.9%
	Skate Rental	1	12	30	360	360	0.4%
	Skate Storage	1	15	30	450	450	0.5%
	Leased Space - Office	1	-	-	1,000	1,000	1.1%
	Leased Space - Ice Pro Shop	1	-	-	1,000	1,000	1.1%
Leased Space - Medical	1	-	-	3,000	3,000	3.3%	
<b>Total Flex Space Sq. Ft.</b>						<b>14,860</b>	<b>16.4%</b>
Required SF for Products and Services						73,610	81.1%
Mechanical, Electrical, Storage, etc. 10% of P&S SF (Excl. Leased Space)						6,861	7.6%
Common Area, Stairs, Circulation, etc. 15% of P&S SF (Excl. Leased Space)						10,292	11.3%
<b>Total Estimated Indoor Athletic Facility SF</b>						<b>90,763</b>	<b>100%</b>
<b>Estimated Building Footprint</b>						<b>88,263</b>	
<b>Total Building Acreage</b>						<b>2.03</b>	

## INDOOR FACILITY

By developing a multi-sheet ice facility with a primary rink featuring 600 spectator seats, the facility will have the potential to host regular ice tournaments and events. The venue features all amenities required for a first-class player and guest experience. The proposed assets can serve the Spokane Valley area and provide a unique market opportunity for the City of Spokane Valley to program sports events, concerts, tournaments, and more that drive economic impact to the area. The facility also includes 4,000 square feet of sports performance training space, including a general space and hockey specific training space. In addition to sport and training spaces, the facility program includes all flex and support space to optimize facility operations, while also offering opportunities to improve the facility's financial performance through spaces like a leased office, a pro shop, and medical lease space.

# FACILITY PROGRAM AND OPINION OF COST

## SITE DEVELOPMENT

### Site Development

		Quantity	Dimensions		Approx. SF each	Total SF	% of Total
			L (')	W (')			
Parking Spaces Total	Parking Spaces Total (10'x18' actual, 20' x 20' inc. aisles)	318	20	20	400	127,200	70.3%
	Setbacks, Green Space, Trails, etc.		25% Indoor/Parking, 50% Outdoor			53,866	29.7%
<b>Total Estimated Site Development SF</b>						<b>181,066</b>	<b>100%</b>
<b>Total Site Development Acreage</b>						<b>4.16</b>	
<b>Total Complex Acreage</b>						<b>6.18</b>	

SFA recommends 318 on-site total parking spaces to meet the expected demand at the indoor facility. SFA expects additional space requirements for setbacks, green space, trails, etc. to set the total complex acreage size at approximately 6.18 acres of land.



# FACILITY PROGRAM AND OPINION OF COST

## SUMMARY OF DEVELOPMENT COSTS

Based on SFA's experience in developing sports and recreation facilities, the table below summarizes the opinion of cost for the new indoor model. In order to provide a more accurate opinion of cost and based on the current volatile construction climate affecting the development of youth and amateur sports facilities, SFA projected a range of development costs including a low and high-end projection.

OPINION OF COST: ICE MODEL	LOW	MID	HIGH
LAND COST	TBD	TBD	TBD
HARD COST	\$28,069,450	\$31,188,277	\$34,307,105
ICE AND SPORT EQUIPMENT COST	\$5,770,005	\$6,411,116	\$7,052,228
FURNITURE, FIXTURES, AND EQUIPMENT	\$1,088,561	\$1,209,513	\$1,330,464
SOFT COSTS CONSTRUCTION	\$3,949,073	\$4,387,859	\$4,826,645
SOFT COSTS OPERATIONS	\$1,506,054	\$1,506,054	\$1,506,054
ESCALATION	\$2,035,434	\$2,261,593	\$2,487,752
WORKING CAPITAL RESERVE	TBD	TBD	TBD
<b>TOTAL USES OF FUNDS</b>	<b>\$42,418,576</b>	<b>\$46,964,412</b>	<b>\$51,510,248</b>

The total opinion of cost for the model ranges from a low-end opinion of cost of approximately \$42.4 million to the high-end opinion of cost which equals approximately \$51.5 million.

Full details on the construction and start-up cost estimates for the model can be found in the facility program and opinion of cost, which SFA has delivered as an associated document within the pro forma.



# BUSINESS MODEL OVERVIEW

As mentioned throughout this report, one key area of focus for a new sports and training complex will be to serve the local community through sport and recreation assets while maintaining the opportunity to capture youth and amateur sports tourism from the surrounding region.

The information below is based on the Client's vision, as well as SFA's recommendation to establish a balance between serving the local community through local programs and the regional market through hosting sports tourism tournaments and events. SFA has first detailed the local programming operating model, followed by the sports tourism model. SFA has arranged the information in this order based on the Client's goals to serve the local community.

## LOCAL PROGRAMMING MODEL

The local programming model is designed to make any facility development a year-round sports and recreation hub by serving as a community asset providing sports, physical health, recreation, and youth development programming, regardless of skill levels or abilities. By creating a fun, active space with high-quality programming and amenities, the spaces detailed in the facility program will be able to host a multitude of activities and serve a wide range of community pursuits.

Based on conversations with the Client, SFA's recommendations for the spaces and amenities detailed in the facility program, a sports complex has the potential to offer programming for any or all of the following activities from in-house and/or partner organizations: practices, camps, clinics, leagues, showcases, tournaments, private individual and group training, and more.

## SPORTS TOURISM MODEL

To more clearly define the goal of generating economic impact through sports tourism events, SFA has described the sports tourism operating model below.

The goal of a sports tourism model is to attract out-of-town teams, players, coaches, and spectators to the market to generate revenue for the facility and to create economic impact through non-local visitors staying in hotels, eating at restaurants, shopping at stores, purchasing gas, etc. Within the sports tourism model, there are two primary ways of developing tournaments: creating in-house tournaments and outsourcing tournaments to existing organizers/rights holders.

In-house tournaments require a significant amount of time, energy, and human resources to develop and execute. This type of event requires the facility to market the event, register teams, secure hotels, train staff, hire officials, manage play, etc. As such, significant revenue can be generated, but the cost of doing business is high. Additionally, tournaments typically take multiple years to grow, and as a result first year (and often second year) events are small, marginally profitable, and create a minimal economic impact.

# BUSINESS MODEL OVERVIEW

## SPORTS TOURISM MODEL (CONTINUED)

Outsourced tournaments require much less work on the part of the facility because inventory is rented to a tournament provider who oversees securing teams and running the event. Additionally, they often provide greater economic impact in the early years of operation because they are not first-year events, and therefore there are more teams in attendance. However, the amount of revenue the facility can generate on an outsourced tournament is limited because team registration fees go to the rights-holder, as do other revenue streams (e.g., hotel rebates, gate fees, etc.).

SFA has found that it is typical for facilities with a sports tourism business model to accomplish their goals by generating large amounts of economic impact rather than relying solely on the operational performance of the facility to determine success. Because large sports tourism-focused facilities generally depend on hosting events that generate economic impact, these provide the facility with one-off revenue streams that occur a limited number of times each year but require large facilities that are generally overbuilt for the local market opportunity. For facilities that pursue sports tourism as an economic driver, room night generation, direct spending, and new tax revenues earned from events are viewed as an attractive return on the investment relative to potential subsidization of operations. As such, these types of facilities serve as a driver of traffic and spending to other businesses in the adjacent area such as hotels, restaurants, retail stores, etc. These facilities often function as an anchor to mixed-use projects that benefit the community alongside additional development.

## PROGRAM MIX

The programs listed above offer a robust programming model to be featured at the complex including in-house and partner organization offerings. While a model more heavily focused on partner and rental programming typically takes less time to grow revenues and guarantees revenue for the model, it limits the long-term revenue growth opportunities.

Local programming for ice hockey and ice-skating activities assumes that the facility operates both “in-house” programs (owned and programmed by the facility) and partners with existing service providers to offer programs by renting the facility. The following summary details the in-house programs vs partner/rental programs forecasted in the pro forma:

- In-House
  - Adult Ice Hockey League
  - Public Skate and Skate Rentals
- Partner/Rental
  - Youth Ice Hockey Clinic
  - Adult Ice Hockey Clinic
  - Learn to Play Hockey
  - Instructional Camps
  - Youth Ice Hockey League
  - Youth Travel Ice Hockey
  - Figure Skating Camps
  - Figure Skating Lessons and Clinics
  - Learn to Skate

# BUSINESS MODEL OVERVIEW

## PROGRAM MIX

SFA recommends a facility program mix that includes internal or in-house programs in addition to rental or outside service provider programs, however, believes that an in-house local programming model will deliver the best results to achieve the Client's goals. In-house programming presents the complex with the following growth and business development opportunities:

### **GREATER OWNERSHIP OF THE BUSINESS:**

- Running in-house programs will allow the management team to dictate all aspects of the products and services being offered in the facility. This ownership provides the ability to make decisions regarding marketing, sales, and operations of all programs. Furthermore, the facility will rely less on the skills, experience, and relationships of outside people or organizations and therefore strengthen the complex's ability to offer best-in-class services to its customers.

### **CONTROL OF THE CUSTOMER EXPERIENCE:**

- All programs are a reflection of the facility and affect customer perception of the brand. With a rental model, a facility has a minimal level of control over program quality and customer experience. If a program run by an outside organization does not meet customer expectations, the facility will be directly associated with that bad experience. On the other hand, internal programs allow the facility to control the quality of customers' experiences.

### **HIGHER FINANCIAL RETURNS:**

- Rental programs are limited in the level of revenue they are able to generate. This relatively flat revenue restricts the ability to capitalize on growth opportunities. An internal program business model creates the opportunity for the facility to grow programs and increase the amount of revenue that can be generated per hour. With the proper investment in and development of in-house programs, the facility will be able to generate significantly higher levels of revenue.

### **FACILITY DATABASE AND CROSS MARKETING:**

- Internal programming presents the facility with the opportunity to build an extensive internal database of its customers. Owning and running in-house programs will allow the facility to capture and retain important customer contact information. This internal database will create a platform for the management team to cross-market appropriate programs to people who are already customers and invested in taking part in the products and services that the facility has to offer. The ability to cross-market to an internal database is substantially more effective than many traditional marketing initiatives.

### **ABILITY TO MAXIMIZE SCHEDULING:**

- A rental-only model restricts the management team's ability to maximize program scheduling. This is a result of the desire of outside programmers and rentals to purchase only the best and prime time hours in the facility. With an in-house program model, the management team will be able to dictate the day and time that programs are run and therefore allow the facility to maximize the use of available scheduling time.



\*Overland Park, KS – AdventHealth Sports Park at Bluhawk – Managed by Sports Facilities Management

## BUSINESS MODEL OVERVIEW

A gradual transition towards a higher level of internal programming after opening will allow the facility to maintain relationships and utilize outside programming during the maturation process. As the facility matures, shifting to an increased percentage of internal programs will allow the facility to capitalize on opportunities to grow programs and contribute to a higher level of financial sustainability.

Based on the vision of the Client, SFA believes that there will be a hybrid business model between the local programming model and the sports tourism operating model to maximize sustainability. As such, the level of financial and economic impact performance will depend on the type of assets, mix of assets, and business model within any facility that is developed.

For a youth and amateur sports facility, especially one that is focused on providing community access and generating sports tourism activity, the best practice in the industry for third party management is a facility and operation that is owned by the public entity and managed by a third party on behalf of the owner through a management fee. This ensure alignment of the public entity's goals and the operators targets. The pro forma features a management fee for operations in the pre-opening soft costs to set up the operation and in the operating expenses for ongoing management of the facility.

# FINANCIAL PERFORMANCE OVERVIEW

## SUMMARY OF FINANCIAL PERFORMANCE

SFA’s determination of feasibility for the multi-sheet ice and training facility in Spokane Valley depends on the financial forecast of the business and the ability for it to achieve results that support the long-term financial goals of the City. SFA developed a detailed pro forma/financial analysis model and projected the financial viability for the first five years of operations in that model.

In creating the financial forecast, SFA intentionally projects numbers that are dependent on timely marketing, attention to detail, ongoing financial analysis, a focus on customer service, and intelligent management practices.

The following table summarizes the forecasted revenues, cost of goods sold, and operating expenses through the first five years of operations at the Ice Model. The financial performance details have been provided in the full financial forecast documents. SFA has projected the items within the financial forecast according to standard processes backed by more than a decade of industry experience including the production of hundreds of institutional-grade pro forma documents, the development of numerous youth and amateur sports facilities, and the real-world management experience gained from the day-to-day operations of more than 90 youth and amateur sports facilities around the United States and in the Northwest.

### FINANCIAL PERFORMANCE: ICE MODEL

	YEAR 1	YEAR 2	YEAR 3	YEAR 4	YEAR 5
Total Revenue	\$1,675,156	\$1,947,503	\$2,306,782	\$2,483,677	\$2,673,636
Total Cost of Goods Sold	\$425,941	\$504,571	\$594,548	\$642,118	\$683,987
<b>Gross Margin</b>	<b>\$1,249,215</b>	<b>\$1,442,932</b>	<b>\$1,712,234</b>	<b>\$1,841,559</b>	<b>\$1,989,648</b>
Total Operating Expenses	\$1,694,704	\$1,736,417	\$1,871,449	\$1,931,198	\$1,993,543
<b>EBITDA</b>	<b>(\$445,489)</b>	<b>(\$293,485)</b>	<b>(\$159,215)</b>	<b>(\$89,639)</b>	<b>(\$3,895)</b>
<i>% of Revenue</i>	<i>-26.6%</i>	<i>-15.1%</i>	<i>-6.9%</i>	<i>-3.6%</i>	<i>-0.1%</i>

As demonstrated in the previous table, the operations for the Ice facility are expected to require an operational subsidy of approximately \$445,000 due to a negative Earnings Before Interest, Tax, Depreciation, and Amortization (EBITDA) in year one before gradually improving to just below break even at maturity in year five and beyond.

Based on current and forecasted future market conditions (five-year outlook), SFA forecasted that the operation of a three-sheet ice facility would require a larger annual subsidy, and therefore, is not currently recommended.

# ECONOMIC IMPACT ANALYSIS

## ECONOMIC IMPACT EXPECTATIONS

As stated previously, SFA developed its forecasts based on the prioritization of events that meet the Client’s objectives related to both local and tournament programming and best practices for managing successful sports tourism facilities. As part of that exercise, SFA conducted an in-depth analysis of the two components that determine economic impact:

1. The average daily expenditure for non-local visitors to the market, including but not limited to:
  - Average daily rate for hotels
  - Average daily meal costs
  - Percent of spending in market by category
2. The details for each event, including but not limited to:
  - Number of participants
  - Number spectators
  - Markets from which participants travel
  - Day and overnight travel habits in the region and across the industry
  - Length of event

For the purposes of this study, SFA analyzed overnight visitors to the market. Overnight visitors are defined as those coming to the Spokane Valley area from more than 90 minutes away who stay overnight. SFA’s economic impact projections do not include any assumptions for visitors extending their stay beyond the event and do not include any indirect or induced spending projections.

## AVERAGE DAILY EXPENDITURE

SFA projected per-person spending in the categories in which visitors to Spokane Valley, WA are expected to spend for regional youth and amateur tournaments and events. The chart below shows that overnight visitors are expected to spend an average of \$170.36 per person per day in year one before growing to \$180.81 in year five. The estimates for per person spending are based on conservative estimates for how non-local visitors will spend while in market. SFA believes that these are reliable estimates, and that it is unlikely that per person spending will fall below the projected amounts. SFA utilizes a proprietary blend of multipliers for each category based on the local cost of living, the industry experience of SFA’s parent company, SFC, that operates youth and amateur sports venues across the country, and the Average Daily Rate for Lodging and Average Daily Meal Cost provided by the U.S. General Services Administration Per Diem.

**Per Person Spending By Category**

	Year 1	Year 2	Year 3	Year 4	Year 5
Lodging/Accommodations	\$42.00	\$42.63	\$43.27	\$43.92	\$44.58
Dining/Groceries	\$64.50	\$65.47	\$66.45	\$67.45	\$68.46
Transportation	\$10.97	\$11.13	\$11.30	\$11.47	\$11.64
Entertainment/Attractions	\$5.16	\$5.24	\$5.32	\$5.40	\$5.48
Retail	\$30.32	\$30.77	\$31.23	\$31.70	\$32.18
Miscellaneous	\$17.42	\$17.68	\$17.94	\$18.21	\$18.48
<b>Total</b>	<b>\$170.36</b>	<b>\$172.91</b>	<b>\$175.50</b>	<b>\$178.14</b>	<b>\$180.81</b>

# ECONOMIC IMPACT ANALYSIS

## ECONOMIC IMPACT DRIVERS

Before converting the per-person average daily expenditure into a total direct spending projection, SFA analyzed the two most important drivers of economic impact: non-local days in market and room nights generated for each event projected. Non-local days in market are the number of days that non-local visitors will spend in the Spokane Valley market because of the tournament or event they are attending. Hotel room nights are the number of nights that visitors will stay in the local area to take part in tournaments and events.

The table that follows summarizes the total number of projected events per year in each category, followed by the projected economic impact drivers and direct spending in years one through five of the event center model.

### ECONOMIC IMPACT

	YEAR 1	YEAR 2	YEAR 3	YEAR 4	YEAR 5
Non-Local Days in Market – Overnight	24,597	30,564	34,560	37,544	38,219
Room Nights	6,180	7,710	8,700	9,465	9,615
<b>Total Economic Impact</b>	<b>\$4,190,222</b>	<b>\$5,284,831</b>	<b>\$6,065,418</b>	<b>\$6,687,869</b>	<b>\$6,910,233</b>

The table above demonstrates that SFA expects the Ice Model to generate approximately 38,000 new non-local days in market from overnight visits, approximately 9,600 new room nights, and a total of approximately \$6.9 million in direct economic impact at maturity in year five of operations.

# POTENTIAL FUNDING SOURCES

Based on SFA’s experience in planning and funding facilities across the country like the facilities detailed in the included facility program, communities and private clients have deployed the following funding mechanisms successfully in recent projects. It should be noted that in today’s development climate, most projects have a diverse set of funding sources and often rely on public-private partnerships.

## Potential Funding Sources – Special Districts

- **Tax Increment Financing (TIF)**
  - A district is developed specifically for the purpose of incentivizing development. Upon establishment, the tax base of the district is frozen and any increase to the tax base as a result of new developments are used to pay the TIF bonds. The State of Washington permits tax revenue from state property taxes to fund eligible projects related to promote sound economic development.
- **Tourism Improvement District**
  - The State of Washington authorizes the formation of Tourism Improvement Districts. These districts originated in West Hollywood, CA in 1989, with many states enabling the formation of these districts today. The goal of Tourism Improvement Districts is to promote out-of-market visitation and drive new room nights to a given market. These districts usually consist of interested, local private businesses who cooperate to promote their market.

## Potential Funding Sources – Partnerships

- **Public-Private Partnerships**
  - Development and/or operational commitments are made by both public and private organizations in order to provide capital, credit, or long-term income to secure or back a loan. Private sector partners are most commonly developers, medical sector organizations, for-profit sports or wellness organizations, and non-profit sports or wellness organizations. The Public-Private Partner relationship can encompass a few or all of the following facility development phases: design, build, finance, operate, and/or manage.
- **Public-Public Partnerships (Interlocal Agreements)**
  - Development and/or operational commitments are made by multiple public sector organizations in order to provide capital, credit, or long-term income to secure or back a loan. Public sector partners are most commonly Cities/Towns/Villages, Counties, Parks & Recreation Departments, Chamber/CVB/Tourism Departments, and School Districts.

In addition to providing an outline of potential funding sources, including the formation of special districts and the development of the partnerships listed above, SFA has also provided case studies of existing facilities developed using a few of the described sources.

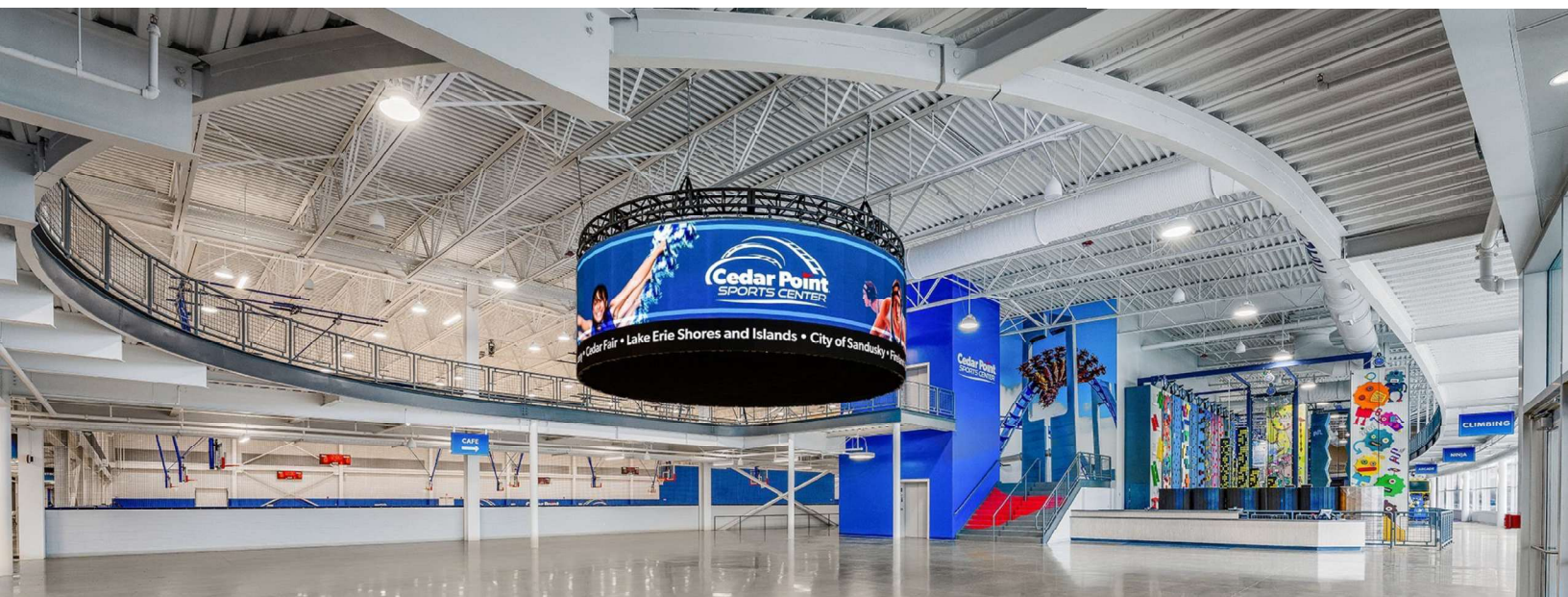
## FUNDING SOURCES CASE STUDY – CEDAR POINT SPORTS CENTER

Based on SFA's experience in planning and funding facilities like the facilities included in the modeled facility program, SFA has provided case studies that detail real-world funding scenarios. These scenarios provide an overview of the funding structure utilized to fund best-in-class sports tourism venues, the Cedar Point Sports Center in Sandusky, Ohio, The Podium in Spokane, Washington, Cornerstone Sports Complex in Starkville, Mississippi, and AdventHealth Sports Park at Bluhawk in Overland Park, Kansas.

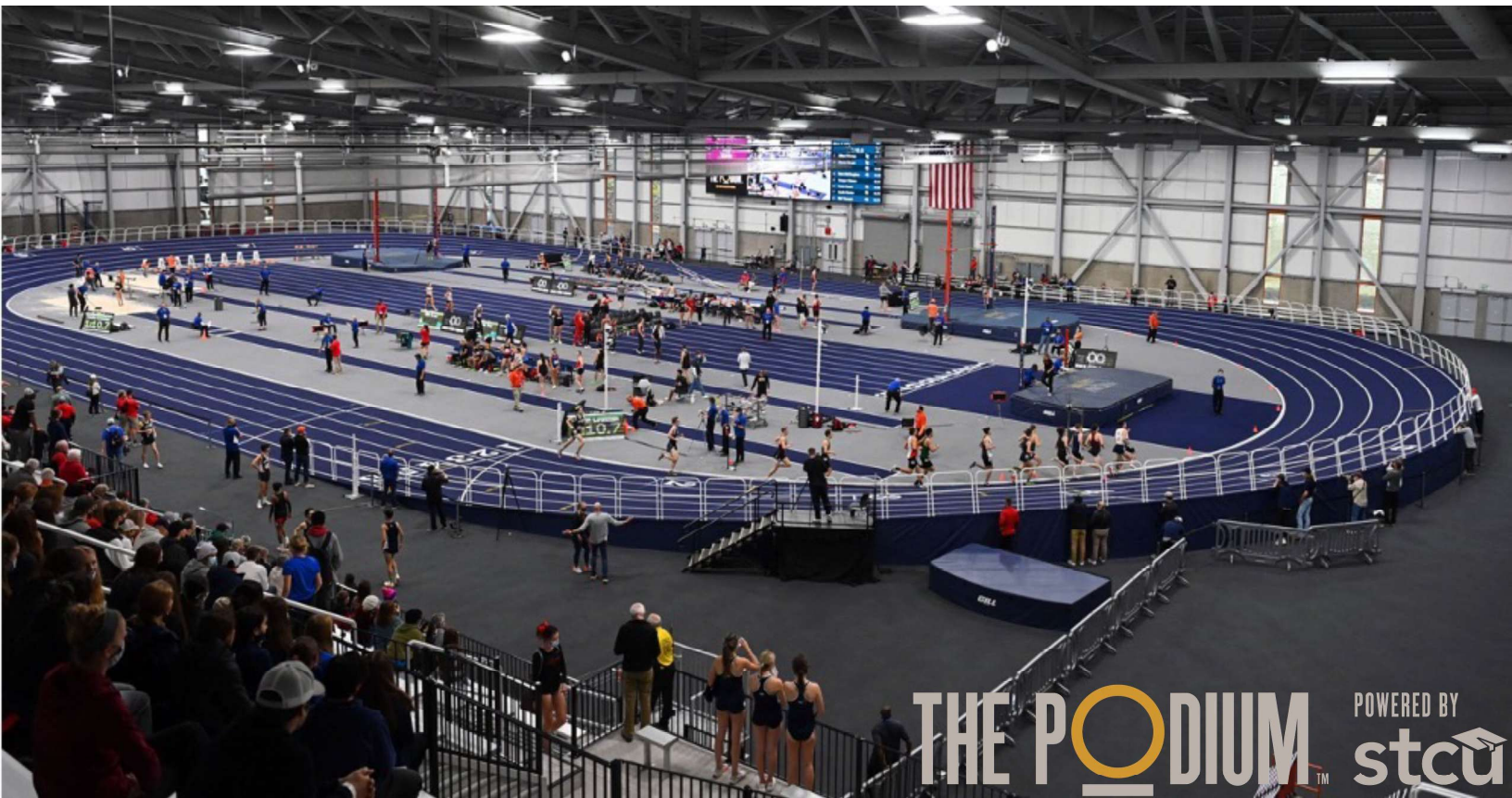
The Cedar Point Sports Center opened in 2020 with a total development cost of approximately \$42 million. The venue offers 185,000 square feet of indoor sports, event, and entertainment space and serves thousands of visitors on a regular tournament weekend. The facility also includes the Lee C. Jewett Sports Medicine Center in a partnership with Firelands Regional Medical Center.

Since sports tourism serves as the primary driver of the facility, various interested public and private parties collaborated in a true Public-Private Partnership to promote and fund the development of the venue, therefore encouraging new visitation to the market. This visitation has proven especially beneficial to the community during non-peak tourism seasons. The funding structure for Cedar Point Sports Center included the following approximate contributions:

- County Hotel Tax - \$23 million
- Firelands Regional Medical Center - \$11 million
- City Tax Financing - \$2 million
- Private Equity - \$6 million
  - Cedar Fair Entertainment
  - Lake Erie Shores & Islands Convention and Visitors Bureau



## FUNDING SOURCES CASE STUDY – THE PODIUM



The Podium in Spokane, Washington opened in 2021 with a total development cost of approximately \$53 million. The venue offers 135,000 square feet of indoor sports and events space, spectator seating for 4,000 guests, and more. Developed with the goal of supporting City’s downtown revitalization efforts, the indoor venue features a 200 Meter track, indoor courts, and a flexible flat floor event space that, combined, generate approximately 32,000 room nights and \$45 million in economic impact annually.

Sports tourism serves as the primary driver of the facility, although the venue accommodates some regular local programming. Various public partners collaborated to promote and fund the development of the venue. These interested public entities contributed in unique ways in order to make the facility a reality. The funding structure for The Podium included the following funding mechanisms:

- Public Partnership – \$53 Million (2021)
- City of Spokane – \$5 Million Capital Contribution
- Spokane Public Facilities District (SPFD) – Capital Reserves Contribution
- Spokane Hotel/Motel Association – Lodging Taxes (Existing)
- State of Washington – Sales Tax Rebate (Existing)
- Spokane County – \$35 Million (Bonds Loaned to SPFD)
- Spokane Parks & Rec Department – Land Donation

## FUNDING SOURCES CASE STUDY – CORNERSTONE SPORTS COMPLEX

Cornerstone Sports Complex in Starkville, Mississippi opened in 2023 as an outdoor sports tourism venue. The complex consists of 124 acres of outdoor amenities including a total of 12 diamond fields (baseball and softball fields of varying sizes), batting cages, walking trails, a playground, and additional community assets.

Cornerstone Sports Complex began the overall development and funding process in 2019 with a unique combination of favorable market scenarios including a pre-pandemic construction climate. The overall facility resulted in a \$25 million total development cost.

Sports tourism provides the greatest quantifiable positive characteristic from the facility through direct economic impact that benefits the community. The venue is projected to generate between \$15 and \$20 million in direct economic impact annually. The venue came online due to multilateral public support and a public partnership. The funding structure for Cornerstone Sports Complex included the following funding mechanisms:

- Tourism Sales Tax
  - 3% Tourism Sales Tax
    - Hotels/Lodging and Restaurant Food and Beverage Sales



## FUNDING SOURCES CASE STUDY – ADVENTHEALTH SPORTS PARK



The current development climate for youth and amateur sports facilities generally requires a robust combination of funding sources and mechanisms to turn a concept into reality. AdventHealth Sports Park at Bluhawk is a relevant example of a sports tourism and mixed-use development project that relied on creative funding solutions to become developable.

AdventHealth Sports Park opened in 2024 with a total development cost of approximately \$125 million for Phase I of the development (sports facility only). The venue offers 250,000 square feet of indoor sports, event, and entertainment space, with adjacent residential, medical, lodging/hospitality, and other traditional mixed-use spaces as a privately owned and operated development. The medical component serves a key function within most public-private partnerships, often occupying a dedicated leased space within the development and/or purchasing naming rights that can account for as much as 26 percent of the total development cost, according to SFA's industry experience.

Sports tourism serves as the primary driver of the facility, although the venue will accommodate regular local programming. Various interested public and private parties collaborated to promote and fund the development of the venue, therefore encouraging new visitation and promoting new spending to occur the market that would not occur but for the development of the complex. The funding structure for Bluhawk Sports Park included the following funding mechanisms:

- Sales Tax and Revenue (STAR) Bonds - \$46.5 Million
  - A portion of state sales tax generated within the mixed-use development district returns to the developer over time to pay for the sport facility
- Private Equity
- Traditional Lending



## CONCLUSION AND NEXT STEPS

Based on the work completed to date, SFA believes that an opportunity exists to develop a multi-rink ice facility in the Spokane Valley market with the capability of meeting the City's objectives. The definitions of success for the City of Spokane Valley are listed below in conjunction with key findings based on the analysis of and recommendation for the proposed model:

- **Create a best-in-class facility that grows ice activity participation and accessibility in the Spokane Valley region.**
  - The facility will present the opportunity for Spokane Valley to capitalize on the growth in youth and amateur sports tourism that is expected to continue by increasing tourism infrastructure and opportunities for local programming.
  - The scale and quality of facilities paired with the local and sub-regional opportunity creates the opportunity to develop league, camp, clinic, instruction, and player development programs simultaneously with tournament and event programming.
  - Partnering with existing organizations and stakeholders will allow the facility to impact more people and expand its reach into surrounding communities.
  - Based on regional participation rates for ice activities, SFA expects that with access to additional and more centrally located ice rinks, participation will grow and support programming and utilization the new facility.
  - As forecasted in the pro forma and described in the business model overview section of this report, there is a full slate of revenue streams and offerings for participants in all activities.
- **Establish a tournament and event destination that drives non-local visitation, room nights, and economic impact.**
  - SFA's analysis shows that the facility is projected to generate over 9,000 new room nights and \$6.9 million of new direct spending per year at maturity.
  - The economic impact and room night projections included in this study account for only visitors and spending that can be accommodated through the new facility. If the new facility is developed, there will be opportunity to partner with existing ice facilities in the region (Eagles Ice Arena and Fronter Ice Arena) to host larger events that could bring greater benefit to the area.
  - It should be noted that every sports tourism facility that SFA has created projections for that has been built has exceeded its early-year economic impact projections and reached or exceeded the mature-year total annual economic impact projection.
  - The economic impact projections are built on the assumption that supporting amenity inventory (hotels, restaurants, etc.) is present in Spokane Valley to serve the visitation expected in the financial forecast and economic impact analysis (pro forma) created by SFA.

## CONCLUSION AND NEXT STEPS

- **Create a catalyst for what becomes a cultural hub.**
  - The indoor ice facility is recommended to be developed on a future site that is near population centers and existing or new amenities which will make it the centerpiece of activity or a hub of the community.
  - These amenities will provide not only access to sport and recreation spaces but also exposure of the complex to a variety of residents and non-residents of Spokane Valley.
  - The facility will feature community-centric programming such as public skate and holiday events to integrate into the lives and identity of residents.
  - Sport and recreation assets are often cited as critical factors in attracting new residents and retaining existing residents in communities across the Country.
- **Bring together stakeholders and community members to create a facility that provides community benefits such as wellness, jobs, and other positive impacts.**
  - Collaboration between program operators, school systems, hoteliers, and city/county personnel would contribute to the overall success of the facility to meet the Client's goals.
  - Meetings with stakeholders and community groups unanimously advocated for the need for additional ice time and the benefits to the community of an ice facility located in Spokane Valley.

BASED ON SFA'S MODELS, DATA, REAL-WORLD OPERATING EXPERIENCE OF OVER 90 YOUTH AND AMATEUR SPORTS FACILITIES ACROSS THE COUNTRY, SFA EXPECTS THE MODEL TO HAVE THE GREATEST LIKELIHOOD OF ACHIEVING THE CITY OF SPOKANE VALLEY'S DEFINITIONS OF SUCCESS.

SFA worked with the Client to understand the vision and definitions of success for the development of a new ice sports and recreation facility. Independently, SFA analyzed the feasibility, financial reality, and economic impact potential of new assets and their ability to compete with existing destinations in the region. As a result, SFA believes that the development of the recommended assets has the capability of meeting the definitions of success and objectives outlined by the Client.

- There is a regional market opportunity to complete for indoor and outdoor sports tournaments and non-sports events.
- Spokane Valley's proximity to population centers at local, sub-regional, and regional drive times creates an opportunity to generate revenue and visitation from many potential participants.
- The recommended facility assets are planned to be the regional leader for indoor ice sports and have the flexibility to accommodate a wide variety of activities.
- The business model and operational plan focuses on partnerships with existing organizations as well as internal programming where possible which creates a more profitable model than most sports tourism facilities and contributes to long-term sustainability.
- The facility leverages sports operations revenue generating opportunities and spaces as well as supporting programs and services centered around the volume of visitors to create a model with the potential to reach break even.
- Spokane Valley is forecasted to benefit from significant new visitation and economic impact through the development of new tourism infrastructure that will positively impact the community and businesses within it.

## CONCLUSION AND NEXT STEPS

In recognition of the work completed to date and the information above and detailed throughout this report, SFA deems the opportunity to develop a new ice facility in Spokane Valley to be a “**Feasibility: Yes, if**” project, meaning that there are multiple key steps/factors that must be addressed before moving forward with the project. The top three steps/factors are:

1. A funding plan must be created to cover the cost of development for both equity and long-term financing costs.
2. An operating structure must be created to ensure that top-tier management, marketing, maintenance, and service initiatives are in place.
3. A plan must be developed to cover long-term capital improvement and replacement costs.

SFA believes that the facilities as planned have the potential to accomplish the Client’s goals if pursued. If the three steps/factors above can be accomplished, SFA endorses the development of new ice sports assets in Spokane Valley, WA.

Based on the results of this study, SFA believes that this project has the components needed to move a project from analyzing feasibility to exploring potential fundability or the potential to secure financing. Based on these fundings and recommendations, the project is ready to move to the next phase exploring and discussing funding strategies that will continue to mature and develop the conversation around creating a regionally utilized youth sports and recreation facility in Spokane Valley.

IT IS CRITICAL THAT, PRIOR TO MOVING FORWARD WITH THE DEVELOPMENT, THE CITY OF SPOKANE VALLEY CONSIDER THE FINDINGS AND RECOMMENDATIONS IN THIS DOCUMENT. EACH OF THE RECOMMENDATIONS SHOULD BE ADDRESSED THROUGHOUT THE NEXT PHASES OF WORK.

SFA is available to assist in any or all of the above steps and welcomes the opportunity to discuss these findings with the City to support the formulation of a decision related to the development of a new multi-rink ice facility in Spokane Valley, WA.

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## PLANNING

- Market Opportunity
- Feasibility
- Facility Program Plans
- Site Selection
- Institutional-Grade Financial Modeling



## FINANCE SUPPORT

- Partnership Prospecting & Development
- Negotiations
- Funding Strategy
- Development Partners
- P3 Development
- Project Management



## DEVELOPMENT

- Owner's Representation
- FFE/OSE Procurement
- Venue Planning
- Operational Readiness
- Vendor Negotiations
- Sport Comfort & Compliance



## OPENING

- Turn-Key Management
- Daily Operations
- Brand Development & Marketing Strategies
- Strategic Partnerships
- Event Booking & Sales
- Legal & Risk Management



## SFNETWORK

- Largest Sports Tourism Network in the US
- National Marketing
- Event Booking Platform
- Industry Expertise & Analytics
- Vendors & Partners

ADVISORY

DEVELOPMENT

MANAGEMENT

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**COMPANIES**

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VITALITY OF THE  
COMMUNITIES**

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**3000** COMMUNITIES  
SERVED

**25 Million**

VISITS AT SFM FACILITIES

- Institutional Grade Financial Forecasting
- Economic Impact Projections
- Strategic Program Planning
- Project Finance Support Services
- Outsourced Management
- National Network of Venues
- Operational Efficiency and Effectiveness

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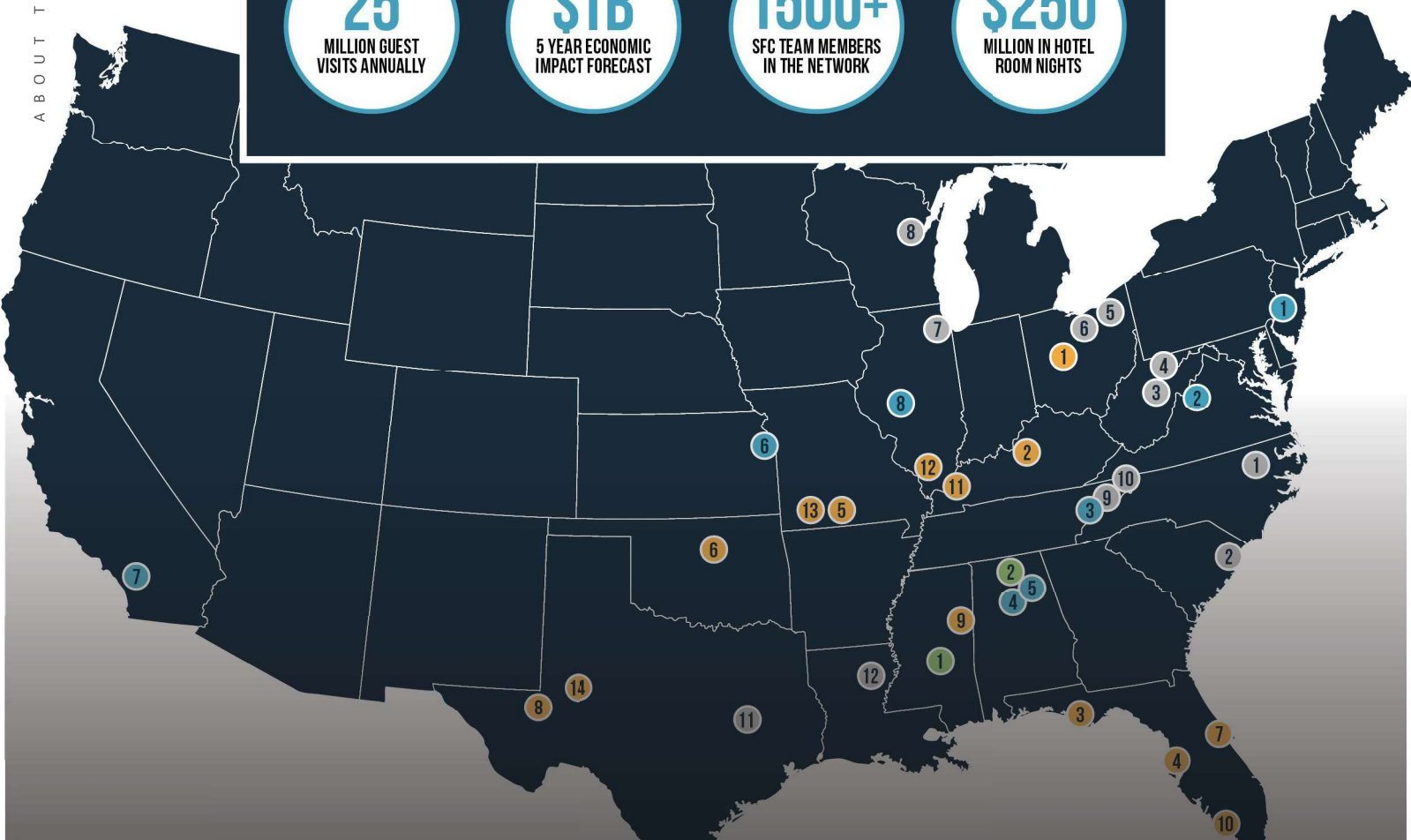
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**\$1B**  
5 YEAR ECONOMIC IMPACT FORECAST

**1500+**  
SFC TEAM MEMBERS IN THE NETWORK

**\$250**  
MILLION IN HOTEL ROOM NIGHTS



## INDOOR FACILITIES

- |    |                  |                                  |
|----|------------------|----------------------------------|
| 1  | ROCKY MOUNT, NC  | ROCKY MOUNT EVENT CENTER         |
| 2  | MYRTLE BEACH, SC | MYRTLE BEACH SPORTS CENTER       |
| 3  | BRIDGEPORT, WV   | THE BRIDGE SPORTS COMPLEX        |
| 4  | WHEELING, WV     | HIGHLANDS SPORTS COMPLEX         |
| 5  | HILLIARD, OH     | DO JACKSON'S ELITE SPORTS        |
| 6  | SANDUSKY, OH     | CEDAR POINT SPORTS CENTER        |
| 7  | BEDFORD PARK, IL | WINTRUST SPORTS COMPLEX          |
| 8  | GRAND CHUTE, WI  | COMMUNITY FIRST CHAMPIONS CENTER |
| 9  | MORRISTOWN, TN   | MORRISTOWN LANDING               |
| 10 | KINGSPOUR, TN    | TNT SPORTSPLEX                   |
| 11 | BRYAN, TX        | LEGENDS EVENT CENTER             |
| 12 | WEST MONROE, LA  | WEST MONROE SPORTS & EVENTS      |

## OUTDOOR FACILITIES

- |    |                       |                                 |
|----|-----------------------|---------------------------------|
| 1  | XENIA, OH             | ATHLETES IN ACTION              |
| 2  | ELIZABETHTOWN, KY     | ELIZABETHTOWN SPORTS PARK       |
| 3  | PANAMA CITY BEACH, FL | PUBLICX SPORTS PARK             |
| 4  | OLDSMAR, FL           | EMPOWER ADVENTURES              |
| 5  | BRANSON, MO           | BALLPARKS OF AMERICA            |
| 6  | EDMOND, OK            | PELICAN BAY AQUATICS            |
| 7  | COCOA, FL             | LAUNCHPAD SPORTS COMPLEX        |
| 8  | PECOS, TX             | CYCLONE BALLPARKS               |
| 9  | STARKVILLE, MS        | CORNERSTONE SPORTS COMPLEX      |
| 10 | NAPLES, FL            | PARADISE COAST SPORTS COMPLEX   |
| 11 | PADUCAH, KY           | MCCRACKEN COUNTY SPORTS COMPLEX |
| 12 | MARION, IL            | MARION STADIUM                  |
| 13 | REEDS SPRING, MO      | SHO-ME BASEBALL CAMP            |
| 14 | ODESSA, TX            | THE BASIN SPORTS COMPLEX        |

## INDOOR/OUTDOOR FACILITIES

- |   |                   |                                     |
|---|-------------------|-------------------------------------|
| 1 | HILLSBOROUGH, NJ  | IRON PEAK SPORTS & EVENTS           |
| 2 | HARRISONBURG, VA  | HORIZONS EDGE SPORTS CAMPUS         |
| 3 | GATLINBURG, TN    | ROCKYTOP SPORTS WORLD               |
| 4 | HOOVER, AL        | HOOVER MET COMPLEX                  |
| 5 | ALBERTVILLE, AL   | SAND MOUNTAIN PARK & AMPHITHEATER   |
| 6 | OVERLAND PARK, KS | BLUHAWK MULTI-SPORT                 |
| 7 | CARSON, CA        | CREEK AT DOMINGUEZ HILLS            |
| 8 | SPRINGFIELD, IL   | SCHUELS SPORTS PARK AT LEGACY POINT |

## PARKS & RECREATION

- |   |                |                            |
|---|----------------|----------------------------|
| 1 | BRANDON, MS    | BRANDON PARKS & RECREATION |
| 2 | GARDENDALE, AL | BILL NOBLE PARK            |

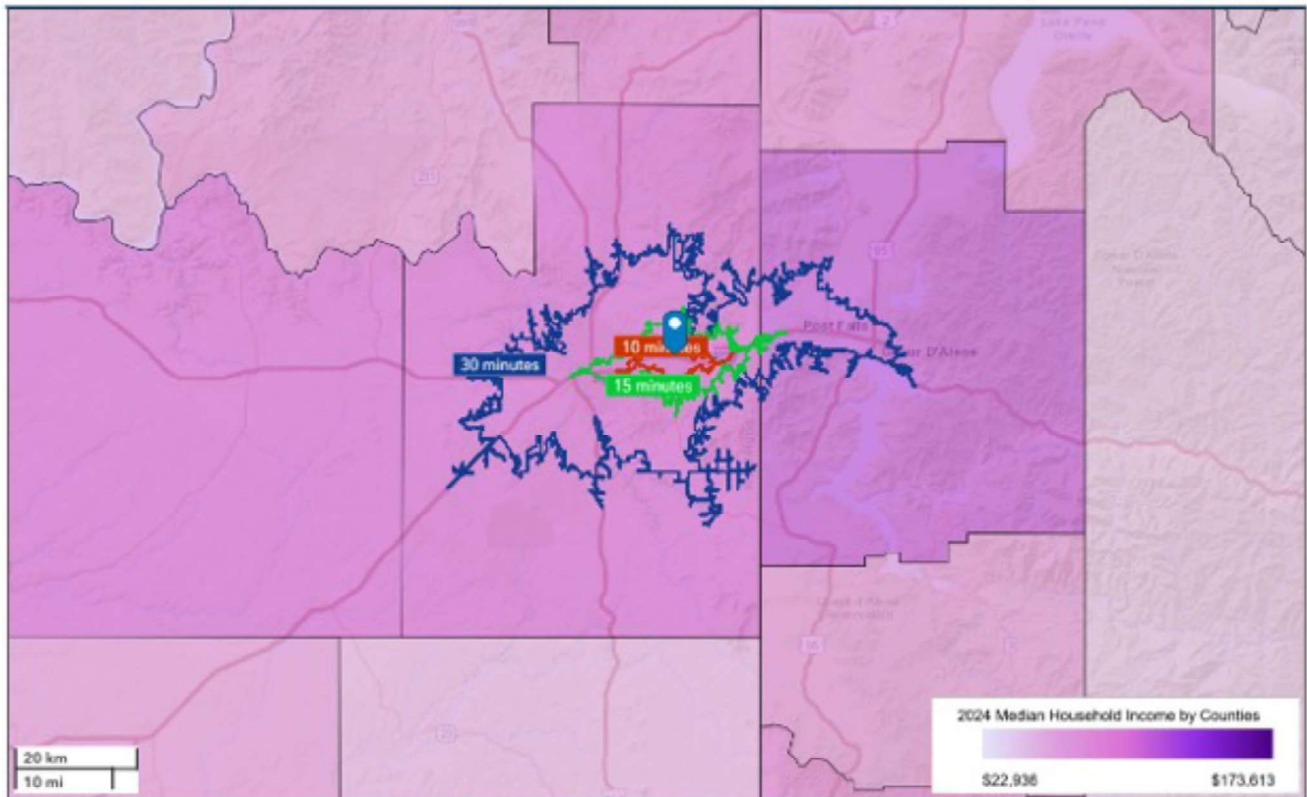
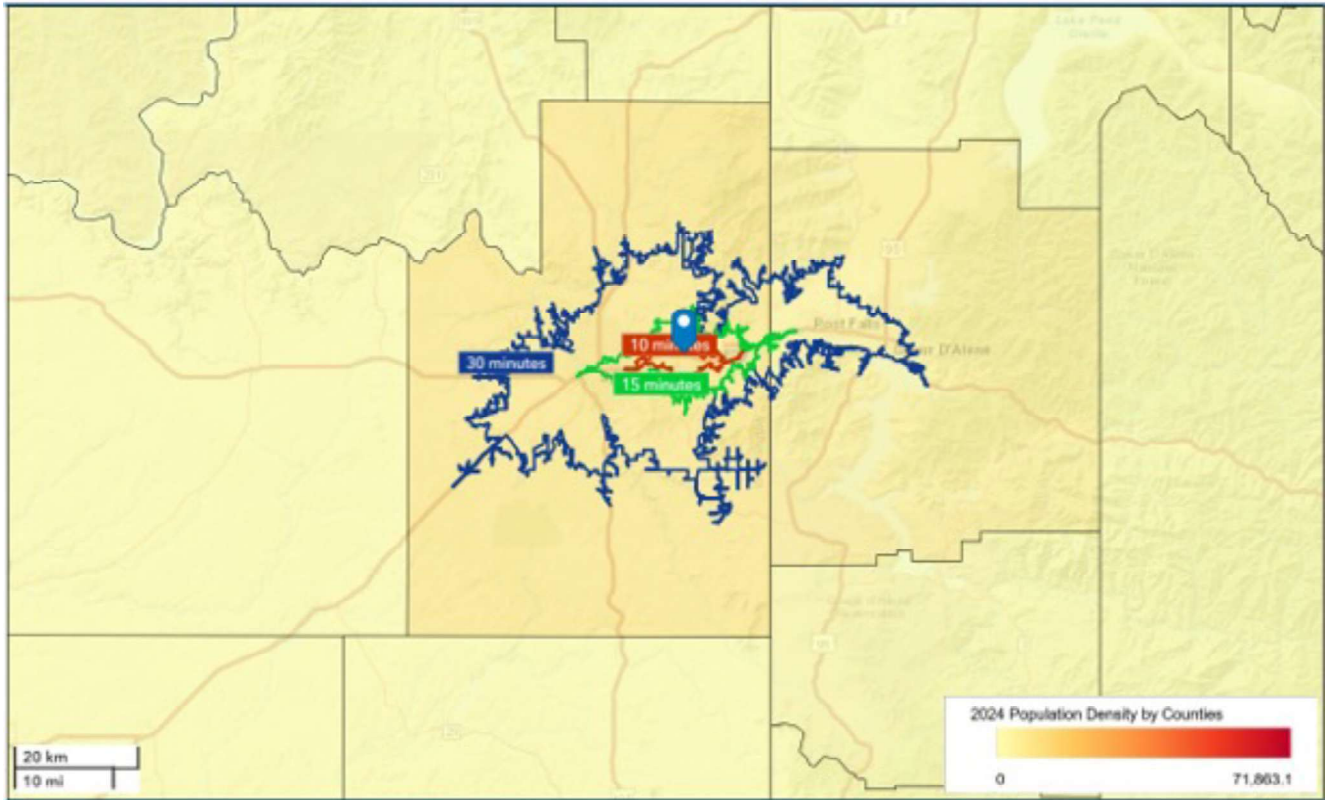
**THE** SPORTS FACILITIES  
**ADVISORY**



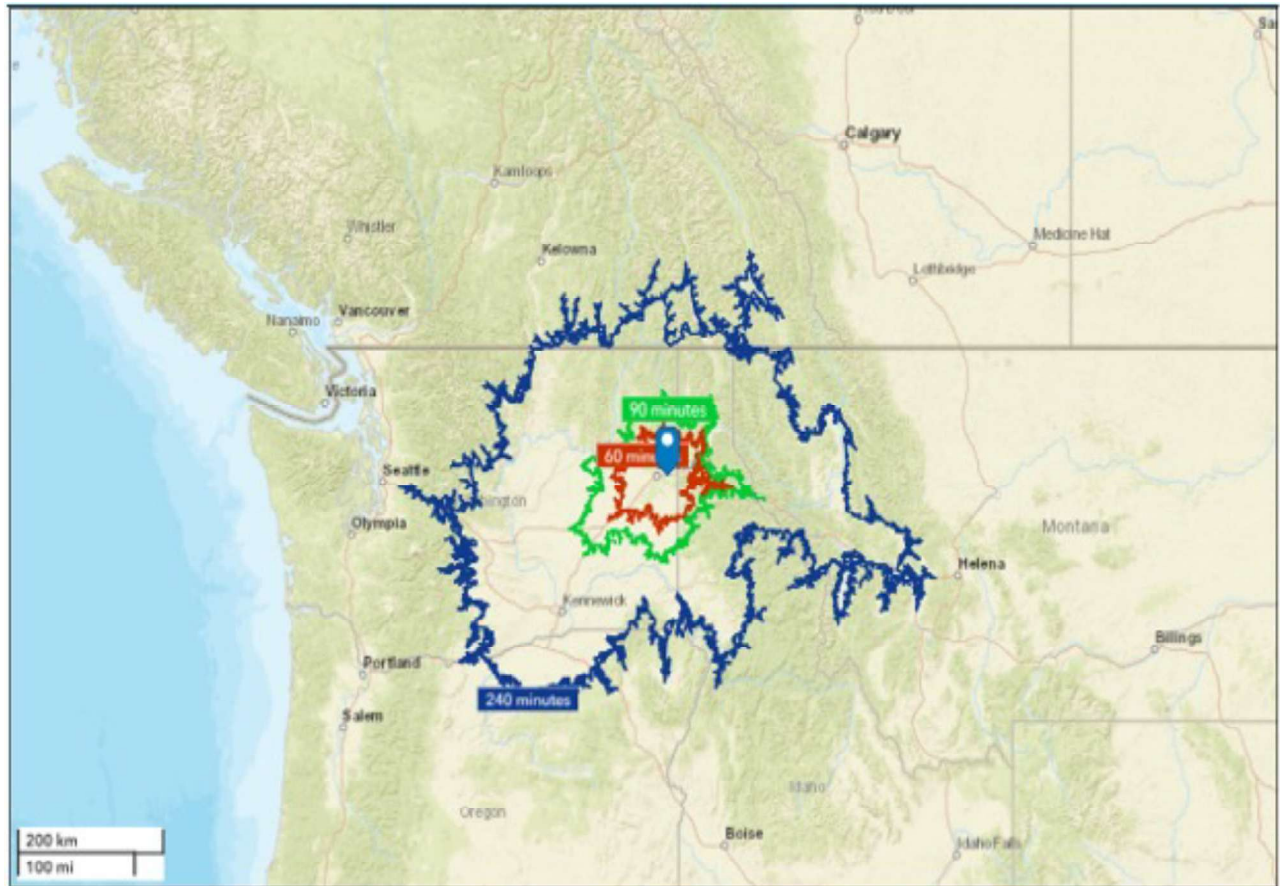
# APPENDIX – LOCAL DEMOGRAPHIC AND SOCIOECONOMIC DATA

Demographic Highlights	10 minutes	15 minutes	30 minutes
Total Population	57,245	158,142	580,004
2024 Median Age (Esri)	36.7	38.4	38.5
2024 Median Household Income (Esri)	\$57,633	\$70,254	\$71,719
2024 Average Household Income (Esri)	\$78,148	\$97,359	\$99,598
2024 Per Capita Income (Esri)	\$32,857	\$38,886	\$40,023
2024 Household Population (Esri)	56,314	153,480	566,068
2010-2017 Population: Annual Growth Rate (Esri)			
2017-2022 Population: Annual Growth Rate (Esri)	0.82	0.80	1.07
2017-2022 Median Household Income: Annual Growth Rate (Esri)	3.42	3.61	3.58
2017-2022 Per Capita Income: Annual Growth Rate (Esri)	3.72	3.79	3.64
2024 Total Households (Esri)	24,135	62,571	232,813
2024 Total Family Households (Esri)	13,070	37,099	138,621
2024 Average Household Size (Esri)	2.33	2.45	2.43
Age Breakdown	10 minutes	15 minutes	30 minutes
2024 Total Population Age 0-4 (Esri) (%)	6.18%	5.78%	5.80%
2024 Total Population Age 5-9 (Esri) (%)	5.89%	6.02%	6.05%
2024 Total Population Age 10-14 (Esri) (%)	5.71%	5.98%	6.02%
2024 Total Population Age 15-19 (Esri) (%)	5.55%	6.36%	6.06%
2024 Total Population Age 20-24 (Esri) (%)	7.08%	6.80%	6.70%
2024 Total Population Age 25-29 (Esri) (%)	8.61%	6.89%	6.94%
2024 Total Population Age 30-34 (Esri) (%)	8.63%	7.49%	7.52%
2024 Total Population Age 35-39 (Esri) (%)	7.06%	6.96%	7.05%
2024 Total Population Age 40-44 (Esri) (%)	6.46%	6.78%	6.70%
2024 Total Population Age 45-49 (Esri) (%)	5.25%	5.75%	5.65%
2024 Total Population Age 50-54 (Esri) (%)	5.16%	5.77%	5.66%
2024 Total Population Age 55-59 (Esri) (%)	4.98%	5.52%	5.43%
2024 Total Population Age 60-64 (Esri) (%)	5.60%	6.00%	5.94%
2024 Total Population Age 65-69 (Esri) (%)	5.42%	5.62%	5.69%
2024 Total Population Age 70-74 (Esri) (%)	4.18%	4.62%	4.84%
2024 Total Population Age 75-79 (Esri) (%)	3.30%	3.51%	3.67%
2024 Total Population Age 80-84 (Esri) (%)	2.25%	2.11%	2.19%
2024 Total Population Age 85+ (Esri) (%)	2.71%	2.05%	2.07%
2024 Total Population Age 18+ (Esri) (%)	78.95%	78.63%	78.65%
Household Income Breakdown	10 minutes	15 minutes	30 minutes
2024 Household Income less than \$15,000 (Esri) (%)	8.50%	8.70%	8.40%
2024 Household Income \$15,000-\$24,999 (Esri) (%)	8.80%	6.90%	6.60%
2024 Household Income \$25,000-\$34,999 (Esri) (%)	12.30%	8.90%	8.50%
2024 Household Income \$35,000-\$49,999 (Esri) (%)	12.30%	10.60%	11.00%
2024 Household Income \$50,000-\$74,999 (Esri) (%)	20.20%	17.30%	17.20%
2024 Household Income \$75,000-\$99,999 (Esri) (%)	13.30%	12.80%	12.90%
2024 Household Income \$100,000-\$149,999 (Esri) (%)	14.90%	18.30%	18.50%
2024 Household Income \$150,000-\$199,999 (Esri) (%)	5.30%	7.70%	7.60%
2024 Household Income \$200,000 or greater (Esri) (%)	4.40%	8.80%	9.30%
Spending: Recreation	10 minutes	15 minutes	30 minutes
2024 Membership Fees for Social/Recreation/Civic Clubs (Avg)	203.85	262.01	269.22
2024 Fees for Participant Sports excluding Trips (Avg)	91.52	118.13	120.64
2024 Fees for Recreational Lessons (Avg)	112.00	147.04	148.69
2024 Camp Fees (Avg)	33.08	44.25	45.41

# APPENDIX – LOCAL DEMOGRAPHIC AND SOCIOECONOMIC MAPS



## APPENDIX – REGIONAL DRIVETIME MAP



## APPENDIX – LOCAL FACILITIES

Ice Facilities	Drive Time (Minutes)
Spokane Arena	15
Eagles Ice Arena	20
Frontier Ice Arena	27
Eastern Washington University Recreation Center	29
CDA On Ice	30
Palouse Ice Rink	100
Ice Rink	106
LC Ice Arena	118
HAPO Ice Arena	138
Toyota Arena Center	142
Rossland Arena	153
Jack Goddard Memorial Arena	154
Cominco Arena	163
Beaver Valley Arena	166
Town Toyota Center	173
Boundary Expo Recreation Center	174
Pioneer Arena	176
Nelson Civic Centre	181
Glacier Ice Rink	183
Yakima Ice Rink	191
Roy Raley Park Ice Rink	193
Memorial Arena	197
Western Financial Place	197
Winthrop Rink	211
Marysville Arena	212
Sun Bowl Arena	224
Woodland Ice Arena	233
Sno-King Ice Arena	240
Oliver Arena	240
Winninghoff Park Ice Rink and Arena	244
Stumptown Ice Den	250
Similkameen Recreation Centre	250
Fernie Memorial Arena	259
Climate Pledge Arena	267
Kraken Community Iceplex	268
accesso ShoWare Center	268
Kent Valley Ice Centre	270
Penticton Memorial Arena	272
Olympic View Arena	273
McLaren Arena	274
Rutland Arena	275
Lynnwood Ice Center	277
Memorial Park Ice Rink	278
Butte Community Ice Center	279

## APPENDIX – REGIONAL FACILITIES

Ice Facilities	Drive Time (Minutes)	Capacity
Eagles Ice Arena	20	2 sheet facility with café and pro shop
Town Toyota Center	173	1 main event convertible arena for court, concerts or ice and 1 permanent rink
Glacier Ice Rink	183	2 sheets
Kirkland Kraken Rink*** In-Conceptual Development	256	2 ice sheets, restaurant and community center
Kraken Community Iceplex	271	3 NHL ice sheets, 12 locker rooms, 2 meeting rooms, and bar and grill
Tacoma Twin Rinks	288	2 ice sheets

## APPENDIX – REGIONAL TOURNAMENTS AND EVENTS (SAMPLE)

Facility	Tournament Name	City	Games	Dates	Price
Mt. View - Vancouver	Interstate Showdown	Vancouver, WA		9/2-9/5	
Various - Renton, Kirkland, Snoqualmie - Sno-King	Spring Jamboree	Various, WA	4	3/4-3/5	\$800
Various - Renton, Kirkland, Snoqualmie	Thanksgiving Tournament	Various, WA	4	11/26-11/28	\$1,100
Various - Renton, Kirkland, Snoqualmie	ML Tournament	Various, WA	5	1/14-1/16	\$1,400
Various - Renton, Kirkland, Snoqualmie	President's Day Tournament	Various, WA	5	2/18-2/20	\$1,800
Various - Renton, Kirkland, Snoqualmie	March Madness Tournament	Various, WA	5	3/17-3/19	\$2,000
Various - Renton, Kirkland, Snoqualmie	PNW Holiday Invitational	Various, WA	5	12/27-12/30	\$2,500
Town Toyota Ice Center Wenatchee	Hot Autumn Ice	Wenatchee, WA	4+	22-Nov	
Glacier Ice Rink	Flying Mule Missoula	Missoula, MT		22-Jan	\$900
Eagles Ice Arena	43rd Annual Heads Up Spring Gentlemen's Hockey Tournament	Spokane, WA	3	4/8-4/10	\$715
Spokane Ice Arena	Pacific Northwest Amateur Hockey Association (PNAHA) 14U State B Tournament	Spokane, WA	5	3/17-3/20	
Eagles Ice Arena	Spokane Youth Hockey Shamrock Showdown	Spokane, WA		3/4-3/6	
Glacier Ice Rink	Halloween Challenge	Missoula, MT	4	10/29-10/31	\$700
Glacier Ice Rink	Community Cup Hockey Benefit	Missoula, MT	4	11/26-11/28	\$700
Glacier Ice Rink	Missoula Spring Thaw	Missoula, MT	4	4/22-4/24	\$700
Butte Ice Arena	Copper City Classic - 3V3 TOURNAMENT***	Butte, MT	3	8/26-8/28	\$350
Haynes Pavilion	Barley Cup 3v3***	Bozeman, MT	3	29-Oct	\$200
Gallatin County Skating Grounds	Woodstick Tournament	Bozeman, MT	4	11/11-1/13	\$1,050
Haynes Pavilion	Bozeman Cup	Bozeman, MT		12/2-12/4	
Haynes Pavilion	Bozeman Cup	Bozeman, MT		12/16-12/18	
Haynes Pavilion	Bahamburg Adult 3-on-3 Tournament	Bozeman, MT		17-Dec	
Haynes Pavilion	Rickin' in the New Year	Bozeman, MT		12/31-1/1	
Haynes Pavilion	Bozeman Cup	Bozeman, MT		1/6-1/8	
Haynes Pavilion	Bozeman Cup	Bozeman, MT		1/20-1/22	
Haynes Pavilion	Bozeman Cup	Bozeman, MT		1/27-1/29	
Haynes Pavilion	Winter Classic Tournament	Bozeman, MT		2/10-2/12	
Haynes Pavilion	Get Lucky Cup	Bozeman, MT		3/10-3/12	
Haynes Pavilion	Broke Back Tournament	Bozeman, MT		18-Mar	
Haynes Pavilion	Legends of Hockey Senior Tournament	Bozeman, MT		3/31-4/2	
Centennial Ice Arena	Thunder Cup Tournament	Billings, MT	4	4/1-4/3	\$950

## **Appendix C – Material Terms of Ice Arena Lease**

### **General Terms:**

City leases the land to Lessee for 75 years with an option to extend the lease for an additional 24 years if approved by both the City and Lessee.

Lessee must use a portion of the parcel to develop, operate and maintain a youth ice sports complex – all at Lessee's expense through the duration of the lease.

- Lessee must make the facility available to the general public and must provide at least 500 hours of use at free or discounted rates for economically disadvantaged persons.
- All revenue generated by the facility must be spent on operations, maintenance, capital improvements, and programming.

Lessee must cause the remaining parcel to be developed for commercial uses allowed by the City's zoning code at no expense to the City.

- All net revenue received by Lessee from development of the commercial parcels must be applied towards the expenses to operate, maintain, complete capital improvements and provide programming for the youth ice sports complex.

At end of lease term, the City will own all improvements on the land unless it exercises its right of first refusal or option to purchase the improvements prior to the lease expiration.

### **LTAC Funds:**

The youth ice sports complex is intended and expected to generate tourism activity within the City. Accordingly, City will provide Lessee with LTAC grant funds for operational expenses of the youth ice sports complex for years 2027 through 2031 as follows:

- The amount of LTAC funds contributed shall be the lesser of the amounts requested by Lessee or (a) \$600,000 each year for years 2027 and 2028, and (b) \$550,000 each year for years 2029 through 2031.

- Payment is on a reimbursement basis and only paid on expenses paid by Lessee supported by documents evidencing the expense was incurred.
- LTAC funds can only be used to reimburse for expenses to operate the youth ice sports complex.
- Lessee may apply for LTAC funding for years following 2031, but LTAC funds are not guaranteed past 2031.

**City's Utility Responsibilities: City to complete:**

- Transportation improvements for access to the land. These include (1) increasing the capacity of the existing improved access to the City's tourism-related properties, which include the land to be leased, the existing dance hall, existing RC track, and existing Sullivan Park; and (2) improving existing unimproved access situated north of the existing improved access.
- Installation of a sewer lift station on the land and sewer line from the left station to the sewer main along Sullivan Road. The City agrees to maintain the lift station at City's expense.

**Rent Rate:**

In consideration for the public benefits Lessee commits to providing the community by developing and operating the ice sports facility and devoting all of Lessee's revenue from the commercial parcels to providing the public benefits, the City has agreed to a lease rate of \$1/year through the duration of the lease.

**ROFR/Option to Purchase:**

The City has a right of first refusal ("ROFR") and an option to purchase ("Purchase Option") Lessee's rights to the premises (including all improvements).

- ROFR: If Lessee receives a bona fide offer from a third party to purchase all of Lessee's rights in the land and improvements thereon, it must first present the offer to the City. City may decide to purchase on the same terms as the third party offer.

- Option:
  - City's Purchase Option cannot be exercised until (1) a certificate of occupancy has been issued for the Ice Sports Facility, and (2) Lessee's debt to construct improvements on the land is \$9.4 million or less.
  - Purchase Option expires 2 years after it could have first been exercised.
  - Price: \$9.4 million
- If City exercises either the ROFR or Purchase Option, then it can condition its purchase on Lessee or a third party agreeing to operate and maintain the facility at their own expense.

#### **Assignment/Transfers:**

Lessee may assign its entire interest in all or any of the parcels to a third party, but third party is bound by the terms of the ground lease between City and Lessee.

- Obligation to operate and maintain youth ice sports complex follows transfer of interests in that parcel.
- Obligation to use commercial parcel net revenue for the youth ice sports complex follows any transfer of Lessee's interest in those parcels.

#### **Subleasing:**

Lessee may sublease space to a third party, but (1) must be at fair market value, and (2) sublessee is bound to restrictions in City's ground lease, and (3) Lessee is still ultimately responsible to ensure sublessee is not in breach of the master Lease.

#### **Reporting Requirements:**

Every year, Lessor must provide City with reports identifying the following:

- The dates and number of hours Lessee provided free or reduced-cost services for the public and the manner in which they were provided;

- The net revenue of the youth ice sports complex for the year (inclusive of gross revenues and expenses);
- The net revenue from development of the commercial parcels (inclusive of the gross revenue received by Lessee and Lessee's expenses); and
- The uses to which Lessee applied the net revenue it received from the commercial parcels.

## GROUND LEASE

**THIS GROUND LEASE** (this “**Lease**”) is made and entered into as of \_\_\_\_\_, 20\_\_ (the “**Commencement Date**”), by and among the City of Spokane Valley, a municipal corporation (“**City**” or “**Lessor**”) and Ignite Youth Ice, LLC, a Washington limited liability company a wholly owned subsidiary of Innovia Ignite Foundation, a Washington , a nonprofit corporation described under Section 501(c)(3) of the federal Internal Revenue Code of 1986, as amended, and Spokane Youth Ice, LLC, a Washington limited liability Company, as joint tenants (together the “**Lessee**”).

### RECITALS:

**A.** This Lease concerns certain real property owned by the City and located at 2100 N. Sullivan Road in the City of Spokane Valley, Spokane County, State of Washington (referred herein as “**Sullivan Property**”). The Sullivan Property is comprised of an approximately eleven (12) acre parcel of land more particularly described in the attached **Exhibit A**. The City intends to subdivide the Sullivan Property into three or more separate legal lots and use all such lots to support tourism, accommodate tourist activities within the City, and provide recreation opportunities for youth in the community, as applicable.

**B.** In 2023, the City retained a third-party consultant to conduct a Strategic Tourism Plan Update (“**Tourism Study**”). The study concluded that the tourism-generated economic activity within the City was sub-standard compared to other similarly situated municipalities. The Tourism Study further identified amenities that, if developed, would be expected to attract large numbers of out-of-town tourists to the City for multi-day events and generate significant tourism-related revenue.

**C.** The Tourism Study specifically identified a cross-country course and ice sporting complex as facilities (a) for which there is high demand but low supply regionally, (b) that are reasonably expected to substantially increase the number of visitors entering and staying in the City for multiple days to attend events, and (c) that will therefore increase the number of visitors spending money for overnight stays, dining, shopping and other tourism-related economic activity in the City.

**D.** Lessee has been working with a benefactor who desires to fund an ice sports complex that will provide recreational opportunities for youth within Spokane Valley and the Spokane region. The benefactor desires to remove barriers for youth ice sports participation, including economic barriers, limited availability for ice sheet practice times and having a facility that is located centrally within the region.

**E.** Lessee submitted a proposal that the City ground lease the Sullivan Property to Lessee for Lessee to provide recreational opportunities for the youth in the City and surrounding area. Specifically, Lessee proposes to: (1) construct, operate, and maintain an approximately 80,000 square foot ice sports complex with two National Hockey League (“**NHL**”)–sized ice sheets, spectator seating, conditioned viewing areas, locker rooms, player support spaces and concessions (the **Youth Ice Rink**”) on approximately six (6) acres of the Sullivan Property; and (2) develop or cause development of the remaining Sullivan Property for commercial or other revenue-generating uses and apply all of Lessee’s net revenues from such development to financially support the operations, maintenance, and future capital improvements of the Youth Ice Rink. As part of the proposal, Lessee is proposing operations that will remove barriers to youth ice sports participation, including economic barriers, limited availability for ice sheet practice times, and having a facility that is located centrally within the region. This operation provides a public benefit to the City and the community.

**F.** The City reviewed Lessee’s proposal and desires to ground lease the Sullivan Property to Lessee to (a) construct, operate, and maintain the proposed Youth Ice Rink at Lessee’s expense on approximately six (6) acres of the Sullivan Property, and (b) develop or cause development of the remainder

of the Sullivan Property for commercial or other revenue-generating uses to financially support the operations, maintenance, and future capital improvements of the Youth Ice Rink.

**G.** Lessee desires to grant the City both a right of first refusal and an option to purchase all of Lessee's interests in the Premises.

**H.** The buildings, structures, parking areas, landscaping and other improvements located on the Sullivan Property as of the Commencement Date, if any, are collectively referred to as the "**Existing Improvements**".

**I.** The Sullivan Property, the Existing Improvements, the Leasehold Improvements and Alterations, together with any and all buildings, structures, systems, facilities and fixtures currently located and to be located within the Sullivan Property pursuant to this Lease, as well as all easements and other appurtenant rights, are referred to collectively as the "**Premises**".

**J.** Lessee agrees to demolish any Existing Improvements, as necessary, and develop the Sullivan Property by constructing, maintaining, and operating the Leasehold Improvements. Lessee further agrees that its operation of the Premises will include providing the public benefits identified in Sections 11 and 12 of this Lease.

**K.** Lessee is willing to construct or cause construction of the Leasehold Improvements and operate the Premises in accordance with the terms and conditions set forth in this Lease on the express condition that Lessor enter into a long-term lease of the Premises on the terms and conditions set forth below.

**L.** Lessor is willing to enter into a long-term lease of the Premises on the express condition that Lessee constructs the Youth Ice Rink and thereafter operates and maintains the Premises and provides the public benefits during the Term of this Lease on the terms and conditions set forth below.

**NOW, THEREFORE**, in consideration of the rents to be paid hereunder and of the agreements, covenants and conditions contained herein, the parties hereby agree as follows:

**1. Basic Lease Information**

The following is a summary of basic lease information. Each term or item in this Section 1 shall be deemed to incorporate all of the provisions set forth below pertaining to such term or item and to the extent there is any conflict between the provisions of this Section 1 and any more specific provision of this Lease, the more specific provision shall control.

Lessor: City of Spokane Valley  
10210 E. Sprague Avenue  
Spokane Valley, WA 99206  
Attn: City Manager  
Email Address: [jhohman@spokanevalleywa.gov](mailto:jhohman@spokanevalleywa.gov)

Lessee: Ignite Youth Ice, LLC  
818 W. Riverside Avenue, Suite 650  
Spokane, WA 99201  
Attn: Shelly O'Quinn  
Email Address: [soquinn@innovia.org](mailto:soquinn@innovia.org)

Term: Seventy-five (75) years from Commencement Date with one (1) 24-year extension exercisable upon mutual election of the Parties.

Commencement Date: Date of this Lease

Expiration Date: \_\_\_\_\_ day and month of \_\_, 2101

Annual Base Rent (Section 6): Annual Base Rent in the amount of \$1/year for the Term.

Use (Sections 9, 11 & 12): The Premises shall be used by Lessee for the development and operation of the Youth Ice Rink and other revenue-generating improvements to financially support the Youth Ice Rink that are allowed by applicable zoning regulations.

**2. Definitions**

All capitalized terms not otherwise defined in this Lease (including in the recitals which are incorporated herein by this reference) shall have the meanings set forth in the Glossary attached to this Lease and made a part hereof.

**3. Lease of Premises; Reservation of Rights**

3.1. **Lease of Premises.** As of the Commencement Date, Lessor hereby demises and leases the Premises to Lessee, and Lessee hereby accepts and leases the Premises from Lessor on and subject to the terms and conditions set forth in this Lease. This Lease shall be subject to (a) all Applicable Laws and all zoning and other governmental regulations and entitlements now or hereafter in effect, and (b) all liens, assessments, encumbrances, restrictions, rights and conditions of law or of record existing as of the Commencement Date, **TOGETHER WITH** all appurtenances, rights, privileges, and easements benefiting, belonging, or pertaining thereto, and together with the buildings, structures, and improvements erected or to be erected thereon, whether presently or in the future. All rights and interests of the Lessor in any personal property contained within or used in connection with the Premises, are hereby made subject to this Lease for the Lease Term, subject to the Lessor's right of first refusal and option to purchase all of Lessee's interests, including Lessee's leasehold estate, to the Premises pursuant to Section 38 hereof. Lessor and Lessee agree that from time to time, they each will promptly execute and deliver all further commercially reasonable instruments and documents, and take all further action, that may be necessary or desirable, in order to reflect the disposition of such personal property.

**3.2. Reservation of Rights.**

3.2.1. **Inspection.** Lessor shall be entitled, at reasonable times and upon reasonable notice to Lessee, and in a commercially reasonable manner, to go upon and into the Premises and the Improvements for the purposes of (i) inspecting the same; (ii) inspecting the performance by Lessee of the terms, covenants, agreements and conditions of this Lease; (iii) posting and keeping posted thereon notices of non-responsibility for any construction, alteration or repair; (iv) performing (or permitting third parties to perform) any work, testing or monitoring in connection with any governmental requirements that is not otherwise the responsibility of Lessee under this Lease, and (iv) any other reason permitted under this Lease; provided that Lessor shall not materially and adversely impact the operations of Lessee at the Premises, and Lessor shall not interfere with the occupancy of any tenant at the Premises.

3.2.2. Repair of Damage. Lessor shall at Lessor's sole cost and expense repair any damage done to the Premises to restore the Premises to the condition that existed immediately prior to the exercise by Lessor of its rights under this Section 3.2.

3.2.3. Entitlements and Agreements. As fee owner of the Premises and of other real property in the vicinity of the Premises, Lessor may desire from time to time to apply for entitlements, seek rezoning, or otherwise endeavor to negotiate agreements with the governmental entities having jurisdiction over Lessor's property. So long as Lessor's efforts (i) do not have a material adverse impact on Lessee's use, operation, value or marketability of the Premises, or (ii) do not discriminate against the Premises or disproportionately burden the Premises as compared to other properties in the vicinity of the Premises, Lessee shall not publicly oppose or object to any such efforts by Lessor.

#### 4. **Acceptance Of Premises**

4.1. **Lessee's Due Diligence.** Prior to entering into this Lease, Lessee has made a thorough, independent examination of the Premises and all matters relevant to Lessee's decision to enter into this Lease, and Lessee is thoroughly familiar with all aspects of the Premises and is satisfied that they are in an acceptable condition and meet Lessee's needs. Without in any way limiting the generality of the foregoing, Lessee's inspection and review has included, to the extent that Lessee in its sole discretion has deemed necessary or appropriate:

4.1.1. all matters relating to title, and all municipal and other legal requirements such as taxes, assessments, zoning, use permit requirements and building codes;

4.1.2. the physical condition of the Premises, the Existing Improvements, and the land underneath the Existing Improvements, including the soils and groundwater, any other geological conditions, engineering data (including, but not limited to, structural, seismic and engineering evaluations that might impact the Improvements), the presence or absence of known Hazardous Substances upon or in the vicinity of the Premises, and all other physical and functional aspects of the Premises;

4.1.3. the suitability of the Premises for the permitted use;

4.1.4. the boundaries of the Premises and all access rights to which the Premises are subject;

4.1.5. the development potential of the Premises and/or the zoning, land use, or other legal status of the Premises or compliance with any public or private restrictions on the use of the Premises, as the same are in effect as of the Commencement Date, or may be hereafter modified, amended, adopted, published, promulgated or supplemented; or the compliance of the Premises or Improvements with any Applicable Laws;

4.1.6. the availability, existence, quality, nature, adequacy and physical condition of utilities servicing the Premises;

4.1.7. Lessee's ability to obtain appropriate permits, licenses and Entitlements, and satisfy all licensing requirements under Applicable Laws;

4.1.8. all material information relating to the leasing and operation of the Premises (including occupancy as of the Commencement Date); and

4.1.9. the economics and feasibility of the development of the Improvements and the

business operations Lessee intends to conduct on the Premises, including without limitation, market conditions and financial viability.

4.2. **Acceptance of the Premises.** Lessee acknowledges that, except as otherwise provided in this Lease, Lessor has made no representations or warranties, express or implied, regarding the Premises or matters affecting the Premises, whether made by Lessor, on Lessor's behalf or otherwise, including, without limitation, the physical conditions beneath the Premises; title to, or the boundaries of the Premises; the presence, existence or absence of Hazardous Substances on, under or in the vicinity of the Premises; compliance of the Premises with Applicable Laws; traffic patterns, the availability of utilities, the development potential of the Premises, market data, economic conditions or projections; the suitability of the Premises for the permitted use; the economic feasibility of the business operations Lessee intends to conduct on the Premises; or any other matter pertaining to the Premises or the market and physical environments in which the Premises are located. Lessee acknowledges: (a) Lessee has engaged a sophisticated real estate developer with sufficient experience and expertise to evaluate the Premises, feasibility of the intended project, and the risks associated with acquiring a leasehold interest in the Premises upon the terms and conditions set forth herein; (b) Lessee has received sufficient information and had adequate time to make such an evaluation; (c) Lessee has entered into this Lease with the intention of relying upon its own investigation or that of third parties with respect to the Premises; (d) in connection with its investigations and inspections of the Premises, Lessee has had the opportunity to obtain the advice of advisors and consultants as Lessee deemed to be necessary, and that Lessee has reviewed thoroughly the reports of such advisors and consultants, as well as all materials and other information given or made available to Lessee by Lessor and by public and governmental entities; and (e) Lessee is not relying upon any statements, representations or warranties of any kind, other than those specifically set forth in or required pursuant to this Lease. Lessee further acknowledges that it has not received from or on behalf of Lessor any accounting, tax, legal, architectural, engineering, property management or other advice with respect to this transaction and is relying solely upon the advice of third party accounting, tax, legal, architectural, engineering, property management and other advisors. Lessee agrees and acknowledges that any surveys, reports, studies, plans or other documentary information about the Premises that may have been delivered to Lessee by Lessor were delivered merely as a courtesy, and without any representation or warranty relating to the validity of such documents; Lessee has not relied on such documents, and Lessee is responsible for verifying the accuracy and completeness of such documents and any information contained therein. Lessee has satisfied itself as to such suitability and other pertinent matters by Lessee's own inquiries and tests into all matters relevant in determining whether to enter into this Lease. Except as otherwise specifically provided in this Lease, Lessee accepts the Premises and all conditions in the vicinity of or affecting the Premises in their existing condition and hereby expressly agrees that if any investigation, remedial or restoration work is required in order to conform the Premises to the requirements of Applicable Laws, Lessee shall assume sole responsibility for any such work. Except as otherwise specifically provided in this Lease, **Lessee is acquiring on the Commencement Date a leasehold interest in the Premises in its "AS IS" condition and "WITH ALL FAULTS".**

## 5. **Term**

5.1. **Term.** The term of this Lease (the "**Term**") shall be for the period stated in the Basic Lease Information, commencing on the Commencement Date and expiring at 11:59 p.m. on the Expiration Date or on such earlier date as this Lease may be terminated as hereinafter provided.

5.2. **Extension Options.** Provided Lessee is not in Default beyond any applicable cure period, Lessee shall have the right ("**Option**") to extend the initial Term of the Lease for twenty-four (24) additional years (an "**Option Term**"). Lessee may exercise this Option by providing Lessor with written notice of such exercise no later than nine (9) months prior to the expiration of the then-existing Term in effect, provided, at the time Lessee exercises such Option, Lessee is not in Default of this Lease. Following

Lessee's timely and valid exercise of the Option, Lessee shall prepare and Lessor shall execute and deliver to Lessee an amendment to this Lease confirming the Term as extended by the Option Term. There shall be no further options to extend or renew the Term beyond the Option Term. If Lessee elects not to exercise the Option as provided herein, the option privilege shall be extinguished and the Term shall end upon the expiration of the initial Term.

5.3. **Terms of Extension Option.** If the Option is exercised, as aforesaid, all of the same terms, provisions and conditions set forth in this Lease shall apply and Lessee shall pay the Base Rent in the amount and as required during the initial Term.

## 6. **Rent**

6.1. **Rent.** Commencing on the Commencement Date, Lessee shall pay Base Rent equal to \$1 per year through the end of the Term.

## 7. **Additional Rent**

7.1. **Additional Rent.** As of the Commencement Date, each and every sum payable to Lessor pursuant to this Lease (other than the Lease Payment and Annual Rent), each and every sum Lessee is obligated to pay to any third party in order to fulfill its obligations under this Lease (if unpaid), and each and every sum which Lessor pays to any third party to cure a default of Lessee under and in accordance with the provisions of this Lease shall be additional rent ("**Additional Rent**").

### 7.2. **Taxes.**

7.2.1. **Leasehold Excise Tax.** To the extent required by Chapter 82.29A RCW, Lessee shall pay to Lessor leasehold excise tax ("**LET**") on all "Taxable Rent", as defined in chapter 82.29A RCW. Taxable Rent includes that portion of Annual Rent, the Lease Payment, and other consideration considered "Contract Rent" as defined in chapter 82.29A RCW. Taxable Rent does not include that portion of Annual Rent, the Lease Payment, and other consideration attributable to concessions or other intangible rights or to the Improvements, as the Improvements are not the property of Lessor and thus are exempt from leasehold excise tax.

7.2.2. **Taxes.** In addition to the LET described in 7.2.1 above, Lessee shall pay, but only if and to the extent applicable, all real and personal property taxes, assessments (including assessments for public improvements), rates, charges, license and permit fees, municipal liens, levies, excises or imposts, sales, use and occupancy taxes, business and occupation taxes, leasehold excise taxes on subleases or otherwise, gross receipts and similar taxes, any tax or charge assessed against the fair market value of the Sullivan Property or any part thereof, and any taxes levied or assessed in addition to or in lieu of, in whole or in part, such taxes, assessments or other charges of every name, nature and kind whatsoever, including without limitation all governmental charges of every name, nature or kind that are levied, assessed, charged or imposed or may be or become a lien or charge (i) upon the Sullivan Property or any part thereof; (ii) upon the rent or income of Lessee; (iii) upon the use or occupancy of the Sullivan Property; or (v) upon Lessor by reason of its interest in the Sullivan Property. All of the foregoing taxes, assessments and other charges which are the responsibility of Lessee (other than LET) are herein referred to as "**Taxes**". However, Lessor will not impose an assessment, tax, charge, license, or permit fee on Lessee's development or use of the Premises unless it is pursuant to a generally applicable law or policy that applies to other similarly situated persons.

7.3. **Payment.** Lessee shall pay all taxes incurred in association with this Lease, the Improvements and Operations and remit payments of the same to the appropriate taxing authority.

7.4. **Right to Contest.** Lessee shall have the right to contest, by appropriate proceedings and at Lessee's sole cost and expense, the amount or validity, in whole or in part, of any Taxes; provided, however, that Lessee shall not have the right to contest the inclusion of the Premises in any existing assessment district currently affecting the Premises as of the Commencement Date. In the event the applicable taxing authority having jurisdiction over the contest proceedings allows the posting of security or some other method of deferring payment of the disputed Taxes, Lessee may do so; otherwise Lessee shall not postpone or defer payment of any disputed Taxes but shall pay such Taxes in accordance with Section 7.2 notwithstanding such contest. Lessor shall have no obligation to join in any such proceedings. Lessee shall indemnify and defend Lessor against and hold Lessor harmless from and against any and all Claims, arising from or in connection with any such proceedings.

7.5. **Proration.** Any Taxes relating to a fiscal period of any taxing authority, only a part of which period is included within the Term, shall be prorated as between Lessor and Lessee so that Lessor shall pay the portion thereof attributable to any period outside the Term, and Lessee shall pay the portion thereof attributable to any period within the Term.

8. **Sullivan Property Binding Site Plan.** In accordance with the Spokane Valley Municipal Code and applicable Washington law, the City shall process, finalize, and record a Binding Site Plan dividing the Sullivan Property into three (3) separate parcels (hereinafter "**Sullivan Property Binding Site Plan**").

8.1. The parcel on which the Youth Ice Rink is to be situated (hereinafter "**Ice Complex Parcel**") shall be approximately six (6) acres in size. The other two (2) parcels are referred to herein as "**Commercial Parcels**".

8.2. Nothing in this Section 8 prevents Lessee from beginning construction activity on the Sullivan Property to complete the Youth Ice Rink prior to the Sullivan Property Binding Site Plan being recorded, provided Lessee satisfies all applicable requirements of the Spokane Valley Municipal Code and Washington law.

## 9. **Leasehold Improvements; Construction of Alterations**

9.1. **Ice Complex Parcel.** As material consideration for this Lease, Lessee has agreed to undertake, at its sole cost and expense, the development of the Youth Ice Rink on the Ice Complex Parcel pursuant to the approved plans and specifications for development of the Youth Ice Rink (the "**Ice Complex Project Plans**") attached as Exhibit B, and in accordance with the terms and conditions of this Lease (collectively, "**Ice Complex Improvements**"). The development of the Leasehold Improvements on the Ice Complex Parcel shall be referred to as the "**Ice Complex Project**". The existing improvements on the Ice Complex Parcel, Leasehold Improvements and Alterations thereon, Easements and Appurtenances, and Lessee's leasehold rights to the Ice Complex Parcel are collectively referred to as the "**Ice Complex Premises**".

9.1.1. Lessor acknowledges that the aesthetic and conceptual aspects of the Ice Complex Project Plans and Ice Complex Project Documents, but not those aspects pertaining to Lessor's decision-making authority as a permitting agency, have been approved by Lessor as of the date hereof. Lessee may make material changes to said approved Ice Complex Project Plans and the Ice Complex Project Documents without obtaining Lessor's prior approval so long as changes generally align with the aesthetics and conceptual aspects of the previously approved Ice Complex Project Plans and Documents.,

9.1.2. Commencement of Construction – Ice Complex Improvements. Lessee shall cause Construction Commencement of the Youth Ice Rink to occur within one hundred eighty (180) Business Days following the Commencement Date, subject to extensions agreed to in writing by Lessor and Lessee,

and subject to Unavoidable Delay (“**Outside Construction Commencement Date**”). Notwithstanding the foregoing, prior to commencement of any demolition or construction work on the Youth Ice Rink, Lessee shall have obtained all necessary permits and governmental approvals necessary to commence construction of the Youth Ice Rink.

9.1.3. Failure to Commence Construction – Ice Complex Improvements. In the event Lessee fails to cause Construction Commencement of the Youth Ice Rink to occur prior to the Outside Construction Commencement Date, and if such failure is not cured within a period of one hundred twenty (120) days after written notice from Lessor to Lessee of Lessor’s intention to exercise its rights to terminate this Lease due to such failure, then Lessor shall have the right to terminate this Lease following expiration of such 120-day period upon written notice to Lessee. If Lessor terminates this Lease under this Section 9.1.3 then (1) unless otherwise approved in writing by Lessor, Lessee shall take all action necessary to return Sullivan Property to its condition immediately prior to commencement of this Lease, and (2) this Lease shall be of no further force or effect. An Unavoidable Delay shall extend the deadlines Construction Commencement on a day-for-day basis up to ninety (90) days. Notwithstanding the foregoing, if Lessee in fact caused Construction Commencement prior to the date Lessor actually issues a notice of termination following expiration of such 60-day period, then such notice of termination shall be ineffective and this Lease shall remain in full force and effect. Further, the provisions of this subsection 9.1.3 shall be subject to the notice, cure and other rights of a Leasehold Mortgagee under Section 25 below, including the rights of a Leasehold Mortgagee to cure the failure and/or to cause commencement of construction to occur.

9.1.4. Substantial Completion – Ice Complex Improvements. Lessee shall achieve Substantial Completion of the Youth Ice Rink no later than the date which is three (3) years from the Commencement Date (“**Target Substantial Completion Date**”), which date may be extended for Unavoidable Delay; provided that such Target Substantial Completion Date shall not be extended due to Unavoidable Delay by more than twelve (12) months. Provided, however, if Lessee fails to achieve Substantial Completion of the Youth Ice Rink prior to the last day of the forty-eighth (48<sup>th</sup>) month after Commencement Date, Lessor shall have the right to terminate this Lease upon written notice to Lessee, in which case Lessee shall take all actions necessary to deliver and assign to Lessor the Lessee Materials, the Construction Documents and the Construction Contract. Notwithstanding the foregoing, the provisions of this subsection shall be subject to the notice, cure and other rights of a Leasehold Mortgagee under Section 25 below, including the rights of a Leasehold Mortgagee to cure the failure and/or to cause Substantial Completion to occur.

9.1.5. Completion Guaranty. Lessee has or will enter into a completion guaranty in favor of Lessee’s Lender (“**Completion Guaranty**”).

## 9.2. **Improvements on Commercial Parcels.**

9.2.1. As a material consideration for this Lease, Lessee agrees to (a) develop and operate or cause the development and operation of revenue-generating land uses on both Commercial Parcels at no cost to Lessor, and (b) use Lessee's net revenue from the Commercial Parcels solely to pay for Lessee's expenses to operate, maintain, and complete necessary capital improvements for the Ice Complex Parcel. The Commercial Parcels, Existing Improvements thereon, Leasehold Improvements and Alterations thereon, Easements and Appurtenances are collectively referred to herein as the "**Commercial Premises**". The development of Leasehold Improvements on the Commercial Parcels shall be referred to herein as the "**Commercial Project**".

9.2.2. The "revenue-generating land uses" that may be developed on the Commercial Premises are restricted by this Lease to those revenue-generating land uses authorized by the City of Spokane Valley's municipal zoning code applicable to the Commercial Premises at the time the Lessor, as the permitting agency, receives a complete application for such development from Lessee or assignee, transferee, or subtenant that complies with all applicable requirements of this Lease.

9.3. **Permits and Approvals.** Lessee shall be solely responsible for obtaining, at its sole cost and expense, the approval of the Lessor, as the permitting agency, and the approval of any other governmental agencies with jurisdiction over the Premises for any building, electrical and plumbing permits, environmental impact analysis and mitigations imposed thereby, or other governmental action necessary to permit the development, construction and operation of the Leasehold Improvements and any Alterations in accordance with this Lease. Lessor shall cooperate with Lessee in Lessee's efforts to obtain all permits and approvals and Lessor will assist in expediting the approval process by the permitting agency. Lessee shall apply for and prosecute any required governmental review processes for any discretionary approvals, comprehensive plan amendment, rezoning, variance or use permit only with the written approval of Lessor, such approval not to be unreasonably withheld, delayed or conditioned, and Lessee shall not submit any (i) environmental impact statement, addendum, checklist, or (ii) other State Environmental Policy Act document, or any consultant's report containing information regarding Lessor, Lessor's lands or Lessor's tenants to any public agency without Lessor's prior written approval, which Lessor may withhold in its sole discretion with respect to items in subparagraphs (i) and (ii) above. Lessee shall be solely responsible for compliance with all permits, conditions, and fees related to the Leasehold Improvements and/or any Alterations.

9.4. **Design of Alterations After Certificate of Occupancy Issued – Ice Complex Parcel.** The following provisions shall apply to all Alterations of Improvements on the Ice Complex Parcel:

9.4.1. The design of Alterations to the Ice Complex Premises or Improvements thereon, including without limitation, the site plan, structural plans, landscaping plan, materials, colors and elevations shall be functionally and aesthetically consistent with the use of and improvements on the Ice Complex Parcel at the time the Alteration is commenced.

9.4.2. If, in order to complete any Alteration to the Ice Complex Premises or Improvements thereon, Lessee is required by applicable law to obtain one or more permits from Lessor as the permitting agency, then Lessee shall submit to Lessor two (2) duplicate hard copy sets and one (1) electronic version of all design drawings for the proposed work of construction.

9.5. **Prerequisites to Commencement of Construction – Ice Complex Parcel.** In addition to all other requirements set forth in this Section, before commencing the construction of the Ice Complex Improvements and any Alterations thereof, and before any building materials have been delivered to the Premises by Lessee or under Lessee's authority, Lessee shall:

9.5.1. Furnish Lessor with all permits and approvals required to commence construction.

9.5.2. Procure and/or cause Lessee's contractor to procure and keep in force during the course of construction the insurance coverage described below, subject to reasonable deductibles, and provide Lessor with certificates of such insurance in form satisfactory to Lessor. All such insurance shall comply with the requirements of this Section 9 and of Section 20.

9.5.2.1. During the course of construction, to the extent not covered by property insurance maintained by Lessee pursuant to Section 20, and for construction projects in excess of \$1,000,000, builder's risk property insurance on an "all risk" basis insuring against the perils of, fire and extended coverage, and physical loss or damage, including theft, vandalism and malicious mischief, collapse, false work, temporary buildings, and debris removal, including demolition resulting from the enforcement of any Applicable Laws, in the amount of the construction contract price, including all change orders, on a replacement cost basis until completion. The policy will cover the Youth Ice Rink Improvements or any Alterations in place on the Ice Complex Parcel, all materials and equipment stored on the Ice Complex Parcel and furnished under contract, and all materials and equipment that are in the process of fabrication at the premises of any third party or that have been placed in due course of transit to the Ice Complex Parcel when such fabrication or transit is at the risk of, or when title to or an insurable interest in such materials or equipment has passed to, Lessee or its construction manager, contractors or subcontractors (excluding any contractors', subcontractors' and construction managers' tools and equipment, and property owned by the employees of the construction manager, any contractor or any subcontractor).

9.5.2.2. Commercial general liability, and if necessary, umbrella liability insurance for the construction project, which insurance may be effected by the policy required to be carried pursuant to Section 20. The policy will cover bodily injury and property damage, including but not limited to coverage for premises/operations, products/completed operations, elevators, contractual, personal and advertising, injury, and independent contractors. The policy will be written on an occurrence basis and in an amount not less than the amount at the time maintained by prudent Lessors of comparable construction projects in Spokane County and reasonably satisfactory to Lessor, but in any event not less than \$25,000,000 in the aggregate. Lessor and the Lessor Parties shall be named as additional insureds, as their interest may appear. Any general aggregate shall apply per project. The policy shall contain a cross-liability clause or separation of insureds provision and an endorsement deleting the property damage exclusion as to explosion, underground, and collapse hazards.

9.5.2.3. Automobile and, if necessary, umbrella liability insurance including coverage for owned, non-owned, leased or hired vehicles, written on an insurance industry standard form or equivalent, with limits of not less than \$5,000,000 each accident. This coverage shall be required only if Lessee or Lessee's employees operate one or more automobiles in connection with Lessee's construction or oversight of construction on the Ice Complex Parcel or Lessee's operation and/or maintenance of the Ice Complex Parcel.

9.5.2.4. Provide Lessor with documentation verifying worker's compensation insurance coverage exists for all workers engaged in the construction project, in the amounts and coverages required under workers' compensation, disability and similar applicable employee benefit laws.

9.5.2.5. Employer's liability Insurance with limits not less than \$5,000,000 each accident or each employee for bodily injury by disease, or such higher amounts as may be required by law.

## 9.6. General Construction Requirements.

9.6.1. Ice Complex Project Costs. Except as otherwise expressly provided herein, all construction and other work in connection with the Ice Complex Premises and any Alterations shall be the responsibility of the Lessee, and shall be done at Lessee's sole cost and expense and in accordance with the approved plans, specifications and materials.

9.6.2. Commercial Project Costs. As between the Lessor and Lessee, and except as otherwise expressly provided herein, all construction and other work in connection with the Commercial Premises and any Alterations shall be the responsibility of the Lessee and shall be done at Lessee's sole cost and expense and in accordance with approved plans, specifications and materials. Nothing herein shall be interpreted as preventing Lessee from entering into subleases with third parties which obligate such sub-lessees to be responsible for said costs.

9.6.3. Compliance. Lessee shall construct all portions of the Ice Complex Project, Commercial Project and all Alterations in accordance with all Applicable Laws and all other applicable provisions of this Lease. Further, the Ice Complex Project shall be constructed in accordance with the plans and specifications that are in accordance with the provisions of this Section 9.

9.6.4. Safety. Lessee shall take all customary and necessary safety precautions during any construction.

9.6.5. As-Builts for the Premises. Lessee shall prepare (or require the general contractor to prepare) in accordance with normal construction practices, upon completing construction of any Leasehold Improvements on the Premises, record drawings ("as-builts") showing clearly all changes, revisions and substitutions during construction, including, without limitation, field changes and the final location of all mechanical equipment, utility lines, ducts, outlets, structural members, walls, partitions and other significant features of the Ice Complex Premises and any Alterations. These as-built drawings and annotated plans and specifications shall be kept at the Ice Complex Premises and Lessee shall update them as often as necessary to keep them current. Lessee shall also make a copy of the as-built drawings and annotated plans and specifications and deliver electronic copies of the same to Lessor upon exercise of the Option by Lessor pursuant to Section 38.2.,.

9.7. **Construction Completion Procedures**. Upon completion of any construction, Lessee shall deliver to Lessor evidence reasonably satisfactory to Lessor of the payment of all costs, expenses, liabilities and liens arising out of or in any way connected with such construction (except for Liens that are contested in the manner provided in Section 17), which shall include Lien waivers from all general contractors and subcontractors who participated in the construction.

9.8. **On Site Inspection**. Lessee agrees to allow Lessor to have an inspector on site during the construction on the Premises to satisfy Lessor's duties and obligations as the permitting agency. No inspection performed or not performed by Lessor hereunder shall (a) give, or be deemed to give, Lessor any responsibility or liability for the Premises or any Alterations, or the design or construction thereof; (b) constitute, or be deemed to constitute, approval or acceptance of, any aspect of the design or construction of the Premises or any Alterations; or (c) constitute or be deemed to constitute a waiver of any of Lessee's obligations hereunder.

## 10. Improvements And Alterations

10.1. During the Term, title to all Improvements and personal property now or hereafter located on the Premises shall be vested in Lessee until either (a) the Expiration Date, (b) the date when the Premises

are conveyed to Lessor following Lessor's exercise of the Option to Purchase or Right of First Refusal, in which case title to all of Lessee's interests in the Premises and Improvements shall transfer to Lessor, (c) Lessee, pursuant to and in compliance with the requirements of this Lease, assigns all its interest to a Parcel under this Lease to a third party who is not an Affiliate (as defined in Section 23.6) or wholly-owned subsidiary of Lessee, in which case the third party assignee shall be the owner of the Improvements then-existing on the Parcel(s) so conveyed, or (d) as otherwise provided in any sublease made by Lessee in compliance with the terms of this Lease. Notwithstanding the foregoing, the ownership and disposition of all personal property, trade fixtures and improvements installed by any subtenants of the Premises shall be as provided in their subleases with Lessee.

Lessee's leasehold interest in the Premises and interest in the Improvements shall not be conveyed, transferred or assigned, except as permitted under Sections 23 and 25. Any attempted conveyance, transfer or assignment of Lessee's leasehold interest in the Sullivan Property or ownership interest in the Improvements, whether voluntarily or by operation of law or otherwise, to any person, corporation or other entity shall be void and of no effect whatever, except as permitted under Sections 23 and 25. Notwithstanding the foregoing, Lessee may from time to time replace the Leasehold Improvements and any Alterations, provided that the replacements for such items are of equivalent or better value and quality, and such items are free from any liens and encumbrances except for equipment leases and any other financings expressly permitted hereunder.

## 11. **Operations, Maintenance, Capital Improvements, and Security of the Ice Complex Premises.**

### 11.1. **Operations.**

11.1.1. Lessee is solely and exclusively responsible for performing or, pursuant to Section 11.3.4 of this Lease, entering into an agreement for the performance of Operations on the Ice Complex Parcel, including but not limited to the Youth Ice Rink. "**Operations**" means the routine and regular provision of all labor, materials, utilities and other services required to use, operate and manage the Premises, and shall include but not be limited to the following elements: (i) staffing the Premises and Improvements; (ii) scheduling, presenting and promoting hockey and skating events; and (iii) managing all other Operations in the Improvements and/or of the Premises.

11.1.2. Permitted Use. Subject to all provisions and limitations contained herein, the Ice Complex Premises shall at all times during the Term be used and operated solely for the purposes stated in Section 1 and in this Section 11, and for no other purpose. Lessee acknowledges that the foregoing covenant is a material consideration for Lessor's agreement to enter into this Lease. Any violation of said covenant shall constitute a material breach of this Lease and entitle Lessor to exercise any and all of its rights and remedies under this Lease or otherwise at law or in equity.

11.1.3. Prohibited Uses. Without limiting the foregoing or any other provision of this Lease, Lessee shall not do any act, or allow any subtenant or other user of the Ice Complex Premises to do any act, and in no event shall the Ice Complex Premises be used for a purpose other than that identified in Section 11.1.2.

11.1.4. Public Benefit. Upon Lessee's receipt of a certificate of occupancy for the Youth Ice Rink, Lessee shall make the Youth Ice Rink available for use by the general public and through private reservations for such activities which are consistent with the purposes for which the Youth Ice Rink exists, which may include (but not necessarily be limited to): public skate sessions; open skate; youth and adult hockey lessons and clinics; youth and adult hockey divisions; adult and youth hockey club use; youth hockey development programs; youth hockey camps; youth learn to play programs; hockey coaching lessons; figure skating lessons and clinics (for adults and children); adult and youth figure skating club use;

figure skating coaching; figure skating camps; girls and women hockey programs; field trips; birthday parties; and ice rentals.

11.1.4.1. Each calendar year beginning in the year a certificate of occupancy is issued for the Youth Ice Rink, Lessee must make said facility available to the general public for at least five-hundred (500) hours of free or reduced cost services at reasonable times that facilitate meaningful public use. Lessee may provide this public benefit through philanthropic programs, such as financial needs-based scholarships and other programs serving economically disadvantaged members of the public.

11.1.4.2. Lessee shall provide a report to Lessor each year identifying the dates and number of hours Lessee provided the aforementioned free or reduced-cost services and the manner in which they were provided.

## 11.2. **Maintenance of Ice Complex Parcel.**

11.2.1. Lessee Maintenance Obligations. Lessee is solely and exclusively responsible for performing Maintenance of the Ice Complex Parcel. “**Maintenance**” means the routine and regular provision of all labor, materials, utilities and other services for: (i) performing all preventive or routine non-capitalized maintenance, including that which is stipulated in operating manuals for the Premises (and the equipment, fixtures and systems therein) as regular, periodic maintenance procedures; (ii) conducting regular non-capitalized maintenance for all systems of the Ice Complex Premises, including the heating, ventilation and air conditioning systems, electrical, plumbing and mechanical, technology infrastructure, vertical transportation, and roof; (iii) performing routine maintenance of the surface of the skating rinks; (iv) keeping all portions of the Premises clean and free from debris; and (v) performing all other non-capitalized routine repair and replacement of the Premises, all subject to normal wear and tear, casualty and condemnation.

11.2.2. No Obligation of Lessor to Repair. Lessor shall not be obligated to make any repairs, replacements or renewals of any kind, nature or description whatsoever to the Ice Complex Parcel or the Improvements, and Lessee hereby expressly waives any right under any Applicable Laws to (a) terminate this Lease due to Lessor’s refusal to make any repair, replacement or renewal, and/or (b) make repairs at Lessor’s expense.

## 11.3. **Capital Improvements; Operations.**

11.3.1. CapEx Work. After the certificate of occupancy is issued for the Youth Ice Rink, it may be necessary for Lessee to complete capital improvements (“**CapEx Work**”) in order for Lessee to operate the Youth Ice Rink in accordance with the terms of this Lease.

11.3.2. Expenses for Operations, Maintenance, and Capital Expenditures. Lessee is solely and exclusively responsible for and shall pay all costs and expenses associated or incurred in connection with performing (i) Operations, which includes payments to service debt incurred by Lessee to develop, maintain or operate the Ice Complex Premises (the “**Operating Expenses**”), (ii) expenses to complete CapEx Work (the “**CapEx Expenses**”) and (iii) Maintenance (the “**Maintenance Expenses**”) of the Ice Complex Premises. For the avoidance of doubt, the terms CapEx Expenses and Maintenance Expenses shall include reasonable reserves earmarked for CapEx Expenses and Maintenance Expenses respectively. Lessee covenants and agrees to provide sufficient funding to satisfy these obligations and acknowledges and agrees Lessor shall have no liability for the performance or cost and expense of any Operations or Maintenance.

11.3.3. Delegation of Operations, Maintenance and CapEx Work. The City acknowledges

that Lessee shall have the right to delegate performance of its Operations, Maintenance and CapEx Work obligations to a wholly-owned subsidiary of Lessee, or to an Affiliate controlled by or under common control with Lessee, provided that (i) Lessee promptly notifies the City of such delegation, (ii) Lessee shall not be released from liability to Lessor under this Agreement for the performance of all such duties and (iii) Lessee shall be responsible for ensuring that Operations, Maintenance, and CapEx Work are performed consistent with the terms of this Lease.

11.3.4. Outsourcing of Operations and/or Maintenance Duties. Lessee may outsource its Operations and/or Maintenance duties to a third-party independent contractor, provided Lessee notifies the City and certifies that the third-party operator has the knowledge and expertise necessary to operate and maintain such facilities in accordance with this Lease. Lessee shall not be released from liability to Lessor under this Agreement for any such outsourced Operations and/or Maintenance work and shall remain responsible for ensuring that such outsourced services are performed consistent with Lessee's obligations under this Agreement. Lessee's outsourcing of Operations and/or Maintenance duties shall in no manner limit Lessee's duty to indemnify Lessor as provided herein.

11.3.5. Permits and Approvals. The Parties acknowledge and agree that Lessee is responsible for obtaining all necessary Permits and Approvals with respect to the use, management, Operations and Maintenance of the Premises.

11.4. **Security and Emergency Management Plan.** At Lessee's expense, Lessee shall be solely responsible for security of the Ice Complex Premises and the safety of persons thereon. Lessee shall (a) maintain and shall regularly update a security and emergency management plan for the Premises in a form substantially similar to the example attached as **Exhibit F**, and (b) provide a copy thereof to the Lessor within seven (7) calendar days of the requesting the same.

## 12. **Commercial Parcel Operations, Maintenance, Capital Improvements, and Restricted Use of Net Revenues of Commercial Parcels.**

12.1. **Permitted Use.** Development and use of the Commercial Parcels is unrestricted except as otherwise specifically provided in this Lease.

12.2. **Prohibited Uses.** Without limiting the foregoing or any other provision of this Lease, Lessee shall not do any act, or allow any subtenant or other user of the Commercial Premises to do any act, and in no event shall the Commercial Premises be used for a purpose other than that identified in Section 12.1.

12.3. **Operations, Maintenance, and Capital Improvements of Commercial Parcels.** Lessee shall be solely responsible for Operations, Maintenance, CapEx Work of the Commercial Premises except as otherwise provided in Section 23 of this Lease. If Lessee subleases any portion of a Commercial Premises to another person or entity, then Lessee shall remain responsible to Lessor for compliance with this Lease unless otherwise agreed in a writing signed by Lessor after the Commencement Date of this Lease.

12.3.1. Expenses for Operations, Maintenance and CapEx Work. Between Lessee and Lessor, Lessee is solely and exclusively responsible for and shall pay all (i) Operating Expenses, (ii) CapEx Expenses, and (iii) Maintenance Expenses of the Commercial Premises. Lessee agrees Lessor shall have no liability for the performance or cost and expense of any Operations, Maintenance, or capital improvements.

12.3.2. No Obligation of Lessor to Repair. Lessor shall not be obligated to make any repairs, replacements or renewals of any kind, nature or description whatsoever to the Commercial

Premises, and Lessee hereby expressly waives any right under any Applicable Laws to (a) terminate this Lease due to Lessor's refusal to make any repair, replacement or renewal, and/or (b) make repairs at Lessor's expense.

12.3.3. Permits and Approvals. The Parties acknowledge and agree that Lessee is responsible for obtaining all necessary permits and approvals with respect to the use, management, operations and maintenance of the Commercial Premises.

12.4. **Public Benefit.** All net revenue received by Lessee from development of or Improvements on the Commercial Premises ("**Commercial Net Revenue**") shall be used solely to pay for Lessee's Operating Expenses, Maintenance Expenses, and CapEx Expenses of the Ice Complex Premises, and for the purposes set forth in 11.1.4. Lessee is prohibited from entering into any agreement or other arrangement in which Lessee receives less than fair market value for any right or privilege conveyed to any person or entity to develop and/or use the Commercial Premises.

12.4.1. At the time Lessee provides Lessor with the report identified in Section 11.1.4.2 of this Lease, Lessee shall also provide Lessor with a report that identifies the following (1) the net revenue of the Ice Complex Premises for the year to which the report pertains, including the gross revenue and expenses thereof along with a categorical itemization of each revenue source and expense, (2) the Commercial Net Revenue during the reporting year, including the gross revenue received by Lessee from each of the Commercial Premises as well as the expenses Lessee utilized to calculate the net revenue received therefrom, and (3) by category and amount, the uses to which Lessee applied the Commercial Net Revenue.

### 13. **Net Lease; No Counterclaim or Abatement**

13.1. **Net Lease.** The Rent due hereunder shall be absolutely net to Lessor and shall be paid without assertion of any counterclaim, offset, deduction or defense and without abatement, suspension, deferment or reduction. Lessor shall not be expected or required under any circumstances or conditions whatsoever, whether now existing or hereafter arising, and whether now known or unknown to the parties, to make any payment of any kind whatsoever with respect to the Premises or be under any obligation or liability hereunder, except if and solely to the extent expressly so provided elsewhere in this Lease.

13.2. **Expenses of Lessor.** Lessee shall pay to Lessor, within ten (10) days after the date of mailing or personal delivery of statements, for the following incurred by Lessor, after an Event of Default and expiration of any applicable cure period provided in this Lease: all reasonable costs and expenses, including attorneys' fees, paid or incurred by Lessor: (a) required to be paid by Lessee pursuant to this Lease (including without limitation pursuant to any indemnity provision), (b) in enforcing any of Lessee's covenants or obligations in this Lease following an Event of Default, (c) in protecting Lessor against or remedying any default of this Lease by Lessee, (d) in recovering possession of the Premises or any part of the Premises after an Event of Default, (e) in collecting or causing to be paid to third parties any amounts payable by Lessee under this Lease, within thirty (30) days of receiving notice of the amount that is then due and unpaid, (f) in connection with any estoppel requested by Lessee, or (g) in connection with any litigation (other than condemnation proceedings) commenced by or against Lessee to which Lessor shall without fault be made a party (unless defended by Lessee at Lessee's cost).

13.3. ~~No Release-Independent Covenants.~~ The obligations of Lessee under this Lease shall be separate and independent covenants, and each covenant of Lessee shall be both a covenant and a condition.

14. **Lodging Tax Funds to Partially Subsidize Operating Expenses.** Upon issuance of a final certificate of completion for the Youth Ice Rink, the Ice Complex Premises will be real property owned by Lessee nonprofit organization, will have a useful life greater than three (3) years, and will have been

designed and will be operated to support and promote tourism within the City and Spokane County. Per the recommendation of Lessor's Lodging Tax Advisory Committee and approval of Lessor's City Council, both of which are hereby acknowledged, beginning in year 2027 and until the end of year 2031, Lessor shall transfer to Lessee a portion of tax revenues collected by Lessor pursuant to RCW 67.28.180 ("**Lodging Tax Funds**") each year for Lessee to apply towards those reasonable **Operating Expenses** incurred by Lessee solely to operate, but not maintain or complete capital improvements for, the Ice Complex Premises so long as Lessee does not operate, or allow to be operated, a hotel or motel on the Commercial Parcels in any year in which Lessee receives Lodging Tax Funds. The Lodging Tax Funds shall be distributed to Lessee on a reimbursement basis for Operation Expenses incurred by Lessee, and shall be distributed to Lessee within fourteen (14) days after the Lessor receives a written reimbursement request from Lessee that is accompanied by a copy of invoices or other records demonstrating Lessee incurred each expense for which it seeks reimbursement, and Lessee shall not submit any reimbursement request to Lessor until thirty (30) days after the immediately preceding reimbursement request. The aggregate amount of Lodging Tax Funds contributed by the Lessor to Lessee shall not exceed the lesser of the amounts requested by Lessee for reimbursement or (a) six-hundred thousand dollars (\$600,000) each year for years 2027 and 2028, and (b) five-hundred fifty thousand dollars (\$550,000) each year for years 2029 through 2031. To receive Lodging Tax Funds for operation costs of the Ice Complex Premises for any year after 2031, Lessee will need to formally submit a complete request for such funding through Lessor's official process for Lodging Tax Fund grants. Lessor's administrative staff shall cooperate and facilitate Lessee's request for funding past year 2031, but nothing herein shall be interpreted as a promise or commitment by Lessor to provide Lodging Tax Fund grants to Lessee past year 2031.

## 15. Utilities And Services

15.1 Lessee shall be solely responsible for, shall make all arrangements for, and shall pay for all utilities and services furnished to or used at the Premises, including without limitation, gas, electricity, water, telephone, cable and other communication services, security services, sewage, sewage service fees, trash collection, and any Taxes thereon. All service lines of such utilities shall be installed and connected and maintained at no cost or expense to Lessor other than as expressly provided in Section 15.2 herein.

15.2 Necessary transportation and sewer infrastructure improvements currently traverse or will traverse other City-owned property that is not subject to this Lease. In addition to serving the Ice Complex Premises, these infrastructure improvements will serve the Commercial Premises, the revenue of which shall be used exclusively to pay for the costs to maintain, make future capital improvements to, and operate the Ice Complex Premises, and by extension support tourism and accommodate tourist activities within the City. These infrastructure improvements will also serve existing tourism-generating facilities owned by the City. Construction of the transportation infrastructure improvements, installation of a sewer lift station on the Commercial Premises, and installation of a sewer line connecting the sewer lift station to the main sewer line that runs along Sullivan Road shall be at Lessor's sole expense and shall be located as depicted in **Exhibit C** attached hereto. City shall complete and approve the design of the aforementioned transportation and sewer infrastructure improvements in accordance with **Exhibit C**, and shall complete construction of such improvements no later than June 30, 2027. All costs and expenses to install, maintain and operate said infrastructure improvements within or on the Premises (other than the aforementioned sewer lift station) shall be Lessee's sole responsibility. Lessor hereby represents and warrants that on the Commencement Date of this Lease Lessor will begin and expeditiously complete the design work, public bidding process, and execution of binding construction contracts in order to complete construction of the infrastructure improvements required to be provided by Lessor pursuant to this Section 15.2 on or before June 30, 2027.

15.3 Lessor shall maintain the sewer lift station installed on the Premises at Lessor's expense. Lessee agrees that it shall, at no expense to Lessor, (1) require all development of the Premises to include installation and implementation of one or more grease separator systems that, based on the scope and land

uses of the Premises, are adequate to separate grease from wastewater entering the sewer lift station from the Premises, and (2) ensure that the grease separator systems are maintained and functional.

## 16. **Mechanics' And Other Liens**

16.1. **No Liens.** Lessee covenants and agrees to keep the Premises and every part thereof and all Improvements free and clear of and from any and all mechanics', material suppliers and other liens for: (a) work or labor done, services performed, materials, appliances, or power contributed, used or furnished, or to be used, in or about the Premises for or in connection with any operations of Lessee; (b) the Ice Complex Project, Commercial Project, or any Alterations; or (c) any work or construction by, for or permitted by Lessee on or about the Premises or Improvements (collectively, "**Liens**"). Lessee shall (a) promptly and fully pay and discharge any and all claims upon which any such Lien may or could be based, and keep the Premises and Improvements free and clear of, and save and hold Lessor, the Premises and the Improvements harmless from, any and all such Liens and claims of Liens, damages, liabilities, costs (including, without limitation, attorneys' fees and costs), suits or other proceedings pertaining thereto, and (b) provide Lessor with proof that all such obligations have been satisfied and discharged.

16.2. **Lessor's Interests.** Nothing herein shall authorize Lessee to do any act that may encumber the fee simple title of Lessor in and to the Premises, nor shall the fee simple estate of Lessor therein be in any way subject to any claim of lien or encumbrance, whether claimed by operation of law or by virtue of any express or implied contract by Lessee. Any claim to a lien upon the Premises or any Improvements constructed thereon by Lessee, arising from any act or omission of Lessee, shall accrue only against the leasehold estate and shall in all respects be subject to the paramount fee simple title of Lessor. In no event shall any interest of Lessor in the Premises, including without limitation, Lessor's right to receive Rent and its other rights and interest under this Lease (collectively, "**Lessor's Interest**"), be subject or subordinate to any Lien.

**Without limitation of the foregoing, no work performed by, through, under or for Lessee pursuant to this Lease shall be deemed to be for the immediate use or benefit of Lessor to the end that no mechanic's or other liens shall be allowed against the estate of Lessor by reason of any consent given by Lessor to Lessee to improve the Premises. Prior to commencement of any work or the supplying of materials, Lessee shall provide to any contractor or subcontractor performing services or supplying materials for or to Lessee notice that such service and/or supplies are not at the direction of Lessor.**

16.3. **Lessor's Right to Cause Release of Liens.** If Lessee does not cause any Lien that Lessee does not contest in accordance with Section 17 to be released of record by payment or posting of a proper bond or insured over within thirty (30) days following the imposition of such Lien, Lessor shall have the right, but not the obligation, to cause the Lien to be released by any means Lessor may deem appropriate, and the amount paid by Lessor plus interest at the Interest Rate from the date of payment by Lessor, shall be Additional Rent, immediately due and payable by Lessee to Lessor upon demand.

## 17. **Right To Contest Liens**

Lessee shall have the right to contest, in good faith, the amount or validity of any Lien, provided that, before doing so, Lessee shall give Lessor written notice of Lessee's intention to do so within thirty (30) days after the recording of such Lien and provided further that Lessee shall, at its expense, defend itself and Lessor against such Lien and shall pay and satisfy any adverse judgment that may be rendered concerning such Lien before that judgment is enforced against the Premises. In addition, at the request of Lessor, Lessee shall either (a) procure and record a bond freeing the Premises from the effect of such Lien; or, (b) at Lessee's election, cause such Lien to be insured over for the benefit of Lessor; or (c) post

alternative security that is reasonably acceptable to Lessor and meets the requirements of Applicable Law to cause the Lien to no longer attach to Lessor's Interest.

## 18. **Compliance With Laws**

Lessee, at Lessee's sole cost and expense, shall comply with all Applicable Laws relating to this Lease, the Premises, and/or the Improvements during the Term. Lessee shall give Lessor prompt written notice of any violation of Applicable Laws by Lessee or its agents known to Lessee and, at its sole cost and expense, Lessee shall promptly rectify any such violation. Without in any way limiting the generality of the foregoing obligation of Lessee, Lessee shall be solely responsible for compliance with, and shall make or cause to be made all such Alterations to the Premises (including, without limitation, removing barriers and providing alternative services) as shall be required by the Americans with Disabilities Act (42 USC section 12101 et seq.), as the same may be amended from time to time, and any similar or successor laws, and with any rules or regulations promulgated thereunder. Any work or installations made or performed by or on behalf of Lessee or any person or entity claiming through or under Lessee in order to conform the Premises to Applicable Laws shall be subject to and performed in compliance with the provisions of this Lease.

## 19. **Hazardous Substances**

19.1. **Hazardous Substances.** Except as provided in this Section 19.1, no Hazardous Substance shall be used, treated, kept, stored, transported, handled, sold or Released at, on, under or from the Premises during the Term. Notwithstanding the foregoing, Lessee and Lessee's Agents may use such quantities of standard janitorial, kitchen, and office products, and also such products as are incorporated into the functioning of building systems (e.g. HVAC units and elevators) that are typical or necessary to the permitted use of the Premises and may use such quantities of Hazardous Materials as is necessary and typical in connection with the construction and operation of the Premises, and then only in compliance with all Applicable Laws. Lessee shall (i) in all respects comply with all Environmental Requirements in its operation of the Premises and (ii) handle, treat, deal with and manage any and all Lessee's Hazardous Substances in total conformity with all Environmental Requirements, other Applicable Laws, and prudent industry practices regarding Hazardous Substances management.

19.2. **Permits; Inventories.** Lessee shall, at its own expense, procure, maintain in effect and comply with all conditions of any and all permits, licenses, and other governmental and regulatory approvals required for Lessee's use of Hazardous Substances at the Premises, including, without limitation, discharge of appropriately treated materials or wastes into or through any sanitary sewer serving the Premises.

19.3. **No Lien.** Lessee shall not suffer any lien to be recorded against the Premises as a consequence of any Lessee Environmental Activity, including any so-called state, federal or local Superfund lien related to the remediation of any Hazardous Substances in or about the Premises.

### 19.4. **Indemnity for Environmental Claims.**

19.4.1. To the greatest extent allowed by Applicable Laws, Lessee and its successors and assigns shall indemnify, protect, defend, reimburse, and save and hold harmless Lessor and the Lessor Parties from and against any and all Environmental Claims to the extent arising from or related to (a) Lessee Environmental Activity, (b) any non-compliance by Lessee with Environmental Requirements at the Premises, (c) any other acts or omissions of Lessee or Lessee's Agents in or about the Premises which result in the Release of Hazardous Substances, or (d) Lessee's demolition of the Existing Improvements and construction of the Improvements. Lessee's obligations hereunder shall include, but not be limited to, the reimbursement of Lessor's costs and expenses related to the defense of all claims, suits and administrative

proceedings (using counsel selected by Lessor in its sole discretion), even if such claims, suits or proceedings are groundless, false or fraudulent; participating in all negotiations of any description; and promptly paying and discharging when due any and all judgments, penalties, fines or other sums due against or from Lessor or the Premises. Notwithstanding anything to the contrary contained herein, Lessee's indemnity shall not apply to the acts or omissions, negligence or willful misconduct of Lessor or any Lessor Party.

19.4.2. To the greatest extent allowed by Applicable Laws, Lessor and its successors and assigns shall indemnify, protect, defend, reimburse, and save and hold harmless Lessee and the Lessee Parties from and against any and all Environmental Claims to the extent arising from or related to (a) any non-compliance or violation of Environmental Requirements with respect to the Sullivan Property occurring prior to the Commencement Date, or (b) any other acts or omissions of Lessor or Lessor's Agents in or about the Premises which result in the Release of Hazardous Substances. Lessor's obligations hereunder shall include, but not be limited to, the reimbursement of Lessee's costs and expenses related to the defense of all claims, suits and administrative proceedings (using counsel selected by Lessee in its sole discretion), even if such claims, suits or proceedings are groundless, false or fraudulent; participating in all negotiations of any description; and promptly paying and discharging when due any and all judgments, penalties, fines or other sums due against or from Lessee or the Premises. Notwithstanding anything to the contrary contained herein, Lessor's indemnity shall not apply to the acts or omissions, negligence or willful misconduct of Lessee or any Lessee Party.

19.5. **Obligation to Remediate.** Notwithstanding the obligation of Lessee to indemnify Lessor pursuant to this Lease, during the Term of this Lease, Lessee shall, upon demand by Lessor, and at Lessee's sole cost and expense, promptly take all actions to remediate the Premises from the effects of any Lessee Environmental Activity and to obtain regulatory closure determinations (referred to by several Environmental Requirements as "No Further Action Opinion Letters") from all applicable Governmental Authorities or agencies having jurisdiction over the Premises, including without limitation the Environmental Protection Agency, Washington Department of Ecology, the City, and Spokane County. Lessee shall be responsible for all reporting obligations under applicable Environmental Requirements relating to Lessee Environmental Activity, and Lessee agrees to be named on any remediation orders as the primarily responsible party for such Lessee Environmental Activity, and Lessor shall be named, if Lessor consents in writing to be named, only secondarily liable. Lessor shall have the right to participate in all negotiations with the Governmental Authorities having jurisdiction over any remediation. Lessee's remediation obligations with regard to Lessee Environmental Activity shall include, but not be limited to, the investigation of the environmental condition of the Premises, the preparation of any feasibility studies, reports or remedial plans, and the performance of any cleanup, remediation, containment, operation, maintenance, monitoring or restoration work, whether on or off of the Premises. Lessee shall take all actions required under Environmental Requirements to remediate the Premises from the effects of such Lessee Environmental Activity. All such work, including without limitation the contractor(s) performing the work and the work plan for the remediation, shall be reasonably approved in advance and in writing by Lessor. Lessee shall proceed continuously and diligently with such investigatory and remedial actions, provided that in all cases such actions shall be in accordance with all Applicable Laws. Any such actions shall be performed in a good, safe and workmanlike manner. Lessee shall pay all costs in connection with such investigatory and remedial activities, including but not limited to all power and utility costs, and any and all taxes or fees that may be applicable to such activities. Lessor's environmental consultant shall have the right to be present during any testing or investigation on the Premises, and Lessee shall promptly provide to Lessor copies of testing results and reports that are generated in connection with the above activities and any that are submitted to any governmental entity. Promptly upon completion of such investigation and remediation, Lessee shall permanently seal or cap all monitoring wells and test holes in accordance with sound engineering practice and in compliance with Applicable Laws, remove all associated equipment, and restore the Premises to the maximum extent possible, which shall include, without limitation, the repair of

any surface damage, including paving, caused by such investigation or remediation.

Lessee shall, in compliance with this Section 19.5 and Environmental Requirements, other Applicable Laws, and prudent industry practices regarding Hazardous Substances management, be responsible for the removal, disposal, and/or remediation of any Hazardous Substances present in the Premises during demolition of the Existing Improvements and construction of the Improvements.

**19.6. Obligation to Notify.** If Lessee or Lessor shall become aware of or receive notice or other communication in writing concerning any actual, alleged, suspected or threatened violation of Environmental Requirements, Release of Hazardous Substances, or liability for Environmental Claims in connection with the Premises, including but not limited to, notice or other communication concerning any actual or threatened investigation, inquiry, lawsuit, claims, citation, directive, summons, proceeding, complaint, notice, order, writ, or injunction, relating to same, then such party promptly shall deliver to the other party a written description of said notice or other communication within five (5) Business Days after receipt. Except as required by Applicable Laws, or as permitted by Lessor or Lessee in writing, Lessee and Lessor shall maintain the confidentiality of all information, reports and assessments regarding the environmental condition of the Premises, whether received by or prepared for Lessee or Lessor, unless otherwise required to be disclosed by Applicable Law.

**19.7. Right to Remediate.** If Lessee fails to perform or observe any of its obligations or agreements pertaining to Hazardous Substances or Environmental Requirements, then Lessor shall have the right, but not the obligation, without limitation of any other rights of Lessor hereunder, following thirty (30) days prior written notice to Lessee, and Lessee's failure to commence remediation activities within the 30-day period, to enter the Premises personally or through Lessor's Agents and perform the same. Lessee agrees to indemnify Lessor for the costs thereof and liabilities therefrom as set forth above in this Section. With respect to any work undertaken by Lessor to remediate the Premises from the effects of Lessee Environmental Activity pursuant to this Section, Lessee shall be named as generator of all Hazardous Substances that are disposed of in connection with the remediation, and all such Hazardous Substances shall be disposed of using Lessee's hazardous waste generator number.

**19.8. Statute of Limitations.** Lessee hereby agrees that no statute of limitations relating to Lessee Environmental Activity, the presence of Hazardous Substances, the violation of Environmental Requirements or any other matter covered by this Section shall commence to run unless and until Lessor obtains actual knowledge of any of the foregoing in the course of any inspection or assessment conducted by Lessor, whether independently, from Lessee, or by written notice from a governmental agency with jurisdiction over the environmental condition of the Premises or from Lessee (each, a "**Triggering Event**"). In the event of a Triggering Event, Lessor and Lessee shall enter into a commercially reasonable agreement to toll all applicable statutes of limitation, which the parties shall renew periodically during the Term; provided that by entering into such agreement Lessor shall not be deemed to have waived any enforcement rights, and Lessee shall not be deemed to have waived any substantive defenses, available pursuant to this Lease or any Applicable Laws.

**19.9. Existing Hazardous Substances.**

**19.9.1. Lessee's Release.** From and after the Commencement Date, Lessee hereby releases Lessor and all Lessor Parties from all liability to Lessee or Lessee Parties related to the Release of any Hazardous Substances in, on, under or about the Premises on or after the Commencement Date, except to the extent such liability arises as a result of the gross negligence or willful misconduct of Lessor or any Lessor Parties.

**19.9.2. Lessor's Release.** Lessor hereby releases and agrees to hold harmless and

indemnify Lessee and all of its officers, employees, agents and representatives of Lessee (the “**Lessee Parties**”) from all liability to Lessor related to the (i) existence or Release of any Hazardous Substances in, on, under or about the Premises prior to the Commencement Date, as well as any (ii) migration, seepage or discharge on, under or in the Premises of Hazardous Substances originating off of the Premises, except to the extent such liability arises or is exacerbated as a result of the gross negligence or willful misconduct of Lessee following the Commencement Date. Notwithstanding the foregoing, Lessee shall not be released from its obligations pursuant to Section 19.5.

19.9.3. Other Claims. Nothing in this Section 19 shall prevent or limit Lessor or Lessee (separately or jointly) from pursuing claims against third parties who may have liability with respect to Environmental Claims and/or Hazardous Substances with respect to the Premises, whether arising before or after the Commencement Date.

#### 19.10. **General Provisions.**

19.10.1. The provisions of this Section 19 shall survive any termination of this Lease.

19.10.2. The provisions of Section 20 (Insurance) shall not limit in any way Lessee’s obligations under this Section 19. If any governmental agency or department requires insurance or bonds with respect to any proposed or actual use, storage, treatment or disposal of Hazardous Substances by Lessee or any of Lessee’s Agents, Lessee shall be responsible for such insurance and bonds and shall pay all premiums and charges connected therewith; provided, however, that this provision shall not be deemed to modify the requirements of Section 20.

### 20. **Insurance**

20.1. **Required Insurance.** At all times during the Term and at its sole cost and expense, Lessee shall obtain and keep in force for the benefit of Lessee and Lessor the following insurance:

20.1.1. Property Insurance. Commercial property insurance covering the building, fixtures, equipment, tenant improvements (unless separately insured by subtenants) and betterments, with coverage at least as broad as the ISO special causes of loss form and specifically including the perils of earthquake, flood and terrorism. The amount of such insurance (other than earthquake, flood and terrorism coverage) shall be the Full Replacement Value. The amount and terms of earthquake, flood and terrorism coverage shall be as close to Full Replacement Value as is available at commercially reasonable rates given market deductibles and coverage limits and comparable to that carried by similar commercial properties in the greater Spokane area. Lessor shall be named as a loss payee on Lessee’s property insurance. Lessee’s property insurance shall be primary and non-contributory to any insurance or self-insurance maintained by Lessor.

20.1.1.1. **“Full Replacement Value”** means 100% of the actual costs to replace the Improvements (without deduction for depreciation but with standard exclusions such as foundations, excavations, paving and landscaping, as applicable to specific perils), including the costs of demolition and debris removal and including materials and equipment not in place but in transit to or delivered to the Premises. The Full Replacement Value initially shall be determined at Lessee’s expense by an appraiser or an insurer, selected by Lessee and reasonably acceptable to Lessor. Lessee shall notify Lessor of the determination of the Full Replacement Value by such appraiser or insurer. Lessor or Lessee may at any time, but not more frequently than once in any twelve (12) month period, by written notice to the other, require the Full Replacement Value to be redetermined, at Lessee’s expense, by an appraiser or insurer selected by Lessee and reasonably acceptable to Lessor. Lessee shall not cause the Full Replacement Value to be redetermined except in accordance with the preceding sentence. Lessee shall maintain coverage

at the current Full Replacement Value throughout the Term, subject to reasonable deductibles approved in writing by Lessor.

20.1.2. Worker's Compensation. Worker's Compensation Insurance in the amounts and coverages required in accordance with Applicable Laws, if applicable.

20.1.3. Employer's Liability Insurance. Employer's liability insurance in an amount not less than \$5,000,000 each accident or per employee for bodily injury or from disease, if applicable.

20.1.4. Commercial General Liability Insurance. Commercial general and if necessary umbrella liability insurance covering the use and occupancy of the Premises and insuring against claims for bodily injury, property damage and other covered loss (however occasioned) occurring on the Premises during the policy term. Such coverage shall be written on an "occurrence" form, with such limits as may be reasonably required by Lessor from time to time, but in any event not less than \$5,000,000 in the aggregate for the Premises, which Lessee shall increase as necessary during the Term to maintain adequate coverage over time that is comparable to the requirements in effect as of the execution of this Lease.

20.1.4.1. Such insurance shall (A) provide blanket contractual coverage, including liability assumed by and the obligations of Lessee under Section 21 for bodily injury, death and/or property damage; (B) provide Products and Completed Operations and Independent Contractors coverage and Broad Form Property Damage liability coverage without exclusions for collapse, explosion, demolition, underground coverage and excavating, including blasting; (C) provide liability coverage on all mobile equipment used by Lessee; and (D) include a cross liability endorsement (or provision) permitting recovery with respect to claims of one insured against another.

20.1.4.2. If commercial general liability insurance with a general aggregate limit is used, either the general aggregate limit shall apply separately to this project/location or the general aggregate limit shall be twice the required occurrence limit.

20.1.4.3. In the event that Lessee or any subtenant of Lessee is in the business of selling or serving alcoholic beverages, unless such insurance is separately provided by such subtenant, Lessee shall procure liquor liability insurance coverage (unless such insurance is separately provided by such subtenant), in an amount not less than \$1,000,000 per occurrence and \$2,000,000 in the aggregate.

20.1.4.4. Commercial Auto Liability. Automobile and, if necessary, umbrella liability insurance including coverage for owned, non-owned, leased or hired vehicles, written on an insurance industry standard form or equivalent, with limits of not less than \$2,000,000 for each occurrence. Notwithstanding the foregoing, Lessee is not required to obtain commercial auto liability insurance coverage if Lessee (a) demonstrates such coverage is provided under other insurance coverage of Lessee, or (b) certifies in writing that no agent thereof will operate an automobile in connection with developing, operating, maintaining, or completing capital improvements on any portion of the Premises

20.1.5. Other. All other insurance that Lessee is required to maintain under Applicable Laws.

## 20.2. **Policy Form and General.**

20.2.1. Policies. All of the insurance policies required under this Lease and all renewals thereof shall be issued by one or more companies of recognized responsibility, authorized to do business in Washington, with a financial rating reasonably acceptable to Lessor. The proceeds of all property damage

and builder's risk policies of insurance shall be payable to Lessee for application in accordance with this Lease, and Lessor shall be named as an additional insured, as its interest may appear. All liability insurance shall name as additional insureds Lessor, the Lessor Parties, and such other parties as Lessor reasonably may request, as their interest may appear. All deductibles and self-insurance retention shall be paid by Lessee. All insurance of Lessee shall be primary coverage to Lessor and the Lessor Parties. Any insurance or self-insurance maintained by Lessor shall be excess of Lessee's insurance and shall not contribute to it.

20.2.2. Proof of Insurance; Renewals. Copies of Lessee's certificates of insurance shall be delivered to Lessor within ten (10) days prior to the delivery of possession of the Premises to Lessee and thereafter within five (5) days prior to the expiration of the term of each such policy. As often as any policy shall expire or terminate, renewal or additional policies shall be procured and maintained by Lessee in like manner and to like extent. Lessee will give to Lessor thirty (30) days' notice in writing in advance of any cancellation or lapse or of the effective date of any reduction in the amounts of insurance. Lessor reserves the right to require complete certified copies of all required insurance policies, including endorsements affecting the coverage required by the specifications at any time.

20.2.3. Increased Coverage. If either party shall at any time deem the limits of any of the insurance described in this Lease then carried or required to be carried to be either excessive or insufficient, the parties shall endeavor to agree upon the proper and reasonable limits for such insurance then to be carried and such insurance to the extent available at commercially reasonable rates, shall thereafter be carried with the limits thus agreed upon until further change pursuant to the provisions of this subsection. If the parties shall be unable to agree on the proper and reasonable limits for such insurance, then either party may submit the matter to arbitration pursuant to the then-current Expedited Procedures under the Commercial Arbitration Rules and Mediation Procedures of the American Arbitration Association.

20.2.4. No Representation. No approval by Lessor of any insurer, or the terms or conditions of any policy, or any coverage or amount of insurance, or any deductible amount shall be construed as a representation by Lessor of the solvency of the insurer or the sufficiency of any policy or any coverage or amount of insurance or deductible, and Lessee assumes full risk and responsibility for any inadequacy of insurance coverage or any failure of insurers.

20.2.5. Lessor Rights. If Lessee fails to take out and keep in force each insurance policy required under this Section 20, or if such insurance is not be reasonably approved by Lessor and Lessee does not rectify the situation within five (5) Business Days after written notice from Lessor to Lessee, Lessor shall have the right, without assuming any obligation in connection therewith, to purchase such insurance at the sole cost of Lessee, and all costs incurred by Lessor shall be payable to Lessor by Lessee within thirty (30) days after demand as Additional Rent and without prejudice to any other rights and remedies of Lessor under this Lease.

20.2.6. Waiver of Recovery. Notwithstanding anything to the contrary contained herein, to the extent of property insurance proceeds received (or which would have been received had Lessee carried the insurance required by this Lease) with respect to the loss, Lessee hereby waives any right of recovery against Lessor and any other party maintaining a policy of property insurance with respect to the Premises or any portion thereof, or the contents of the Premises or the Improvements for any loss or damage sustained by Lessee with respect to the Premises, the Improvements, or any portion thereof, or the contents of the same or any operation therein, whether or not such loss is caused by the fault or negligence of Lessor. Lessee shall notify Lessor if the policy of insurance carried by it does not permit the foregoing waiver.

## 21. **Indemnity And Release**

21.1. **Indemnity.** To the greatest extent allowed by Applicable Laws, unless otherwise provided

herein, Lessee and its successors and assigns shall indemnify, protect, defend and save and hold harmless Lessor and the Lessor Parties (hereinafter collectively referred to as the “**Lessor Indemnitees**”) from and against, and shall reimburse Lessor and the Lessor Parties for, any and all claims, demands, losses, damages, costs, liabilities, penalties, causes of action and expenses, including, without limitation, reasonable attorneys’ fees and expenses (collectively, “**Claims**”), incurred in any way in connection with or arising from, in whole or in part, the following: (a) any default by Lessee in the observance or performance of any of the terms, covenants or conditions of this Lease on Lessee’s part to be observed or performed; (b) the use, occupancy or manner of use or occupancy of the Premises by Lessee, any of Lessee’s Agents, or any other person or entity claiming by, through or under Lessee; (c) the conduct or management of any work or thing done in or on the Premises by Lessee, any of Lessee’s Agents, or any other person or entity claiming by, through or under Lessee; (d) the design (including actual or alleged design defects), construction (including actual or alleged construction defects), removal, financing, maintenance, or condition of any Improvements during the Term; (e) the condition of the Premises during the Term; (f) any actual or alleged acts, omissions, or negligence of Lessee or Lessee’s Agents, subtenants or invitees, in, on or about the Premises; (g) any Lessee Environmental Activity during the Term; (h) any accident or other occurrence on the Premises, from any cause whatsoever during the Term; or (i) Lessee’s operation or management of the Premises. This indemnification will also inure to the successors and assigns of the Lessor Indemnitees and will also be binding upon the successors and assigns of Lessee, and this indemnification will survive the expiration or termination of this Lease. In case any claim, action or proceeding is brought, made or initiated against a Lessor Indemnatee relating to any of the above described events, acts, omissions, occurrences, or conditions, Lessee, upon notice from Lessor or such Lessor Party, shall at its sole cost and expense, resist or defend such claim, action or proceeding by attorneys reasonably approved by Lessor or such Lessor Party. Notwithstanding the foregoing, Lessee’s indemnity obligations described herein shall not apply to the extent a Claim arises or results from Lessor’s breach of its obligations under this Lease; the gross negligence or willful misconduct of Lessor. The foregoing indemnity is specifically and expressly intended to, constitute a waiver of Lessee's immunity under Washington's Industrial Insurance Act, RCW Title 51, to the extent necessary to provide Lessor with a full and complete indemnity from claims made by Lessee and its employees, to the extent provided herein.

21.2. **Indemnification by Lessor.** To the greatest extent allowed by Applicable Laws, unless otherwise provided herein, Lessor and its successors and assigns shall indemnify, protect, defend and save and hold harmless Lessee and all of its trustees, officers, employees, directors, agents, and consultants (hereinafter collectively referred to as the “**Lessee Indemnitees**”) from and against, and shall reimburse the Lessee Indemnitees for, any and all Claims incurred in any way in connection with or arising from, in whole or in part, the following (i) any actual negligence or willful misconduct of the Lessor, its agents or employees, or others working at the direction of the Lessor or on its behalf, in, on or about the Premises, and/or (ii) any default by Lessor in the observance or performance of any of the terms, covenants or conditions of this Lease on Lessor’s part to be observed or performed. This indemnification will also inure to the successors and assigns of the Lessee Indemnitees and will also be binding upon the successors and assigns of Lessee, and this indemnification will survive the expiration or termination of this Lease. In case any claim, action or proceeding is brought, made or initiated against a Lessee Indemnatee relating to any of the above described events, acts, omissions, occurrences, or conditions, Lessor, upon notice from such Lessee Indemnatee, shall at its sole cost and expense, resist or defend such claim, action or proceeding by attorneys reasonably approved by such Lessee Indemnatee. Notwithstanding the foregoing, Lessor’s indemnity obligations described herein shall not apply to the extent a Claim arises or results from the gross negligence or willful misconduct of Lessee, its agents or employees, or others working at the direction of the Lessee at the Premises, or claims exclusively between the undersigned parties arising from the terms or regarding the interpretation of this Lease.

21.3. **Lessee’s Assumption of Risk and Waiver.** As a material part of the consideration to Lessor for entering into this Lease, except as otherwise provided herein, Lessee agrees that neither Lessor

nor any Lessor Party shall be liable to Lessee for, and Lessee expressly assumes the risk of and waives, releases and discharges Lessor and all Lessor Parties from any and all claims, damages, liabilities, costs and expenses of any kind or nature relating in any manner, directly or indirectly, in whole or in part, to the Premises or this Lease, including without limitation: (a) the performance of any public or quasi-public works on or near the Premises; (b) any loss or theft of, or damage to, any Improvements or personal property; (c) any act or omission of any person accessing the Premises pursuant to an easement or right of entry reserved under this Lease or implied by Applicable Law; and (d) any past, present or future aspect, feature, characteristic, circumstance or condition arising out of or in connection with the Premises; provided, however, that this assumption of risk and waiver and release shall not apply to the negligence or willful misconduct of Lessor, or failure by Lessor to comply with any of its obligations under this Lease, or with respect to any indemnity obligations of Lessor hereunder. Without limiting the generality of the foregoing provisions of this Section 21.3, and notwithstanding anything to the contrary elsewhere in this Lease, neither Lessee or Lessor shall under any circumstances whatsoever be liable to the other for consequential damages or interference with light or other incorporeal hereditaments. The provisions of this Section 21.3 shall survive the expiration or earlier termination of this Lease.

## 22. **Condemnation, Damage Or Destruction**

22.1. **Condemnation.** The following terms and conditions shall apply in the event of a Condemnation.

22.1.1. Total Taking. If all of the Premises or any substantial part of the Premises (as shall in the reasonable discretion of Lessee make it economically unfeasible to continue to operate the remaining portion of the Premises) shall be taken as a result of a Condemnation (“**Total Taking**”), this Lease shall terminate as of the date of taking or as of the date of final judgment, whichever is earlier. All Awards with respect to Lessee’s interests with respect to such Total Taking shall be distributed as follows: (1) first to the Leasehold Mortgagee in an amount equal to the principal, accrued interest and other amounts due and payable under the Leasehold Mortgage; and (2) the remaining balance of the Award shall be paid to the Lessor and Lessee in accordance with Section 22.1.5 below.

22.1.2. Partial Taking. Upon any Condemnation which is not a Total Taking (“**Partial Taking**”), this Lease shall terminate as to the portion of the Premises subject to the Partial Taking. This Lease shall be terminated in its entirety if (i) Lessee elects to terminate the Lease in its entirety by delivering written notice to the Lessor within thirty (30) after the property condemned is transferred to the condemning agency (whether by agreement or court order for early use and possession, final judgment, or deed), or (ii) the Premises cannot be restored to an economically viable whole capable of operation in accordance with this Lease, and capable of generating sufficient revenues to pay the indebtedness under the Leasehold Mortgage, as and when due. If this Lease is terminated in its entirety due to a Partial Taking as set forth above, the Award shall be distributed as set forth in Section 22.1.1 above. If a Partial Taking occurs, and this Lease is not terminated pursuant to and in accordance with this Section 22.1.2, this Lease shall be deemed amended, effective as of the effective date of such Condemnation, such that the definition of the “Premises” shall include only that portion of the Premises that is not subject to such Condemnation, and the Award for such Partial Taking shall be distributed to the Leasehold Mortgagee, and used to repair and restore the Premises, as set forth in Section 22.1.4 below.

22.1.3. Effect of Condemnation. No Condemnation shall, except as otherwise provided herein, operate to terminate this Lease. Unless this Lease is terminated pursuant to and in accordance with this Section 22.1, no such Condemnation shall relieve or discharge Lessee from the payment of Rent, or from the performance and observance of any of the agreements, covenants and conditions herein contained on the part of Lessee to be performed and observed.

22.1.4. Repair and Restoration. If a Partial Taking occurs, and (i) the Premises can be restored to an economically viable whole capable of operation in accordance with this Lease, and capable of generating sufficient revenues to pay the indebtedness under the Leasehold Mortgage, as and when due, and (ii) Lessee does not elect to terminate the entire Lease as provided in Section 22.1.2, then Lessee, as promptly as practicable and with all due diligence, shall cause the repair or reconstruction of or the making of Alterations to the Improvements as necessary to restore the Premises. All repairs and restoration shall be performed in accordance with the applicable provisions of this Lease. If a Partial Taking occurs and this Lease is terminated in its entirety, then Lessee must, at its sole cost and expense, undertake all work necessary to restore that portion of the Premises not condemned to the condition it was in prior to the Commencement Date of this Lease.

22.1.5. Allocation of Award. The amount of the Award due to Lessor and Lessee as a result of Condemnation shall be separately determined by the court having jurisdiction over such proceedings based on the following: Lessor shall be entitled to that portion of the Award attributable to the value of its interest in the Premises (or portion thereof subject to Condemnation, in case of a Partial Taking) subject to this Lease, as determined by the court; Lessee shall be entitled to that portion of the Award attributable to the value of Lessee's leasehold interest in the Premises (or portion thereof subject to Condemnation, in case of a Partial Taking), as determined by the court.

22.1.6. Excess Award. If the total Award made in connection with any Condemnation for Lessee's interests, and for severance damages to both Lessee's and Lessor's interests, exceeds the amount necessary to repair, restore, reconstruct, demolish and/or remove Improvements and Alterations as required under Section 22.1.4, then upon receipt by Lessor of satisfactory evidence that the work of repair, restoration, reconstruction, and/or removal of Improvements and Alterations required under Section 22.1.4 has been fully completed and paid for in accordance with the provisions of this Lease and that the last day for filing any mechanic's or materialmen's liens has passed without the filing of any, or if filed, any such lien has been released, such excess Award (which is attributable to Lessee's leasehold interest in the Premises) shall first be paid to the holders of Leasehold Mortgages as their interests may appear, and to the extent required thereunder, and second be paid to the Lessee.

22.1.7. Temporary Taking. If the whole or any part of the Premises or of Lessee's interest in this Lease shall be taken in condemnation proceedings or by any right or eminent domain for a temporary use or occupancy, the Term shall not be reduced or affected in any way and Lessee shall continue to pay in full the Rent due hereunder. Except only to the extent that Lessee is prevented from so doing pursuant to the terms of the order of the condemning authority, Lessee shall continue to perform and observe all of the other covenants, agreements, terms and provisions of this Lease as though such taking had not occurred. Lessee shall be entitled to receive the entire amount of any award made for such temporary taking whether such award is paid by way of damages, rent or otherwise, unless such period of temporary use or occupancy shall extend beyond the expiration date of the Term, in which case such award, after payment to Lessor therefrom of the estimated cost of restoration of the Premises, to the extent that any such award is intended to compensate for damage to the Premises, shall be apportioned by Lessor and Lessee as of such date of expiration in the same ratio that the part of the entire period for such compensation is made falling before the date of expiration and that part falling after, the date of expiration, bear to the entire period.

22.1.8. Participation in Settlement. Lessor and Lessee shall both have the right to participate in the settlement or compromise of any Awards.

22.2. **Damage or Destruction.** No loss or damage by fire or other cause resulting in either partial or total destruction of the Premises, the Improvements or any other property on the Premises shall, except as otherwise provided herein, operate to terminate this Lease. The following terms and conditions shall apply in the event of damage to or destruction of the Premises.

22.2.1. No Effect on Rent. Except as expressly provided herein, no such loss or damage shall affect or relieve Lessee from Lessee's obligation to pay Rent, and in no event shall Lessee be entitled to any proration or refund of Rent paid hereunder. Unless this Lease is terminated pursuant to and in accordance with this Section 22.2, no such loss or damage shall relieve or discharge Lessee from the payment of Rent, or from the performance and observance of any of the agreements, covenants and conditions herein contained on the part of Lessee to be performed and observed which are, under the circumstances at the time, capable of being performed and observed.

22.2.2. Determination of Damage. Upon the occurrence of any event of damage or destruction to the Premises or the Improvements or any portion thereof, Lessee shall promptly undertake to determine the extent of the same and the estimated cost and time to repair and restore the Improvements in accordance with the provisions of this Lease. Lessee shall notify Lessor of its estimation of such cost and time not later than one hundred twenty (120) days after the occurrence of the damage or destruction.

22.2.3. Repair and Restoration. If the Premises or the Improvements, or any portion thereof, are damaged or destroyed at any time during the Term, then Lessee, as promptly as practicable and with all due diligence (given the time required to obtain insurance proceeds and to obtain construction permits), shall either (a) cause the repair, reconstruction and replacement of the Improvements as nearly as possible given the circumstances and then-Applicable Law to their condition immediately prior to such damage or destruction and, except as otherwise approved in writing by Lessor or precluded by then-Applicable Law, to their same general appearance; or (b) remove the damaged or destroyed Improvements, unless otherwise agreed to in writing by the Lessor, restore the affected Parcel(s) to their original condition prior to the Commencement Date of this Lease, and immediately thereafter terminate this Lease as to the affected Parcel(s). Lessee shall immediately notify Lessor, in writing, whether it elected option (a) or (b) as soon as practicable under the circumstances. In the event Lessee elects option (a), then all repairs and restoration shall be performed in accordance with the provisions of Section 9, 11, and 12 of this Lease (as applicable). If Lessee chooses option (b), then upon Lessor's request Lessee shall execute any writing(s) reasonably necessary to effect the release of its rights under this Lease to the affected Parcels.

22.2.4. Insurance Proceeds. If damage to or destruction of any portion of the Premises or Improvements thereon is covered by one or more insurance policies held by Lessee, then the insurance proceeds shall be applied in the following order: (1) to repair and restore the damaged or destroyed Premises and Improvements, but only if Lessee has elected to repair or restore the same; (2) to repay all loans secured by Leasehold Mortgages, if any; and (3) to Lessee.

22.2.4.1. The provisions of Section 22.2.4 do not apply to proceeds from insurance provisions covering damages to persons or property of third parties when the damage is alleged to have a causal relationship to the Premises or any act or omission related thereto.

22.2.5. Emergency Repairs. If a casualty occurs there is a substantial possibility that immediate emergency repairs will be required to eliminate defective or dangerous conditions and to comply with Applicable Laws pending settlement of insurance claims and prior to procuring bids for performance of restoration work. Notwithstanding any provision of this Section 22.2 to the contrary, Lessee shall promptly undertake such emergency repair work after a casualty as is necessary or appropriate under the circumstances to eliminate defective or dangerous conditions and to comply with Applicable Laws.

## 23. **Assignment**

23.1. Consent Required. Except as provided in Section 23.7 of this Lease, Lessee shall have the right to sell, assign, encumber, pledge or otherwise transfer all of its interests in or rights with respect to any Parcel of the Premises (herein referred to as a "**Transfer**") without the prior written consent of Lessor

so long as Lessee and said transferee(s) are in compliance with Sections 23.2 through 23.5 of this Lease, and Lessee provides Lessor with advance notice of the Transfer. Any sale or other transfer permitted under Section 23.6 of this Lease shall not be deemed a Transfer hereunder.

23.2. Conditions of Transfer.

23.2.1. No Event of Default shall have occurred and remain uncured under this Lease;

23.2.2. Lessee shall have complied with all provisions of this Section 23, including Section 23.5;

23.2.3. The use by the transferee of the Parcel of the Premises to be assigned shall comply with the provisions of this Lease and shall not materially increase the risk of an Environmental Claim arising from any Lessee Environmental Activity to be conducted by the transferee at the Premises;

23.2.4. The proposed transferee shall be experienced with operating similar facilities (or development of similar facilities if the transferee is to develop the parcel being assigned).;

23.2.5. The proposed transferee shall not have filed a petition in bankruptcy, insolvency, reorganization, readjustment of debt, dissolution or liquidation under any law or statute of any government or any subdivision within five (5) years prior to the date of the proposed Transfer;

23.2.6. No civil or administrative judgments involving fraud or dishonesty, or criminal convictions of any kind, have been entered against the proposed transferee or its key people; and the proposed transferee does not pose a material risk of reputational damage or negative publicity to Lessor;

23.2.7. The proposed transferee shall not have been the subject of any default proceedings instituted by Lessor as landlord of property leased by the proposed transferee;

23.2.8. The proposed transferee shall be capable financially of performing Lessee's obligations under this Lease and all other obligations relating to the Premises being transferred.

23.3. Assumption in Writing. Upon any Transfer, and for any Transfer to be valid, Lessee shall deliver to Lessor a fully executed copy of the assignment instrument, pursuant to which the proposed transferee shall unconditionally assume and agree to perform and observe all covenants and conditions to be performed and observed by Lessee under this Lease, including but not limited to Lessor's rights identified in Section 38 and the requirements that (a) Lessee's use of the Ice Complex Premises be restricted to the uses identified in this Lease, and (b) Lessee's net revenue from the Commercial Premises shall be restricted to being used only in connection with operating, maintaining, and completing capital improvements to the Ice Complex Premises and programming consistent with the terms of this Lease, whether arising before or after the date of the assignment. The transferee shall specifically assume liability for the pre-existing physical condition of the portion of the Premises transferred, including the obligation to remediate the same from the effects of any Lessee Environmental Activity occurring prior to the assignment of this Lease, but not any other liabilities arising prior to the date of the Transfer. Any Transfer or attempted Transfer that fails to comply with this Section 23 shall be void and, at the option of Lessor, shall constitute an Event of Default. A Transfer shall relieve Lessee from liability under this Lease for the specific portion of the Premises assigned to the transferee, but only if the Transfer was completed in accordance with the express terms of this Section 23.

23.4. Entire Interest. Lessee may Transfer its entire leasehold interest in any one of the three (3) Parcels under this Lease separate from the other Parcels, but Lessee is not entitled to Transfer (a) less than

all of its interest to a Parcel or (b) its title to any Improvements on a Parcel separately from all of its other interests in the same Parcel under this Lease.

23.4.1. In the event Lessee Transfers its interest under this Lease concerning the Ice Complex Premises, but does not Transfer the Commercial Premises to the same transferee, then Lessee (or, if applicable, prior and subsequent Commercial Premises transferees) shall continue to remit net revenues received from the Commercial Parcels to the Ice Complex Premises transferee for Operation Expenses, Maintenance Expenses, and CapEx Expenses of the Ice Complex Premises through the remaining duration of the Term.

23.4.2. In the event Lessee transfers its interests under this Lease concerning one or both of the Commercial Premises separate from the Ice Complex Premises, then the Transfer shall be void unless the terms of the assignment require such Commercial Premises transferees, through the remaining duration of this Lease, to remit to Lessee (or, if applicable, the prior or subsequent Ice Complex Premises transferee) that portion of the net revenue the transferees receive from said Commercial Premises that is equal to the fair market rent value of the Commercial Premises being assigned. Lessee (or the prior or subsequent Ice Complex Premises transferee) shall use such remitted funds for Operation Expenses, Maintenance Expenses, and CapEx Expenses of the Ice Complex Premises through the remaining duration of this Lease.

23.5. Financial Information. In connection with an assignment of this Lease other than transfers pursuant to Section 23.6, Lessee shall provide Lessor with reasonable current financial information for such assignee, which may include financial statements certified, reviewed or compiled by a certified public accountant, if available, or, in the absence thereof, a current (most recently available) balance sheet and current (most recently available) income statement certified by an officer of the assignee, reasonable evidence showing the assignee's established access to capital, or other current financial information, as may be appropriate.

23.6. Permitted Transfers. Notwithstanding anything in this Lease to the contrary, Lessee shall have the right to assign no less than all of its interests in one or more Parcels (inclusive of improvements made thereon) under this Lease without Lessor approval, but with written notice to Lessor, prior to the issuance of a final certificate of occupancy for the Youth Ice Rink and thereafter (a) to one or more Affiliates of Lessee (for purposes of this Lease, an "Affiliate" shall mean any entity which is controlled by, under common control with, or controlling Lessee) or to any joint venture entity of which Lessee or an Affiliate of Lessee is a part; (b) in connection with a sale or other transfer of more than 50% of the voting stock or ownership interest of the Lessee entity to one or more new owners holding more than 50% interest, (c) to a lender or creditor, including a Permitted Leasehold Mortgagee, for security or collateral purposes, or (d) in connection with any merger, corporate reorganization or other corporate restructuring. In connection with any assignment (except for an assignment pursuant to clause (ii) in the preceding sentence), the assignee shall assume, in writing, the obligations of Lessee under the Lease with respect to the Parcels (including improvements thereon) assigned, which obligations accrue on and after the date of the assignment.

23.7. No Transfer Prior to issuance of Certificate of Occupancy for the Improvements. Lessee shall have no right to make any Transfer of its interests in the Ice Complex Premises prior to issuance of a final certificate of occupancy for the Ice Complex Premises Improvements (except with respect to a Permitted Transfer). Any attempted Transfer prior to issuance of a final certificate of occupancy for said improvements without the prior written consent of Lessor, which consent may be withheld by Lessor in its sole and absolute discretion, shall be void and shall constitute a breach of this Lease.

23.8. Subletting.

23.8.1. Subleases Authorized. Lessee shall be entitled to enter into one or more subleases to sublease space within the Ice Complex Premises and all or any portion of the Commercial Premises to third parties (each, a “**Subtenant**”) without Lessor’s prior consent or approval, so long as (a) Lessee complies with the terms of this Section, (b) the sublease otherwise complies with the terms of this Lease, (c) Lessee receives fair market monetary rent for the sublease, and (d) Lessee’s net revenues from the sublease are used only for Operating Expenses, Maintenance Expenses, and CapEx Expenses of the Ice Complex Premises and programming to make the Ice Complex Premises available to economically disadvantaged persons at free or reduced rates,

23.8.2. Lessor Rights and Obligations as to Subleases. In the event Lessor elects to terminate the Lease due to a Default by Lessee, any Sublease shall automatically become a direct lease between Lessor and the Subtenant, subject to all terms and conditions of such Sublease and the terms of this Lease as properly applicable to such Subtenant, without further action by any party.

23.8.3. Lessee Request for Direct Lease. Lessee may request Lessor to directly lease with a third-party tenant identified by Lessee for use of any one of the entire Commercial Parcels. Upon receiving such a request, Lessor may, exercising its sole discretion, elect to directly lease said Commercial Parcel to the third-party. In the event Lessor agrees to directly lease one or more Commercial Parcels to a third-party tenant, then:

23.8.3.1. The lease between Lessor and said third-party tenant must: (a) require the third-party tenant to pay rent in an amount no less than fair market value; and (b) require the third-party tenant to pay said rent directly to Lessor (or the prior or subsequent Ice Complex Premises transferee, as applicable).

23.8.3.2. Lessee (or, if applicable, the prior or subsequent Ice Complex Premises transferee) and Lessor shall execute an agreement (a) terminating Lessee’s leasehold rights to the entire Commercial Parcel leased to the third-party tenant; and (b) obligating Lessee to use rent payments received from the third-party tenant only as identified in Section 12.4 of this Lease and provide the reporting required by Section 12.4.1.

23.9. Paramount Title of Lessor. Notwithstanding any provision of this Lease, and notwithstanding any consent or approval which Lessor may give to any assignment, sublease, encumbrance or other transfer, all such interests shall be subordinate to Lessor's paramount fee simple title to the Premises, and all such interests shall be subject to extinguishment by Lessor's exercise of any termination rights accorded to Lessor under this Lease or expiration of this Lease.

24. **[Reserved]**

25. **Leasehold Mortgages**

25.1. **Leasehold Mortgage.**

25.1.1. Right to Encumber. Notwithstanding the provisions of Section 23 regarding Transfers of this Lease, but subject to the provisions of this Section 25, Lessee shall have the right at any time and from time to time to encumber Lessee’s interest in any parcel of the Sullivan Property subject to this Lease by one or more mortgages, deeds of trust or other security instruments (any such mortgage, deed of trust, or other security instrument that satisfies the requirements of this Section 25 being herein referred to as a “**Leasehold Mortgage**”) to secure repayment of loans made to Lessee for the purpose of financing

the construction of any Improvements made pursuant to the terms of this Lease or for the long-term financing of any such Improvements, provided that the indebtedness secured by a Leasehold Mortgage shall be payable over not more than the remaining portion of the Term. Copies of all such documents evidencing and/or securing the Leasehold Mortgage shall be provided to Lessor.

25.1.2. No Subordination of Fee. In no event shall Lessor's fee interest in the Sullivan Property be subject or subordinate to any lien or encumbrance of any mortgage, deed of trust or other security instrument.

**25.2. Notice to Lessor.**

25.2.1. Required Notice. Each time Lessee enters into a Leasehold Mortgage, Lessee shall require the holder of such Leasehold Mortgage to provide Lessor with notice of such Leasehold Mortgage, together with a true copy of such Leasehold Mortgage and the name and address of the Leasehold Mortgagee. The provisions of this Section 25 shall apply in respect to such Leasehold Mortgage. In the event of any assignment of a Leasehold Mortgage or in the event of a change of address of a Leasehold Mortgagee or of an assignee of such Leasehold Mortgagee, notice of the new name and address shall be provided to Lessor. Lessee shall thereafter with reasonable promptness also provide Lessor from time to time with a copy of each material amendment, modification or supplement to such instruments.

25.3. **Protection of Leasehold Mortgagees**. If Lessee shall mortgage Lessee's interest under this Lease in compliance with the provisions of Sections 25.1 and 25.2, then so long as any such Leasehold Mortgage shall remain unsatisfied of record, the following provisions shall apply:

25.3.1. Consent. No cancellation, surrender or modification of this Lease shall be effective as to any Leasehold Mortgagee unless consented to in writing by such Leasehold Mortgagee.

25.3.2. Notice of Default. Lessor, upon providing Lessee any notice of (a) any default under this Lease, (b) a termination of this Lease, or (c) a matter on which Lessor may predicate or claim a default, shall at the same time provide a copy of such notice to every Leasehold Mortgagee of which Lessor has been provided notice in accordance with Section 25.2 hereof. Lessor shall have no liability for the failure to give any such notice, except that no such notice by Lessor to Lessee shall be deemed to have been duly given unless and until a copy thereof has been so provided to every Leasehold Mortgagee of which Lessor has been provided notice in accordance with Section 25.2 hereof. From and after such notice has been given to a Leasehold Mortgagee, such Leasehold Mortgagee shall have the same period, after the giving of such notice upon it, for remedying any default or acts or omissions which are the subject matter of such notice, or causing the same to be remedied, as is given Lessee after the giving of such notice to Lessee, plus in each instance, the additional periods of time specified in Sections 25.3 and 25.4 hereof to remedy, commence remedying or cause to be remedied, the defaults or acts or omissions which are specified in such notice. Lessor shall accept such performance by or at the instigation of such Leasehold Mortgagee as if the same had been done by Lessee. Lessee authorizes each Leasehold Mortgagee to take any such action at such Leasehold Mortgagee's option and does hereby authorize entry upon the Premises by the Leasehold Mortgagee for such purpose.

25.3.3. Second Notice to Leasehold Mortgagee. Anything contained in this Lease to the contrary notwithstanding, if any Event of Default shall occur which entitles Lessor to terminate this Lease, Lessor shall have no right to terminate this Lease unless, following the expiration of the period of time given Lessee to cure such Event of Default or the act or omission which gave rise to such Event of Default, Lessor shall notify every Leasehold Mortgagee of Lessor's intent to so terminate at least one hundred eighty (180) days in advance of the proposed effective date of such termination. The provisions of Section 25.4 hereof shall apply only if, during such one hundred eighty (180) day termination notice period, any

Leasehold Mortgagee shall:

25.3.3.1. Notify Lessor of such Leasehold Mortgagee's desire to nullify such Notice; and

25.3.3.2. Pay or cause to be paid all Rent and other payments (i) then due and in arrears as specified in the termination notice to such Leasehold Mortgagee and (ii) any of the same which become due during such one hundred eighty (180) day period as and when they become due; and

25.3.3.3. Comply or in good faith, with reasonable diligence and continuity, commence to comply with all non-monetary requirements of this Lease then in default and reasonably susceptible of being complied with by such Leasehold Mortgagee; provided, however, that such Leasehold Mortgagee shall not be required during such one hundred eighty (180) day period to cure or commence to cure any Event of Default consisting of (i) Lessee's failure to satisfy and discharge any lien, charge or encumbrance against Lessee's interest in this Lease or the Premises junior in priority to the lien of the mortgage held by such Leasehold Mortgagee, or (ii) past non-monetary obligations then in default and not reasonably susceptible of being cured by such Leasehold Mortgagee, such as, by way of example only, the bankruptcy of Lessee or a court-ordered stay or injunction. If such Leasehold Mortgagee has not completed the cure within three hundred sixty five (365) days after the later to occur of (A) the receipt of Lessor's termination notice or (B) three hundred sixty five (365) days after the date that any court with jurisdiction over Lessee or the Premises releases any stay, order or injunction, Lessor shall have the right to terminate this Lease upon written notice to Lessee and such Leasehold Mortgagee.

25.3.3.4. If more than one Leasehold Mortgagee notifies Lessor of such Leasehold Mortgagee's desire to nullify such notice, the Leasehold Mortgagee whose Leasehold Mortgage is prior in lien shall have the right to nullify such notice and Lessor without liability to Lessee or any Leasehold Mortgage with a subordinate lien shall accept the cure tendered by the Leasehold Mortgagee whose Leasehold Mortgage is prior in lien.

#### 25.4. Procedure on Default.

25.4.1. Cure of Default. If Lessor shall elect to terminate this Lease by reason of any Event of Default, and a Leasehold Mortgagee shall have proceeded in the manner provided for by Section 25.3.3, this Lease shall not be deemed terminated so long as such Leasehold Mortgagee shall:

25.4.1.1. Pay or cause to be paid the Rent and other monetary obligations of Lessee under this Lease as the same become due, and continue its good faith efforts to perform all of Lessee's other obligations under this Lease excepting (A) obligations of Lessee to satisfy or otherwise discharge any lien, charge or encumbrance against Lessee's interest in this Lease or the Leasehold Estate junior in priority to the lien of the Leasehold Mortgage held by such Leasehold Mortgagee, and (B) past non-monetary obligations then in default and not reasonably susceptible of being cured by such Leasehold Mortgagee, such as, by way of example only, the bankruptcy of Lessee; and

25.4.1.2. If not enjoined or stayed, take steps to acquire or sell Lessee's interest in this Lease by foreclosure of the Leasehold Mortgage or other appropriate means and prosecute the same with due diligence within the time period described in Section 25.3.3.3. Nothing in this Section 25.4, however, shall be construed to extend this Lease beyond the original Term hereof, nor to require a Leasehold Mortgagee to continue such foreclosure proceedings after the Event of Default has been cured. If the Event of Default shall be cured and the Leasehold Mortgagee shall discontinue such foreclosure proceedings, this Lease shall continue in full force and effect as if Lessee had not defaulted under this Lease.

25.4.2. Lease Remains in Effect. If a Leasehold Mortgagee is complying with Section 25.4, upon the acquisition of the Leasehold Estate herein by such Leasehold Mortgagee or its designee or any other purchaser at a foreclosure sale or otherwise and the discharge of any lien, charge or encumbrance against Lessee's interest in this Lease or the Premises which is junior in priority to the lien of the Leasehold Mortgage held by such Leasehold Mortgagee and which Lessee is obligated to satisfy and discharge by reason of the terms of this Lease, this Lease shall continue in full force and effect as if Lessee had not defaulted under this Lease.

25.4.3. Assumption of Lease. The making of a Leasehold Mortgage shall not be deemed to constitute an assignment or transfer of Lessee's interest under this Lease or the leasehold estate hereby created, nor shall any Leasehold Mortgagee, as such, be deemed to be an assignee or transferee of Lessee's interest under this Lease or of the leasehold estate hereby created so as to require such Leasehold Mortgagee, as such, to assume the performance of any of the terms, covenants or conditions on the part of Lessee to be performed hereunder. Notwithstanding the foregoing, the purchaser at any sale of Lessee's interest under this Lease and of the leasehold estate hereby created in any proceedings for the foreclosure of any Leasehold Mortgage, or the assignee or transferee of the Lessee's rights under this Lease and of the leasehold estate hereby created under any instrument of assignment or transfer in lieu of the foreclosure of any Leasehold Mortgage, including, without limitation, a Leasehold Mortgagee, shall be deemed to be an assignee or transferee within the meaning of this Section 25.4 and shall be deemed to have agreed to perform all of the terms, covenants and conditions on the part of Lessee to be performed hereunder from and after the date of such purchase and assignment only for as long as such purchaser or assignee is the holder of this leasehold estate.

25.5. **New Lease**. In the event of the termination of this Lease as a result of an Event of Default that has not been cured by either Lessee or the Leasehold Mortgagee, Lessor shall promptly, within a reasonable time, provide each Leasehold Mortgagee with written notice that the Lease has been terminated (the "**New Lease Notice**"), together with a statement of all sums which would at that time be due under this Lease but for such termination and of all other defaults, if any, then known to Lessor. Lessor agrees to enter into a new lease (the "**New Lease**") of the Premises with such Leasehold Mortgagee or its affiliated designee for the remainder of the Term of this Lease, effective as of the date of termination, at the same Rent and upon the terms, covenants and conditions of this Lease; provided:

25.5.1. Such Leasehold Mortgagee shall make written request upon Lessor for such New Lease within sixty (60) days after the date such Leasehold Mortgagee receives Lessor's New Lease Notice given pursuant to this Section 25.5.

25.5.2. Such Leasehold Mortgagee or such affiliated designee shall agree to remedy any of Lessee's defaults of which such Leasehold Mortgagee was notified by Lessor's New Lease Notice and which are reasonably capable of being so cured by Leasehold Mortgagee or such designee.

25.5.3. Any New Lease made pursuant to this Section 25.5 shall have the same priority with respect to any mortgage or other lien, charge or encumbrance on the Premises as this Lease, and the tenant under such New Lease shall have the same right, title and interest in and to the Premises and the Improvements as Lessee had under this Lease as of the date of the New Lease.

25.6. **Conflicting Priorities**. If more than one Leasehold Mortgagee shall seek to nullify a notice in accordance with Section 25.3.3.3 above or request a New Lease pursuant to Section 25.5, the Leasehold Mortgagee whose Leasehold Mortgage is prior in lien, or with the designee of such Leasehold Mortgagee, shall have the right to nullify such notice or obtain such New Lease. Lessor, without liability to Lessee or any Leasehold Mortgagee with an adverse claim, may rely upon a mortgagee title insurance policy issued by a responsible title insurance company doing business in the state where the Premises is located as the

basis for determining the appropriate Leasehold Mortgagee who is entitled to nullify such notice or obtain the New Lease.

25.7. **Certain Defaults.** Nothing herein contained shall require any Leasehold Mortgagee or its designee as a condition to its exercise of rights hereunder to cure any Event of Default which by its terms is not reasonably susceptible of being cured by such Leasehold Mortgagee or such designee in order to comply with the provisions of Sections 25.3 or 25.4. The financial condition of any Leasehold Mortgagee or successor to Lessee's interest under this Lease or a new lease entered into pursuant to Section 25.5 shall not be a consideration in the determination of the reasonable susceptibility of cure of such Event of Default. No Event of Default, the cure of which, and no obligation of Lessee, the performance of which, requires possession of the Premises shall be deemed reasonably susceptible of cure or performance by any Leasehold Mortgagee or successor to Lessee's interest under this Lease not in possession of the Premises, provided such holder is complying with the requirements described in Section 25.4.1 hereof and, upon obtaining possession, promptly proceeds to cure any such Event of Default then reasonably susceptible of cure by such Leasehold Mortgagee or successor. No Leasehold Mortgagee shall be required to cure the bankruptcy, insolvency or any related or similar condition of Lessee.

25.8. **Eminent Domain.** Lessee's share, as provided in Section 22 of this Lease, of the proceeds arising from an exercise of the power of eminent domain shall be disposed of as provided for by any Leasehold Mortgage.

25.9. **Insurance.** A standard mortgagee clause naming each Leasehold Mortgagee as "loss payee" shall be added to any and all insurance policies required to be carried by Lessee hereunder. Any such insurance proceeds shall be disposed of as provided for by any Leasehold Mortgage.

25.10. **Legal Proceedings.** Lessor shall give each Leasehold Mortgagee of which Lessor has written notice prompt notice of any dispute resolution or legal proceedings between Lessor and Lessee involving obligations under this Lease. Each such Leasehold Mortgagee shall have the right to intervene, within sixty (60) days after receipt of such notice of dispute resolution or legal proceedings, in any such proceedings and be made a party to such proceedings, and the parties hereto do hereby consent to such intervention. Any intervening Leasehold Mortgagee shall be bound by the outcome of such proceedings. In the event that any Leasehold Mortgagee shall not elect to intervene or become a party to any such proceedings, Lessor shall give the Leasehold Mortgagee notice of, and a copy of any award or decision made in any such proceedings, which shall be binding on all Leasehold Mortgagees not intervening after receipt of Notice of such proceedings.

25.11. **No Merger.** So long as any Leasehold Mortgage is in existence, unless all Leasehold Mortgagees shall otherwise expressly consent in writing, the fee title to the Premises and the leasehold estate of Lessee therein created by this Lease shall not merge but shall remain separate and distinct, notwithstanding the acquisition of said fee title and said leasehold estate by Lessor or by Lessee or by a third party, by purchase or otherwise.

25.12. **Notices.** Notices from Lessor to the Leasehold Mortgagee shall be mailed to the address furnished Lessor pursuant to Section 25.2 and those from the Leasehold Mortgagee to Lessor shall be mailed to the address designated pursuant to the provisions of Section 33 hereof, as the same may be amended from time to time. All notices from any Leasehold Mortgagee or Lessor shall be given in the manner described in Section 33 and shall in all respects be governed by the provisions of that section.

25.13. **Erroneous Payments.** No payment made to Lessor by a Leasehold Mortgagee shall constitute agreement that such payment was, in fact, due under the terms of this Lease; and any Leasehold Mortgagee having made any payment to Lessor pursuant to Lessor's wrongful, improper or mistaken notice

or demand shall be entitled to the return of any such payment or portion thereof provided the Leasehold Mortgagee shall have made demand therefor not later than twelve (12) months after the date of its payment.

25.14. **Bankruptcy.** In the event of any proceeding by either Lessor or Lessee under the United States Bankruptcy Code (Title 11 U.S.C.) as now or hereafter in effect:

25.14.1. Rejection of Lease by Lessee. If this Lease is rejected in connection with a bankruptcy proceeding by Lessee or a trustee in bankruptcy for Lessee, such rejection shall be deemed an assignment by Lessee to the Leasehold Mortgagee (or if there is more than one Leasehold Mortgagee, to the one highest in priority) of the leasehold estate and all of Lessee's interest under this Lease, in the nature of an assignment in lieu of foreclosure, and this Lease shall not terminate, unless such Leasehold Mortgagee shall reject such deemed assignment by notice in writing to Lessor within thirty (30) days following the later of (i) rejection of the Lease by Lessee or Lessee's trustee in bankruptcy or (ii) approval of such rejection by the bankruptcy court. If any court of competent jurisdiction shall determine that this Lease shall have been terminated notwithstanding the terms of the preceding sentence as a result of rejection by Lessee or the trustee in connection with any such proceeding, the rights of any Leasehold Mortgagee to a new lease from Lessor pursuant to Section 26.5 hereof shall not be affected thereby.

25.14.2. Termination of Lease by Lessor. If this Lease is rejected or otherwise terminated in connection with a bankruptcy proceeding by Lessor or by Lessor's trustee in bankruptcy:

25.14.2.1. Lessee shall not have the right to treat this Lease as terminated except with the prior written consent of all Leasehold Mortgagees and the right to treat this Lease as terminated in such event shall be deemed assigned to each and every Leasehold Mortgagee, whether or not specifically set forth in any such Leasehold Mortgage, so that the concurrence in writing of Lessee and each Leasehold Mortgagee shall be required as a condition to treating this Lease as terminated in connection with such proceeding.

25.14.2.2. Unless this Lease is treated as terminated in accordance with Section 25.14.2.1, this Lease shall continue in effect upon all the terms and conditions set forth herein, including Rent, but excluding requirements that are not then applicable or pertinent to the remainder of the Term. The lien of any Leasehold Mortgage then in effect shall extend to the continuing possessory rights of Lessee following such rejection or other termination with the same priority as it would have enjoyed had such rejection or other termination not taken place.

25.14.3. If, in any bankruptcy or similar proceeding in which Lessor is the debtor, the Premises are sold or proposed to be sold free and clear of the interests of Lessee under this Lease, each of Lessee and any Leasehold Mortgagee shall be entitled to: (i) receive prior written notice of such proposed sale not less than ten (10) Business Days prior to the earliest date such sale or proposed sale is to or could occur; (ii) contest such sale or proposed sale; and (iii) petition for and receive adequate protection of their respective interests under this Lease, it being acknowledged and agreed that monetary damages are not, and will not be, adequate protection thereof.

25.15. **Rights Against Lessee.** The rights of a Leasehold Mortgagee hereunder shall not diminish any right or claim of Lessor against Lessee for damages or other monetary relief under this Lease; provided, however, such rights and claims of Lessor against Lessee shall, subject to the terms of this Lease, be subordinated to Leasehold Mortgagee's rights and claims against Lessee under the Leasehold Mortgage.

25.16. **Lease Amendments or Recognition Agreement Requested by Leasehold Mortgagee.** In the event a Leasehold Mortgagee desires amendments to this Section 25 or desires to enter into a recognition agreement with Lessor, then Lessor agrees to negotiate in good faith any commercially

reasonable amendment or recognition agreement; provided that the form and content of such amendment or recognition agreement is not unreasonable and that such proposed amendment or recognition agreement does not reduce the Rent hereunder or otherwise adversely affect the rights of Lessor hereunder or its interest in the Premises, as determined by Lessor in its reasonable discretion. All reasonable expenses incurred by Lessor in connection with any such amendment or recognition agreement shall be paid by Lessee.

#### **25.17. Lessor Purchase Right in the Event of Foreclosure.**

In the event a Leasehold Mortgagee desires to transfer the leasehold interest in the Premises by foreclosure sale, accept a deed in lieu of foreclosure, or acquire Lessee's interest in this Lease by other means, the Leasehold Mortgagee shall provide Lessor no less than thirty (30) days prior written notice of its intention to exercise such right and Lessor shall have the right exercisable within thirty (30) days after receipt of such written notice to elect to acquire the entire interest in the loan and the Leasehold Mortgage for a price equal to the outstanding unpaid balance of principal and interest and premium, if any, of the indebtedness secured by the Leasehold Mortgage, sum of the outstanding unpaid balance of the indebtedness secured by the Leasehold Mortgage, together with any other amounts due and unpaid under the Leasehold Mortgage. The Closing shall occur within thirty (30) days after the date of the election through escrow at a title company selected by Lessor and reasonably acceptable to Leasehold Mortgagee. At the Closing, Lessor shall deliver to the Leasehold Mortgagee through escrow the purchase price equal to the outstanding unpaid balance of principal and interest and premium, if any, of the indebtedness secured by the Leasehold Mortgage, and Leasehold Mortgagee shall assign to Lessor all of its right, title and interest in the loan and the Leasehold Mortgage pursuant to documentation reasonably satisfactory to Lessor and the Leasehold Mortgagee. If Lessor fails to deliver into escrow the required funds with said thirty (30) day period with instructions to deliver said funds to Leasehold Mortgagee conditioned only upon receipt of the documentation necessary to enable the title company to insure Lessor as the sole beneficiary of the Leasehold Mortgage, the Leasehold Mortgagee shall be entitled to pursue its rights to acquire or transfer the leasehold estate pursuant to this Lease and the Leasehold Mortgage. If Lessor delivers said funds as required herein, the Leasehold Mortgagee's rights under this Lease and the Leasehold Mortgage shall terminate and be of no further force and effect.

#### **26. Events of Default and Remedies**

**26.1. Events of Default.** The occurrence of any of the following shall be an "Event of Default" on the part of Lessee hereunder:

26.1.1. Failure to pay Rent or any other sums of money that Lessee is required to pay hereunder at the times or in the manner herein provided, when such failure shall continue for a period of fifteen (15) Business Days after written notice thereof from Lessor to Lessee. No such notice shall be deemed a forfeiture or a termination of this Lease.

26.1.2. Failure to perform any nonmonetary provision of this Lease when, except in the case of any provision which by its terms provides for no grace period, such failure shall continue for a period of thirty (30) days, or such other period as is expressly set forth herein, after written notice thereof from Lessor to Lessee; provided that if the nature of the default is such that more than thirty (30) days are reasonably required for its cure, then an Event of Default shall not be deemed to have occurred if Lessee shall commence such cure within said thirty (30) day period and thereafter diligently and continuously prosecute such cure to completion. No such notice shall be deemed a forfeiture or a termination of this Lease unless Lessor expressly so elects in such notice.

26.1.3. The abandonment of the Premises by reason of a course of conduct by Lessee that

reasonably evidences an interest to permanently relinquish its rights under this Lease.

26.1.4. Lessee shall admit in writing its inability to pay its debts generally as they become due, file a petition in bankruptcy, insolvency, reorganization, readjustment of debt, dissolution or liquidation under any law or statute of any government or any subdivision thereof either now or hereafter in effect, make an assignment for the benefit of its creditors, consent to or acquiesce in the appointment of a receiver of itself or of the whole or any substantial part of the Premises.

26.1.5. A court of competent jurisdiction shall enter an order, judgment or decree appointing a receiver of Lessee or of the whole or any substantial part of the Premises and such order, judgment or decree shall not be vacated, set aside or stayed within sixty (60) days after the date of entry of such order, judgment, or decree, or a stay thereof shall be thereafter set aside and the receivership not thereafter vacated or set aside within sixty (60) days of the set aside of the stay.

26.1.6. A court of competent jurisdiction shall enter an order, judgment or decree approving a petition filed against Lessee under any bankruptcy, insolvency, reorganization, readjustment of debt, dissolution or liquidation law or statute of the Federal government or any state government or any subdivision of either now or hereafter in effect, and such order, judgment or decree shall not be vacated, set aside or stayed within sixty (60) days from the date of entry of such order, judgment or decree, or a stay thereof shall be thereafter set aside.

26.2. **Lessor's Remedies.** Upon the occurrence of an Event of Default, Lessor shall have the following rights and remedies, subject to the rights of a Leasehold Mortgagee as set forth in Section 25 above:

26.2.1. The right to terminate this Lease subject to Section 26.2.1.1 below, in which event Lessee shall immediately surrender possession of the Premises in accordance with Section 28. In the event Lessee fails to surrender possession, Lessor shall have the right to terminate Lessee's right to possession by any lawful means. In such event Lessor shall be entitled to recover from Lessee all damages incurred by Lessor by reason of Lessee's default, including without limitation thereto, the following: (i) the worth at the time of award of any unpaid Rent that had been earned at the time of such termination; plus (ii) the worth at the time of award of the amount by which the unpaid Rent that would have been earned after termination until the time of award exceeds the amount of such rental loss that Lessee proves could have been reasonably avoided; plus (iii) the worth at the time of award of the amount by which the unpaid Rent for the balance of the Term after the time of award exceeds the amount of such rental loss that Lessee proves could be reasonably avoided; plus (iv) any other amount necessary to compensate Lessor for all damages directly caused by Lessee's failure to perform its obligations under this Lease or which in the ordinary course of events would be likely to result therefrom, including, without limitation, (A) any direct costs or expenses incurred by Lessor in recovering possession of the Premises and maintaining or preserving the Premises after such default and (B) such amounts in addition to or in lieu of the foregoing as may be permitted from time to time by Applicable Law to the extent that such payment would not result in a duplicative recovery. As used in (i) above, the "worth at the time of award" is computed by allowing interest at the Interest Rate.

26.2.1.1. In the event Lessor terminates this Lease for a default other than Lessee's violation of Sections 9.1, 11.1.2, 11.1.4.1, 12.2, 12.4, or 38.1 of this Lease or for making a transfer in violation of Section 23 of this Lease, then Lessor shall assume the debt existing on the termination date that was (a) incurred by Lessee to complete Leasehold Improvements, and (b) recorded against the title to said Leasehold Improvements and/or the Premises. Otherwise, Lessee shall be responsible for all such debt and cause such debt to be removed as a charge against the Leasehold Improvements and Premises.

26.2.2. The right to maintain this Lease in full force and effect and recover the Rent, and other monetary charges as they become due, without terminating Lessee's right to possession irrespective of whether Lessee shall have abandoned the Premises. In the event Lessor elects not to terminate this Lease, Lessor shall use commercially reasonable efforts to relet the Premises at such rent and upon such conditions and for such a term, and to do all acts necessary to maintain or preserve the Premises as Lessor deems reasonable and necessary without being deemed to have elected to terminate this Lease, including removal of all persons and property from the Premises. Such property may be removed and stored in a public warehouse or elsewhere at the cost of and for the account of Lessee. If Lessor relets the Premises or any portion thereof, such reletting shall not relieve Lessee of any obligation hereunder, except that Lessor shall apply the rent or other proceeds actually collected by it as a result of such reletting against any amounts due from Lessee hereunder, less any expenses incurred by Lessor in collecting such rents and arranging for or providing such services or fulfilling such obligations.

26.2.3. The right and power, as attorney-in-fact for Lessee, to enter and to sublet the Premises upon any vacancy while an Event of Default is outstanding, and Lessor is hereby authorized on behalf of Lessee, but shall have absolutely no obligation, to provide such services and fulfill such obligations and to incur all such reasonable expenses and costs as Lessor deems necessary in connection therewith. Lessee shall be liable immediately to Lessor for all reasonable costs and expenses Lessor incurs in collecting such rents and arranging for or providing such services or fulfilling such obligations. Lessor is hereby authorized, but not obligated, to relet the Premises or any part thereof on behalf of Lessee, to incur such reasonable expenses as may be necessary to effect a relet and make said relet for such term or terms, upon such conditions and at such rental as Lessor in its sole discretion may deem proper. Lessee shall be liable immediately to Lessor for all reasonable costs Lessor incurs in reletting the Premises including, without limitation, brokers' commissions, expenses of remodeling the Premises required by the reletting, and other costs. If Lessor relets the Premises or any portion thereof, such reletting shall not relieve Lessee of any obligation hereunder, except that Lessor shall apply the rent or other proceeds actually collected by it as a result of such reletting against any amounts due from Lessee hereunder to the extent that such rent or other proceeds compensate Lessor for the nonperformance of any obligation of Lessee hereunder. Such payments by Lessee shall be due at such times as are provided elsewhere in this Lease, and Lessor need not wait until the termination of this Lease, by expiration of the Term hereof or otherwise, to recover them by legal action or in any other manner. Lessor may execute any lease made pursuant hereto in its own name, and the lessee thereunder shall be under no obligation to see to the application by Lessor of any rent or other proceeds, nor shall Lessee have any right to collect any such rent or other proceeds. Lessor shall not by any reentry or other act be deemed to have accepted any surrender by Lessee of the Premises or Lessee's interest therein, or be deemed to have otherwise terminated this Lease, or to have relieved Lessee of any obligation hereunder, unless Lessor shall have given Lessee express written notice of Lessor's election to do so as set forth herein.

26.2.4. The right to have a receiver appointed upon application by Lessor to take possession of the Premises and to collect the rents or profits therefrom and to exercise all other rights and remedies pursuant to Section 26.2.

26.2.5. The right to enjoin, and any other remedy or right now or hereafter available to a lessor against a defaulting lessee under the laws of the State of Washington or the equitable powers of its courts, and not otherwise specifically reserved herein.

26.2.6. Whether or not this Lease is terminated, the right to recover actual damages incurred by Lessor arising out of the Event of Default, or due to Lessee's failure to indemnify Lessor pursuant to Section 21.1.

26.2.7. In the event of Lessee's failure to surrender possession of the Premises as of the

Termination Date, and in addition to the remedies described in Section 28, the right to collect the Annual Rent during any holdover period in the amount of one hundred ten percent (110%) of the Fair Market Rental Value of the Premises as of the Termination Date.

26.3. **Rights Cumulative.** The various rights and remedies reserved to Lessor herein, including those not specifically described herein, shall be cumulative and shall be in addition to every other right or remedy provided for in this Lease or now or hereafter existing at law or in equity and the exercise of the rights or remedies provided for in this Lease or now or hereafter existing at law or in equity shall not preclude the simultaneous or later exercise by Lessor of any or all other rights and remedies.

26.4. **Lessor's Default.** Lessor shall be in default under this Lease if Lessor fails to cure any breach of its obligations under this Lease within thirty (30) days after receipt of written notice from Lessee specifying in reasonable detail the nature of Lessor's breach; provided, however, that if the nature of Lessor's breach is such that more than thirty (30) days are required for performance, then Lessor shall not be in default if Lessor commences the cure of such breach within such thirty (30) day period and thereafter diligently prosecutes the same to completion. Lessee shall be entitled to actual (but not consequential) damages in the event of an uncured default by Lessor, but shall not have any right to terminate this Lease as a result of any Lessor default.

## 27. **Lessor's Right to Cure Defaults**

If Lessee shall fail or neglect to do or perform any act or thing herein provided by it to be done or performed and such failure shall not be cured within any applicable grace period provided in Section 26, then Lessor shall have the right, but shall have no obligation, to pay any amounts payable by Lessee to third parties hereunder, discharge any lien, take out, pay for and maintain any insurance required under Section 21, or do or perform or cause to be done or performed any such other act or thing (entering upon the Premises for such purposes, if Lessor shall so elect), and Lessor shall not be or be held liable or in any way responsible for any loss, disturbance, inconvenience, annoyance or damage resulting to Lessee on account thereof (except to the extent of Lessor's gross negligence or willful misconduct), and Lessee shall repay to Lessor upon demand the entire cost and expense thereof. Lessor may act upon shorter notice or no notice at all if necessary in Lessor's judgment to meet an emergency situation or governmental or municipal time limitation. Lessor shall not be required to inquire into the correctness of the amount or validity of any payable or lien that may be paid by Lessor, and Lessor shall be duly protected in paying the amount of any such payable or lien claimed, and, in such event, Lessor shall also have the full authority, in Lessor's sole judgment and discretion and without prior notice to or approval by Lessee, to settle or compromise any such lien or payable. Any act or thing done by Lessor pursuant to the provisions of this Section 27 shall not be or be construed as a waiver of any default by Lessee, or as a waiver of any term, covenant, agreement or condition herein contained or of the performance thereof. Except in the case of an emergency situation or governmental or municipal time limitation, Lessor shall not exercise its rights hereunder until Lessor has given Lessee written notice of such default, and Lessee has failed to cure such default with thirty (30) days following the date of such notice from Lessor.

## 28. **Surrender of The Premises**

28.1. **Surrender.** Upon the termination of this Lease, whether at the expiration of the Term or prior thereto, Lessee shall surrender the Premises to Lessor in the condition in which the Premises is required to be maintained pursuant to the terms of this Lease, free and clear of all letting and occupancies other than any subleases Lessor has elected to recognize after such termination, and free and clear of all Liens or any other encumbrances, other than Liens Lessor has placed on the Premises.

28.2. **Extinguishment of the Lessee's Rights.** Upon the Expiration Date or earlier termination

of this Lease (excluding as a result of Lessor's exercise of the ROFR or Option to Purchase as set forth in Section 38 of this Lease) ("**Termination Date**"), all rights and interests of the Lessee in and to the Premises, and all persons whomsoever claiming by, through, or under the Lessee, shall immediately cease and terminate, and the Premises, including all improvements, engines, machinery, generators, boilers, furnaces, elevators, fire escapes, and all lifting, lighting, heating, cooling, refrigerating, air conditioning, ventilating, gas, electric and plumbing apparatus, appliances and fixtures, as well as other fixtures attached to or within the Premises, and all personal property located thereon, shall thence forward constitute and belong to and be the absolute property of the Lessor, without further act or conveyance, and without liability to make such compensation to the Lessee or to anyone whomsoever, and free and discharged from all and every lien, encumbrance, claim and charge of any character created or attempted to be created by the Lessee at any time. Lessee agrees, at the termination of this Lease, to surrender unto Lessor, the Premises, including the Improvements located thereon, in the same condition as when the construction of the Improvements were completed, only natural and normal wear and tear excepted. Upon or at any time after the Expiration Date, if requested by Lessor, Lessee shall, without charge to Lessor, promptly execute, acknowledge and deliver to Lessor a good and sufficient quitclaim deed of all of Lessee's right, title, and interest in and to the Premises, and in any contracts relating to the operation, management, maintenance or leasing of the Premises or any part thereof, and shall deliver to Lessor all such other instruments, records and documents relating to the operation, management, maintenance or leasing of the Premises or any part thereof, including but not limited to all leases, lease files, plans and specifications, records, registers, permits, and all other papers and documents which may be necessary or appropriate for the proper operation and management of the Premises. Lessee agrees to indemnify, protect, defend, and hold harmless Lessor from and against any and all losses, costs, damages, claims, liabilities and expenses arising directly or indirectly, in whole or in part, out of any obligations or liabilities incurred by Lessee prior to the Termination Date with respect to any such items so assigned to Lessor. Any contracts, agreements or other obligations of Lessee relating to the Premises not designated by Lessor and assigned by Lessee to Lessor pursuant to this Section 28 shall immediately terminate and be of no further force or effect as of the Termination Date.

28.3. **Personal Property.** Any personal property of Lessee that remains on the Premises after the Termination Date may, at the option of Lessor, be deemed to have been abandoned by Lessee and may either be retained by Lessor as its property or disposed of, without accountability and at Lessee's expense, in such manner as Lessor may determine in its sole discretion.

28.4. **Holding Over.** Lessee shall have no right to remain in possession of the Premises after the Termination Date. If Lessee remains in possession of all or any part of the Premises after the Termination Date with Lessor's prior written consent: (i) Lessee's occupancy of the Premises shall be deemed a month-to-month tenancy (not a renewal or extension of the Term), terminable by either party upon 30 days' written notice to the other; (ii) tenant shall be liable Rent and all other expenses, obligations and payments at rates in effect for the immediately preceding year of the Term of this Lease; and (iii) Lessee's occupancy of the Premises otherwise shall be subject to all applicable terms and conditions of this Lease as if the Term had not expired or this Lease had not been terminated, as the case may be. Nothing in this Section 28.4 shall be deemed or construed as a consent by Lessor to any holding over by Lessee.

29. **[Reserved]**

30. **Representations And Warranties**

30.1. **Lessee's Representations and Warranties.** Lessee hereby represents and warrants to Lessor as follows:

30.1.1. Lessee Ignite Youth Ice, LLC is a disregarded entity for federal income tax purposes and therefore is considered a tax exempt entity by virtue of Ignite Foundation being a nonprofit

organization described under Section 501(c)(3) of the federal Internal Revenue Code of 1986, as amended. Both entities referred to herein as “Lessee” are duly formed and validly existing under the laws of the State of Washington. Both entities referred to herein as “Lessee” have full limited liability power and authority to enter into and perform their obligations under this Lease and to develop, construct and operate the Premises as contemplated by this Lease.

30.1.2. Lessee has taken all necessary action to authorize the execution, delivery and performance of this Lease and this Lease constitutes the legal, valid, and binding obligation of Lessee.

30.1.3. Lessee has the right, power, legal capacity and authority to enter into and perform its obligations under this Lease and no approvals or consents of any person are required in connection with the execution and performance of this Lease. The execution and performance of this Lease will not result in or constitute any default or event that with notice or the lapse of time or both, would be a default, breach or violation of the organizational instruments governing Lessee or any agreement or any order or decree of any court or other governmental authority to which Lessee is a party or to which it is subject.

30.1.4. There are no defaults by Lessee or any circumstances which, with the giving of notice or the passage of time, would constitute a default by Lessee, under any agreement, contract, lease, loan, or other commitment to which Lessee is a party.

30.1.5. There are no claims, demands, litigation, proceedings or governmental investigations pending or threatened against Lessee.

30.1.6. The execution and delivery of the Lease, and the consummation of the transactions contemplated by the Lease do not violate any provision of law, any order, judgment or decree of any court binding on Lessee, any provision of any indenture, agreement, or other instrument to which Lessee is a party or by which Lessee is affected, and are not in conflict with, and will not result in a breach of or constitute a default under any such indenture, agreement, or other instrument or result in creating or imposing any lien, charge, or encumbrance of any nature whatsoever on the Premises.

30.2. **Lessor’s Representations and Warranties.** Lessor hereby represents and warrants to Lessee as follows:

30.2.1. Lessor is municipal corporation.

30.2.2. Lessor has taken all necessary action to authorize the execution, delivery and performance of this Lease and this Lease constitutes the legal, valid, and binding obligation of Lessor.

30.2.3. Lessor has the right, power, legal capacity and authority to enter into and perform its obligations under this Lease and no approvals or consents of any person are required in connection with the execution and performance of this Lease. The execution and performance of this Lease will not result in or constitute any default or event that with notice or the lapse of time or both, would be a default, breach or violation of the organizational instruments governing Lessor or any agreement or any order or decree of any court or other governmental authority to which Lessor is a party or to which it is subject.

30.2.4. The City is not aware of, nor has any information indicating that Spokane County (a) has used or intends to use tax revenue collected under RCW 67.28.180 or .181 et seq. to acquire, construct, operate or maintain a facility used by a professional sports franchise, or (b) has taken any other action that would prevent such tax revenues from being used to support the Lessee’s costs to operate the Spokane Valley Ice Sports Complex.

**31. No Waiver by Lessor**

No failure by Lessor to insist upon the strict performance of any term, covenant, agreement, provision, condition or limitation of this Lease or to exercise any right or remedy upon a breach thereof, and no acceptance by Lessor of full or partial rent during the continuance of any such breach, shall constitute a waiver of any such breach or of such term, covenant, agreement, provision, condition or limitation. No term, covenant, agreement, provision, condition or limitation of this Lease and no breach thereof may be waived, altered or modified except by a written instrument executed by Lessor. No waiver of any breach shall affect or alter this Lease but each and every term, covenant, agreement, provision, condition and limitation of this Lease shall continue in full force and effect with respect to any other then existing or subsequent breach.

**32. No Dedication**

This Lease shall not be, nor be deemed or construed to be, a dedication to the public of the Premises, the areas in which the Premises are located or the Improvements, or any portion thereof.

**33. Notices**

Any notice, consent or other communication required or permitted under this Lease shall be in writing and shall be delivered by hand, sent by expedited courier, sent by prepaid registered or certified mail with return receipt requested, or sent by electronic mail, and shall be deemed to have been given on the earliest of (a) receipt or refusal of receipt; (b) one (1) Business Day after delivery to an air courier for overnight expedited delivery service; (c) five (5) Business Days after the date deposited in the United States mail, registered or certified, with postage prepaid and return receipt requested (provided that such return receipt must indicate receipt at the address specified); or (d) on the day of its transmission by electronic mail if transmitted during the business hours of the place of receipt, otherwise on the next Business Day, provided that a copy of such notice, consent or other communication is also delivered pursuant to clause (b) or (c) above. All notices shall be addressed as appropriate to the addresses given in the Basic Lease Information (or to such other or further addresses as the parties may designate by notice given in accordance with this Section).

**34. Nondiscrimination**

Lessee will not discriminate in employment on the basis of race, age, creed, color, national origin, religion, sex, national origin, veteran or military status, marital status, families with children status, sexual orientation or the presences of any sensory, mental or physical disability in regard to any position for which the employee is qualified, in compliance with (a) Presidential Executive Order 11246, as amended, including the Equal Opportunity Clause contained therein; (b) Section 503 of the Rehabilitation Act of 1973, as amended, and the Vietnam Era Veterans Readjustment Act of 1974, as amended, and the Affirmative Action Clauses contained therein; (c) the Americans with Disabilities Act of 1990, as amended; and (d) all other Applicable Laws. In its selection of tenants for the Premises, Lessee shall not discriminate on the basis of race, age, creed, color, national origin, religion, sex, veteran or military status, marital status, families with children status, sexual orientation or the presence of any sensory, mental or physical disability. Lessee will not maintain facilities which are segregated on the basis of race, color, religion, or national origin in compliance with Presidential Executive Order 11246, as amended, and will comply with the Americans with Disabilities Act of 1990, as amended, regarding its programs, services, activities and employment practices.

35. **Memorandum of Lease**

This Lease shall not be recorded. However, the parties hereto shall execute and acknowledge a memorandum hereof in the form attached hereto as **Exhibit D**, which shall be recorded concurrently with the execution of this Lease.

36. **Nature of Relationship**

The relationship between Lessor and Lessee shall be solely that of landlord and tenant. Nothing contained in this Lease shall be deemed or construed to create a partnership, tenancy-in-common, joint tenancy, joint venture or co-ownership between Lessor and Lessee. Lessor shall not in any way be responsible or liable for the debts, losses, obligations or duties of Lessee with respect to the Premises or otherwise by reason of this Lease. All obligations to pay Rent, and to develop, operate, manage, maintain and repair the Premises shall be the sole responsibility of Lessee.

37. **Lessee Not a Blocked Person**

Lessee represents and warrants that neither Lessee nor any person or entity owning any direct or indirect membership interest or other equity ownership interest in Lessee is now, or ever has been, named on (or now is or ever has been acting directly or indirectly for or on behalf of any person or entity named on) the list of "Specially Designated Nationals and Blocked Persons" published by the Office of Foreign Assets Control of the United States Department of the Treasury or any similar list maintained by the United States government or any other government (any person so named, a "**Blocked Person**"). If Lessee, or any person or entity owning any direct or indirect membership interest or other equity ownership interest in Lessee, at any time becomes a Blocked Person or acts directly or indirectly for or on behalf of any Blocked Person, such event shall constitute an Event of Default under this Lease, unless, within thirty (30) days after Lessee becomes aware of such Blocked Person or aware of actions taken directly or indirectly for or on behalf of such Blocked Person, Lessee initiates and diligently pursues steps to cause such Blocked Person to be removed from owning a direct or indirect membership or other equity ownership interest in Lessee or removed from the list of "Specially Designated Nationals and Blocked Persons."

38. **ROFR and Option to Purchase [for discussion].**

38.1. **Lessor's ROFR.** For good and valuable consideration, the receipt of which is hereby confirmed, Lessee grants Lessor the exclusive and irrevocable right of first refusal to purchase ("**ROFR**"), upon the terms and conditions identified below, all of Lessee's property interests in the Premises (including the Improvements thereon). This ROFR shall terminate when either: (1) Lessor does not timely exercise the ROFR after Lessee presents Lessor with a bona fide offer from a third party to purchase all of Lessee's interests in the Premises and Lessee has transferred all of its interest in the Premises to said third party; or (2) Lessor exercises its Option to Purchase the Premises pursuant to Section 38.2 of this Lease and Lessee has transferred all of its interests in the Premises to Lessor.

38.1.1. If the Lessee receives a bona fide written offer from a third party ("**Third Party Offer**") to purchase all of Lessee's interests in the Premises, the Lessee shall promptly provide written notice of the Third Party Offer to the Lessor, including all material terms. The Lessor shall have sixty (60) days from receipt of such notice to elect, in writing, to purchase all of Lessee's interests in the Premises on the same terms and conditions as set forth in the Third Party Offer. If the Lessor does not exercise this right within the specified period, the Lessee may proceed with the transaction on terms no more favorable to the third party than those offered to the Lessor.

38.1.2. To exercise the ROFR, Lessor must provide written notice thereof to Lessee on or before 11:59 pm on the sixtieth (60<sup>th</sup>) day after Lessee provided the notice identified in Section 38.1.1.

38.2. **Lessor's Option to Purchase.** Lessee, for additional good and valuable consideration, the receipt and sufficiency of which is hereby confirmed, hereby grants to Lessor an option to purchase all of Lessee's interests in the Premises, inclusive of the Ice Complex Improvements, as provided herein (the "**Option to Purchase**").

38.2.1. **Option to Purchase Duration.** Beginning on the date that Lessee notifies Lessor that the total debt incurred to complete the Leasehold Improvements and recorded against title thereto or the Premises ("**Leasehold Improvement Debt**") is nine million four hundred thousand dollars (\$9,400,000) or less, but in no case before the later of the certificate of occupancy being issued for the Ice Complex Premises or the end of the 5<sup>th</sup> full year following Commencement Date of this Lease, Lessor shall have the right and option to purchase Lessee's right, title, and interest in and to the Premises, including the Ice Complex Improvements thereon. Thereafter, Lessor has seven hundred thirty (730) days to exercise and close its Option to Purchase ("**Purchase Option Expiration Date**"). The Option to Purchase shall be extinguished if, prior to Lessor exercising the same, (a) Lessor does not timely exercise the ROFR after Lessee presents Lessor with a Third Party Offer to purchase all of Lessee's interests in the Premises, and (b) Lessee has transferred all of its interest in the Premises to said third party.

38.2.2. **Notice of Outstanding Leasehold Improvement Debt.** Beginning after the certificate of occupancy is issued for the Ice Complex Premises, Lessee shall notify Lessor (a) of the total outstanding Leasehold Improvement Debt at the end of each calendar year; and (b) when the total outstanding Leasehold Improvement Debt is equal to or below nine million four hundred thousand dollars (\$9,400,000). At any time during the Term, Lessee shall identify the total outstanding Leasehold Improvement Debt within a reasonable time after Lessor's written request.

38.2.3. **Exercise Notice.** To exercise its Option to Purchase, Lessor must give Lessee and Leasehold Mortgagee notice of the same at least ninety (90) days before the Purchase Option Expiration Date.

38.2.4. **ROFR Priority.** If Lessee presents Lessor with a Third Party Offer during the timeframe identified in Section 38.2.1 prior to Lessor exercising its Option to Purchase, then Lessor may exercise the Option to Purchase only if (a) the Third Party Offer expired, (b) Lessee did not enter into a binding purchase and sale agreement for the Premises with the third-party who made the Third Party Offer, and (c) the Option to Purchase has not yet expired.

38.3. **Option to Purchase – Terms of Purchase.** If Lessor exercises its Option to Purchase the Premises and improvements thereon, then the following terms shall apply:

38.3.1. **Purchase Price.** If Lessor exercises its Option to Purchase the Premises and improvements thereon, the purchase price ("**Purchase Price**") of the Lessee's right, title, and interest in and to such Premises thereon shall be nine million four hundred thousand dollars (\$9,400,000).

38.3.2. **Liens.** Upon full payment of the Purchase Price, Lessee shall satisfy all monetary liens and encumbrances on the Premises.

38.3.3. **Subleases.** Lessor shall assume all of Lessee's rights and obligations under Lessee's subleases of space within or on the Premises to third parties, but only if said sublease was formed in compliance with the requirements of this Lease and only to the extent the terms of the sublease are not prohibited by this Lease.

38.3.4. **Closing.** The conveyance of any Ice Complex Improvements to Lessor (together, the “**Closing**”) shall occur within sixty (60) days after the date of the election through escrow at a title company selected by Lessor and reasonably acceptable to Leasehold Mortgagees. At the Closing, Lessor shall deliver the Purchase Price to the escrow agent and the parties shall enter into the following documents:

38.3.4.1. Ground Lease Termination. Upon request by Lessor, Lessee shall execute and deliver without additional charge such documents as may be reasonably requested by Lessor to evidence and confirm the termination of Lessee's leasehold interest to the Premises under this Lease and the termination of all liens and encumbrances on the Premises, including but not limited to, a partial termination of lease and full reconveyance of Leasehold Mortgages or other security interests, each of which shall be executed in recordable form and such other documentation as may be necessary to evidence and confirm the termination of all property management contracts and other contracts affecting the Premises effective as of the date of termination.

38.3.4.2. Operating Lease/Management Agreement. As part of its option to purchase the Premises, the City and the Lessee shall each also have the option of conditioning the purchase on (a) Lessee or an Affiliate thereof to lease or manage the Ice Complex Premises from the City and operate and maintain the same at no cost to the City, or (b) if Lessee and Affiliates decline to enter into such a lease or management agreement, then there shall be a third party approved by Lessor to lease the Ice Complex Premises from the City and operate and maintain the same at no cost to the City. If the City exercises this option, then at the Closing, the City and either Lessee, Affiliate or approved third party shall execute an Operating Lease or management agreement, with the City as landlord, and Lessee, Affiliate or approved third party as tenant/manager, with respect to the Ice Complex Premises (the “**Operating Lease**”). The terms of the Operating Lease shall, at a minimum, require (a) the Lessee, Affiliate, or approved third party (“**Operating Lease Tenant**”) to possess, operate, and maintain the Ice Complex Premises in accordance with and for the public benefit purposes identified in Section 11 of this Lease at Operating Lease Tenant’s own expense, (b) the City, as owner of the Commercial Premises, to transfer those net revenue it receives from the Commercial Premises to the Operating Lease/ manager Tenant, and (c) require the Operating Lease Tenant/manager to use the funds so transferred solely for operations, maintenance, and capital expenses of the Ice Complex Premises and programming to make the same available for use by economically disadvantaged persons free of charge or at a reduced cost. The minimum duration of the Operating Lease/management agreement shall be equal to the term of any debt the City incurred to purchase the Ice Complex Improvements. If the Operating Lease/manager Tenant is not the Lessee or an Affiliate thereof, then the Operating Lease Tenant or operation manager shall be selected by the City by publishing a request for qualifications and the City thereafter selecting a qualified candidate, if any, in accordance with the City’s established policies and procedures. Nothing herein shall be construed as preventing this condition from being satisfied by a management agreement or other similar agreement rather than a lease, but only if the agreement requires the Lessee, an Affiliate thereof, or a third party approved by Lessor to operate and maintain the Ice Complex Premises at no cost to the City.

38.3.4.3. Deed. At the Closing, all of Lessee’s interests to the Premises shall be conveyed to Lessor by Bargain and Sale Deed, subject only to those exceptions approved by Lessor.

38.3.4.4. General Assignment. At the Closing, Lessee and Lessor shall execute a general assignment whereby Lessee will assign to Lessor, and Lessor shall assume, all of Lessee’s interest in the plans and specifications, including all warranties, and all architectural and general contractor agreements, relating to the Premises and Improvements thereon.

38.3.4.5. Bill of Sale. At the Closing, Lessee shall convey to Lessor the personal property of Lessee related to the Premises or Improvements, and the parties shall execute a bill of sale.

38.3.5. **Excise Tax and Escrow Fees**. At the Closing, Lessor shall be responsible for payment of all applicable real estate excise tax associated with the conveyance of the Premises to Lessor. Lessor and Lessee shall share equally the closing fee charged by the escrow agent.

38.3.6. **Prorations**. Real property taxes and assessments shall be prorated as of the date of Closing. Lessee shall be responsible for any and all deferred or abated taxes and related interest and charges, any past due taxes and assessments through the closing date and shall cause such to be paid and removed at or before Closing. The current year's taxes shall be prorated between the parties as of the date of Closing. In addition, insurance, interest, water and other utilities that are not separately metered constituting liens shall be prorated as of the date of Closing.

## 39. **General Provisions**

39.1. **Confidentiality**. Except for those matters that must be disclosed to perform the commitments of Lessee and Lessor under this Lease, and except as otherwise provided by Applicable Law, including but not limited to public record and public meeting laws, Lessee and Lessor agree that the provisions of this Lease are confidential business of Lessee and Lessor. Lessee shall not make any public announcements or advertise any affiliation with Lessor. Notwithstanding the foregoing, the provisions of this Section 39.1 shall not be applicable with respect to information that becomes public through parties other than Lessee, including information that may become public through information requests directed at Lessor and information that may become public as part of Lessor's internal approval and ongoing reporting processes.

Notwithstanding the foregoing, nothing contained hereby shall be deemed to prohibit Lessor or Lessee from disclosing the terms and provisions of this Lease: (i) in connection with the enforcement of the terms of this Lease; (ii) to the extent required by any subpoena or court order or requested by any governmental entity; (iii) in the case of Lessee, to any actual or proposed Leasehold Mortgagee; or (iv) to the extent required by the requirements of any applicable securities exchange; provided, however, in the case of any disclosure pursuant to clauses (ii) through (iv) above, Lessee shall notify the recipient of such information of the obligation to keep such information confidential.

39.2. **Broker's Commissions**. Lessor and Lessee have used no broker or finder in connection with this transaction. Each party represents to the other party that the representing party has incurred no liability for any brokerage commission or finder's fee arising from or relating to the negotiation or execution of this Lease, other than as set forth in this Section 39.2. Each party hereby indemnifies and agrees to protect, defend and hold harmless the other party from and against all liability, cost, damage or expense (including, without limitation, attorneys' fees and costs incurred in connection therewith) on account of any brokerage commission or finder's fee which the indemnifying party has agreed to pay or which is claimed to be due as a result of the actions of the indemnifying party. This Section 39.2 is intended to be solely for the benefit of the parties hereto and is not intended to benefit, nor may it be relied upon by, any person or entity not a party to this Lease.

39.3. **No Third-Party Beneficiaries**. This Lease shall not confer nor be deemed nor construed to confer upon any person or entity, other than the parties hereto, any right or interest, including, without limiting the generality of the foregoing, any third-party beneficiary status or any right to enforce any provision of this Lease, other than any Leasehold Mortgagee.

39.4. **Severability.** In case any one or more of the provisions of this Lease shall for any reason be held to be invalid, illegal or unenforceable in any respect, such invalidity, illegality or unenforceability shall not affect any other provision of this Lease, and this Lease shall be construed as if such invalid, illegal or unenforceable provisions had not been contained herein.

39.5. **Time of the Essence.** Time is hereby expressly declared to be of the essence of this Lease and of each and every term, covenant, agreement, condition and provision hereof.

39.6. **Headings.** Section and subsection headings in this Lease are for convenience only and are not to be construed as a part of this Lease or in any way limiting or amplifying the provisions hereof.

39.7. **Lease Construed as a Whole.** The language in all parts of this Lease shall in all cases be construed as a whole according to its fair meaning and not strictly for or against either Lessor or Lessee. The parties acknowledge that each party and its counsel have reviewed this Lease and participated in its drafting and therefore that the rule of construction that any ambiguities are to be resolved against the drafting party shall not be employed nor applied in the interpretation of this Lease.

39.8. **Construction.** This Lease and each provision herein shall be given a fair and reasonable construction in accordance with the intention of the parties. This Lease was drafted as a mutual effort by the parties and shall not be interpreted against any single drafter.

39.9. **Meaning of Terms.** Whenever the context requires, the neuter gender shall include the masculine and the feminine, and the singular shall include the plural, and vice versa.

39.10. **Attorneys' Fees.** In the event of any action or proceeding at law or in equity between Lessor and Lessee to enforce or interpret any provision of this Lease or to protect or establish any right or remedy of either party hereunder, the party not prevailing in such action or proceeding shall pay to the prevailing party all costs and expenses, including without limitation, reasonable attorneys' fees and expenses (including reasonable attorneys' fees and expenses of in-house attorneys), incurred therein by such prevailing party and if such prevailing party shall recover judgment in any such action or proceeding, such costs, expenses and attorneys' fees shall be included in and as a part of such judgment.

39.11. **Choice of Law.** The interpretation, construction and enforcement of this Agreement, and all matters relating hereto, including applicability and interpretation of conflict of laws, shall be governed by the laws of the State of Washington. Any judicial proceeding brought by either of the parties against the other party or any dispute arising out of this Agreement, the Closing, or the Premises, or any matter relating thereto shall be brought in the Superior Court of the State of Washington (in Spokane County), or in the United States District Court for the Eastern District of Washington. In that regard, each party hereby waives any defense of inconvenient forum and any bond or other security that might otherwise be required of the other party with respect to such choice of judicial forum.

39.12. **Binding Agreement.** Except as otherwise stated herein, the terms, covenants and agreements contained in this Lease shall bind and inure to the benefit of the parties hereto and their respective successors and assigns.

39.13. **Entire Agreement.** This instrument, together with the exhibits hereto, all of which are incorporated herein by reference, constitutes the entire agreement between Lessor and Lessee with respect to the subject matter hereof and supersedes all prior offers, negotiations, oral and written. This Lease may not be amended or modified in any respect whatsoever except by an instrument in writing signed by Lessor and Lessee.

39.14. **Quiet Enjoyment.** Lessee, upon paying the Rent and all other sums due hereunder and upon keeping and observing all of the covenants, agreements and provisions of this Lease on its part to be observed and kept, shall lawfully and quietly hold, occupy and enjoy the Premises during the Term without hindrance by anyone claiming by, through, or under Lessor.

39.15. **Termination Not Merger.** The voluntary sale or other surrender of this Lease by Lessee to Lessor, or a mutual cancellation thereof, or the termination thereof by Lessor pursuant to any provision contained herein, shall not work a merger, but at the option of Lessor shall either terminate any or all existing subleases or subtenancies hereunder, or operate as an assignment to Lessor of any or all of such subleases or subtenancies.

39.16. **Modification of Lease.** In the event of any ruling or threat by the Internal Revenue Service, or opinion of counsel, that all or part of the Rent paid or to be paid to Lessor under this Lease will be subject to the income tax on unrelated business taxable income, Lessee agrees to modify this Lease to in order to carry out the intent that this Lease shall not be subject to such tax; provided that such modifications will not result in any increase in Rent, or any increased obligations of Lessee under this Lease. Lessor will pay all Lessee's reasonable costs incurred in reviewing and negotiating any such lease modification, including reasonable attorneys' and accountants' fees.

39.17. **Lessor Consents and Amendments.** Except as otherwise set forth in this Lease, Lessor may, in the exercise of its sole discretion, withhold its consent to any request by Lessee under this Lease including but not limited to requests to amend any Lease term. Except as otherwise provided in this Lease, in the event that Lessor shall fail to approve or deny any consent request within the applicable time period set forth in this Lease, Lessor shall be deemed to have disapproved such request.

39.18. **Survival.** The obligations of this Lease shall survive the expiration or earlier termination of this Lease to the extent necessary to implement any requirement for the performance of obligations or forbearance of an act by either party which has not been completed prior to the termination of this Lease. Such survival shall be to the extent reasonably necessary to fulfill the intent thereof, or if specified, to the extent of such specification, as same is reasonably necessary to perform the obligations and/or forbearance of an act set forth in such term, covenant or condition. Notwithstanding the foregoing, in the event a specific term, covenant or condition is expressly provided for in such a clear fashion as to indicate that such performance of an obligation or forbearance of an act is no longer required, then the specific shall govern over the general provisions of this Lease.

39.19. **Estoppel Certificates.** Either party, at any time and from time to time within ten (20) Business Days after receipt of written notice from the other party, shall execute, acknowledge and deliver to the requesting party a certificate stating (to the responding party's best knowledge where applicable): (a) that Lessee has accepted the Premises (if true); (b) the Commencement Date and Expiration Date of this Lease; (c) that this Lease is unmodified and in full force and effect (or, if there have been modifications, that same is in full force and effect as modified and stating the modifications); (d) whether or not there are then existing any defenses against the enforcement of any of the obligations of Lessee under this Lease (and, if so, specifying same); (e) whether or not there are then existing any defaults by the parties in the performance of their obligations under this Lease (and, if so, specifying same); and (f) any other factual information relating to the rights and obligations under this Lease that may reasonably be required by requesting party. The estoppels shall be substantially in the form attached hereto as **Exhibit D-1 and D-2** or as otherwise reasonably requested by Lessor and/or Lessee.

39.20. **Counterparts.** This Lease may be executed in any number of counterparts and each of the counterparts shall be considered an original and all counterparts shall constitute one and the same instrument.

39.21. **Limitation of Liability**. Notwithstanding anything herein to the contrary, the liability of the Lessee hereunder and each obligation of Lessee hereunder (including, but not limited to its indemnity obligations) under this Lease shall be “limited recourse obligations” and, accordingly, the Lessor's sole source of satisfaction of such obligations shall be limited to the Lessee's interest in this Lease, the Premises, the rents, issues and surplus related thereto and the other assets of the Lessee, and the Lessor shall not seek to obtain payment from any person or entity comprising the Lessee or who is a member, officer, director, agent or employee of Lessee or its member, notwithstanding the survival of any obligation of the Lessee beyond the Term.

[SIGNATURES APPEAR ON FOLLOWING PAGE]

Lessor and Lessee have executed this Lease as of the date first above written:

**LESSOR:**  
*City of Spokane Valley*

\_\_\_\_\_

By: \_\_\_\_\_

Its: \_\_\_\_\_

**LESSEES:**  
*Spokane Youth Ice, LLC*

\_\_\_\_\_

By: \_\_\_\_\_

Its: \_\_\_\_\_

*Ignite Youth Ice, LLC*

\_\_\_\_\_

By: \_\_\_\_\_

Its: \_\_\_\_\_

# Exhibit A

(see attached)

**I.C. 6-32-00088**  
**Sullivan Pit**  
**Pit Site PS-C-144**  
**Stockpile Site SP-C-6143**  
**Assessor's Parcel Number 45114.9009**

That portion of Government Lot 8, Section 11, Township 25 North, Range 44 East of the Willamette Meridian, lying South of a line drawn parallel with and 200 feet distant Southerly, when measured at right angles, from the southerly Spokane International Railway right of way line and North of the following described line:

BEGINNING at a point on the East line of said Section from which point the Southeast corner of Section 11 bears South 0°47' East 925.08 feet distant;

Thence North 55°50' West 952.90 feet;

Thence North 77°39' West 135 feet;

Thence North 3°35' West 205 feet;

Thence North 72°10' West 330 feet;

Thence North 76°57' West to a point of intersection with the West line of Government Lot 8;

EXCEPT any part thereof lying within the East 100 feet of the North 575 feet of Government Lot 8;

AND EXCEPT any portion lying within Sullivan Road;

AND EXCEPT that portion conveyed to The County of Spokane by Quitclaim Deed recorded under Auditor's File No. 504316B, described as follows:

BEGINNING at the Southeast corner of Section 11, Township 25 North, Range 44 East, W.M.;

Thence North 0°47' West 925.08 feet along the East line of Section 11;

Thence North 55°50' West 36.60 feet to the Westerly right of way line of Sullivan Road and the True Point of Beginning;

Thence North 55°50' West 916.30 feet;

Thence North 89°13' East 751.04 feet to the Westerly right of way line of Sullivan Road;

Thence South 0°47' East 524.91 feet along the Westerly right of way line of Sullivan Road to the True Point of Beginning;

AND EXCEPT that portion conveyed to Spokane County by Quitclaim Deed recorded under Auditor's File No. 728210B, described as follows:

BEGINNING at the Southeast corner of Section 11, Township 25 North, Range 44 East, W.M.;

Thence North 0°47' West a distance of 1520.96 feet along the East line of said Section 11;

Thence South 89°13' West a distance of 30 feet to a point on the West right of way line of Sullivan Road and the True Point of Beginning;

Thence North 69°53.5' West a distance of 321.12 feet;

Thence South 0°47' East a distance of 164.51 feet;

Thence North  $89^{\circ}13'$  East a distance of 300 feet to a point on the Westerly right of way line of Sullivan Road;

Thence Northerly along said right of way line to the True Point of Beginning;

AND ALSO EXCEPT that portion conveyed to the Union Pacific Railroad Company by Quitclaim Deed recorded under Auditor's File No. 9112310430, described as follows: BEGINNING at the intersection of the West line of Government Lot 8, Section 11, Township 25 North, Range 44 East, W.M., and a line drawn parallel with and 200 feet Southeasterly, when measured at right angles and/or radially, from the Southeasterly right of way line of the Spokane International Railway;

Thence North  $74^{\circ}53'$  East along said parallel line a distance of 1275.71 feet;

Thence South  $00^{\circ}47'$  East a distance of 326.53 feet;

Thence North  $89^{\circ}13'$  East a distance of 70.0 feet, more or less, to a point on the Westerly right of way line of Sullivan Road, which point is 30.0 feet Westerly, when measured at right angles, from the East line of said Section 11;

Thence South  $00^{\circ}47'$  East along said Westerly right of way line a distance of 193.47 feet;

Thence South  $89^{\circ}13'$  West a distance of 130.0 feet;

Thence North  $00^{\circ}47'$  West a distance of 380.81 feet;

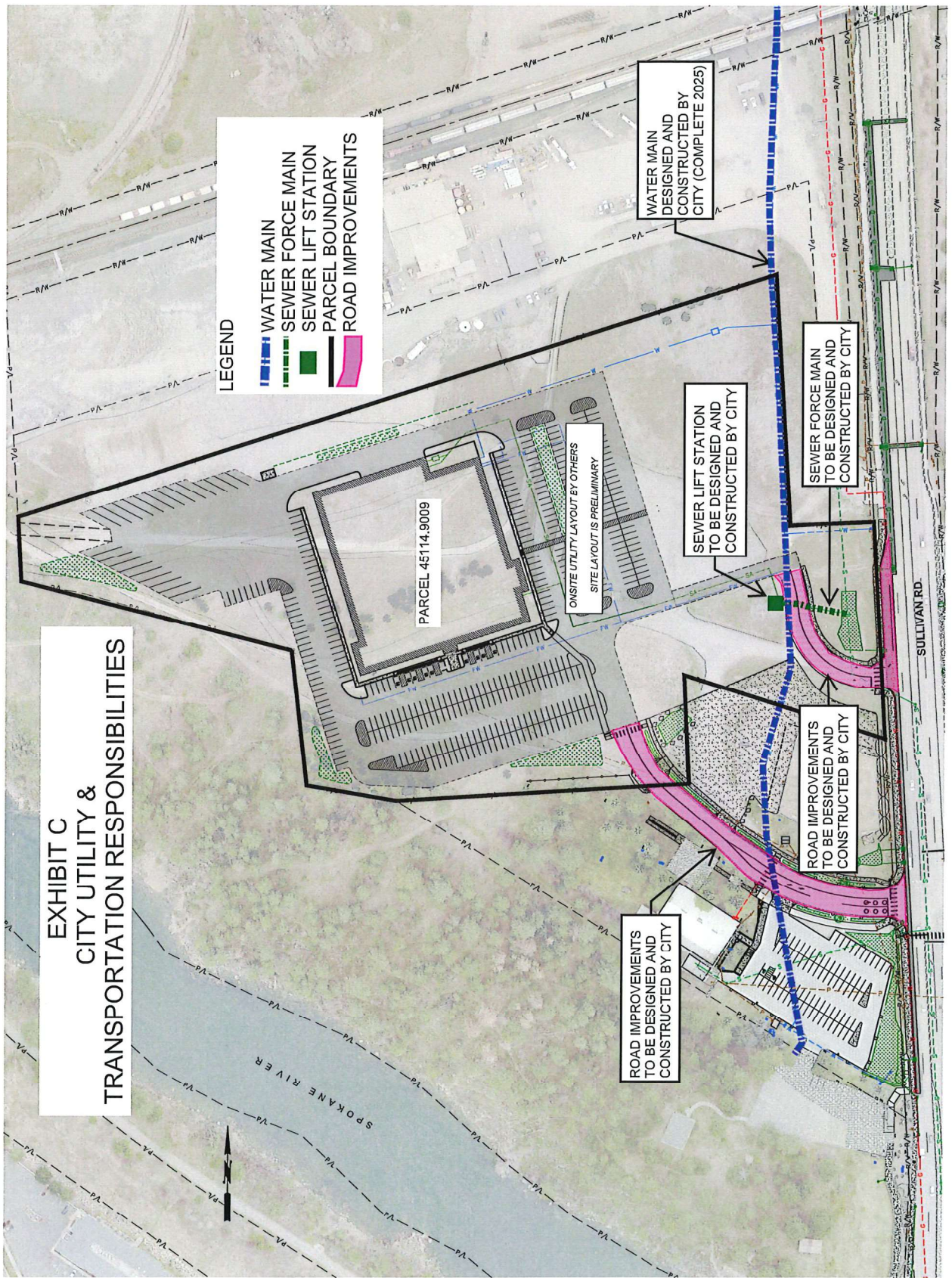
Thence South  $74^{\circ}53'$  West a distance of 1213.78 feet, more or less, to the said West line of said Government Lot 8;

Thence North  $00^{\circ}54'$  West along said West line to the Point of Beginning;

Situate in the County of Spokane, State of Washington.

# EXHIBIT C CITY UTILITY & TRANSPORTATION RESPONSIBILITIES

- LEGEND**
- WATER MAIN
  - SEWER FORCE MAIN
  - SEWER LIFT STATION
  - PARCEL BOUNDARY
  - ROAD IMPROVEMENTS



# ICE SPORTS FACILITY PROPOSAL



John Hohman, City Manager, April 21, 2026



# AGENDA

- ▶ Property Background
  - Sullivan Waterline Project Background
  - Sullivan Property Background
  - Tourism Strategic Plan
- ▶ Original Proposal
  - Proposed Ice Sports Project
  - Request to City
  - Ice Sports Facility Proforma
  - Lodging Tax Funding
- ▶ Ground Lease Agreement
- ▶ Opportunity Cost
- ▶ Next Steps





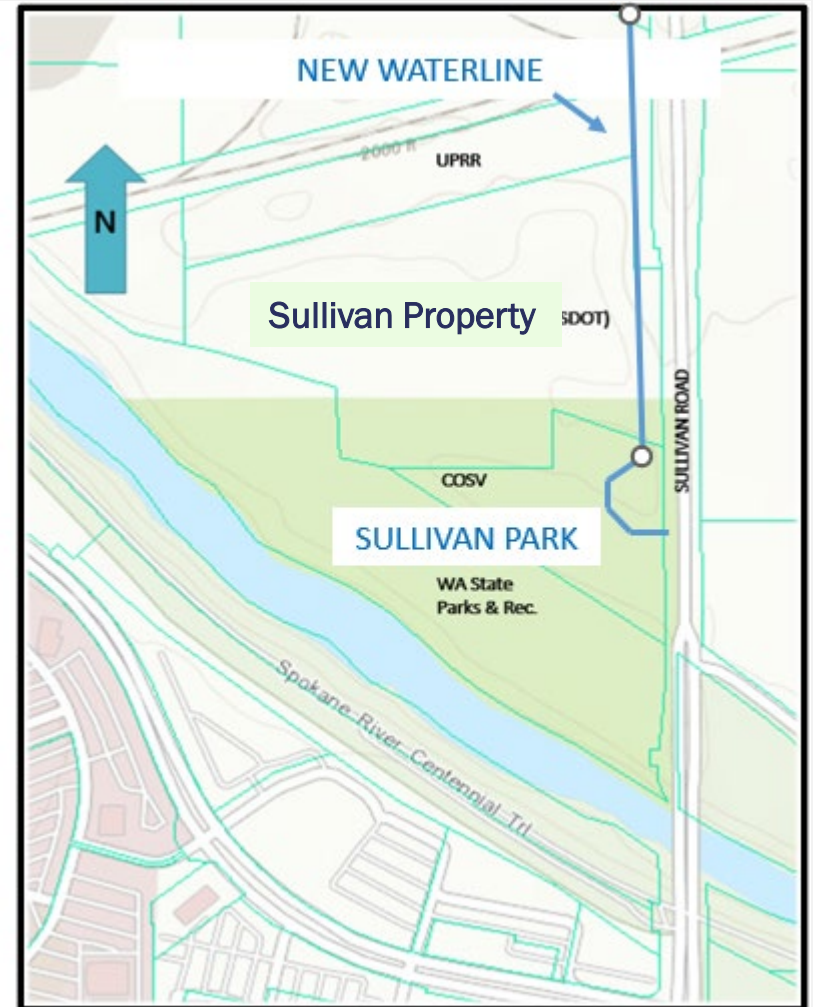
# PROPERTY BACKGROUND

# SULLIVAN WATERLINE PROJECT

- ▶ Until 2025, water to the Sullivan Park and Western Dance Hall was provided by well and pump system:
  - Pump was old and required periodic maintenance
  - Limited capacity for irrigation
  - Insufficient fire flow for the building
- ▶ 2014 - the Sullivan Road West Bridge Replacement Project included the installation of a watermain from Indiana Avenue that would connect to infrastructure owned by Consolidated Irrigation District No. 9
  - Watermain was not installed with project because Sullivan Park is within the Trentwood Irrigation Water District service boundaries
  - Watermain must be extended from the north under the Union Pacific Railroad which required a 1,700 ft water main
- ▶ 2016 – City begins coordinating with Trentwood Irrigation Water District for Waterline project

# SULLIVAN WATERLINE PROJECT

- ▶ 2020, Department of Commerce awarded \$126K for the Sullivan Waterline project
- ▶ 2021 – City initiated the project design
  - City executes MOU with Trentwood Irrigation for project
  - Project required property rights along the Sullivan property
  - Project construction was on hold until the City finalized the acquisition of the Sullivan property
- ▶ Spring of 2025 - Property acquisition is completed
- ▶ Fall of 2025 – City completes Waterline Project
- ▶ Project Total Cost – \$1,701,321 (\$180K underbudget)
  - \$126,100 grant
  - \$705,530 Kemira’s contribution (UPRR Tenant)
  - \$869,691 City’s contribution



# SULLIVAN PROPERTY BACKGROUND

- ▶ 2019 – Executed Purchase and Sale Agreement (PSA) with WSDOT to purchase +/-12-acre parcel (Sullivan Property) for \$844K to expand Sullivan Park
  - Ecology required cleanup from old aluminum recycling waste from both WSDOT and UPRR parcel
  - Property acquisition contingent on completion of cleanup and Ecology deeming “No Further Action” (NFA)
- ▶ Fall 2023 – WSDOT completed property cleanup
- ▶ Nov 2024 – Ecology initiated public comment period to delist the site from the Contaminated Site List (CSL)
- ▶ Dec 2024 – Ecology declared in writing that property was remediated
- ▶ March 20, 2025 – Property acquisition was completed



# TOURISM STRATEGIC PLAN

The City completed a Tourism Strategy in 2016 (updated in 2023):

- ▶ Enhance City tourism industry by developing and upgrading products that generate visitors and overnight stays for Spokane Valley hotels
  - Capitalize on the region's sports tourism concentration
  - Extend visit durations
  - Bring more room night generating events to Spokane Valley

# TOURISM STRATEGIC PLAN

The plan identified the following strategies to achieve the objectives above:

- ▶ Develop a cross country/cyclocross course
  - Low development costs, high regional need
- ▶ Evaluate the viability of ice sheets
  - High development costs, high regional need
  - Ice Sports Facility not able to be developed by City incurring significant debt or operating cost risk
- ▶ Upgrade and reposition Plante's Ferry Sports Complex



# ICE SPORTS PROPOSAL

# ICE SPORTS PROPOSAL

- ▶ October 17, 2024 – City Manager invited to meet with a donor to discuss the potential siting of ice sports facility in the City
- ▶ August 19, 2025 - Innovia Foundation (Innovia) and Garco Construction presented proposal for use of the Sullivan Property for the following:
  - Ice arena with two NHL size ice sheets, spectator seating, conditioned viewing areas, locker rooms, player support spaces and concessions
  - Pad sites for supporting commercial uses
    - A potential 120-room hotel (final size and brand to be determined) with meeting/event space
    - Commercial food/beverage (~4,500 sq. ft. of flexible space)



# ICE SPORTS PROPOSAL

## Proposed uses

- ▶ Year-round youth and adult hockey programs, leagues and clinics
- ▶ Regional and national tournaments to drive visitor spending
- ▶ Affordable public skating and learn-to-skate programs
- ▶ After school activities and community events
- ▶ Dedicated practice venue for the WHL Spokane Chiefs
- ▶ On-site lodging and dining options to serve teams, families and local residents

# ICE SPORTS PROPOSAL

- ▶ Design, development, and construction of the ice sports facility and commercial sites funded 100% with private funds
  - Not a Public Works project and not required to be competitive bid
- ▶ Ongoing operations and maintenance by Innovia or an entity created by Innovia
  - Facility funding sources
    - Naming rights and sponsorships
    - Program scholarships
    - Lease revenue from commercial pads to be located within the Sullivan property
- ▶ Goal for ice sports facility to be open by June of 2027

# ICE SPORTS PROPOSAL



# ICE SPORTS PROPOSAL



 **GARCO**

# ICE SPORTS PROPOSAL



# REQUEST TO THE CITY

- ▶ 99-year ground lease with favorable terms for Sullivan property
  - City option to purchase the ice facility for \$9.4M
- ▶ City funds the infrastructure needed for the property
- ▶ Desire to seek support from City lodging taxes through lodging tax award process
- ▶ Collaboration in permitting process

# PROPERTY INFRASTRUCTURE

- ▶ City funded infrastructure needed for the property:
  - Sewer lift station and hookup fees
  - Signal improvements
  - Property access
  - \$3.03M cost estimate for infrastructure
  - Funded with \$2M Lodging Tax & Fund 312
- ▶ Council also allocated \$500K from Fund 312 for Sullivan Park improvements and project may also pave and provide ADA improvements for the parking lot and relocate the covered BBQ pit for the Western Dance Hall and regrade the RC parking lot
- ▶ City infrastructure portion will be advertised for competitive bids and awarded per Washington State Law



# ICE SPORTS FACILITY PROFORMA

- ▶ The City hired Spokane Sports Facilities Advisory (SFA) to update a pro-forma for a five-year financial forecast and economic impact analysis for a potential ice sports facility
- ▶ SFA developed a recommended facility program model for a multi-sheet ice sports facility with the following components
  - Two sheets of ice and locker rooms
  - Sports performance and hockey training areas
  - Flex space with offices, restrooms, kitchen, skate rental and storage
- ▶ Development costs estimated to range from \$42.4M to \$51M, midrange cost \$47M

# ICE SPORTS FACILITY - ECONOMIC IMPACT

	Year 1	Year 2	Year 3	Year 4	Year 5
Non-Local Days in Market	24,597	30,564	34,560	37,544	38,219
Room Nights	6,180	7,710	8,700	9,465	9,615
Total Economic Impact	\$4,190,222	\$5,284,831	\$6,065,418	\$6,687,869	\$6,910,233
Total Sales Tax Revenue	\$377,120	\$475,635	\$545,888	\$601,908	\$621,921
City's Sales Tax Revenue	\$39,179	\$ 49,413	\$56,712	\$62,532	\$64,611
Tourism Promotion Area	\$24,720	\$30,840	\$34,800	\$37,860	\$38,460
Lodging Sales Tax	\$34,091	\$42,997	\$49,349	\$54,415	\$56,225

Shown revenue and economic impact projections are for indirect spending only. It does not take into consideration jobs created and indirect spending. Indirect spending represents the supply chain impact and employee spending. It does not include sales tax revenue from the two retail pads.

# PROFORMA ICE SPORTS FACILITY - OPERATIONS

	YEAR 1	YEAR 2	YEAR 3	YEAR 4	YEAR 5
Total Revenue	\$1,675,156	\$1,947,503	\$2,306,782	\$2,483,677	\$2,673,636
Total Cost of Goods Sold	\$425,941	\$504,571	\$594,548	\$642,118	\$683,987
<b>Gross Margin</b>	<b>\$1,249,215</b>	<b>\$1,442,932</b>	<b>\$1,712,234</b>	<b>\$1,841,559</b>	<b>\$1,989,648</b>
Total Operating Expenses	\$1,694,704	\$1,736,417	\$1,871,449	\$1,931,198	\$1,993,543
<b>EBITDA</b>	<b>(\$445,489)</b>	<b>(\$293,485)</b>	<b>(\$159,215)</b>	<b>(\$89,639)</b>	<b>(\$3,895)</b>
<i>% of Revenue</i>	<i>-26.6%</i>	<i>-15.1%</i>	<i>-6.9%</i>	<i>-3.6%</i>	<i>-0.1%</i>

## Pro-forma assumptions:

- City-owned facility
- City contracts with a third party for the operations of the facility
- Does not include capital development costs
- Does not include lease costs as property is city-owned
- Does not include capital replacement costs
- The facility will charge market rate for using the facility – no discounted rates, no free classes/rental

# ICE SPORTS FACILITY - BENEFITS

- ▶ Enhance City tourism industry by developing and upgrading products that generate visitors and overnight stays for Spokane Valley hotels
  - Capitalize on the region's sports tourism concentration
  - Extend visit durations
  - Bring more room night generating events to Spokane Valley
- ▶ Provides public access to ice sports at a reduced cost or no cost to Spokane Valley residents
- ▶ City cannot develop Ice Sports Facility without incurring significant debt or operating cost risk. Current proposal allows development with limited risk to City finances.

# LODGING TAX CONTRIBUTION

- ▶ Lodging Tax Advisory Committee (LTAC) requested applications related to the ice sports facility for capital and operations and held a special meeting on Nov. 20, 2025
  - Innovia Foundation requested \$600,000 annually for five years for facility operations until the proposed commercial developments are completed
  - City of Spokane Valley requested \$2M for the infrastructure improvements to support the ice sports facility
- ▶ The LTAC recommended the following for the Innovia's application:
  - Up to \$600K/year for 2027-2028 and \$550K/year for 2029-2031 (reimbursement for operations)
  - Funding contingent on the condition that no lodging facilities will be developed while LTAC funds are being received
  - Innovia to report to LTAC in 2031
- ▶ The LTAC recommended the following for the City's application:
  - Up to \$2M for the design and construction of the infrastructure improvements
  - Funding contingent on the execution of ground lease for the construction of the ice facility
- ▶ Dec. 16, 2025 – Council approved the LTAC recommendations

# SUMMARY TIMELINE





# GROUND LEASE

# GROUND LEASE TERMS

- ▶ Sept. 30, 2025 – Council consensus to negotiate a ground lease agreement
- ▶ City staff has been negotiating the terms of the lease with the donor and Innovia
- ▶ Note – through negotiation process, some terms of the original proposal have been modified
  - Facility footprint increased to approximately 80,000 sq. ft
  - A hotel will not be located in the retail pads while the project receives lodging tax funding for operations

# GROUND LEASE TERMS

- ▶ Lease duration is 75 years with an option to extend the lease for an additional 24 years if approved by both parties
- ▶ At end of lease term, the City will own all improvements on the land unless it exercises its right of first refusal or option to purchase the improvements prior to the lease expiration
- ▶ A portion of the parcel must be used to develop, operate and maintain a ice sports facility at Lessee's expense through the duration of the lease:
  - Facility must be available to the general public and must at least 500 hours of annual use at free or discounted rates for economically disadvantaged persons
  - All revenue generated must be spent on operations, maintenance, capital improvements, and programming

# GROUND LEASE TERMS

- ▶ The other two parcels must be developed for commercial uses allowed by the zoning code at no expense to the City
  - All net revenue received by Lessee from development of the commercial parcels must be applied towards the expenses to operate, maintain, complete capital improvements and provide programming for the youth ice sports complex.
- ▶ Use of lodging tax funds is subject to the conditions recommended by the lodging tax committee
- ▶ Based on the public benefits, the City lease rate is \$1/year through the lease duration

# GROUND LEASE TERMS

- ▶ City will provide the transportation improvements to access the property and install a sewer lift station
- ▶ If Lessee receives a bona fide offer to purchase its rights, the City has Right of first refusal (RFF) to purchase on the same terms
- ▶ City has purchase option to buy Lessee's right for \$9.4M:
  - When a certificate of occupancy has been issued and Lessee's debt to develop land is \$9.4M or less
  - Option expires 2 years after it could have first been exercised
- ▶ The City can condition the purchase by the City or third party on the Lessee or third party to operate and maintain the facility at their own expense

# GROUND LEASE TERMS

- ▶ Lessee may assign its interest to a third party that will be bound to the terms of the ground lease
- ▶ Lessee may sublease to a third party that will be bound to the terms of the ground lease and must be at fair market value
- ▶ Lessee must report annually:
  - Dates/hours of free or reduced cost services
  - Net revenue of the ice sports facility
  - Net revenue from the commercial parcels
  - How the net revenue is used

# OPPORTUNITY COST

- ▶ Options for Sullivan property:
  - Sell property - current assessed value is \$2.4M
  - Execute grand lease with another entity – unknown value
  - Develop the property as park
    - Development and ongoing maintenance costs are unknown but would require pursuing grants and allocating funds for grant match and ongoing maintenance
    - Does not generate revenue
    - City has other undeveloped park property
      - A portion of Flora Park
      - Ponderosa property
      - A portion of Balfour Park
      - Summerfield Property
- ▶ As proposed, private investment offsets future development and ongoing maintenance of park property



# NEXT STEPS

# NEXT STEPS

- ▶ Council consensus to bring a motion consideration on April 28 authorizing the City Manager to execute the ground lease
  - Public Comment Opportunity
- ▶ Advertise the City's infrastructure project for bids and award the construction contract for City infrastructure in the spring of 2026
- ▶ Construction of the ice sports facility will be initiated for tentative opening date of June 1, 2027