

Real Estate Asset Operational and Ownership Analysis & Playbook

Proposed Scope of Services – Novi Ice Arena

Step 1 – Site, Building and Operational Due Diligence (NTE \$25,000):

1. **Property Due Diligence:** It is assumed that ownership is fee simple, no significant encumbrances of record exist and that the use meets the requirements of the master plan and applicable zoning regulations in addition to other critical regulations that may constrain the use.
2. **Facility Condition Assessment:** Review existing capital reports and perform facility condition assessment to identify short-, medium- and long-term capital budget needs for ongoing operation including site conditions, building enclosure, interior, MEP systems (incl. ice plant). This assessment report represents a statement of the physical condition of the buildings and properties based upon visual site observation and PMR's professional judgment. It applies only to those portions of the property, items, and equipment that PMR staff were able to visually observe. Walls and ceilings will not be opened to observe covered, hidden, or concealed conditions. PMR's assessment of plumbing systems will not include the collection or testing of water samples to determine water quality. The assessment of mechanical systems and equipment is based on general observations of condition and/or age and not a full diagnostic or inspection by a certified maintainer. In addition, PMR will not sample any property components or test nonfunctioning equipment at the time of the assessment. PMR's assessment, analysis, and recommendations are, in whole or in part, dependent on the information provided by the City and other third parties. PMR cannot provide an opinion on the reliability of such information, and inaccuracies in such information may impact our assessment, analysis, and recommendations.
3. **Operational Review:** Review existing management agreements and leases and historical, current and future operational projections, for reasonableness and professional observations.
4. **Appraisal Review:** Review the recently completed appraisal to understand findings and assess the results.

Deliverable: Identification of existing conditions and current status of Ice Arena.

Step 2 – Operational and Ownership Options Analysis (guided by Step 1 findings) (NTE \$45,000):

1. Identify a competitive set of 3-4 ice arenas, in addition to future pipeline in the market area as available, to understand supply status, performance, relative value and possible alternatives to existing ownership and operating model.
2. The competitive set will be determined by profiling competitive properties based on industry metrics which may include location, programming, target market audience, and other critical success factors, as available. Analysis includes assessing the market using in-depth market knowledge, coupled with database sources including Placer, AI.
3. **Demand Forecast and Market Outlook:** Develop market forecasts for current and future demand utilizing regional growth projections, pipeline data, locational strengths, changes in employment and other statistical data relevant to industry demand.

Deliverable: A playbook identifying options that may serve Novi residents for ongoing Ice Arena ownership and operations, and which may include but is not limited to, hold as is, hold and explore operational changes including for profit status, public/private partnerships, sell and lease back, sell, or redevelop. The quantitative and qualitative strengths, weaknesses, opportunities and threats (SWOT) matrix of each option will be provided.

Note: PMR's services are subject to the refinement of scope and execution of a formal agreement including standard terms and conditions between PMR and the City. PMR's standard rates will be provided and will be discounted by 20% in recognition of the City's relationship with PMR. PMR has provided similar services recently for the City of Birmingham Ice Arena and other athletic and community recreational facilities, the details of which can be provided.