Feasibility Study

for a

Proposed Multi-Purpose Arena on UVM Property

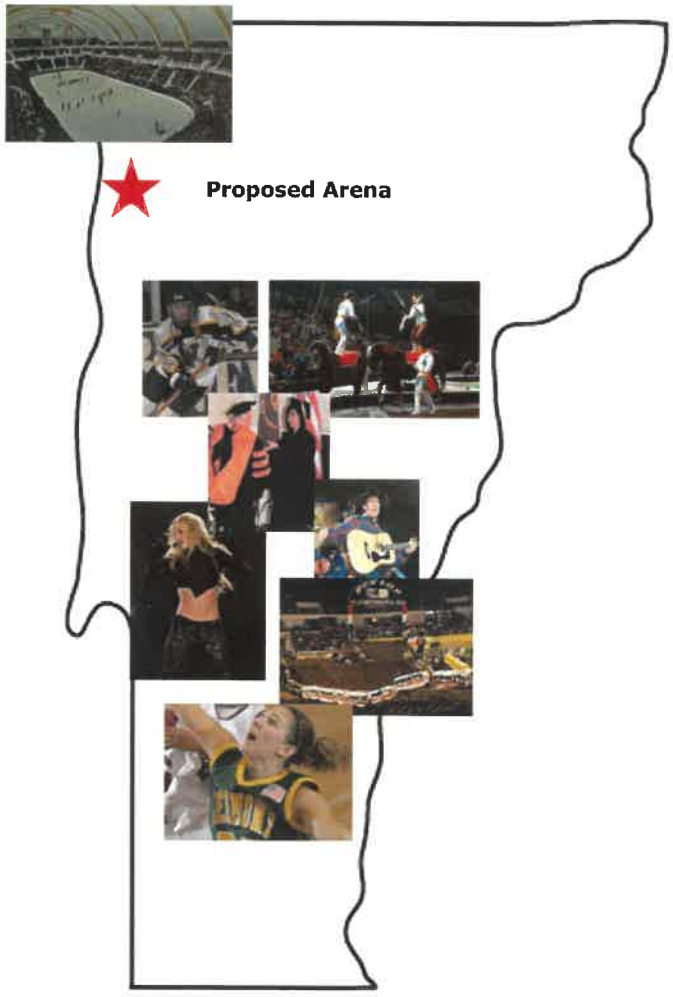
presented to:

Vermont Arena Commission

presented by:

CSL Convention Sports & Leisure

February 4, 2005



February 4, 2005

Mr. Kevin Dorn
Chairman
Vermont Arena Commission
Agency of Commerce and Community Development
National Life Building, Drawer 20
Montpelier, Vermont 05620-0501

Dear Mr. Dorn:

Conventions, Sports & Leisure International ("CSL") is pleased to present this report regarding the market, building program, financial, cost, economic impact and funding potential for a new multi-purpose arena in northwest Vermont. The attached report summarizes our research and analyses and is intended to assist members of the Vermont Arena Commission with their decisions regarding a new arena.

The information contained in this report is based on estimates, assumptions and other information developed from research of the market, knowledge of the public assembly facility industry and other factors, including certain information you have provided. All information provided to us by others was not audited or verified and was assumed to be correct. Because procedures were limited, we express no opinion or assurances of any kind on the achievability of any projected information contained herein and this report should not be relied upon for that purpose. Furthermore, there will be differences between projected and actual results. This is because events and circumstances frequently do not occur as expected, and those differences may be material. We have no responsibility to update this report for events and circumstances occurring after the date of this report.

Conventions, Sports & Leisure International
2121 W. Spring Creek Parkway, Suite 108 • Plano, TX 75023 • Telephone 972.491.6900 • Facsimile 972.491.6903

We sincerely appreciate the opportunity to assist you with this project, and would be pleased to be of further assistance in the interpretation and application of the study's findings.

Very truly yours,

CSL International

CSL International

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Executive Summary

Executive Summary

The Lake Champlain Regional Chamber of Commerce ("LCRCC") commissioned a study in 1997 regarding the feasibility of a convention/civic center to be located in Chittenden County. The results of the Ernst & Young ("E&Y)" study indicted that while there was marginal demand for a convention center facility, it would not likely sustain itself through annual operations nor would it meet the goals established by the Convention/Civic Center Task Force. However, the study did recommend that the area could potentially support a new civic arena seating upwards of 10,000 seats with a minor league hockey tenant. At the time of that study, the University of Vermont ("UVM") was not contemplated as a tenant in the arena.

Since this time, UVM has come under new leadership. On January 31, 2003, UVM President Daniel Mark Fogel articulated a bold and dynamic vision for UVM that includes the development of a 9,000-seat arena through a public-private partnership, with the UVM's hockey and basketball programs serving as anchor tenants along with a minor league hockey team.

As a result of President Fogel's vision and the recommendations stemming from the 1997 report, Governor James Douglas appointed the Vermont Arena Commission ("Commission") to determine the feasibility of a new arena on UVM property. As an initial step, LCRCC, on behalf of itself and other members of the Commission, engaged Conventions, Sports & Leisure ("CSL") to conduct a comprehensive feasibility study for a new multi-purpose arena to be built on UVM property, with UVM to serve as anchor tenants for hockey and basketball.

Oftentimes, conclusions as to project "feasibility" can be assessed in various ways, including:

- Market Feasibility – the ability of the arena to attract and support levels of event activity and facility utilization that is consistent with, or in excess of, industry standards.

- Financial Feasibility – the ability of the arena to "break-even" or generate an operating profit focusing only on direct arena-related operating revenues and expenses.

- Economic Spending – the ability of the arena to generate new spending activity in the local community (i.e. direct and indirect spending that is attributable to out-of-town arena event attendees/participants that would not otherwise occur in the local area).

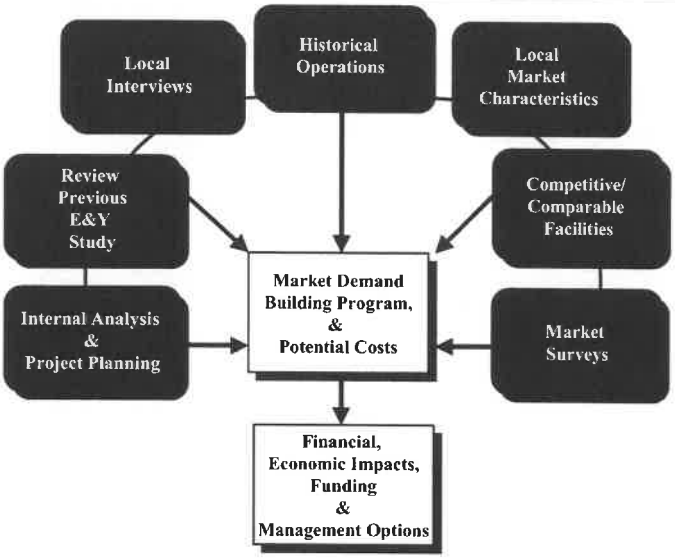
- Tax Generation – the ability of the arena to generate new tax revenue for the local area (i.e. tax revenue resulting from direct, indirect and induced spending that is attributable to out-of-town arena event attendees/participants that would not otherwise occur in the local area).

- Cost/Benefit/Return on Investment – the ability of the arena to generate new revenues (i.e., from taxes, operating income and ancillary arena-related revenues, etc.) in excess of quantifiable arena-related costs (i.e. construction costs, operating costs, capitals reserves, etc.).

- Intangible Benefits / Public Goods – the ability of the arena to represent an important resource for the local community, regardless of financial or economic concerns. The facility would represent an important entertainment option that the local community presently lacks – a benefit that is not easily quantifiable. These types of facilities add to the local community's "quality of life" in the same way that libraries, museums and theaters do, without directly generating the economic impacts that a facility such as a convention center might.

In order to assess the feasibility of the proposed arena, CSL reviewed the findings contained in the E&Y report, reviewed local market demographic and socioeconomic characteristics, analyzed competitive and comparable facilities, interviewed arena event promoters, and surveyed local corporations, UVM students and the general public.

Study Methodology



Research results were used to estimate potential demand for the proposed arena, define general building program elements necessary to accommodate demand, estimate potential project costs, estimate potential financial operating results, estimate potential economic benefits, assess potential management options, and identify and quantify potential funding sources.

The following are key conclusions from a comprehensive, market-based study of the viability of a new multi-purpose arena to be located on the UVM campus.

MARKET ANALYSIS

- The Burlington metropolitan area has approximately 203,629 people and is the 209th largest among 323 metropolitan areas in the United States. A total of 477,301 residents live within 50 miles of the proposed arena, an area comprising the proposed arena's primary and secondary market area and the area from which virtually all arena attendees will be drawn.
- A comparison of the primary and secondary market sizes of 29 arenas that have been built since 1995 with fixed seating capacities between 5,000 and 10,000 seats indicates that the Burlington marketplace ranks 28th out of 30 markets in terms of population.
- The age and income characteristics of the market indicate a potential for a moderate to high level of attendance penetration in the local market.
- Overall, the local market has a relatively small corporate base which could negatively impact the ability to sell premium seating and sponsorships at the proposed arena, support multiple tenants and demand for meetings, conferences and other events.
- While located in a relatively small market, the proposed arena will face limited competition from existing sports and entertainment facilities, teams and events in the marketplace (locally and within the State). Most new arenas in other markets compete with one or more other commercially operated arenas as well as numerous other sports and entertainment options within their respective marketplaces. The lack of significant competition in the local marketplace will be critical to the long-term success of a multi-purpose arena in the Burlington marketplace.
- Over 700 random surveys were completed with local households, corporations and UVM students to assess potential demand for a new arena. The following are key results:
    - The majority of respondents indicated a positive attitude towards the development of a multi-purpose arena on the UVM campus. Specifically, 72 percent of corporations, 61 percent of the general public and 58 percent of UVM students have a positive attitude towards arena development.
    - Interest in attending sports and entertainment events at a new arena is high, with 88 percent of corporate respondents, 81 percent of the general

public and 80 percent of UVM students indicating a positive interest in attending future events at a new arena.

- Respondents indicated the most interest in attending concerts, UVM men's basketball games, UVM men's hockey games and family shows. The least desired events included professional wrestling and motor sports.
- Interest in private boxes at a new arena was limited to moderate with 18 to 26 percent of the corporate community indicating potential interest in private boxes, depending on the price.
- Interest in club seats at a new arena was higher with 37 to 49 percent of the corporate community and 14 to 23 percent of the general public indicating potential interest in club seats, depending on the price.
- Interest in donor (or priority) seating for UVM sporting events at a new arena was comparable to club seat interest.

- According to the large majority of arena event promoters (concerts, family shows, sporting events, etc.) contacted as part of this study, the Burlington metropolitan area's location relative to other regional markets with major sports and entertainment arenas (Montreal, Albany, Manchester, etc.) is considered attractive when developing a routing schedule for their acts, as it represents a convenient stop between larger markets.
- However, Burlington's relatively remote location and lack of direct flights to national and regional cities limits the ability of the market to serve as a major national or regional convention, tradeshow or conference market. Further, the marketability of the community for major conventions, tradeshows and conferences is somewhat limited based on the availability of convention-quality hotel rooms during peak periods from late Spring trough early Fall.
- There are a limited number of sporting and entertainment facility options within the immediate Burlington area that could offer the same state-of-the-art amenities as the new proposed arena. While there may be some degree of competition among local facilities to host certain events, competition is expected to come primarily in the form of competing for corporate sponsorship dollars and the discretionary spending of local residents. A review of other markets throughout the country indicates that this competition would not be any greater than what is experienced by similar facilities in comparable markets.
- However, it should be noted that the long-term master plan for Champlain Valley Exposition includes the development of a 9,000-seat multi-purpose arena. Given local market demographics, it is unlikely that the market could successfully support two new commercially operated arenas on a long-term basis. Prior to the development of a new arena on the UVM campus, it is imperative that the

Vermont Arena Commission work with CVE representatives to determine the appropriate pubic assembly facility development options that would be most beneficial to the local area.

- The physical, operational and financial characteristics of nine comparable facilities were analyzed in order to provide a benchmark from which to assess the potential feasibility for a multi-purpose arena on the UVM campus. The following are key findings from comparable facilities:
  - Comparable facilities had an average capacity of approximately 7,840 fixed seats and a total capacity of 9,233 seats (fixed plus portable).
  - The average total development cost of the recently built comparable facilities was a total of approximately $56.2 million. On average, the level of private funding participation for these facilities averaged 35.5 percent of the total costs while the remaining 64.5 percent of funding was derived from various public sources.
  - Ownership of comparable venues tends to be primarily through a university or a public entity. However, private contract management firms, such as Global Spectrum or SMG, which specialize in arena management, dominate daily operations and management of comparable facilities.
  - Comparable arenas hosted an average of 111 events, ranging from a low of 71 events at the Ryan Center in Kingston, Rhode Island to a high of 150 events at both the Resch Center in Green Bay, Wisconsin and Paul Tsongas arena in Lowell, Massachusetts. Facilities with the highest event activity hosted both collegiate and minor league sports tenants.
  - In terms of non-tenant events, comparable facilities hosted an average of 68 events, ranging from a low of 36 events at the Ryan Center to a high of 94 events at the Resch Center. Non-tenant events typically included concerts, family shows, high school sports, graduations, flat floor shows, and other miscellaneous events.
  - Seven out of nine comparable facilities have private suites. The average number of private suites was 18 at facilities with private suites, ranging from a low of 8 to a high of 29. The average annual suite price was $25,733.
  - Five out of nine comparable facilities have club seats. The average number of club seats was 568 at facilities with club seats, ranging from a low of 100 to a high of 1,020. The average annual club seat price was $1,770.

- The following table presents a summary of the estimated annual events and attendance that could be attracted to a new multi-purpose arena operating on the UVM campus in a stabilized year of operations, assuming only UVM hockey and basketball as major tenants.

Estimated Events and Attendance - UVM as Only Major Tenants
Proposed Multi-Purpose Arena on UVM Campus

Event Type	Events		Average Paid Attendance	Average Turnstile Attendance	Total Paid Attendance		Total Turnstile Attendance	
	Base Case	Best Case			Base Case	Best Case	Base Case	Best Case
Tenant Events:								
UVM Men's Basketball	12	12	1,800	2,700	21,600	21,600	32,400	32,400
UVM Women's Basketball	12	12	1,200	1,600	14,400	14,400	19,200	19,200
UVM Men's Hockey	18	20	3,700	4,750	66,600	74,000	85,500	95,000
Subtotal	42	44			102,600	110,000	137,100	146,600
Non-Tenant Events:								
Concerts	10	10	4,700	5,000	47,000	47,000	50,000	50,000
Ice Shows	6	8	4,500	4,500	27,000	36,000	27,000	36,000
Family Shows	10	12	3,500	3,750	35,000	42,000	37,500	45,000
High School Sports	8	10	2,200	2,200	17,600	22,000	17,600	22,000
Motor Sports	1	2	3,500	3,500	3,500	7,000	3,500	7,000
Other Sports	4	6	3,750	3,750	15,000	22,500	15,000	22,500
Flat Floor Shows	9	12	0	1,000	0	0	9,000	12,000
Miscellaneous Events	10	14	0	350	0	0	3,500	4,900
Subtotal	58	74			145,100	176,500	163,100	199,400
Total	100	118			247,700	286,500	300,200	346,000

- As depicted above, it is estimated that a new multi-purpose arena operating on the UVM campus with only UVM hockey and basketball as the main tenants could host 100 to 118 events, drawing approximately 247,700 to 286,500 paid attendees annually and 302,200 to 346,000 turnstile attendees annually.
- While a minor league tenant has not been assumed in the base assumptions of this analysis, a sensitivity analysis has been prepared to provide an indication of potential arena utilization if a minor league hockey team and/or indoor football were to become tenants in the arena.

Exhibit VII-8
Estimated Events and Attendance - UVM and Minor League Sports as Tenants
Proposed Multi-Purpose Arena on UVM Campus

Event Type	Events		Average Paid Attendance	Average Turnstile Attendance	Total Paid Attendance		Total Turnstile Attendance	
	Base Case	Best Case			Base Case	Best Case	Base Case	Best Case
Tenant Events:								
UVM Men's Basketball	12	12	1,800	2,700	21,600	21,600	32,400	32,400
UVM Women's Basketball	12	12	1,200	1,600	14,400	14,400	19,200	19,200
UVM Men's Hockey	18	20	3,330	4,275	59,940	66,600	76,950	85,500
ECHL	36	36	3,500	4,000	126,000	126,000	144,000	144,000
af2	0	8	3,750	4,000	0	30,000	0	32,000
Subtotal	78	88			221,940	258,600	272,550	313,100
Non-Tenant Events:								
Concerts	10	12	4,700	5,000	47,000	56,400	50,000	60,000
Ice Shows	4	5	4,750	5,000	19,000	23,750	20,000	25,000
Family Shows	8	10	3,500	3,750	28,000	35,000	30,000	37,500
High School Sports	8	10	2,200	2,200	17,600	22,000	17,600	22,000
Motor Sports	1	2	3,600	3,600	3,600	7,200	3,600	7,200
Other Sports	4	5	4,500	4,500	18,000	22,500	18,000	22,500
Flat Floor Shows	7	8	0	1,000	0	0	7,000	8,000
Miscellaneous Events	8	10	0	350	0	0	2,800	3,500
Subtotal	50	62			133,200	166,850	149,000	185,700
Total	128	150			355,140	425,450	421,550	498,800

- As depicted above, it is estimated that a new multi-purpose arena operating on the UVM campus and hosting minor league sports tenants could host 128 to 150 events, drawing approximately 355,140 to 425,450 paid attendees annually and 421,550 to 498,800 turnstile attendees annually.
- It should be noted that there are limited examples of a minor league hockey franchise and a Division I hockey program co-existing in the same facility in a market comparable in size to Burlington. As a result, it is not known what impact, if any, a minor league hockey team could have on the attendance of UVM men's hockey program or their ability to generate advertising and sponsorship sales. This is of particular concern in a market with limited resources (population and corporate base), such as Burlington.

BUILDING PROGRAM AND COST

- The recommended physical characteristics of the proposed arena are based on the needs of primary tenants of the facility, physical characteristics of arenas located in similar markets and the requirements of other potential events that would likely use the proposed arena.
- A building program consisting of the following general elements is suggested based on market demand:
    - 6,500 fixed seats for ice hockey with the capability of expanding to 8,000 total seats for concerts and other events through use of portable seating;
    - 20,000 to 25,000 square foot arena floor capable of accommodating an 85' by 200' ice sheet;
    - 2,500 to 3,000 square feet of sub-dividable meeting space (4 to 6 rooms);
    - 10 to 12 private boxes;
    - 450 to 500 club seats;
    - 5,000 to 6,000 square foot club lounge;
    - Ancillary ice sheet to accommodate UVM hockey practices and demand from local community; and,
    - 2,200 to 2,700 parking spaces within walking distance.
- CSL enlisted the services of Cannon Design to provide a general indication of potential project costs based on the recommended building program being constructed in the Burlington marketplace. It is estimated that project costs, excluding land, parking and infrastructure costs, associated with a new 6,500-

fixed seat arena on the UVM campus could range from $42.6 million to $59.5 million in 2008 dollars, assuming a 250,000 square foot facility.

- A site analysis and specific facility design would need to be developed before more precise estimates of total project costs could be made.

FINANCIAL OPERATIONS

- Potential financial operating results of the proposed arena were made based on the results of the market analysis, industry trends, knowledge of the marketplace and historical financial results from comparable facilities. Further, the financial analysis was reviewed by key executives within the arena industry with extensive operating histories with comparable arenas.
- Several key assumptions were made in estimating potential revenues and expenses associated with the proposed arena:
    - The facility will contain 6,500 seats, expandable to 8,000 seats with temporary floor seating.
    - The facility will be developed as a quality, state-of-the-art venue and would accommodate the needs of various user types.
    - The facility will be owned by UVM or a public entity and will be exempt from property taxes.
    - UVM men's hockey and UVM men's and women's basketball will serve as the primary tenants in the arena and will remain competitive within their respective conferences.
    - A professional, competent and experienced facility management company will manage the facility.
    - The facility is aggressively marketed, providing competitive guarantees and, where applicable, rental rates.
    - Ample parking and related infrastructure will be provided to accommodate demand.
    - There are no significant or material changes in the supply or quality of existing venues in the marketplace.
    - All dollar amounts are stated in 2008 dollars, the first year of arena operations, and assume a stabilized year of operations.

- As shown in the following table, the proposed arena is estimated to generate annual operating revenues of approximately $2.2 million to $2.7 million and annual operating expenses of $2.4 million to $2.5 million, resulting in a net annual operating loss of $201,000 to a net annual operating income of $136,000 before debt and capital reserve allocations.

Estimated Revenues and Expenses - UVM as only Tenants
Stabilized Year of Operations

	UVM Only As Main Tenants			
	Base Case		Best Case	
	2008 Dollars	Percentage of Revenues	2008 Dollars	Percentage of Revenues
OPERATING REVENUES				
Rent	$451,000	21%	$518,000	19%
Premium seating	222,000	10%	354,000	13%
Food and beverage	347,000	16%	396,000	15%
Advertising and sponsorships	200,000	9%	250,000	9%
Naming rights	200,000	9%	300,000	11%
Merchandise, net	71,000	3%	80,000	3%
Parking, net	188,000	9%	222,000	8%
Ticket rebates/charges	326,000	15%	381,000	14%
Ice rink	123,000	6%	154,000	6%
Other	25,000	1%	25,000	1%
TOTAL REVENUES	2,153,000	100%	2,680,000	100%
OPERATING EXPENSES				
Salaries & wages	1,004,000	47%	1,054,000	39%
Repairs & maintenance	130,000	6%	150,000	6%
Materials & supplies	125,000	6%	140,000	5%
Utilities	550,000	26%	600,000	22%
Advertising	70,000	3%	85,000	3%
General & administrative	250,000	12%	250,000	9%
Insurance	75,000	3%	90,000	3%
Facility management fee	150,000	7%	175,000	7%
TOTAL EXPENSES	2,354,000	109%	2,544,000	95%
INCOME FROM OPERATIONS BEFORE CAPITAL RESERVE AND DEBT	($201,000)	-9%	$136,000	5%

- The annual operating income of a new multi-purpose arena is expected to improve slightly with the addition of one or more minor league tenants. The net operating income assuming a minor league hockey franchise and/or an indoor football franchise is estimated to range from $151,000 to $403,000 annually.
- It should be noted that the income from operations presented herein is before any debt service payments related to facility construction and before any allocations to a capital reserve fund to pay for future capital projects as the arena continues to age.

ECONOMIC AND FISCAL IMPACTS

- While many of the perceived benefits of a multi-purpose arena are intangible including regional and national media exposure; sports, entertainment and recreation opportunities for local residents; and enhanced community pride; the construction and operation of a multi-purpose arena can provide quantifiable benefits to an area. These quantifiable benefits often serve as the "return on investment" of public dollars that are contributed to develop these facilities.
- In terms of construction impacts, the following one-time impacts have been estimated:

Estimated Economic and Fiscal Impacts - 2008 Dollars
Construction - One-Time Impacts

	Total Economic Activity		Net New Economic Activity			
			Chittenden County		*State of Vermont*	
	Low	High	Low	High	Low	High
Direct Spending	$42,550,000	$59,513,000	$25,530,000	$35,708,000	$36,168,000	$50,586,000
Total Output	$76,001,000	$106,300,000	$45,601,000	$63,780,000	$64,601,000	$90,355,000
Jobs (1)	730	1,020	440	610	620	1,000
Earnings	$33,788,000	$47,258,000	$20,273,000	$28,355,000	$28,720,000	$40,170,000
Tax Revenues:						
Sales	$1,500,000	$2,098,000	n/a	n/a	$1,200,000	$1,678,000
Meals & Rooms	$63,000	$87,000	n/a	n/a	$56,000	$79,000
Personal Income	$1,019,000	$1,425,000	n/a	n/a	$866,000	$1,211,000
Corporate Income	$105,000	$147,000	n/a	n/a	$40,000	$125,000
Total Tax Revenue	$2,687,000	$3,757,000	n/a	n/a	$2,162,000	$3,093,000

(1) Includes full and part-time jobs.

- Total economic and fiscal activity associated with the construction of a multi-purpose arena is estimated to generate $42.6 million to $59.5 million in total direct spending, $76.0 million to $106.3 million in total output, 730 to 1,020 full and part-time jobs generating $33.8 million to $47.3 million in total earnings and $2.7 million to $3.8 million in total tax revenues. Approximately 60 percent and 85 percent of these amounts represent net new impacts to Chittenden County and the State of Vermont, respectively.
- In terms of operations impacts, the proposed arena is estimated to have the following impacts on the local economy on an annually recurring basis.

Estimated Economic and Fiscal Impacts - 2008 Dollars
Operations - Annually Recurring

	Total Economic Activity		Net New Economic Activity			
	UVM as Only Tenants					
			Chittenden County		State of Vermont	
	Base Case	Best Case	Base Case	Best Case	Base Case	Best Case
Direct Spending	$14,633,000	$16,828,000	$6,259,000	$7,514,000	$2,801,000	$3,493,000
Total Output	$24,914,000	$28,633,000	$10,542,000	$12,648,000	$4,695,000	$5,852,000
Jobs(1)	490	560	210	250	90	120
Earnings	$10,894,000	$12,469,000	$4,420,000	$5,285,000	$1,936,000	$2,407,000
Tax Revenues:						
Sales	$830,000	$955,000	n/a	n/a	$157,000	$196,000
Meals & Rooms	$494,000	$593,000	n/a	n/a	$170,000	$218,000
Personal Income	$328,000	$376,000	n/a	n/a	$58,000	$73,000
Corporate Income	$34,000	$40,000	n/a	n/a	$6,000	$8,000
Total Tax Revenue	$1,686,000	$1,964,000	n/a	n/a	$391,000	$495,000
30-Year Tax Benefit(2)	$37,000,000	$43,000,000	n/a	n/a	$8,600,000	$10,900,000

(1) Includes full and part-time jobs.

(2) Net present value (2008 dollars) of expected benefits over the expected useful life of the arena assuming 3 percent annual revenue growth and a 6 percent discount rate.

- Total direct, indirect and induced spending associated with a multi-purpose arena operating on the UVM campus is estimated to range from $24.9 million to $28.6 million. Total spending is estimated to support 490 to 560 full and part time jobs, generate $10.9 million to $12.5 million in personal earnings, and $1.7 million to $2.0 million in tax revenues annually. Approximately 43 percent and 20 percent of this amount represents net new impacts to Chittenden County and the State of Vermont, respectively.
- Over a 30-year period, the total net present value of tax revenues generated by the operations of the proposed arena is estimated to range from $37.0 million to $43.0 million. Of this amount, approximately 25 percent is estimated to be net new taxes generated to the State of Vermont.
- In addition to the more quantifiable benefits generated from the construction and operations of the proposed arena, some benefits cannot be quantitatively measured. Potential qualitative benefits for the local and regional market area could include:
    - Diversified, affordable entertainment alternatives for families in the local area;
    - Enhanced community pride, self-image, exposure and reputation;
    - Enhanced economic growth and ancillary private sector development spurred by arena operations;
    - New advertising opportunities for local businesses; and,
    - Other such benefits.

MANAGEMENT OPTIONS

- An important issue impacting the viability of the multi-purpose arena will be governance-related issues. Governance issues generally relate to facility ownership and management.
- Of new arenas between 5,000 and 10,000 seats that have been built since 1995, the majority of arenas are owned by public sector entities (city, county or state government), comprising approximately 55 percent of ownership of new arenas. Universities comprised the next largest ownership group at approximately 35 percent. Public authorities own approximately seven percent and private entities own approximately three percent of these new facilities.
- Perhaps more than other factors, high-quality management and marketing affect an arena's utilization and financial performance. Professional and aggressive management can positively influence the number of events hosted at a facility, the ability to attract and retain minor league sports tenants, operate efficiently and provide attendees with an enjoyable experience.
- Of new arenas between 5,000 and 10,000 seats that have been built since 1995, the majority of arenas are privately managed. Specifically, approximately 62 percent are managed by private arena management companies (Global Spectrum, SMG, etc.) whereas 31 percent are managed by a university (athletics/student affairs/facilities department) and 7 percent are managed by a public sector entity.
- The appropriate facility ownership will depend on the various parties that may ultimately be involved in the planning, development, financing and on-going operations of the proposed arena. Should there be multiple parties involved, it is recommended the proposed arena ownership be in the form of an authority or a commission. The authority or commission should have representation from each of the potential project stakeholders, which may include, but are not necessarily limited to UVM, the State, local municipalities, corporate community, hospitality industry and others, as appropriate.
- Given the market size and geographic location of Burlington relative to other markets, it is recommended that the proposed arena be managed by a private arena management company. This will allow that market and the facility to benefit from the expertise of experienced arena managers and to "tap into" the network of events and relationships established by private arena management companies.
- The advantages and disadvantages of various governance options have been delineated in the full report.

FUNDING OPTIONS

- It is estimated that a proposed 6,500 fixed seat, multi-purpose arena on the UVM campus could cost between $43 million and $60 million depending upon the building program and finish-out, excluding land acquisition, parking or infrastructure costs. Assuming an interest rate of 5.5 percent and 30-year bonds, annual debt service payments could approximate $3.0 million to $4.1 million annually if the entire amount is financed.
- The net operating income of a multi-purpose arena operating on the UVM campus is not expected to be sufficient to service debt related to total project costs. However, this is typical of virtually all arenas operating today. Historically, the development of arenas has generally involved varying degrees of public-private partnerships.
- A review of 28 comparable arena built in recent years indicates that arenas, on average, were funded 45 percent from public sector sources and 55 percent by private sources.
- Public sector sources used to fund comparable arenas included state grants or appropriations, hotel taxes, meals and rooms taxes, sales taxes, and community development block grants. Based on survey results, upwards of 84 percent of local corporations, 72 percent of the local general public and 69 percent of UVM students indicated some level of potential support for the use of public funds to construct a new arena on the UVM campus.
- Private sector sources used to fund comparable arenas included student fees, naming rights, donations, premium seating, personal seat licenses (PSLs), ticket surcharges, arena revenues and university general funds.
- It is clear that the funding sources for the proposed arena cannot be relied, to any large degree, on the revenue generating capabilities of the arena. Funding for the arena will, in large part, need to come from outside arena operating sources whether that be sources such as student fees, donations, tax revenues, grants or other such sources.
- Quantified estimates of specific public and private funding sources have been made in the full report.

This Executive Summary contains key highlights from the report. The report should be read in its entirety to obtain the background, methods and assumptions underlying the findings.

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I. Introduction

I. Introduction

In 1997, the Lake Champlain Regional Chamber of Commerce ("LCRCC") commissioned Ernst & Young ("E&Y") to study the feasibility of a convention/civic center to be located in Chittenden County, Vermont. The results of the study indicted that while there was marginal demand for a convention center facility, it would not likely sustain itself through annual operations. Based on its inability to sustain itself, project representatives elected not to move forward with the development of a convention center in Chittenden County. A by-product of the study was a recommendation that the area could potentially support a new civic arena seating upwards of 10,000 seats with a minor league hockey tenant. At the time of that study, the University of Vermont ("UVM") was not contemplated as a tenant in the arena.

Since this time, UVM has come under new leadership. On January 31, 2003, UVM President Daniel Mark Fogel articulated a bold and dynamic vision for UVM that includes the development of a 9,000-seat arena through a public-private partnership, with the UVM's hockey and basketball programs serving as anchor tenants along with a minor league hockey team.

As a result of President Fogel's vision and the recommendations stemming from the E&Y report, Governor James Douglas appointed the Vermont Arena Commission ("Commission") to determine the feasibility of a new arena on UVM property. As an initial step, Conventions, Sports and Leisure International ("CSL") was engaged by the LCRCC, on behalf of itself, and the other members of the Commission to conduct a comprehensive feasibility study for a new multi-purpose arena to be built on UVM property, with UVM to serve as anchor tenants for hockey and basketball.

It is anticipated that the proposed multi-purpose arena could host other events such as a minor league sports, concerts, family shows, high school sports, conventions, tradeshows, public shows, graduations and other community events. It is also envisioned that the arena could contribute to the quality of life of local residents by providing affordable entertainment opportunities, generating economic impacts and, depending upon its location, facilitating ancillary commercial developments.

The overall purpose of this study is to evaluate the feasibility of the proposed arena. Oftentimes, conclusions as to project "feasibility" can be assessed in various ways, including:

- Market Feasibility – the ability of the arena to attract and support levels of event activity and facility utilization that is consistent with, or in excess of, industry standards.

- Financial Feasibility – the ability of the arena to "break-even" or generate an operating profit focusing only on direct arena-related operating revenues and expenses.

- Economic Spending – the ability of the arena to generate new spending activity in the local community (i.e. direct and indirect spending that is attributable to out-of-town arena event attendees/participants that would not otherwise occur in the local area).

- Tax Generation – the ability of the arena to generate new tax revenue for the local area (i.e. tax revenue resulting from direct, indirect and induced spending that is attributable to out-of-town attendees/participants that would not otherwise occur in the local area).

- Cost/Benefit/Return on Investment – the ability of the arena to generate new revenues (i.e., from taxes, operating income and ancillary arena-related revenues, etc.) in excess of quantifiable arena-related costs (i.e. construction costs, operating costs, capitals reserves, etc.).

- Intangible Benefits / Public Goods – the ability of the arena to represent an important resource for the local community, regardless of financial or economic concerns. The facility would represent an important entertainment option that the local community presently lacks – a benefit that is not easily quantifiable. These types of facilities add to the local community's "quality of life" in the same way that libraries, museums and theaters do, without directly generating the economic impacts that a facility such as a convention center might.

In order to assess the feasibility of the proposed arena, CSL reviewed the findings contained in the E&Y report, reviewed local market demographic and socioeconomic characteristics, analyzed competitive and comparable facilities, interviewed arena event promoters and surveyed local corporations, UVM students and the general public.

Research results were used to estimate potential demand for the proposed arena, define general building program elements necessary to accommodate demand, estimate potential project costs, estimate potential financial operating results, estimate potential economic benefits, assess potential management options, and identify and quantify potential funding sources.

The study's findings are presented in the following sections:

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This report outlines the key findings of the feasibility study for the proposed multi-purpose arena to be located on the UVM campus. This study is designed to assist project representatives in making informed decisions regarding the development of the proposed multi-purpose arena. The report should be read in its entirety to obtain the background, methods and assumptions underlying the findings.

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II. Review of Ernst & Young Study

II. Review of Ernst & Young Study

In January 1997, the Lake Champlain Regional Chamber of Commerce ("LCRCC") engaged Ernst & Young LLP ("E&Y") to analyze the market potential surrounding the development of a convention/civic center in Chittenden County. The study, entitled *Convention/Civic Center Market Study*, was designed to address several key parameters set forth by the Convention/Civic Center Task Force, including but not limited to:

- The facility should fill hotel rooms during the winter months, a traditionally slow period for local hoteliers.
- The facility should generate significant demand from outside the state and represent new spending to Vermont.
- The facility should provide a positive return on investment in terms of new tax revenues to the State.

In assessing the market potential of a convention/civic center, E&Y conducted interviews with 35 representatives of the local community, provided an analysis of community attributes and local/regional facilities, completed over 100 interviews and mail surveys with potential facility users, interviewed local employers and regional promoters and analyzed the operations of comparable facilities.

Convention Center

A convention center is generally characterized as a facility that provides exhibition, meeting and banquet facilities to host a variety of events including conventions, tradeshows, conferences, consumer shows, meetings, receptions and other similar events. Convention centers often serve as "loss leaders" for a community in order to fill hotel rooms, generate economic impacts and enhance the quality of life of local citizens.

Key conclusions reached by E&Y regarding the marketability of a convention center in Chittenden County included:

- Chittenden County faces a competitive disadvantage in attracting convention center bookings, including but not limited to the following:
    - Limited hotel availability in peak season (late Spring to early Fall);
    - No large headquarter hotel (i.e. at least 500 to 1,000 rooms);
    - Harsh winter weather;
    - Difficult air access;
    - Lack of proximity to delegates; and,
    - Limited destination appeal.

- Based on these factors, E&Y determined that a convention center facility could achieve only moderate success in attracting regional conventions, state conventions and consumer shows. E&Y concluded that a convention center would achieve limited success in attracting national or international conventions.
- E&Y indicated that a starter facility could include approximately 60,000 square feet of exhibition space, a ballroom to seat 1,000 or more and 10 to 20 meeting rooms. E&Y further indicated that a facility of this nature would comprise approximately 165,000 gross square feet and would cost approximately $25 million, exclusive of land and financing costs.
- E&Y projected that a facility of this nature would likely operate with a $500,000 or more operating deficit each year.
- Given the potential public investment and the limited market potential, E&Y concluded that it would be difficult to achieve Chittenden County's objective of return on investment in terms of new tax revenues to the State.
- E&Y suggested that one alternative to grow Chittenden County's convention business and to limit pubic investment may be to pursue a public-private partnership with an existing or new hotel.

Civic Arena

A civic arena is generally characterized as a facility that has a large fixed seating capacity surrounding an event floor capable of accommodating a variety of events including sporting events, concerts, family shows, graduations and other similar events requiring large seating capacities or a moderate-sized flat floor space.

Key conclusions made by E&Y regarding the marketability of a civic arena in Chittenden County included:

- E&Y concluded that there appeared to be market demand for a civic arena.
- The study indicated that a facility with 10,000 seats would be appropriate and could host 146 events (comprising 178 event days) and attract 436,000 attendees annually, assuming a minor league hockey franchise.
- The study also indicated this type of facility would help fulfill the community need for exhibition space, providing upwards of 20,000 to 25,000 square feet of flat-floor space.

- E&Y indicated that the recommended civic arena could cost $25 million to $40 million, depending on the level of finish and amenities, and that is was highly likely that an arena would experience annual operating deficits of approximately $200,000 to $250,000.

Over seven years have past since the E&Y study was completed. In this time, a variety of changes have occurred which could impact the conclusions reached by E&Y regarding a new arena. These changes include:

- Involvement of UVM as a major tenant in the arena;
- Potential land donation by UVM;
- Inclusion of an attached ice practice facility;
- Consolidation within the concert industry;
- Proliferation of the number and type of touring arena events;
- Enhancement of facility technology and advertising/sponsorship opportunities;
- Changes to the economic and political climate in Vermont and the U.S.;
- Changes in the competitive facility landscape including, but not limited to:
    - Expansion and improvement of Champlain Valley Exposition facilities;
    - Past or expected additions or enhancements of regionally competitive facilities including, but not limited to the Bell Center in Montreal; Verizon Wireless Arena in Manchester; Pepsi Arena in Albany; and Agganis Arena in Boston.

Notwithstanding these changes since 1997, the E&Y study's focus was primarily on determining the market demand for a convention/civic center and the resulting building program necessary to accommodate demand. In order to develop a comprehensive analysis of the viability of a new multi-purpose arena, the following analyses are also necessary to make fully informed decisions:

- Development of detailed operating proforma including specific revenues and expenses likely to be incurred;
- Detailed estimates of the potential economic and fiscal benefits generated by a multi-purpose arena including direct, indirect and induced spending, jobs, personal earning and tax revenues.

- Estimation of potential project costs based on the costs associated with recent comparable arena developments; and,
- Identification and quantification of various potential private and public funding sources.

The remainder of this report presents an updated analysis of the market potential for a multi-purpose arena in light of the changes that have taken place in the industry since the E&Y study. Additionally, the remainder of this report addresses additional research and analysis to provide a comprehensive assessment of the viability of a multi-purpose arena to be built on UVM property, with UVM to serve as anchor tenants for hockey and basketball.

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III. Local Market Analysis

III. Local Market Analysis

The ability of a multi-purpose arena to attract events, attendees and generate revenues is measured, to some extent, by the size of the regional market area population, corporate base and its spending characteristics in the context of other local factors such as transportation access, competition from local attractions and facilities, hotel supply and weather, among other factors.

This section provides an overview of the local market in terms of key market characteristics that can impact the market potential of the proposed multi-purpose arena. Accordingly, this section is presented in the following components:

- Demographic and socioeconomic characteristics;
- Transportation access;
- Hotel inventory and issues;
- Local attractions; and,
- Climate.

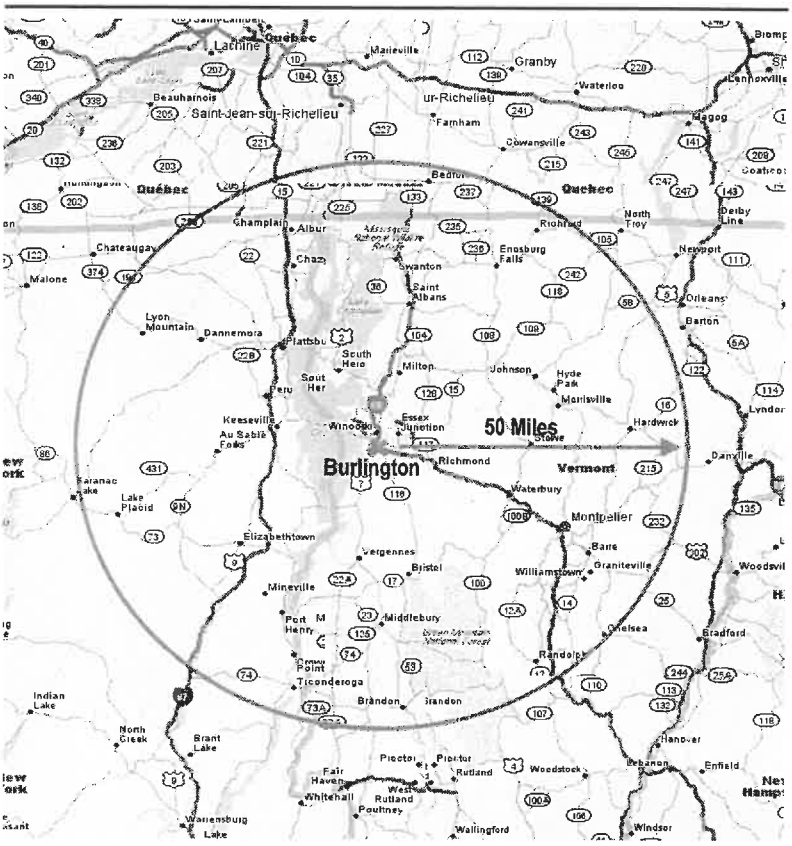
Demographic and Socioeconomic Characteristics

An important component in assessing the potential success of the proposed multi-purpose arena is the demographic and socioeconomic profile of the local market. Specific demographic and socioeconomic information that can provide an indication of the ability of a market to support a multi-purpose arena includes population, age, household income and corporate base. Event organizers typically consider these factors when selecting the appropriate markets for their events.

The demographic and socioeconomic data presented in this report is based on the anticipated *primary* and *secondary* markets of the proposed arena. The *primary* market is the geographic area from which it is anticipated that the majority of attendees and corporate partners are expected to originate. The size of this primary market area can be influenced by such factors as transportation systems, site accessibility, media coverage and competing sports and entertainment venues in the surrounding region. For purposes of this analysis, the primary market is estimated to comprise the Burlington Metropolitan Statistical Area ("MSA). An MSA defines a county or group of counties having a large population center and economic ties to adjacent communities. The Burlington MSA comprises Chittenden County, Franklin County, and Grand Isle County.

In addition to the assessment of the primary market area, the analysis presented herein also includes an assessment of the combined primary and secondary market for the proposed arena, which is anticipated to include a 50-mile radius from the proposed facility. This represents a market within an approximate one-hour drive and includes the market area from which most attendees will be drawn. Exhibit III-1 illustrates the geographic area comprising the proposed arena's primary and secondary markets.

Exhibit III-1
Primary and Secondary Markets
50-Mile Radius

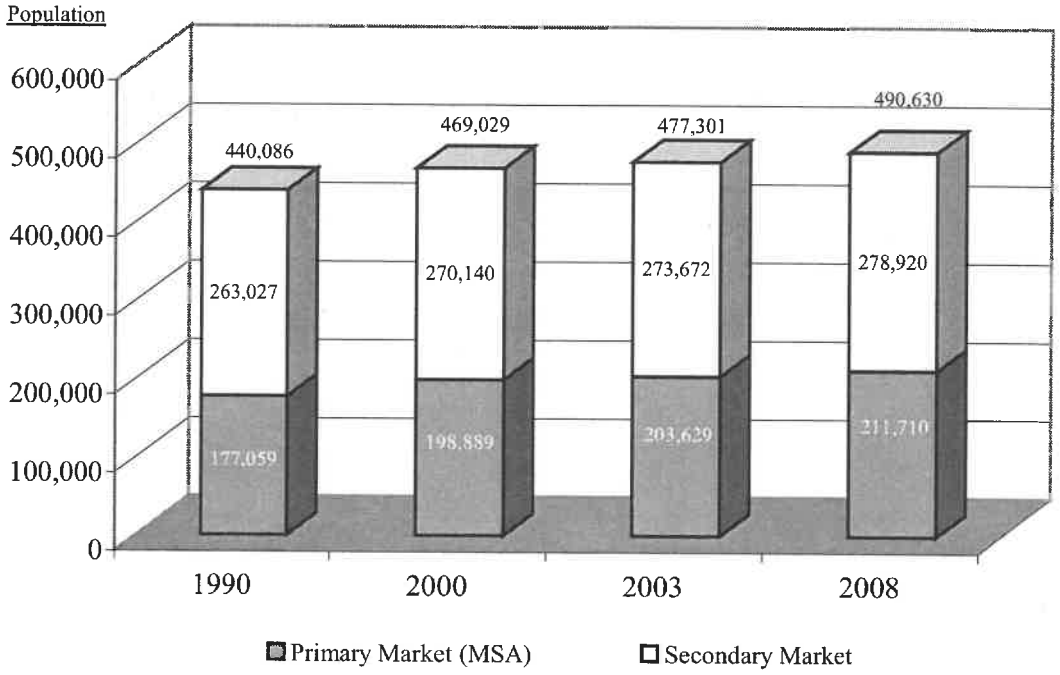


Depending on the market and the event, it is recognized that certain events may occasionally draw attendees beyond these areas. For purposes of this study and because a specific site on the UVM campus has not been determined, the intersection of I-89 and Williston Road in South Burlington was identified as a proxy location for the proposed arena.

Population

The level of population from which to draw can impact the ability of the proposed arena to draw events and attendees. Exhibit III-2 on the following page depicts the historical, current and projected population within the primary and secondary markets of the proposed arena.

Exhibit III-2
Population
Primary and Secondary Markets

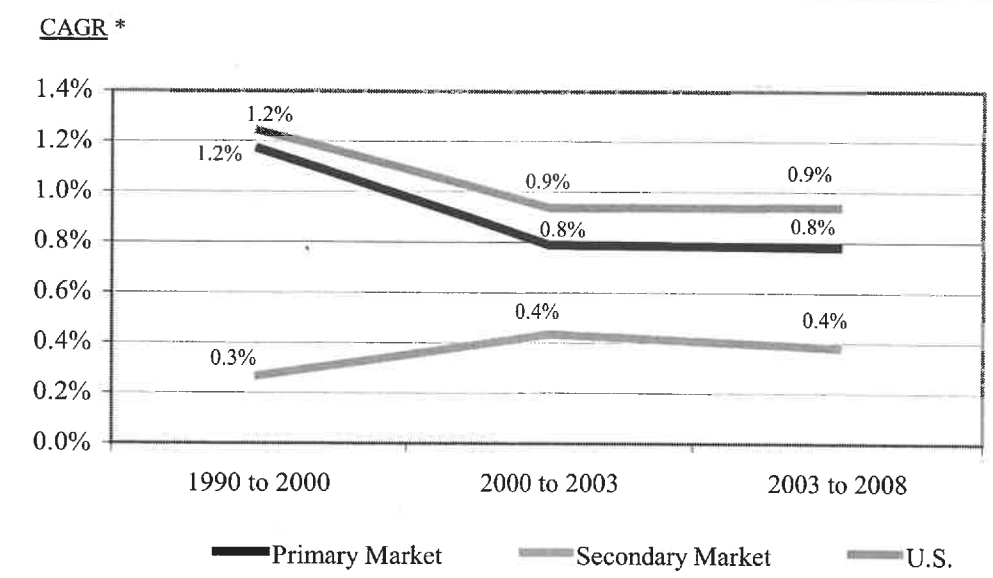


Source: Claritas, Inc.

The Burlington MSA, which is the largest metropolitan area in Vermont, comprised 203,629 residents in 2003, ranking as the 209th largest MSA among 323 MSAs in the United States. In terms of the primary and secondary market for the proposed arena, there were 477,301 residents within 50 miles of the proposed arena.

Exhibit III-3 on the following page summarizes the historical and projected population growth rates of the primary and secondary markets as compared to the growth of the United States population as a whole.

Exhibit III-3
Population Growth Rate
Primary and Secondary Markets



* CAGR = Compounded Annual Growth Rate.

Source: Claritas, Inc.

The historical and projected population growth of proposed arena's primary market area generally mirrors the growth rate of the population of the United States, with a historical compounded annual growth rate of approximately 1.2 percent from 1990 to 2000 and 0.8 percent from 2000 to 2003. The projected growth rate over the next five years is estimated to be 0.8 percent per year. The historical and projected growth rate of the proposed arena's secondary market is below that of the primary market, ranging from 0.3 percent to 0.4 percent per year. The modest projected growth rate of the primary and secondary markets of the proposed arena indicates that the market and attendance potential for the proposed arena will not likely be enhanced over time with a significant increase in the market size.

In assessing the population base of the proposed arena's primary and secondary markets, it is also important to understand the local market population in the context of markets with comparable arenas. On the following page, Exhibit III-4 presents a list of new arenas that have opened since 1995 with fixed seating capacities between 5,000 and 10,000 seats. It should be noted that this capacity range was chosen based on the expressed desires of UVM athletics representatives as well as a review of the seating capacities of arenas located in markets comparable in size to the Burlington metropolitan area.

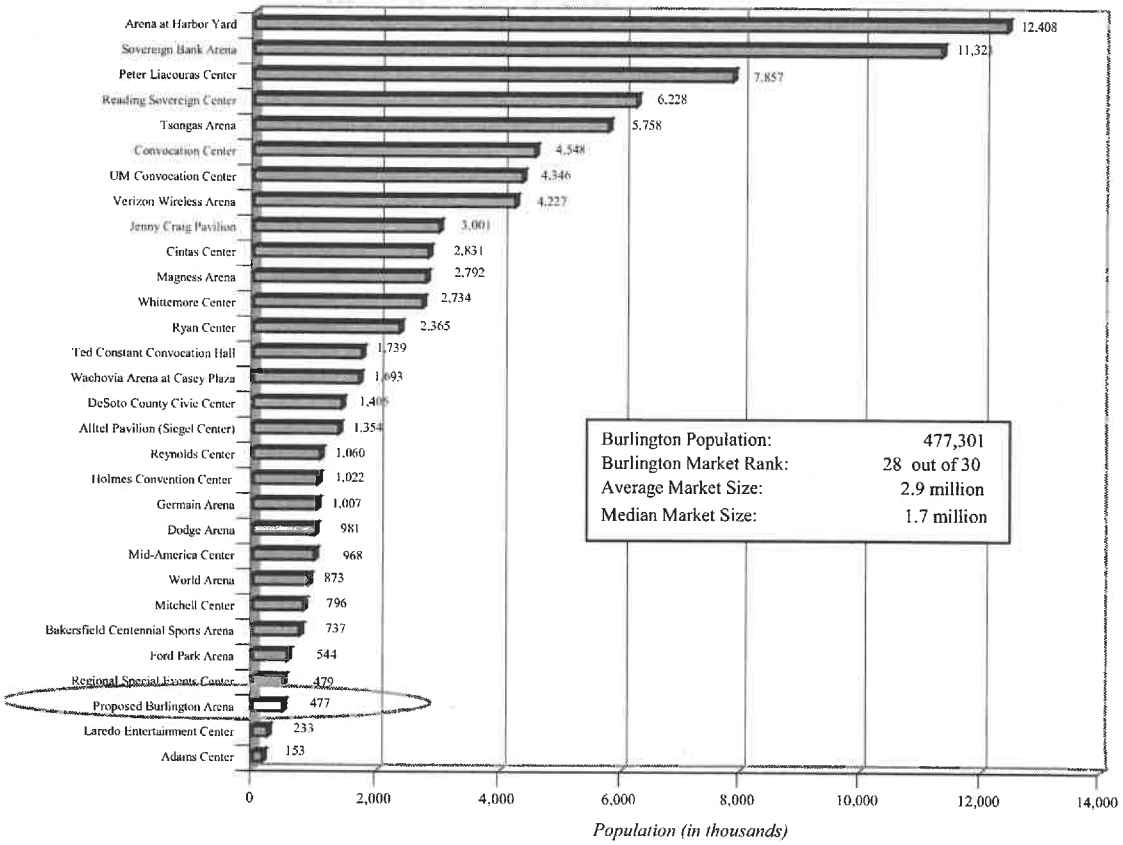
Exhibit III-4
New Arenas Opened Since 1995
Fixed Seating Capacities Between 5,000 and 10,000 Seats

	Facility	Location	Year Opened	Seating Capacity Hockey	Basketball	Concerts
	Verizon Wireless Arena	Manchester, NH	2001	10,000	10,000	11,000
	Wachovia Arena at Casey Plaza	Wilkes-Barre, PA	1999	8,500	9,700	10,500
	Sovereign Bank Arena	Trenton, NJ	1999	8,100	8,500	10,500
*	Cintas Center	Cincinnati, OH	2000	n/a	10,200	10,000
	Arena at Harbor Yard	Bridgeport, CT	2001	8,500	9,500	10,000
	Bakersfield Centennial Sports Arena	Bakersfield, CA	1998	8,641	9,333	10,000
*	Convocation Center	Dekalb, IL	2002	n/a	9,100	10,000
	DeSoto County Civic Center	Southaven, MS	2000	8,300	9,000	10,000
	Laredo Entertainment Center	Laredo, TX	2002	8,065	8,665	9,622
*	Ted Constant Convocation Hall	Norfolk, VA	2002	n/a	8,600	9,600
	Holmes Convention Center	Boone, NC	2000	7,200	8,321	9,500
	Ford Park Arena	Beaumont, TX	2003	8,200	n/a	9,100
	Mid-America Center	Council Bluffs, IA	2002	6,700	n/a	9,000
*	Peter Liacouras Center	Philadelphia, PA	1997	n/a	10,150	9,000
	World Arena	Colorado Springs, CO	1995	7,400	8,500	9,000
*	Alltel Pavilion (Siegel Center)	Richmond, VA	1998	7,500	8,000	9,000
	Reading Sovereign Center	Reading, PA	2001	7,200	8,000	9,000
*	Reynolds Center	Tulsa, OK	1998	n/a	8,355	8,500
	Germain Arena	Estero, FL	1998	7,181	7,500	8,000
*	Regional Special Events Center	Murray, KY	1998	8,602	8,602	7,896
*	Tsongas Arena	Lowell, MA	1998	6,500	7,000	7,800
*	Mitchell Center	Mobile, AL	1988	9,000	10,000	7,500
*	Whittemore Center	Durham, NH	1995	6,100	6,400	7,300
*	UM Convocation Center	Coral Gables, FL	2003	n/a	7,000	7,000
	Dodge Arena	Hidalgo, TX	2003	5,500	n/a	6,800
*	Magness Arena	Denver, CO	1999	6,100	7,200	6,735
*	Ryan Center	Kingston, RI	2002	n/a	7,700	6,500
*	Adams Center	Missoula, MT	1999	7,500	7,500	6,000
*	Jenny Craig Pavilion	San Diego, CA	2000	n/a	5,100	5,500
	Average		**1999**	**7,657**	**8,382**	**8,633**

Notes: Includes new arenas constructed since 1995 with capacities ranging from 5,000 to 10,000 seats.
Sorted by concert capacity. Concert capacity typically includes fixed seats plus a certain amount of portable seating.
* University facility.
Source: 2004 AudArena Guide, 2004 Revenues from Sports Venues.

A total of 29 arenas have been identified that have opened since 1995 and have a fixed seating capacity of 5,000 to 10,000 seats. Exhibit III-5 illustrates the ranking of the proposed arena's primary and secondary market areas relative to other markets with new, comparable arenas.

Exhibit III-5
New Arenas Opened Since 1995 (1)
Primary and Secondary Market Population (in thousands)



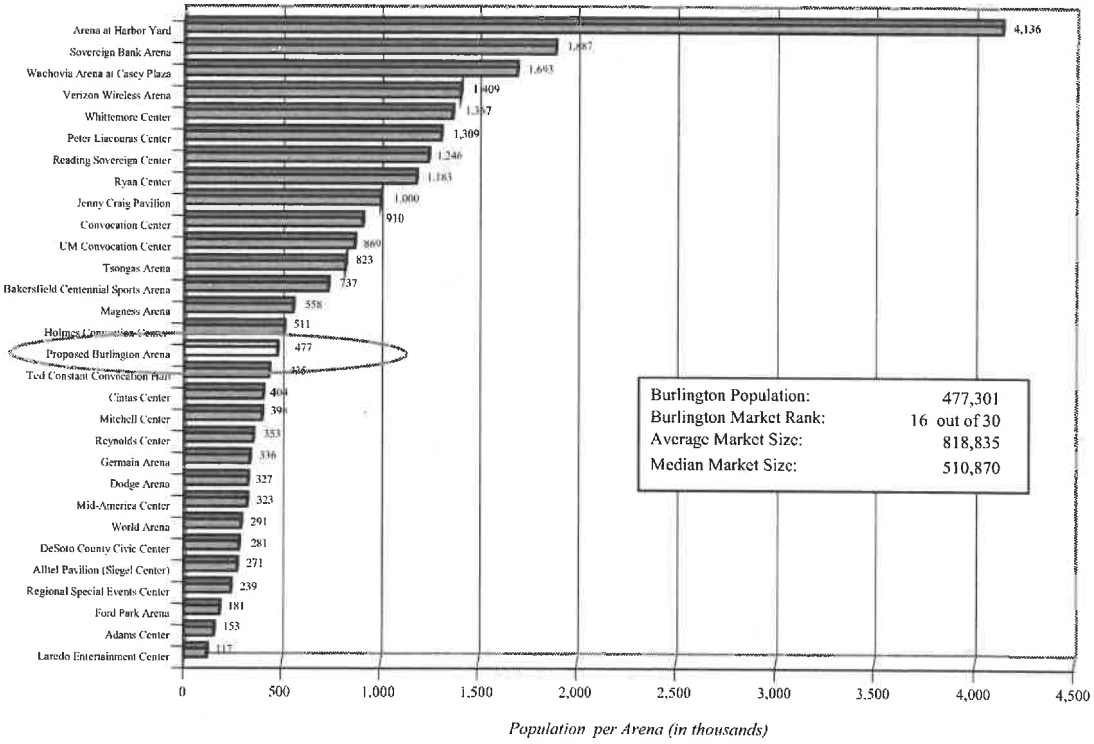
(1) Arenas with fixed seating capacities of 5,000 to 10,000 seats.

As illustrated above, the proposed arena's primary and secondary market population of 477,301 ranks 28th largest out of 30 markets. Markets with comparable arenas ranged in size from a low of 153,000 in Missoula, Montana (Adams Center) to a high of 12.4 million in Bridgeport, Connecticut (Arena at Harbor Yards). The average market size for comparable new arenas is 2.9 million and the median market size is 1.7 million.

One key factor that impacts the viability of an arena is the competition in the local marketplace. A new arena in the Burlington area would serve as the only major sports and entertainment arena in the marketplace, assuming Patrick Gymnasium and Gutterson Fieldhouse were not used for competing purposes.

Exhibit III-6 depicts the population ranking of the proposed arena compared to other comparable arenas based on the population available per competing arena in the marketplace.

Exhibit III-6
New Arenas Opened Since 1995 (1)
Primary and Secondary Market Population Per Arena in Marketplace (in thousands)



(1) Arenas with fixed seating capacities of 5,000 to 10,000 seats.

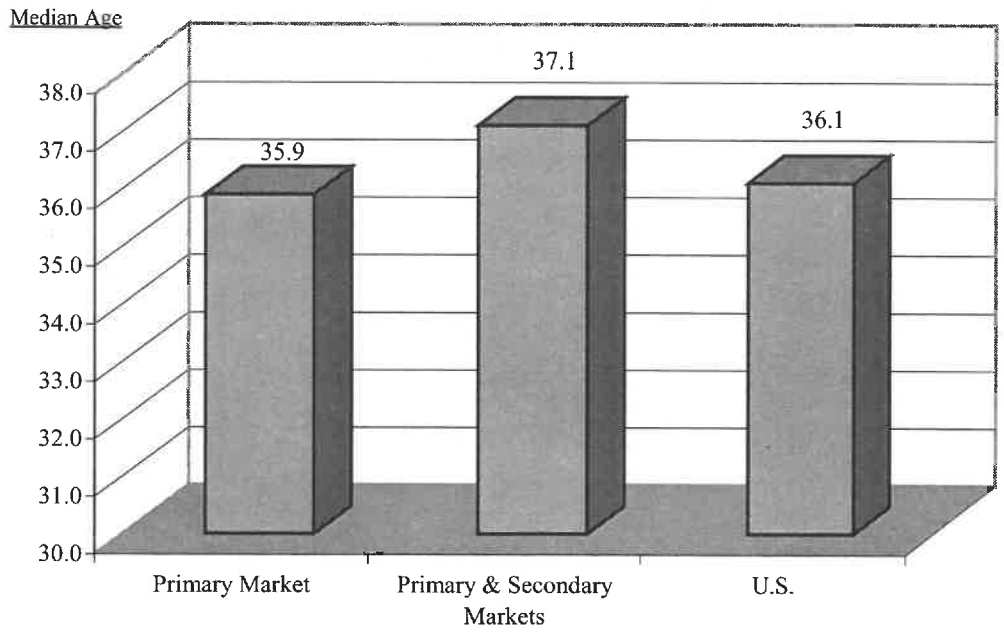
Based on a comparison of population per arena in the marketplace, the proposed arena's market ranks 16th out of 30 markets with 447,301 residents per arena. The population per arena for comparable arenas ranges from a low of 117,000 in Laredo, Texas to a high of 4.3 million in Bridgeport, Connecticut. The average population per arena is 818,835 and the median population per arenas is 510,870.

A potentially critical success factor for the proposed arena would be the lack of competition from a comparable arena in the greater Burlington marketplace.

Age

Another demographic characteristic that is important to the overall viability of the proposed arena is the age of the local population. Generally, sports and entertainment events attract patrons of various ages with the core group of patrons clustered within the 15 to 54 age group. Exhibit III-7 presents age statistics for the proposed arena market area.

Exhibit III-7
Median Age

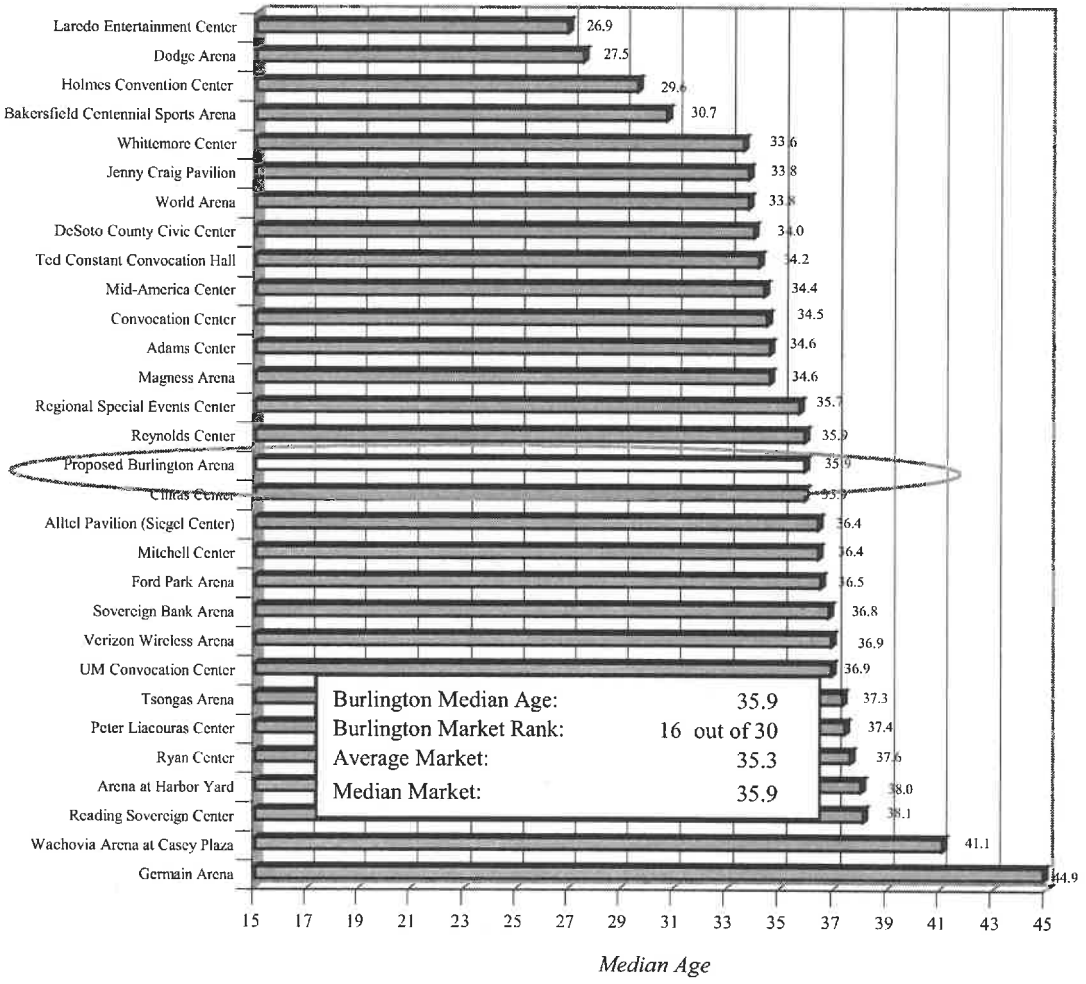


As depicted in the exhibit, the median age of the primary market area of the proposed arena is 35.9 years. The median age of the combined primary and secondary markets of the proposed arena is 37.1 years. In comparison, the median age of residents in the United States is 36.1 years.

The primary market area of the proposed arena can be characterized as slightly younger, with a slightly lower proportion of residents within the prime ages for attending sporting and entertainment events.

Exhibit III-8 on the following page illustrates the median age of the primary market for comparable arenas.

Exhibit III-8
New Arenas Opened Since 1995 [1]
Median Age of Primary Market



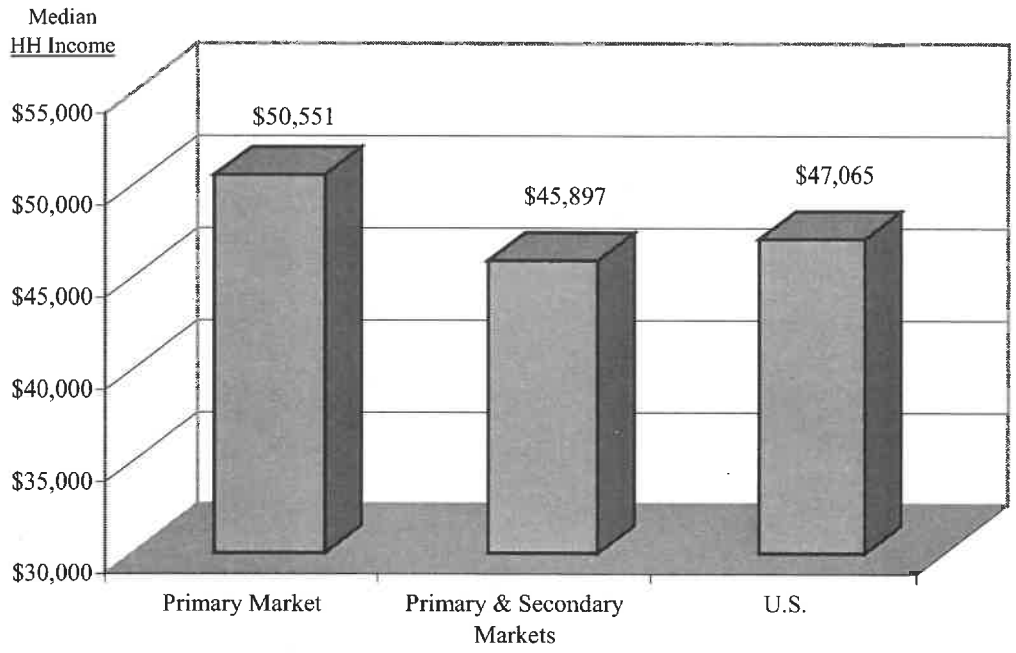
(1) Arenas with fixed seating capacities of 5,000 to 10,000 seats.

The primary market area of the proposed arena ranks 16th youngest out of 30 markets. The median age for comparable arena markets ranges from a low of 26.9 years in Laredo, Texas (Laredo Entertainment Center) to a high of 44.9 years in Estero, Florida (Germain Arena). The average median age is 35.3 years and the median age is 35.9 years.

Income

An important socioeconomic variable that can be indicative of the potential success of the proposed arena is household income. Household income can be used as a measure for the ability to purchase tickets, concessions, novelties, parking and other such items. Exhibit III-9 presents the median household incomes for the primary area and the combined primary and secondary area of the proposed arena as compared to the United States.

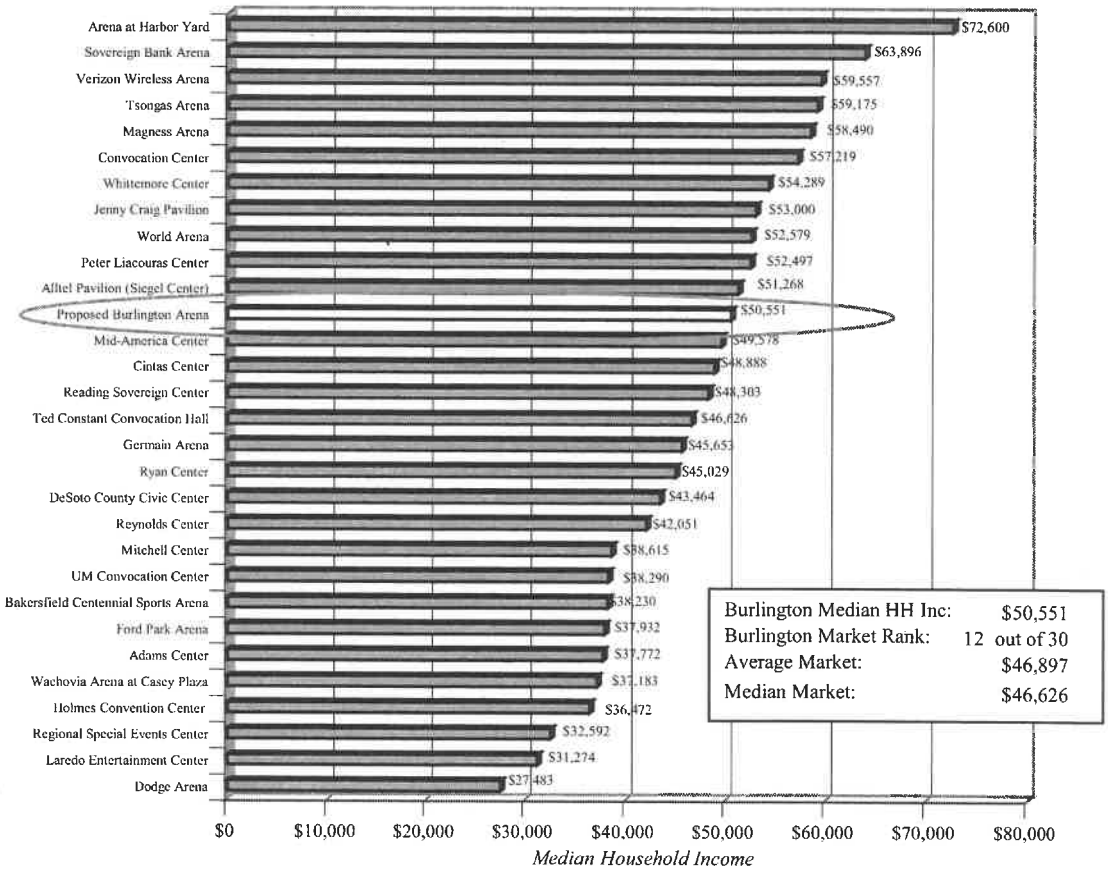
Exhibit III-9
Median Household Income



As shown in the exhibit, the median household income in the primary market is $50,551. The median household income in the combined primary and secondary market is $45,897, indicating that household incomes in the secondary market are generally lower than those in the primary market. In comparison, the median U.S. household income is $47,065. It should be noted that any comparison of household incomes among different geographic regions should consider the cost of living characteristics of an area. Burlington's cost of living index is 104.9 compared to a national average of 100.

Exhibit III-10 on the following page presents a comparison of the median household income of comparable arenas opened since 1995.

Exhibit III-10
New Arenas Opened Since 1995 (1)
Median Household Income of Primary Market



(1) Arenas with fixed seating capacities of 5,000 to 10,000 seats.

The median household income of the primary market area of the proposed arena ranks 12th highest out of 30 markets. The median household income for markets with arenas markets ranges from a low of $27,483 in Hidalgo, Texas (Dodge Arena) to a high of $72,600 in Bridgeport, Connecticut (Arena at Harbor Yards). The average median household income is $46,897 and the median household income is $46,626.

Corporate Base

Local corporations could play a significant role in the overall success of the proposed arena by hosting meetings, conferences and trade shows at the facility and through the purchase of tickets, advertising and sponsorships. Exhibit III-11 on the following page presents the number of corporate headquarters and branches with at least 25 employees within the proposed arena's primary market.

Exhibit III-11
Corporate Base
Primary Market Area

	Burlington MSA Companies	Percentage
Headquarters: *(Sales)*		
Unknown	5	0.8%
Under $1,000,000	52	8.8%
$1,000,000 to $4,999,999	206	34.7%
$5,000,000 to $9,999,999	74	12.5%
$10,000,000 to $24,999,999	58	9.8%
$25,000,000 to $49,999,999	27	4.6%
$50,000,000 to $99,999,999	13	2.2%
Over $100,000,000	12	2.0%
Total Headquarters	447	75.4%
Branches [1]	146	24.6%
Total	593	100.0%

[1] Branches with at least 25 employees, excluding retail stores.
Source: Dun & Bradstreet.

As depicted in the exhibit, the primary market of the proposed arena has 447 corporate headquarters of which approximately 55 percent have annual sales of $5.0 million or more. Additionally, the primary market area has 146 corporate branch locations with 25 or more employees.

Exhibit III-12 summarizes the major employers in the primary market area. The largest employer in the area is IBM, which employs 6,200 people in the local area. Other large employers in the area include Fletcher Allen Healthcare, the University of Vermont and Chittenden Corporation, all with over 1,000 employees. Overall, the local market area has a relatively small corporate base which could negatively impact the ability to sell premium seating and sponsorships at the proposed arena, support multiple tenants, as well as demand for meetings, conferences and other events.

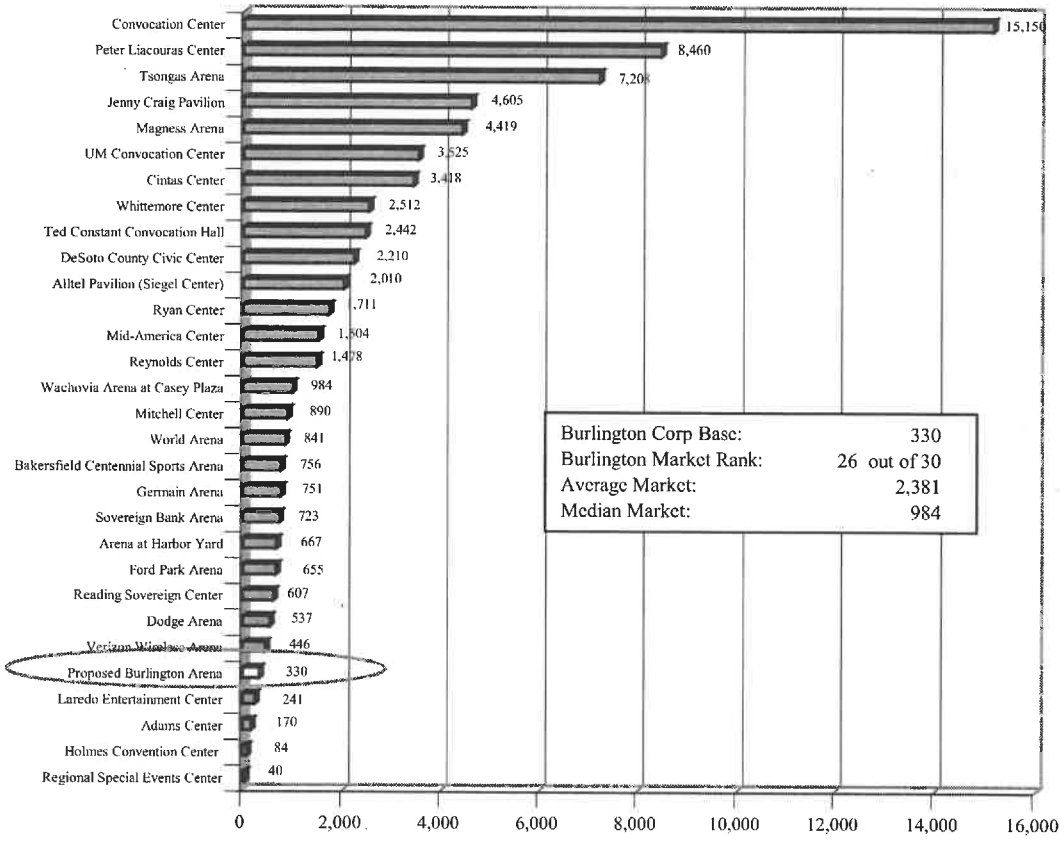
Exhibit III-12
Major Employers
Primary Market Area

Company Name	Number of Employees
IBM	6,200
Fletcher Allen Health Care	4,674
University of Vermont	3,461
Chittenden Corporation	1,208
Verizon	950
Banknorth Group, Inc.	765
IDX Corporation	752
Ben & Jerry's Homemade, Inc.	735
Visiting Nurses Association	730
General Dynamic Armament System	500

Source: Book of Lists, 2002-2003

Exhibit III-13 summarizes the corporate base of the Burlington metropolitan area in the context of other market areas supporting new arenas with fixed seating capacities between 5,000 and 10,000 seats.

Exhibit III-13
New Arenas Opened Since 1995 (1)
Corporate Base of Primary Market

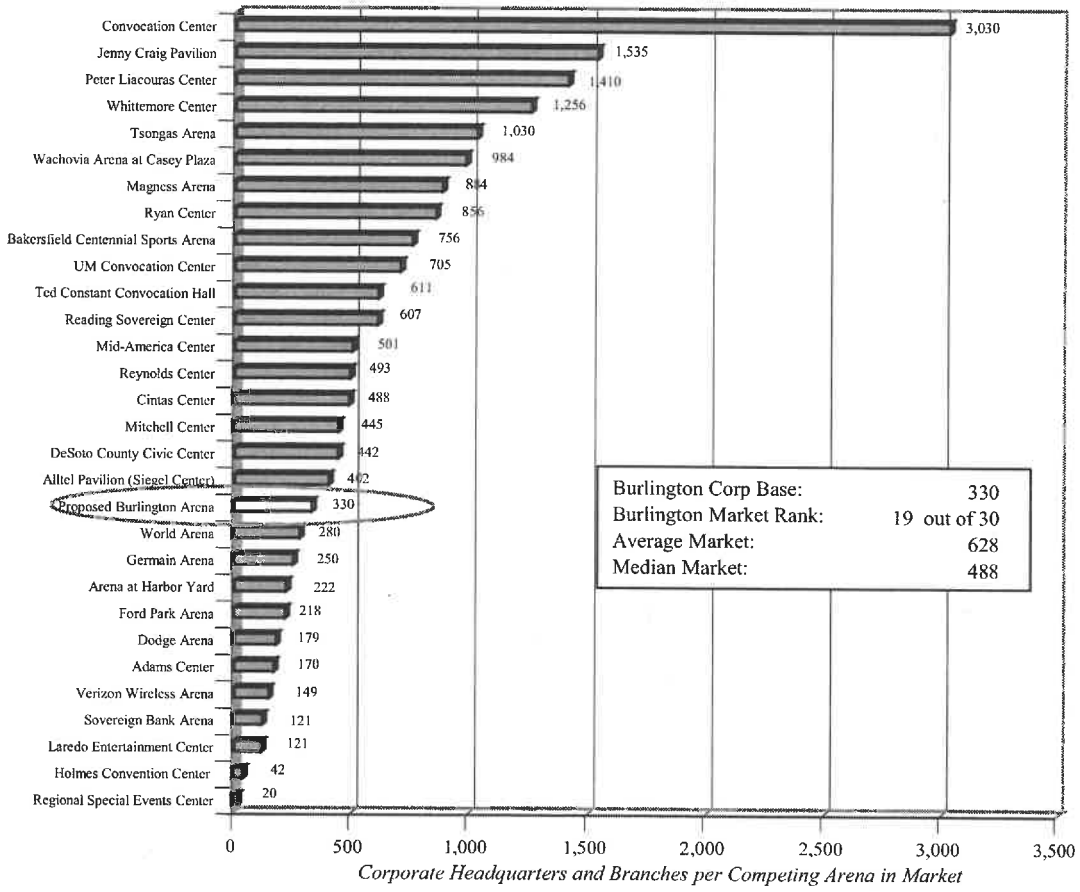


(1) Arenas with fixed seating capacities of 5,000 to 10,000 seats.
Note: Corporate inventory is based on headquarters with $5.0 million or more in sales and corporate branch locations with 25 or more employees.

The corporate base of the primary market area of the proposed arena ranks 26th out of 30 markets. The corporate base for markets with comparable arenas ranges from a low of 40 in Murray, Kentucky (Regional Special Events Center) to a high of 15,150 in Dekalb, Illinois (Convocation Center). The average corporate base consists of 2,381 companies and the median corporate base consists of 984 companies.

Exhibit III-14 on the following pages compares the number of corporations available per arena in the marketplace for comparable arenas.

Exhibit III-14
New Arenas Opened Since 1995 [1]
Corporations per Arena in Primary Market



(1) Arenas with fixed seating capacities of 5,000 to 10,000 seats.
Note: Corporate inventory is based on headquarters with $5.0 million or more in sales and corporate branch locations with 25 or more employees.

The number of companies per competing arena in the primary market area of the proposed arena ranks 19th out of 30 markets. The number of companies per arena for markets with comparable arenas ranges from a low of 20 in Murray, Kentucky (Regional Special Events Center) to a high of 3,030 in Dekalb, Illinois (Convocation Center). The average number of corporations per competing arena consists of 628 companies and the median number of companies per competing arena consists of 488 companies.

Transportation Access

Transportation access is vital to the success of any public assembly facility. Ease of access is not only important from the perspective of attracting patrons, but also factors into the venue selection process of national and regional touring acts which choose venues based on how the market fits in the context of the overall routing of an act, among other reasons. Additionally, meeting planners of various flat floor events (conventions, tradeshows, consumer shows, etc.) consider ease of access a critical factor when selecting a market/venue to host their events.

Various forms of transportation access that are important to the viability of a multi-purpose arena include highway, air, rail, and local transportation access.

Highway Access

Exhibit III-15 illustrates the regional roadway access to the Burlington area.

Serving as the state's largest metropolitan area, Burlington has good highway access via Interstate 89. Interstate 89 is a toll-free highway that spans from the southeast to the northwest of Vermont. It connects with Interstates 91 and 93 to complete a multi-state network to New Hampshire, Massachusetts, Connecticut and New York. U.S. Route 2 bisects Vermont westward to New York and eastward to New Hampshire and Maine.

Exhibit III-15
Regional Roadway Access

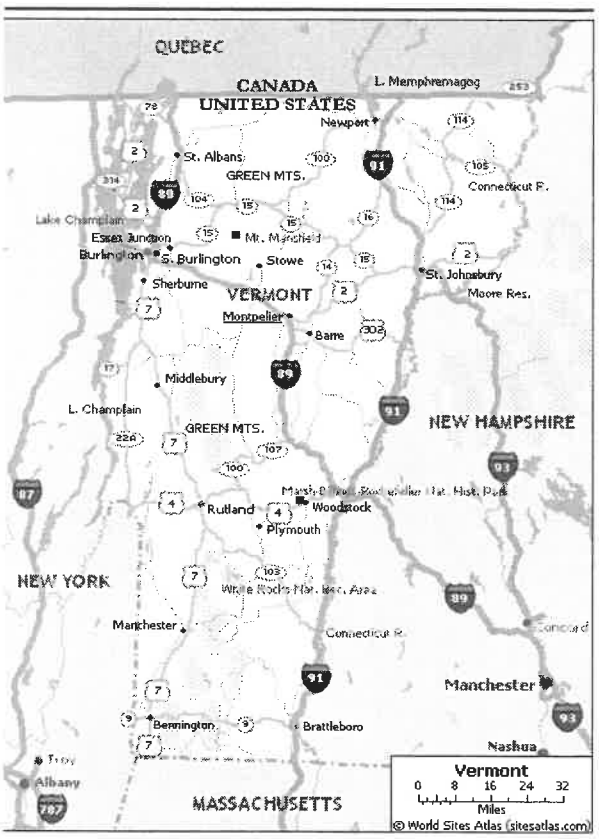


Exhibit III-16 presents a summary of major cities in regional proximity including their distance and estimated drive time to Burlington.

Exhibit III-16
Distance from Major Regional Metropolitan Areas

Metropolitan Area	Miles from Burlington	Drive Time in Hours	Market Population
Montreal, QC	92	1.5	3,908,000
Albany, NY	147	2.5	881,500
Manchester, NH	165	2.8	396,000
Springfield, MA	209	3.5	611,400
Boston, MA	215	3.6	4,059,600
Worcester, MA	235	3.9	770,900
Hartford, CT	235	3.9	1,173,300
Providence, RI	271	4.5	989,700

Most promoters representing national and regional touring acts that were contacted as part of this study indicated that the Burlington metropolitan area was an attractive market given the lack of competition from a similar facility in the marketplace and its location relative to other regional markets with multi-purpose arenas such as Montreal, QC; Manchester, NH; and Albany, NY; among others. These promoters indicated that Burlington's location among these regional markets make it an attractive destination when determining the routing patterns of their acts as it serves as a convenient stop between these markets.

Air Access

Air access is a critical factor in attracting events with attendees originating from a regional or national basis, such as conventions, trade shows or conferences.

Handling over 550,000 passengers annually, Burlington International Airport is one of the most traveled airports in New England and is Vermont's only international airport. The airport provides direct service and international connections to and from major cities by United, USAirways, Continental, Delta, Independence, jetBlue and Northwest. Cities with direct service to Burlington International Airport including Boston, Chicago, Cincinnati, Cleveland, Detroit, Philadelphia, Pittsburgh, Newark, New York and Washington D.C. Beyond the regional area, air access to Burlington can require one or more additional

connecting flights, which can negatively impact the marketability of the area to attract events with patrons originating beyond the regional area.

Rail Access

Several arena events, such as circuses, utilize railroads to transport animals and equipment from market to market. The Vermont Railway and the New England Central Railroad provide rail freight transport to Canada, New England states and Albany-area markets, in addition to other North American regions.

Local Transportation Infrastructure

Facility ingress and egress via vehicular traffic and public transportation is critical to the viability of a multi-purpose arena. A facility that is located in an area that is easily accessible to local residents will enhance the overall patron experience and encourage repeat attendance. While a specific arena site has not yet been determined, it will be important to locate the proposed facility in an area that is capable of handling ingress and egress of upwards of 2,500 to 3,000 cars for heavily attended events within a 15 to 20-minute time period. This vehicular volume would be in addition to any normal vehicular traffic in the area, typically during evening hours.

Hotel Inventory and Issues

The inventory and quality of hotel rooms and supporting meeting space is critical in determining the marketability of a community to accommodate conventions, trade shows, conferences and other events drawing out-of-town attendees.

Approximately 3,600 rooms serve the Burlington metropolitan area, consisting of variety of full-service, limited service and extended stay accommodations. The following exhibit summarizes the hotel characteristics of the primary hotels accommodating the largest conventions and conferences in the Burlington area.

Exhibit III-17
Primary Convention / Conference Hotels

Property	Rooms	Meeting Rooms		Total Conference Square Footage
		Number	Maximum People Capacty	
Sheraton Burlington Hotel & Conference Center	309	16	1,000	30,000
Wyndham Burlington Hotel	256	15	900	16,000
Clarion Hotel & Suites	163	8	500	6,000
Holiday Inn	174	5	500	4,200

As shown in the exhibit, the largest single conference space provided by local hotels is approximately 30,000 square feet and the biggest group that can be accommodated is 1,000 people, both provided by the Sheraton Burlington Hotel & Conference Center. With the largest hotel providing 309 rooms, any large-scale convention, trade show or conference that attracts out-of-town visitors must use multiple properties of varying quality to accommodate visitors, placing the Burlington metropolitan area at a competitive disadvantage to other communities providing more higher quality and/or more proximate hotel rooms.

In addition to limited hotel and exhibit/meeting space, hotel occupancies are stronger from late Spring through early Fall due to high leisure travel activity and seasonality associated with convention, tradeshows and conferences, often exceeding 90 percent in peak months. As a result, room rates are generally higher during this period and are difficult to secure, which can have negative implications in attracting conventions, trade shows and consumer shows.

Attractions

The Burlington metropolitan and surrounding regional area offers numerous historical, cultural, recreational and entertainment attractions and activities throughout the year. These attractions and activities make Burlington area a unique, quaint destination that appeals to leisure and business travelers alike throughout the year.

Specific area attractions and activities include, but are not limited to:

- Arts Alive;
- Bed and breakfasts – various;
- Ben & Jerry's Ice Cream Factory;
- Ben & Jerry's Outdoor Movie Festival;
- Birds of Vermont Museum;
- Burlington Latino Festival;
- Champlain Valley Fair;
- Champlain Valley Folk Festival;
- Church Street Marketplace;
- Discover Jazz Festival;
- ECHO at the Leahy Center;
- Leaf / Foliage Tours;
- Ethan Allen Homestead;
- Flynn Theater;
- Hermann's Royal Lipizzan Stallions;
- Intervale Farm & Garden Festival;
- Lane Performing Artist Series;
- Lake Champlain Basin Science Center;
- Lake Champlain Int'l Fishing Derby;
- Lake Champlain Maritime Museum;
- Main Street Landing;
- Numerous Outdoor Activities;
- Rokeby Museum;
- St. Michaels College;
- St. Michaels Playhouse;
- Shelburne Farms;
- Shelburne Museum;
- Stowe Ski Resort;
- University of Vermont;
- UVM's Perkins Geology Museum;
- UVM's Fleming Museum;
- UVM's Francis Colburn Gallery
- Vermont International Film Festival;
- Vermont Brewers Festival;
- Vermont City Marathon & Relay;
- Vermont Expos;
- Vermont Foodfest;
- Vermont Maple Festival;
- Vermont Mozart Festival;
- Vermont Symphony Orchestra;
- Vermont Stage Company; and,
- Vermont Teddy Bear Company.

Climate

A key consideration in meeting planners' decisions to book a facility is the climate of the local area, particularly during times of extreme cold or heat. This is of particular importance for events such as meetings, conferences and conventions, which draw delegates from other geographic regions.

Like all of New England, Vermont experiences four seasons and extended periods of unusually high or low temperatures are uncommon. Lake Champlain, the western boundary of Vermont, and its lake effect tend to moderate temperatures during colder months and extend summer weather into the Fall. Exhibit III-18 on the following page summarizes the mean daily minimum and maximum temperatures and precipitation by month for the Burlington area.

Exhibit III-18
Climatological Information
Burlington Metro Area

Month	Mean Temperature (Fahrenheit) Daily Minimum	Daily Maximum	Mean Precipitation (Inches)	Mean Precipitation (Days)
January	7.5	25.2	1.8	8.2
February	9.0	27.5	1.6	6.7
March	21.9	39.4	2.2	9.1
April	34.2	53.6	2.8	9.8
May	45.3	67.3	3.1	10.9
June	54.7	75.7	3.5	10.6
July	59.7	81.1	3.6	9.2
August	57.9	77.9	4.1	10.6
September	48.7	69.1	3.3	8.7
October	38.7	57.0	2.9	8.9
November	29.7	44.1	3.1	10.9
December	15.4	30.4	2.4	10.0

Note: Precipitation includes both rain and snow.
Mean number of precipitation days equal to mean number of days with at least 0.04 inches of precipitation.
Source: World Meteorological Organization.

Harsh winter conditions characteristic of the Burlington area from November through March generally limit the marketability of the community in attracting regional or national conventions, trade shows or meetings. This is underscored by the fact that hotel occupancies in the local market typically drop to below 60 percent during winter months.

As is common with many northern climate cities that experience harsh winter seasons, the residents of Vermont generally prefer outdoor activities during the summer months, indicating that the proposed multi-purpose indoor arena could compete with non-traditional means of leisure and entertainment such as fishing, hunting, weekend/summer cabin retreats and other activities not as common to other regions of the county. Further, during winter months, attendance by local and regional residents could be impacted to some degree by occasional hazardous driving conditions.

Summary

As previously mentioned, the demographic and socioeconomic characteristics of a market are an important component in assessing the potential success of the proposed arena. The strength of a market in terms of its ability to attract events and spectators and generate revenues is predicated, somewhat, on the size of the regional market area population and its spending characteristics in the context of competition within the market.

The following are key conclusions of the proposed arena's market:

- The Burlington metropolitan area has approximately 203,629 people and is the 209th largest among 323 metropolitan areas in the United States.
- A total of 477,301 residents live within 50 miles of the proposed arena, an area comprising the proposed arena's primary and secondary market area and the area from which virtually all arena attendees will be drawn.
- While located in a relatively small market, the proposed arena will face limited competition from existing sports and entertainment facilities, teams and events in the marketplace.
- The Burlington metropolitan area's location relative to other regional markets with major sports and entertainment arenas is considered attractive by arena event promoters when developing a routing schedule for their acts.
- However, Burlington's relatively remote location and lack of direct flights to regional destinations and beyond limits the ability of the market to serve as a major national or regional convention, tradeshow or conference market.
- Further, the marketability of the community for major or regional convention, tradeshow or conferences is somewhat limited based on the availability of convention-quality hotel rooms during peak periods from late Spring through early Fall.
- The median age and age distribution of the local market is younger than the national average and has a large portion of residents within the prime ages for sports and entertainment event attendance. This bodes well for sports and entertainment event attendance.
- The household income in the primary market of the proposed arena ranks above the national average, but the household incomes of the combined primary and secondary markets fall below the national average. This indicates that the primary market may have a higher propensity to allocate discretionary dollars to entertainment activities associated with a new arena.

- The corporate base within the primary and secondary markets is relatively small, which may likely limit the ability of the proposed arena to market premium seating, tickets and advertising/sponsorship opportunities to the corporate market.
- The seasonal climate of Vermont will likely limit the marketability of the facility during winter months for conventions, tradeshows, conferences and other similar events that draw attendees from outside the local area.

The demographic and socioeconomic characteristics of the proposed arena's market are considered together with an assessment of the competitive facilities in the marketplace, the historical operations of comparable facilities, and interviews with potential facility users to estimate demand.

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II. Review of Ernst & Young Study
III. Local Market Analysis
IV. Competitive Facilities
V. Comparable Facilities
VI. Market Surveys
VII. Estimated Event Demand
VIII. Building Program and Cost
IX. Estimated Financial Operations
X. Estimated Economic and Fiscal Impacts
XI. Management Options
XII. Funding Options

IV. Competitive Facilities

IV. Competitive Facilities

The number and type of local facilities that would possibly compete for the limited supply of events, spectators, attendees and sponsorship dollars within the marketplace will impact the market potential for the proposed multi-purpose arena. The purpose of this section is to assess facilities in the local and regional area that could provide some level of competition to the proposed facility. Exhibit IV-1 presents a summary of potentially competitive venues.

Exhibit IV-1
Local and Regional Competitive Facilities

Facility	Location	Driving Distance (mi.)	Facility Type	Year Opened	Seating Capacity
Local Competition					
Champlain Valley Exposition	Essex Junction, VT	7	Exposition, Granstand, etc.	1922	10,088
Flynn Center for the Performing Arts	South Burlington, VT	1	Theater	1930	1,453
Memorial Auditorium	South Burlington, VT	1	Theater	1927	2,500
Gutterson Fieldhouse	South Burlington, VT	1	Arena	1963	4,035
Patrick Gymnasium	South Burlington, VT	1	Gym	1963	3,228
The Green at Shelburne Museum	Shelburne, VT	8	Concert	n/a	3,000
Centennial Field	South Burlington, VT	1	Ballpark	1906	4,400
St. Michael's College Arena - proposed	Colchester, VT	5	Arena	n/a	2,200
Performing Arts Center - proposed	Stowe, VT	36	Theater	n/a	3,000
Regional Competition					
Olympic Center	Lake Placid, NY	61	Arena	1921	8,000
Glens Falls Civic Center	Glens Falls,NY	84	Arena	1979	7,806
Bell Centre	Montreal, Quebec	95	Arena	1996	21,500
Saratoga Performing Arts Center	Saratoga Springs, NY	120	Amphitheater	1965	25,300
Pepsi Arena	Albany, NY	129	Arena	1990	17,500
Verizon Wireless Arena	Manchester, NH	137	Arena	2001	11,000

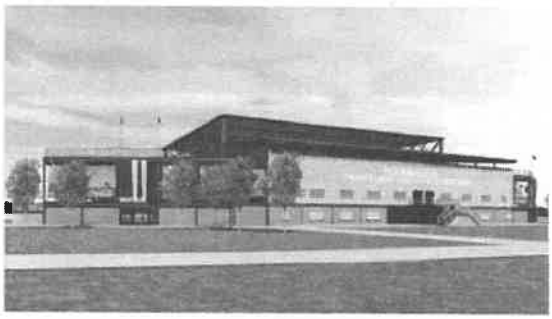
The remainder of this section provides an overview of each potentially competitive facility including a physical description of the facility, an overview of historical operations and conclusions regarding the degree of competition among facilities.

Local Competition

Within the Burlington metropolitan area, there are a variety of existing and planned facilities that may compete to some degree with the multi-purpose arena. Most of the existing facilities in the local marketplace were built many years ago and serve specific purposes or market segments. In general, it is not expected that a new arena would represent significant competition to existing and planned facilities in the marketplace from the perspective of booking events because each generally caters to unique market segments. However, a new multi-purpose arena would most likely compete with existing and planned local venues to attract the discretionary spending of local residents and the corporate sponsorship dollars of local companies.

Champlain Valley Exposition

Essex Junction, Vermont





The Champlain Valley Exposition ("CVE") is located in Essex Junction, Vermont. The mission of the Exposition is to promote agriculture, education, commerce and entertainment activities.

In 2003 and according to Expo representatives, over 600,000 people attended special events at CVE with an overall economic impact of more than $450 million. CVE drew 297,680 in attendance over the 10-day Champlain Valley Fair, which was held August through September. Per CVE management, in 1989, 10 non-fair events occurred at the Expo, producing eight percent of its revenues and in 2004, the site will host approximately 100 non-fair special events, which will account for 25 percent of its revenues. While CVE has generally been successful, its market potential is limited somewhat by the lack of nearby overnight accommodations, restaurants and retail establishments.

The Expo includes several exhibit and public assembly facilities covering nearly 130 acres. The various facilities host a variety of large public assembly events, consumer and trade shows, and banquets and conventions, among other events. Exhibit IV-2 summarizes the major facilities at CVE.

Exhibit IV-2
Champlain Valley Exposition Facilities

	Year Opened	Square Feet	Dimensions	Seating Capacity
New Building	2005	26,000	NA	NA
Robert E. Miller Expo Centre	1999	33,000	130 x 260	NA
Blue Ribbon Pavilion	NA	11,440	80 x 143	2,000
Ware Building	1971	5,280	60 x 88	750
State Building (1)	1950	12,000	100 x 120	1,500
Grandstand	1966	7,200	39 x 200	10,088
Barns, Livestock and Education Buildings	NA	NA	NA	NA
Mall Areas (2)	NA	NA	NA	NA
Total		**94,920**		**14,338**

(1) Insulated building

(2) Adsit Mall, AG Mall, Northwest Mall consist of nearly 5-acres of presentation space.

NA = Not Available

Source: CSL research and facility management.

As depicted in the previous exhibit, the Champlain Valley Expo offers a variety of facilities that accommodate a wide spectrum of events including conventions, consumer shows, trade shows, concerts, motor sports, rodeos, indoor soccer and other such usage.

The Champlain Valley Expo offers a variety of facilities that can accommodate events requiring seating. Most notably is the Coca-Cola Grandstand, which opened in 1966 and has 10,088 total seats in a covered, outdoor environment and hosts several concerts, family shows and other spectator events during the summer months. In addition to free shows and entertainment hosted at the 2004 Champlain Valley Fair, the Grandstand featured six concert performances with ticket prices (including gate admission, facility fee and surcharge) ranging from a high of $54.75 for Toby Keith, a top national artist, to a low of $22.25 for Strangefolk/Samples, a local favorite Vermont band. The average ticket price is approximately $40 for the overall summer concert series. Motor sports are also a big attraction during the Fair featuring an Extreme Motorcycle Show, Championship Figure-8 racing, Demolition Derby and a Grand National Tractor and Truck Pull event. The average ticket price, excluding gate admission to the fair, is $12 over the four events. In June 2004, CVE announced plans to replace the existing Grandstand with a new $9 million Pavilion for Music and Special Events that will have a total seating capacity of 10,000, including 7,700 covered seats. The new facility is expected to increase the number of concerts and other special events hosted at CVE.

In addition to the spectator seating, the Champlain Valley Exposition offers a total of 94,920 square feet of flat floor space in five buildings. The Expo includes the Robert E. Miller Expo Centre, which offers 33,000 square feet of open floor space and a combined total of 44,440 square feet when including the connection to the Blue Ribbon Pavilion, which offers 11,440 square feet. Both facilities are air-conditioned and offer open floor space, modern bathroom facilities and one food court area. The grounds also offer a variety of livestock buildings that are typically used during the annual exposition by competitive exhibitors. In January 2005, a $2.5 million, 40,000 square foot building will open. The facility will target indoor soccer, special events, trade shows and conventions. The new building will include a 26,000 square foot open space area for soccer and special events. The Nordic Spirit Soccer Club will lease the facility from October to April each year, leaving open dates for the Exposition of April to November, including four weeks during the soccer play period, in which to book outside special events. The Exposition is projected to target large events and conventions that are now bypassing the state.

In addition to the recent expansion announcement, it should be noted that the long-range master plan for CVE includes a 9,000-seat multi-purpose arena that could host minor league hockey.

Overall, CVE and a new arena would likely compete to host certain consumer or flat floor shows, but are not expected to compete directly for spectator type events on a

regular basis. However, the future plans of CVE with respect to building a new arena envisioned in its long-range master plan could represent future, and potentially, significant competition to a new multi-purpose arena operating on the UVM campus.

Given local market demographics, it is unlikely that the market could successfully support two new commercially operated arenas on a long-term basis. As such, the Vermont Arena Commission should work with CVE representatives to determine the most appropriate pubic assembly facility development options that would be most beneficial to the local area.

Flynn Center for the Performing Arts
South Burlington, Vermont



Opened in 1930, the Flynn Theater operated as a vaudeville house and movie theater for more than 50 years. With the decline in the movie business in the 1970's, the Flynn Theater was restored and converted to a performing arts venue. Today, the 55,824 square foot Flynn Center for the Performing Arts, which underwent a significant renovation in 2000, offers two performance venues including the 1,453-seat original theatre, or MainStage, and the FlynnSpace, an intimate 200-seat performance space located downstairs at the Flynn Center. Located in downtown Burlington, the Flynn Center for the Performing Arts serves as the state's largest and most popular performing arts venue. Exhibit IV-3 summarizes the annual operations of the Flynn Center for the Performing Arts.

Exhibit IV-3
Summary of Operations - Flynn Center

Events:	
FlynnSpace	48
Education Programs	43
Flynn MainStage	41
Total Events	**132**
Attendance:	
Outside Rentals	70,000
Public Performances	51,090
Education Performances	47,825
Special Event	30,000
FlynnArts	4,200
Total Attendees	**203,115**
FY'04 Budget:	
Operating Revenues	$2,966,000
Contributed Support [2]	1,441,800
Total Revenues	4,407,800
Operating Expenses	4,421,000
Net Income	**($13,200)**

[1] Includes ticket sales, education program fees, rentals and FlynnTix.
[2] Annual support from individuals, foundations, corporations, and government.
Source: Flynn Center management.

As depicted above, the Flynn Center hosted 132 events and drew 203,115 attendees in 2003. Flynn Center events included a broad spectrum of activity including Broadway, theater, dance, music and family performances in addition to the Burlington Discover Jazz Festival. Additionally, the Flynn Center offers a variety of educational programs, workshops and courses. While the Flynn Theater presents many of its own performances, it also provides a home to many community arts organizations and regional promoters including the UVM Lane Series, Vermont Symphony Orchestra, Vermont Youth Orchestra, Lyric Theatre Company, Vermont State Company, Albany-Berkshire Ballet and All-Points Booking, among others. Stated rentals rates for the Flynn Center are $2,420 (weekdays) and $2,840 (weekends).

Total operating expenses for the Flynn Center are budgeted to be $4.4 million for fiscal year 2004, slightly exceeding total revenues. It is important to note that approximately a third of Flynn Center's revenues are derived from contributed support from individuals and corporations. Operating revenues account for nearly three-quarters of Flynn Center revenues and consist of ticket sales, educational program fees, rental and associated services and FlynnTix. FlynnTix is an in-house ticketing service provided by the Flynn Center for various local facilities including the Flynn Center, Champlain Valley Exposition, Memorial Auditorium, Lyric Theatre, and the Vermont Symphony Orchestra, among others.

Most modern arenas have curtaining systems that allow the facility to offer half-house and other more intimate seating configurations to enable them to host performing arts events. While a new arena could host several performing arts events each year, it is not expected to compete directly with the Flynn Center on a consistent basis for events. However, based on discussions with Flynn Center management, there is a concern that a new multi-purpose arena will compete with the Flynn Center in attracting corporate sponsorships, which is a vital revenue source needed to sustain Flynn Center operations. Management also expressed concern over the potential impact that increased traffic associated with a new arena may have on Flynn Center events and downtown merchants on arena event days. Further, management expressed concerns over a potentially competing ticketing system at a new arena that could undermine a key revenue source for the Flynn.

Memorial Auditorium
Burlington, Vermont





Located in downtown Burlington, Memorial Auditorium is one of the oldest performance venues in the area. Owned by the City of Burlington, Memorial Auditorium has a total seating capacity of 2,500, of which 825 are permanent seats. The facility floor offers approximately 12,000 square feet of space. Stated daily rental rates for the facility are $2,350 plus expenses. Memorial Auditorium hosts recreation activities, concerts, consumer shows, and other miscellaneous events.

Overall, Memorial Auditorium is dated and does not offer adequate parking, sound quality or concession opportunities and is oftentimes overlooked by promoters to host concerts or major events. Because of these limitations, Memorial Coliseum is under utilized and generally has a negative stigma by local residents.

Given the physical limitations and the negative perception of the facility by local residents, Memorial Auditorium is not expected to represent direct competition to the arena for hosting events. It is likely that a portion of concert activity that occurs at Memorial Auditorium could shift to the new arena given that it will likely have more modern amenities and more flexible seating configurations.

Gutterson Fieldhouse
South Burlington, Vermont



Opened in 1963, Gutterson Fieldhouse is located on the campus of the University of Vermont and has a seating capacity of 4,035 seats. Gutterson Fieldhouse, affectionately known as "The Gutt", is the home venue for the men and women's hockey programs. The venue also hosts the Vermont Principal Association's (VPA) Division I and II boy's hockey semi-final and finals each year and occasional ice shows. Since 1995, the facility also has also served as the pre-season training camp home for the New York Rangers. Exhibit IV-4 summarizes the annual events and attendance hosted at Gutterson Fieldhouse in a recent year.

Exhibit IV-4
Gutterson Fieldhouse
Annual Events and Attendance

	Events	Average Turnstile Attendance	Total Turnstile Attendance
UVM Men's Hockey	17	3,868	65,756
UVM Women's Hockey	17	220	3,740
High School Hockey	4	1,599	6,396
Ice Show	2	1,540	3,080
Total	40	1,974	78,972

Note: Excludes New York Rangers' training camp.
Source: UVM

As depicted in the exhibit, Gutterson Fieldhouse typically hosts approximately 40 event each year, drawing nearly 80,000 attendees. In addition to these events, Gutterson Fieldhouse serves as the practice facility for both the men's and women's hockey programs.

With the development a new multi-purpose arena on the UVM campus, it is expected that all events hosted in Gutterson Fieldhouse, with the exception of women's hockey, would be transferred to the new arena. While the long-term plans for Gutterson Fieldhouse are not definitive, it is likely that the facility would be used for hockey practices and women's hockey games in the short-term. Long-term, Gutterson Fieldhouse may be converted to other UVM sports and recreational uses by removing the ice surface. In such a case, practices and women's hockey games may be hosted in the ancillary ice sheet envisioned as part of the new arena development.

Regardless of its future use, Gutterson Fieldhouse is not expected to compete with the new arena to host events.

Patrick Gymnasium
South Burlington, Vermont



Patrick Gymnasium, which opened in 1963, is located on the campus of the University of Vermont near Gutterson Fieldhouse. The gymnasium seats up to 3,228 and is home court of UVM men's and women's basketball programs. The venue has also hosted a variety of athletic and non-athletic events such as concerts, comedians, community shows, guest speakers and other non-University related events. Exhibit IV-5 on the following page summarizes the annual events and attendance hosted at Patrick Gymnasium in a recent year.

Exhibit IV-5
Patrick Gymnasium
Annual Events and Attendance

	Events	Average Turnstile Attendance	Total Turnstile Attendance
UVM Men's Basketball	12	2,707	32,484
UVM Women's Basketball	13	936	12,168
High School Basketball	4	2,220	8,881
Concerts	3	2,150	6,450
Twin State Basketball	1	2,200	2,200
Total	33	1,884	62,183

Source: UVM

As depicted in the exhibit, Patrick Gymnasium typically hosts approximately 33 event each year, drawing over 62,000 attendees. In addition to these events, Gutterson Fieldhouse serves as the practice facility for both the men and women's basketball and support space for other UVM sports and recreational activities.

With the development a new multi-purpose arena on the UVM campus, it is expected that all events in Patrick Gymnasium would be transferred to the new arena. It is also expected that Patrick Gymnasium would continue to host practices for the basketball and volleyball programs. As a result, Patrick Gymnasium is not expected to compete with the new arena to host events.

The Green at Shelburne Museum

Shelburne, Vermont

The Shelburne Museum opened in 1947 and is nestled in the Champlain Valley of Shelburne, Vermont. The historic Shelburne Museum's buildings, gardens and grounds create a unique and natural outdoor setting for various special events. A variety of settings and locations throughout the grounds are available to host receptions, dinners and meetings as well as outdoor festivals and concerts. The Green at Shelburne Museum is an open sloping field located adjacent to the Shelburne Museum which can seat up to 3,000 patrons on the grass. The Green is located seven miles south of Burlington along US Route 7.



The primary music event hosted by the Museum is the annual 'Concert on the Green Series', which comprises five concerts during July and August. Higher Ground presents shows in conjunction with Gillett Entertainment. The 'Concert on the Green Series' advance purchase ticket prices range from a high of $57.00, excluding service fees, for Crosby Stills & Nash to a low of $40.00, excluding fees, for Lucinda Williams. The average ticket price is approximately $50 for advanced early bird ticket purchases; however, prices increase to $56 for tickets bought the day of the show.

The Museum, given its outdoor environment, limited seating capacity and seasonal operations, will not likely compete to any significant degree with the proposed arena to attract concerts. A large majority of arena events, in particular indoor touring concerts, occur in the Fall, Winter and Spring months. Further, based on discussions with Gillett Entertainment officials, which promotes the summer concerts at the Museum, a new arena would draw additional, incremental concerts to the market and would not likely impact the summer concert series at the Museum.

Centennial Field
Burlington, Vermont





Opened in 1906, Centennial Field is an open-air baseball stadium that is located on the University of Vermont campus. The facility, which can seat up to 4,400 patrons, is home to a variety of UVM athletics including baseball, soccer and lacrosse, averaging a combined total of 30 home game events per year. In addition, the facility is home to the Vermont Expos of the New York Penn League, a single A, short season affiliate of the Montreal Expos. The Vermont Expos' season runs from mid-June until early September, playing an average of 38 home games.

The venue will host the 2005 America East Baseball Championship and has been the site of several America East Conference men's and women's soccer championships. Before the soccer and lacrosse teams called Centennial their home, the stadium was the home of the Catamount football teams up until 1974 when the program was discontinued. Centennial, like its counterpart, Archie Post Field, also hosts several Vermont state high school championships throughout the year.

While Centennial Field and a new arena will not compete directly to host the same events, the facilities and their tenants will likely compete, particularly during the summer

months, to attract patrons and their discretionary spending and corporate sponsorship dollars.

Regional Competition

While there is not a state-of-the-art multi-purpose arena operating in the Burlington metropolitan area (or the State of Vermont), there are several such facilities that are located within regional proximity of northwestern Vermont. Because of the lack of an appropriate local facility, area residents must often travel to other cities in the region to attend major concerts, family shows and other such events that currently bypass the market.

Regionally competitive sports and entertainment facilities include, but are not limited to:

- Bell Centre (Montreal, Quebec);
- Olympic Center (Lake Placid, New York);
- Glen Falls Civic Center (Glen Falls, New York);
- Pepsi Arena (Albany, New York);
- Saratoga Performing Arts Centre (Saratoga Springs, New York); and,
- Verizon Wireless Arena (Manchester, New Hampshire).

These facilities represent competition to the extent that certain event promoters may prefer to route events through these facilities/markets versus a new arena in Burlington for certain events. These types of events are likely to be high-profile events with a large regional draw. However, the degree of this type of competition is expected to be limited as most promoters contacted as part of this study indicated that the Burlington area is considered a separate market and, in most cases, is ideally situated among these regional facilities from an event routing perspective.

Summary

There are a limited number of sporting and entertainment facility options within the immediate Burlington area that could offer the same state-of-the art amenities as the new proposed arena. While there will be some degree of competition to host certain events, local competition is expected to come primarily in the form of competing for corporate sponsorship dollars and the discretionary spending of local residents.

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V. Comparable Facilities

V. Comparable Facilities

The purpose of this section is to present an overview of selected comparable facilities to provide a benchmark from which to assess the market potential for a multi-purpose arena on the UVM campus. An assessment of the physical, operational and financial characteristics of comparable facilities is an important component in assessing the market potential for the proposed arena. Exhibit V-1 summarizes the comparable facilities identified as a part of this analysis.

Exhibit V-1

Comparable Facilities

Facility	Location	Tenant(s) [1]	Year Built	Seating Capacity	
				Fixed [2]	Total
Harry Agganis Arena	Boston, MA	University	2005	6,300	8,000
University of Miami Convocation Center	Miami, FL	University	2003	7,000	10,000
Resch Center	Green Bay, WI	University, af2, USHL	2002	9,877	10,200
Thomas M. Ryan Center	Kingston, RI	University	2002	7,571	9,000
Ted Constant Convocation Center	Norfolk, VA	University	2002	8,639	9,520
Paul Tsongas Arena	Lowell, MA	University, AHL	1998	6,496	8,000
Liacouras Center	Philadelphia, PA	University	1997	10,200	10,500
Whittemore Center Arena	Durham, NH	University	1995	6,086 [3]	7,381
William D. Mullins Memorial Center	Amherst, MA	University	1993	8,389 [3]	10,500
Average			**2000**	**7,840**	**9,233**

[1] The following are sports league tenants at the above facilities, where listed:

af2: Arena Football 2

AHL: American Hockey League

University: University athletic teams (i.e. hockey, basketball)

USHL: United States Hockey League

[2] Includes basketball fixed seating capacities.

[3] Includes hockey fixed seating capacities.

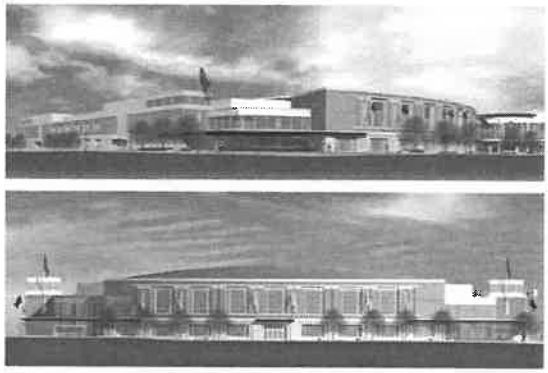
Source: CSL Research, facility management, Sales & Marketing Management (2003), Claritas, Inc.

The multi-purpose facilities reviewed in this section were selected based on variety of criteria including, but not limited to one or more of the following: (a) university venue, (b) seating capacity of between 5,000 and 10,000 seats, (c) northern locations, (d) built in recent years, and (e) minor league tenants, among other factors.

The remainder of this section provides an overview of each comparable facility including a variety of information such as physical attributes, event utilization, financial performance, event priorities, construction funding sources and other such information.

Harry Agganis Arena

Location:	Boston, MA
Year Opened:	2005
Capacity:	6,300 (hockey), 8,000 (concert)
Size:	286,134 sq. ft.
Cost:	$97 million
Funding:	41.2% (public), 58.8% (private)
Ownership:	Boston University
Management:	Boston University
Total Events:	92
Total Paid Attd.:	NA



Located within Boston University's new student village, the Agganis Arena is expected to open in January 2005 as a new multi-purpose event center in Boston, Massachusetts. The 286,134 square foot venue will offer 6,300 fixed seats for hockey and ice shows, 7,200 for basketball games and is expandable to over 8,000 for center stage shows. Agganis Arena will be owned and operated by Boston University (BU).

Agganis Arena will host the Terrier men's and women's basketball games as well as Terrier hockey matches. Additionally, the venue is projected to host a variety of sporting events such as figure skating, gymnastics, volleyball, boxing, and tennis, among others. As shown in Exhibit V-2, management projects that the new arena will host approximately 92 events annually, including 45 tenant-related events and 47 non-tenant events including concerts, family shows, motor sports and other sporting events. The athletic department indicated that BU athletic teams will receive first right to all dates at the venue and priority scheduling for its athletic events.

Exhibit V-2
Harry Agganis Arena
Projected Event Days and Performances

Events	Number of Events	% of Events
Collegiate Tenant	45	49%
Concerts	13	14%
Family Shows	15	16%
Motorsports	3	3%
Other Sporting Events	16	17%
Tenant Events	**45**	**49%**
Non-Tenant Events	**47**	**51%**
Total	**92**	**100%**

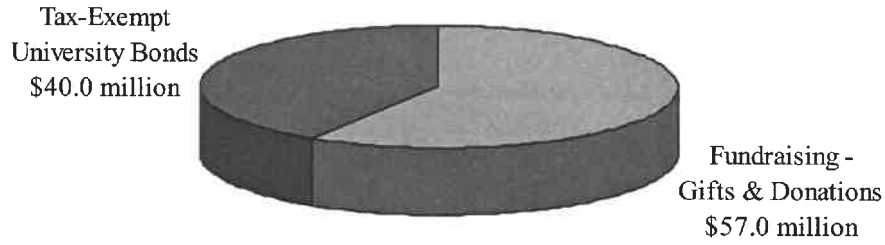
Source: CSL research and facility interviews.

The arena will incorporate 29 loge suites which will include regular season tickets for Terrier hockey and basketball games, reserved VIP parking, and priority rights to purchase tickets for other entertainment events. There are 20 suites including four-seats for $14,000, eight suites include six-seats for $21,000 and one is a 12-seat box for $42,000. Loge suites will be offered for 3-, 5-, and 7-year lease agreements. Loge suite holders will have access to the Private Club Room located on the Concourse Level.

Additional suite amenities include private elevator access, private suite entrance with nameplate recognition, upholstered fixed seating with drink rail and bar stools, catering and beverage service, refrigerator and wet bar, internet access and private telephone service. The arena will incorporate 1,020 premium club seats which will include regular season tickets for Terrier hockey and basketball games, reserved Varsity Level parking, as well as priority rights to purchase tickets for other events. There are three different pricing packages depending on the privileges. Players Level seats are $1,250 per seat, Varsity Level seats are $1,500 per seat and Olympic Circle seats are $5,000 for two-seats of which all are offered on a five-year basis.

The arena will be the centerpiece of the $225 million John Hancock Student Village, which was named in recognition of a corporate sponsorship of $20 million from John Hancock Financial Services, Inc. As shown in Exhibit V-3, of the total project cost, the arena represents approximately $97 million "all-in" including furniture, fixtures and equipment. To date, the University has raised approximately $57 million through its ongoing fundraising activities, which will continue. More than 600 individuals have donated money to the project and the majority of donations range from $50,000 to $2 million. The balance of financing is being secured through tax-exempt bonds issued by the University.

Exhibit V-3
Harry Agganis Arena
Boston University



Public Participation:	*$40.0 million*	*41.2%*
Private Participation:	*$57.0 million*	*58.8%*

University of Miami Convocation Center

Location:	Coral Gables, FL
Year Opened:	2003
Capacity:	7,000 (basketball), 10,000 (concert)
Size:	200,000 sq. ft.
Cost:	$48 million
Funding:	100% (private)
Ownership:	University of Miami
Management:	Global Spectrum
Total Events:	85
Total Paid Attd.:	116,659



The Convocation Center is located on the University of Miami campus in Coral Gables, Florida. The multi-purpose center opened in January 2003. The 200,000 square foot venue offers 7,000 permanent seats, expanding to 10,000 with portable seating. The facility offers 21,160 square feet of space on the arena floor for conventions and trade shows as well an additional 4,500 square feet of banquet space. The Center is owned by the University and managed by Global Spectrum.

The University of Miami Convocation Center is the home of the Hurricanes men's and women's basketball teams. As shown in Exhibit V-4, in a recent 12-month period, the Convocation Center hosted a total of 85 events. Of these events, 35 consisted primarily of University of Miami sporting events such as men's and women's basketball. The facility hosted 50 external non-tenant events including 12 concerts, 11 family-oriented shows, two trade shows, and 25 other miscellaneous events. The venue also hosts a variety of lecture series, university events and sporting events.

Exhibit V-4
University of Miami Convocation Center
Event Days and Performances

Events	Number of Events	% of Events
Collegiate Tenant	35	41%
Concerts	12	14%
Family Shows	11	13%
Trade / Consumer Shows	2	2%
Other	25	29%
Tenant Events	**35**	**41%**
Non-Tenant Events	**50**	**59%**
Total	**85**	**100%**

Source: CSL research and facility interviews.

The Convocation Center is currently under a management contract agreement with Global Spectrum. Under this agreement, Global Spectrum charges the athletic department $5,000 in rent plus a $2.25 parking surcharge on every ticket sold for men's basketball home games. Global Spectrum charges the athletic department $2,500 in rent for women's basketball home games. The athletic department is also required to reimburse the management company for all direct game-day expenses for all athletic events. On average, the athletic department is responsible for total costs of

approximately $20,000 to $25,000, including rent, per game. The facility also charges the athletic department for practice time due to the use of the arena sports lighting which during off-season is at a rate of $75 per hour for half-lights and is $125 per hour for use of full-lights. The athletic department is also charged an additional $1,100 to put the basketball floor down if it is not already in place.

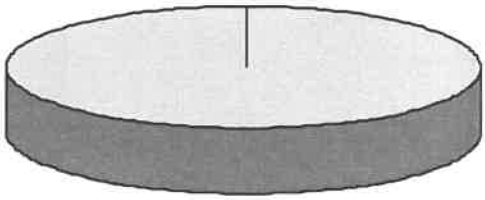
The athletic department retains 100 percent of ticket revenues, naming rights, premium seating revenue, which is generated by a surcharge of $100 per center court seat, and suite revenue. The department dedicates all of the private suite revenue to pay back debt-service on the facility. All parking, concession, merchandise revenue goes to the University. For the first three years of operations, the athletic department is responsible for paying the annual operating loses of the arena. In the most recent year, management indicated that they incurred a $100,000 loss.

Also in the agreement, the Hurricanes receive first right to scheduling dates for the men's and women's basketball games and practices. However, management indicated that there have been approximately 10 times in the recent year that the practice schedule of the basketball teams has been bumped due to a more lucrative event opportunity. The athletic department has access to the former on-campus facility, Knights Sports Complex; however, the volleyball team also utilizes this facility, which can sometimes make scheduling displaced events complicated for the department. The department and Global Spectrum remain in constant communication due to the limited number of practice facilities.

The Convocation Center has 25 suites. Each suite is equipped with twelve box seats with three additional bar stools, a lounge area, television and phones, and a kitchen area with a bar and refrigerator. Suite holders also have access to the Hurricane 100 reception room, a special room that hosts pre-game and post-game events. This reception room includes concessions, rest rooms, and meeting space available to members and their guests. Suites average $30,000 and were offered on a 10-year lease. The facility does not offer club seating; however, they do offer a premium center court section of floor seats which are sold at a surcharge of $100 plus the purchase of season tickets.

The $48 million Convocation Center was funded entirely through private sources. The University was able to construct the Convocation Center on lead gifts from Ryder System, Inc. and the Dauer Family and received remaining support from gifts and donations. As a private institution, no state or local tax funds were involved in the construction of this facility. As of 2004, the athletic department had collected $17 million of the total amount. The athletic department is responsible for a $3.0 million debt service payment to the University which is secured primarily through private suite revenues and other sources.

Exhibit V-5
University of Miami Convocation Center
University of Miami



Private Donations
$48.0 million

Public Participation:	*$0.0 million*	*0%*
Private Participation:	*$48.0 million*	*100%*

Resch Center

Location:	Green Bay, WI
Year Opened:	2002
Capacity:	9,877 (basketball), 10,200 (concert)
Size:	245,000 sq. ft.
Cost:	$49 million
Funding:	89% (public), 11% (private)
Ownership:	Brown County
Management:	PMI (private)
Total Events:	150
Total Paid Attd.:	NA



The 10,200-seat Resch Center in Green Bay, Wisconsin, opened in August 2002. The facility serves as the home of the United States Hockey League (USHL) Green Bay Gamblers, the University of Wisconsin-Green Bay (UWGB) men's basketball team, and an af2 franchise. The arena is owned by Brown County and is operated by PMI, a Wisconsin-based management company.

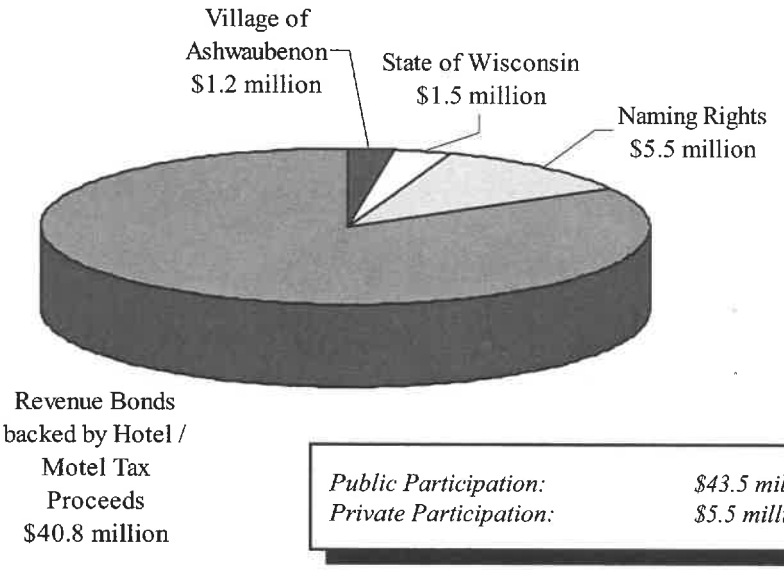
The Resch Center's premium seating offerings include 25 suites and 608 club seats. The suites can be leased on five year contracts, with annual prices ranging from $30,000 to $35,000, which includes tickets to UWGB basketball games. Club seats are leased on three or five year contracts at a price of $1,000 per seat per year. The club seat price includes tickets to four events each year: one sporting event, one concert, one family show, and one other event. Club seat holders also have the right to purchase season tickets for the arena's tenant sports at discounted prices.

Facility management indicated the arena hosts approximately 150 events per year, with a total of 180 to 190 days of utilization annually. These events include 30 Gamblers games, 16 UWGB games, eight af2 games, and various concerts, family shows and other events. The facility charges a flat rental rate for concerts and other such events. The rate varies from $15,000 to $45,000 per concert.

The UWGB athletic department has an agreement with PMI in which they are given the first right to arena dates as long as dates are submitted by April 15th of each year. In addition to the 16 home games, the men's basketball team is provided 15 to 20 practice dates each year, of which typically occur the day before their home games. The facility requires the University to lease the facility at a minimal rate if additional practice times are requested. Events other than regular season home games, such as tournaments, are not guaranteed dates. During times when the arena is not booked for ice events, the arena will typically leave the basketball floor down for the University to use when necessary.

As shown in the illustration below, the development costs of the Resch Center were almost entirely publicly funded. Public sources included revenue bonds backed by proceeds from a hotel-motel sales tax in five area communities. The bonds are due to be paid off by June 2029. The State of Wisconsin contributed $1.5 million as well as the Village of Ashwaubenon, which contributed $1.2 million. In addition, naming rights of various locations in the arena, such as concourses, the lobby and meeting rooms, were sold generating $5.5 million in funding. Another source of naming rights revenue came from the sale of bricks in the front plaza in which people or organizations could have their names or other messages printed on the bricks in which they purchased.

Exhibit V-6
Resch Center
University of Wisconsin – Green Bay



Public Participation:	*$43.5 million*	*89%*
Private Participation:	*$5.5 million*	*11%*

Thomas M. Ryan Center

Location:	Kingston, RI
Year Opened:	2002
Capacity:	7,571 (basketball), 9,000 (concert)
Size:	200,000 sq. ft.
Cost:	$54 million
Funding:	72% (public), 28% (private)
Ownership:	URI
Management:	Global Spectrum
Total Events:	71
Total Paid Attd.:	245,500



The Thomas M. Ryan Center is located on the University of Rhode Island (URI) campus in Kingston, Rhode Island. The 200,000 square foot multi-purpose facility opened in September 2002 and includes three tiers of 7,571 seats for basketball games and up to 9,000 seats for concerts with no seat further than 74 feet from the floor. The Ryan Center is owned by URI and managed by Global Spectrum.

The Ryan Center serves as the home for URI men's and women's basketball teams and also hosts other URI related events. As shown in Exhibit V-7, the arena hosted approximately 71 total events in fiscal year 2003. The Center hosted approximately 35, nearly 50 percent, university-related sporting events. The remaining 36 non-tenant related facility events consisted of six concerts, 11 family shows, two tradeshows and 17 miscellaneous other events such as meetings, banquets and receptions. The venue does not host ice events due to the September 2002 opening of the 2,500 seat Boss Arena as the home of the Rhode Island men's and women's club ice hockey teams. Due to the venue being one of several few full-service mid-size arenas in the region, it does not tend to heavily compete for external events with larger venues in the regional market area. However, due to its proximity to Providence, Rhode Island, it does tend to compete with the Dunkin' Donuts Center for a portion of the middle market concert acts passing through the state.

Exhibit V-7
Thomas M. Ryan Center
Event Days and Performances with Attendance

Events	Number of Events	Total Attendance [1]	Average Attendance
Collegiate Tenant	35	136,900	3,911
Concerts	6	33,000	5,500
Family Shows	11	23,100	2,100
Trade / Consumer Shows	2	1,500	750
Other	17	51,000	3,000
Tenant Events	**35**	**136,900**	**3,911**
Non-Tenant Events	**36**	**108,600**	**3,017**
Total	**71**	**245,500**	**3,458**

[1] Total attendance is based on projections of average attendance figures provided by Global Spectrum.
Source: CSL research and facility interviews.

The Ryan Center is currently in a three year management contract agreement with Global Spectrum. Under this agreement, Global Spectrum charges the URI athletic department a flat $5,000 rent payment per men's basketball game versus 12 percent of gross ticket revenue. Global Spectrum charges the athletic department a flat $1,500 rent payment per women's basketball game versus 15 percent of gross ticket revenue. In addition, Global Spectrum receives $2 per ticket for parking and debt service. The management company does not charge for practice time using the court, assuming the court is down and available. However, if the athletic department requires a changeover for practice set-ups, an additional $500 payment is required and an additional $1,500 is charged for game court set-up, if it is not already down. Due to the shared nature of the Ryan Center with the football field, the athletic department is also responsible for the football staffing expenses. In the 2004 season, Global Spectrum is projected to charge the athletic department a minimum of $3,600 per football game. Additional expenses required by Global Spectrum include payment of the vision and sound crew as well as extra charges incurred with any Cox broadcast games, as this is not a component of the building costs in which Global Spectrum would normally incur.

The athletic department receives 100 percent of football ticket sales revenue; however, tickets sales revenue from basketball events is split. The athletic department also receives all revenue from their temporary signage, which is displayed only during URI athletic events. In contrast, Global Spectrum receives $2 per ticket off the top of the ticket price for parking and debt-service from women's and men's basketball games as well as 100 percent of revenues from concessions, catering, premium seating, permanent signage, and naming rights while splitting merchandise revenue with the URI bookstore which runs the store.

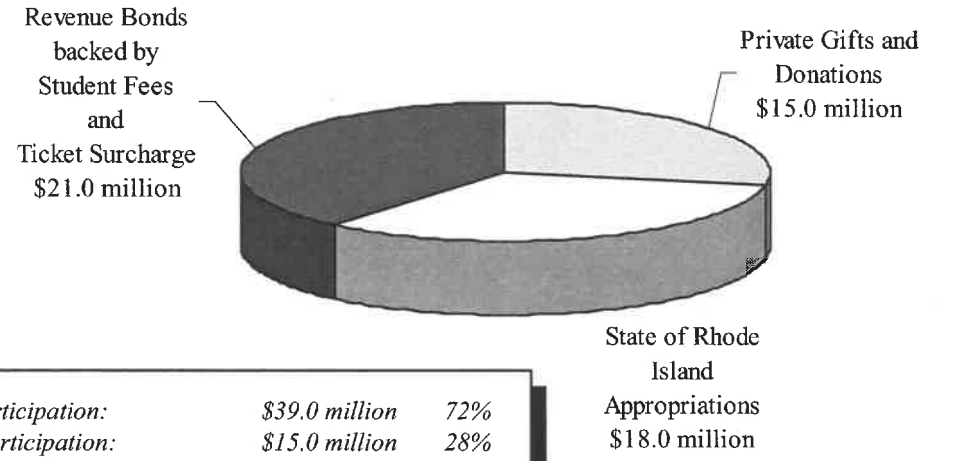
Also in the agreement, the URI athletic department receives first right to scheduling dates for the men's and women's basketball games and practices. Global Spectrum is in constant communication with the athletic department regarding the basketball conference schedule to ensure there is not a conflict in scheduling events. The management company receives a draft of conference game dates and is required to hold the dates open for URI events. To date, there has only been one instance where a non-conference game was cancelled due to an external event. However, there have been a few more occasions where an external revenue-generating event has superseded a practice whereby the team utilizes their alternative practice facility, Keaney Gymnasium, the former home of the URI basketball programs.

The venue offers an exclusive Suite Level on the third level featuring eight hospitality suites that are fully furnished offering VIP amenities. The suites overlook both the Meade Stadium football field and the Ryan Center basketball court and are available to lease on a per game/event basis. Suites for URI football and URI women's basketball home contests are $250 per game. Suite rentals for all other events including URI men's

basketball and concerts are $400 per event. Tickets must be purchased in addition to the suite rental fee. A minimum of 10 and maximum of 20 tickets to each suite must be purchased. The facility also offers an Alumni Room for pre-and post-game events. The lounge is available as a function room for parties up to 125 when events are not occupying the arena and is open to priority seat holders with food and beverage service during basketball games.

Total development costs for the Ryan Center amounted to $54 million. Over a three year period, the University conducted a $15 million private fund drive that helped support the project. Nearly 28 percent of the facility financing was generated through private participation while the remaining 72 percent game from the public sector in the form of $18 million in state appropriations and $21 million in revenue bonds. The revenue bonds are secured by student fees and a $1 from each ticket sold at all men's basketball games.

Exhibit V-8
Thomas M. Ryan Center
University of Rhode Island



Public Participation:	*$39.0 million*	*72%*
Private Participation:	*$15.0 million*	*28%*

Ted Constant Convocation Center

Location:	Norfolk, VA
Year Opened:	2002
Capacity:	8,639 (basketball), 9,520 (concert)
Size:	215,000 sq. ft.
Cost:	$46 million
Funding:	89% (public), 11% (private)
Ownership:	Old Dominion University
Management:	Global Spectrum
Total Events:	108
Total Paid Attd.:	257,853



The Ted Constant Convocation Center located in Norfolk, Virginia adjacent to the campus of Old Dominion University (ODU) opened in October 2002 and is the home of the men's and women's basketball programs. The Convocation Center is approximately 215,000 square feet. The facility features 8,639 fixed seats for basketball games and sporting events, with 7,519 located in the lower bowl and the remaining 1,120 seats in the upper bowl. The seating capacity can be increased to 9,300 for events such as commencements and concerts and 9,520 for center stage events. The facility, which is managed by Global Spectrum, offers 4,300 on-site parking spaces.

As of April 30, 2003, the Constant Center hosted 108 events and attracted over 250,000 patrons. As shown in Exhibit V-9, 130,000, or 52 percent, of the total patrons attended collegiate basketball games, and 45,000, or 18 percent, attended concerts, while the majority of the remaining attendance came primarily from family shows, graduations and religious events.

Exhibit V-9
Constant Convocation Center
2003 Event Days and Performances with Attendance

Events	Number of Events [1]	Total Attendance	Average Attendance
Collegiate Tenant	41	130,000	3,171
Concerts	13	45,000	3,462
Family Shows	16	30,000	1,875
Graduations	3	16,000	5,333
Religious Events	1	1,500	1,500
Trade / Consumer Shows	4	15,000	3,750
Other	30	12,500	417
Tenant Events	**41**	**130,000**	**3,171**
Non-Tenant Events	**67**	**120,000**	**1,791**
Total	**108**	**250,000**	**2,315**

[1] As of April 30, 2003. Facility opened on October 25, 2002.
Source: CSL research and facility interviews.

The facility hosts a variety of shows from national touring concerts, family shows, comedians, basketball tournaments and games and wrestling as well as university sporting events. In addition, the venue has hosted a NCAA men's basketball game, NBA preseason game and was selected to host the Women's NCAA Mideast Regional Tournament in 2003 and 2004.

The Constant Center is currently under a management contract agreement with Global Spectrum. Under this agreement, Global Spectrum charges the ODU athletic department $2,250 in rent per basketball game or the greater of 10 percent of gross gate receipt revenue; however, this amount shall not exceed $3,000 per event. The athletic department is also responsible for game-day expenses which average $5,000 to $6,000 per game. The athletic department retains 100 percent of all ODU event ticket sales revenue. ODU retains 100 percent of all suite and club seat revenue, which is dedicated to scholarships and the operation of the Constant Center.

ODU's athletic department receives first right to all dates at the Constant Convocation Center for the men's and women's home basketball games. Global Spectrum requires the athletic department to submit schedule requests by late Spring or at the latest by early Summer of each year. The two entities indicated having a very close working relationship in order to make the booking and scheduling process work in favor of both the ODU tenants as well as any external revenue generating events. Management also indicated in the past there have been some occasions where the athletic department and management company work together rescheduling a pre-conference game in order to attract an unexpected event which could possibly generate more revenue for the facility. However, it is very rare that this interruption would occur or be expected if the games are conference home games. By contract agreement, the athletic teams are also guaranteed practice time at the Constant Center for one full-day before any home game. There have been very few instances where these practice times are disrupted by external events; however, in the case that this has occurred, practice was held at other alternative on-campus facilities. The majority of all team practices are held at the Athletic Administration Office Building or at the Old Dominion Field House, which was the previous on-campus home venue for the ODU athletic teams. The aging facility was built in 1970; however, it remains as the primary practice facility for the men's and women's teams.

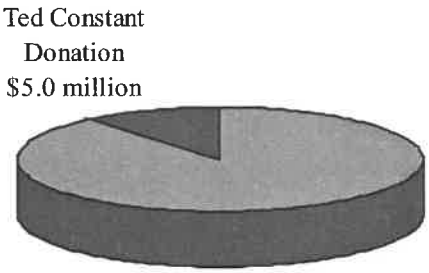
There are 16 fully furnished suites with four chairs, two coffee tables, buffet counters, a drink rail and refrigerator, closed circuit television with full service cable, telephone service, host/hostess service available as well as catered dining and wet bar beverage service. Suite prices average $25,000 and are offered on a 3-, 5- and some 7-year leases which include 12 men's and women's basketball season tickets, six guests passes, and first right to purchase tickets to all the non-basketball events in the arena. Currently, there are no suites available for lease; however, single-game and event rentals are available. In addition, there are 862 club seats which are 22 inches wide, fully cushioned and have full back support. Club seat member amenities include private elevators and two upscale concession stands that sell a variety of specialty foods and alcoholic beverages. Club seating is available in four-ticket packages, which include first right to purchase tickets to all non-basketball events in the arena, including concerts, family shows and more. Four-

seat packages are $3,000 per year for three years, and include membership in the Big Blue Club.

The facility features include upholstered seats and backs, a center hung jumbo video board, four corner hung LED boards, a kitchen that can accommodate 1,500 people for a seated dinner, closed-circuit television throughout the arena and suites, up-scale concessions, private catering on the VIP concourse, full commissary, a retail store in the lobby and a sports Hall of Fame area with hands-on activities and exhibits. The advertised base rental structure for ticketed events is $3,500 per day.

The $45 million facility was funded through a $40 million State of Virginia Higher Education revenue bond and a $5 million cash donation from Ted Constant. Revenues generated from student fees repay the revenue bonds. Currently each student pays nearly $62 per credit hour, which is used to support various university projects and developments.

Exhibit V-10
Ted Constant Convocation Center
Old Dominion University



Public Participation:	*$40.0 million*	*89%*
Private Participation:	*$5.0 million*	*11%*

Paul Tsongas Arena

Location:	Lowell, MA
Year Opened:	1998
Capacity:	6,496 (basketball), 8,000 (concert)
Size:	175,000 sq. ft.
Cost:	$28 million
Funding:	85.7% (public), 14.3% (private)
Ownership:	City of Lowell
Management:	SMG
Total Events:	148
Total Paid Attd.:	396,399



The Paul Tsongas Arena is located in downtown Lowell, Massachusetts adjacent to the University of Massachusetts, Lowell (UML) campus. Tsongas Arena is a multi-purpose indoor facility that opened in January 1998 that has a capacity of 6,496 for hockey and up to 8,000 for concerts. The arena also maintains a lawn with a 3,500 person capacity for outdoor concerts, festivals, and special events. The venue offers 30,000 square feet of exhibit space. The venue is owned by the City of Lowell and is privately managed by SMG.

The arena is home to two hockey teams including the Carolina Hurricanes' AHL affiliate, Lowell Lock Monsters and the NCAA Division I University of Massachusetts, Lowell River Hawks hockey team. Arena management indicated that the facility filled approximately 148 event days in the most recent fiscal year as illustrated in the following exhibit. Facility events included 44 AHL games, 24 UML related sporting events, 19 concerts, 11 family shows, and a number of tradeshows and conferences. The 2006 World Men's Curling Championship will be held in the arena. The venue's highest average attendance of 4,818 was for concerts held at the arena. Also, on average, the AHL games draw an average attendance of 3,044 while the UML hockey team draws an average of 2,641 attendees.

Exhibit V-11
Paul Tsongas Arena
FY02 Event Days and Performances with Attendance

Events	Number of Events	Total Attendance	Average Attendance
Tenant Hockey	44	133,941	3,044
Collegiate Tenant	24	63,392	2,641
Concerts	19	91,547	4,818
Family Shows	11	19,043	1,731
Other Sporting Events	6	25513	4,252
Graduations	6	19,303	3,217
Trade / Consumer Shows	1	100	100
Other	37	43,560	1,177
Tenant Events	**68**	**197,333**	**2,902**
Non-Tenant Events	**80**	**199,066**	**2,488**
Total	**148**	**396,399**	**2,678**

Source: CSL research and facility interviews.

In January 1998, the University and SMG entered into a 20-year management agreement for Tsongas Arena. Because the State and City of Lowell funded nearly 86 percent of the total development costs, SMG was capped at charging a base rental fee of $3,000 per event with an escalator of the average CPI, or 3.0 percent for the lifetime of the contract. In 2004, the approximate rental payment per event is $3,580. On average, the athletic department hosts one to two basketball events and 15 to 19 hockey events per year. Game day expenses are included with the rent payment. The athletic department retains revenue from all UML athletic events ticket sales. In addition to ticket revenue, the athletic department receives an additional $30 per ticket sold for club seats, which are controlled by the Lowell Lock Monsters. The department also receives between 10 to 15 percent of concession revenue, of which the remaining are retained by the Lock Monsters with a small percentage going to SMG. The athletic department also controls the merchandise revenue; however, it also pays some overhead costs to the bookstore, which is responsible for the sale and inventory cost of the merchandise. In order to generate additional revenue, the athletic department is also creating opportunities for temporary signage and digital display advertising, which is generating incremental revenue for the department.

Parking revenue is split by the SMG and the City of Lowell. SMG controls and receives all parking revenue for the two surface lots which are reserved for staff, event management, the team and club seat holders. The City manages and receives the revenue from the five-story parking garage of which the cost of parking fee was capped by the athletic department, for athletic events only, to never be more than the lowest UML event ticket price. As part of the AHL negotiation with Tsongas Arena, all naming rights, scoreboard signage and permanent advertising revenue was turned over to the Lowell Lock Monsters.

Also in the agreement, the UML River Hawks have priority to lock-in ice dates and schedule events because the facility was state funded for the primary tenant, which is the state's university hockey team. Management confirmed that the AHL schedule usually comes out first with the majority of home games played on Saturday evenings while the University's home games are on Friday evenings which generally does not pose any scheduling conflicts. Practice schedules are also organized with the River Hawks receiving priority, which is typically in the afternoon or evening while the AHL practices in the early morning or whenever the University is not utilizing the ice. Also in the contract agreement, SMG has the right to request within a 30-day period for a practice to be relocated due to the potential of an external event being held in the facility. However, if SMG exercises the right to supersede the River Hawks' practice more than five times, the management company incurs a penalty fee. In the event of practice relocation, the athletic department still has access to their former playing facility, Chelmsford Forum, and as long as a 30-day advance is provided to the Forum, the athletic department does not have to pay a facility rental fee. UML management indicated this is a rare occurrence

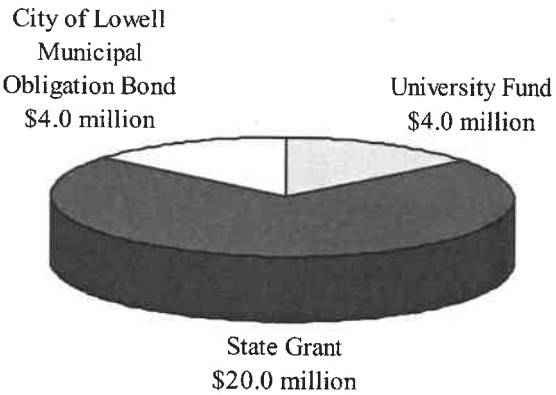
and if an event requires rescheduling, SMG typically communicates the schedule change three to five weeks in advance.

The arena does not have any private suites, but incorporates approximately 250 club seats at an average annual fee of $350. Seats can be leased on a 1- or 3-year basis. The club seat prices include season tickets to all regular season home games for River Hawks hockey and the first right to purchase tickets for these seats for other arena events including concerts and family shows. Club seat amenities include center-ice location with optimum sightlines, padded seats with cup holders, and one VIP parking pass for every two seats purchased.

Tsongas Arena is located 30 miles northwest of Boston drawing from an audience of six million residents. However, a facility representative indicated that despite its proximity to Boston and its facilities, Paul Tsongas Arena has been successful in drawing events due to its niche as the only full service, mid-sized arena in the region, its ease of access relative to facilities in downtown Boston, and its intimate size, which provides better sightlines than the larger FleetCenter in Boston.

The following exhibit illustrates the $28 million facility was funded through a $4 million City of Lowell municipal bond and $4 million from the University fund. The late U.S. Senator Paul Tsongas, which the arena is named after, was also instrumental in acquiring state funding for the project. The remaining $20 million was funded by a state grant, including $3 million for a canal and river walkway around the arena and $3.5 million for an access road and rotary connecting the arena with an existing parking garage.

Exhibit V-12
Paul Tsongas Arena
University of Massachusetts - Lowell



Public Participation:	*$24.0 million*	*85.7%*
Private Participation:	*$4.0 million*	*14.3%*

Liacouras Center

Location:	Philadelphia, PA
Year Opened:	1997
Capacity:	10,200 (basketball), 10,500 (concert)
Size:	340,000 sq. ft. [1]
Cost:	$107 million
Funding:	39.3% (public), 60.7% (private)
Ownership:	Temple University
Management:	Global Spectrum
Total Events:	116
Total Paid Attd.:	350,000

[1] *Includes the Esther Boyer Theater.*



The Liacouras Center is located in Philadelphia, Pennsylvania on the campus of Temple University. The multi-purpose Center opened in 1997. The venue offers 10,200 fixed seats for basketball and is expandable to over 10,500 for center stage shows. Rows of retractable seating were created to allow for different event configurations. The 340,000 square foot venue offers 22,000 square feet of space on the arena floor that converts to an open exhibition floor accommodating various exhibit set-ups. Additional space includes several auxiliary rooms for meetings. In addition to the arena and exhibit space, the Liacouras Center also features the Esther Boyer Theater, which is a 1,963 seat theater for smaller events. The Liacouras Center also has an attached 1,300 space indoor parking garage with an enclosed walkway linking it to the venue. The Center is owned by the University and managed by Global Spectrum.

The Liacouras Center is home to Temple's men and women's basketball teams. As shown in Exhibit V-13, in the most year, the Liacouras Center hosted 116 events. Of these events, 28 consisted of Temple sporting events such as men's and women's basketball. The facility hosted 88 external events including 13 concerts, two high school sporting events and 73 other miscellaneous events. The venue also hosted drama and fine-arts exhibitions, convocation events, sports exhibitions, banquets and seminars. The Center drew 175,552 in total paid attendance and 328,162 in turnstile attendance in the most recent fiscal year.

Exhibit V-13
Liacouras Center
Event Days and Performances

Events	Number of Events	% of Events
Collegiate Tenant	28	24%
Concerts	13	11%
High School Sporting Events	2	2%
Other	73	63%
Tenant Events	**28**	**24%**
Non-Tenant Events	**88**	**76%**
Total	**116**	**100%**

Source: CSL research and facility interviews.

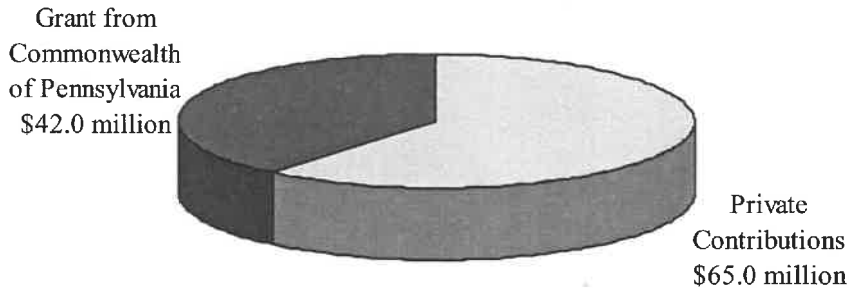
In 2001, the University and Global Spectrum entered into a management agreement for the Liacouras Center. Under this agreement, Global Spectrum charges the Temple athletic department, their primary tenant, a flat $6,100 rent payment plus game-day expenses for men's basketball games. Global Spectrum charges the athletic department a flat $5,000 plus game-day expenses for women's basketball games. If the teams play a doubleheader, the rent is reduced to $6,100 for both. The athletic department retains 100 percent of revenues generated from athletic event ticket sales and 50 percent of revenues generated from private suites. In addition, the athletic department receives a percentage of the concession and merchandise licensing as well as pays a flat fee for the rights to all signage thereby generating all signage and advertising revenue. The University retains revenue from parking and all naming rights revenue. Global Spectrum retains the remaining 50 percent of revenues generated from private suites and a portion of all concession, catering, and merchandise revenue generated at the Liacouras Center.

Temple University men and women's basketball teams receive the first right to lock-in home game dates and are allotted practice times based on the athletic department's schedule request. Athletic department management indicated that it is rare for practices to be relocated; however, is not an issue due to their access and availability to their previous home facility, McGonigal Hall. In recent years, there has only been one women's basketball home game, which had to be relocated due to a large revenue opportunity with an external event.

The Liacouras Center incorporates 10 private suites for varying rates ranging from $30,000 to $35,000 on an annual basis, for a lease term of five years. Each suite includes seating for 10 to 14 persons and includes 17 tickets to all Temple University regular season basketball games. Currently, the venue has six suites rented on an annual basis. The venue does not incorporate club seating.

The Liacouras Center is part of a four building, $107 million complex. The majority of the funding, approximately 65 percent, came through private funding participation. Private sources included $65 million in gifts and donations while public sources included a $42 million grant from Commonwealth of Pennsylvania.

Exhibit V-14
Liacouras Center
Temple University



Public Participation:	*$42.0 million*	*39.3%*
Private Participation:	*$65.0 million*	*60.7%*

Whittemore Center Arena

Location:	Durham, NH
Year Opened:	1995
Capacity:	6,086 (hockey), 7,381 (concert)
Size:	163,000 sq. ft.
Cost:	$30 million
Funding:	*NA*
Ownership:	UNH
Management:	Global Spectrum
Total Events:	124
Total Paid Attd.:	197,751



The Whittemore Center Arena opened in November 1995 and is located on the University of New Hampshire (UNH) campus in Durham, New Hampshire. The multi-purpose arena seats 6,086 for hockey and other ice events and can be arranged to seat up to 7,381 for end-stage concerts, family shows and other events. The facility is owned by UNH and privately operated by Global Spectrum.

The Whittemore Center Arena is the home of the UNH Wildcats men's and women's hockey teams. Currently, the men's and women's basketball teams host their home games and practices at the Lundholm Gymnasium. However, the arena has hosted various basketball games, concerts, ice shows, athletic events, family shows, trade shows and conventions, and many other events. The NCAA National Collegiate Women's Ice Hockey Committee has named the Whittemore Center Arena its 2005 site for the Women's Frozen Four. As shown in Exhibit V-15, in the most recent 12-month period, Whittemore Center Arena hosted a total of 124 events of which 34 consisted of UNH tenant related sporting events. The facility hosted 90 external events including four concerts, four family shows, nine high school sporting events, four trade shows, and 69 other miscellaneous events such at the Republican Fundraising Dinner, Lord of the Dance, and Expo and House Show. The Whittemore Center draws from an immediate market population of 1.3 million people and competes for events primarily with one regional venue, the Verizon Wireless Arena in Manchester which seats up to 11,000.

Exhibit V-15
Whittemore Center Arena
Event Days and Performances

Events	Number of Events	% of Events
Collegiate Tenant	34	27%
Concerts	4	3%
Family Shows	4	3%
High School Sporting Events	9	7%
Trade / Consumer Shows	4	3%
Other	69	56%
Tenant Events	**34**	**27%**
Non-Tenant Events	**90**	**73%**
Total	**124**	**100%**

Source: CSL research and facility interviews.

Under the agreement with Global Spectrum, the athletic department does not pay a per event rental fee; however they are responsible to pay approximately a total lump sum of $481,000 which is an annual contribution to the bond expenses of the building. This is a "below the line" contribution. In addition to this, the department is also responsible to pay all reimbursable expenses of events held at the Whittemore. The University is responsible for a management fee which is 50 percent fixed and 50 percent incentive, based on volume of activity. The cost of the management fee is covered by operating income.

The UNH athletic department receives priority scheduling for its men's and women's hockey games. The athletic department sets the women's hockey schedule around the men's schedule approximately eight to 12 months in advance before providing to Global Spectrum. Based on the management contract with the University, Global Spectrum is directed to schedule all external events around this pre-set schedule of athletic games. During this time, there is continuous communication between the athletic department and management company in the chance that there may be a large touring show or act that would bring in large sums of revenue to the University and facility, in which games could

possibly be moved. Management indicated that there have been very few occasions where there has been a lapse of scheduling a large external event and a UNH hockey game. There have been slightly more instances where practices have been interrupted by external events organized by private management during weekdays; however, the athletic department has alternative local ice-rinks in which they book, if necessary. There is also an agreement required by Global Spectrum in which the external event pays for the UNH team's transportation and ice rental fee when the team is displaced due to a scheduling conflict. The athletic department indicated this is a rare occasion and when done so, it can be financially beneficial to the athletic department and/or University. Because the facility does not have air-conditioning, the venue stays dark the majority of the months in the high summer time and when classes are on summer break.

The arena features 19,500 square feet of column free exhibition space. The floor can be designed to accommodate up to 134 display booths (8' x 10'). In addition to exhibition space, the facility offers a Skybox Function Room which has banquet seating for 80, cocktail reception style for 175 and theater seating for 150. This room also has a private kitchen and two private restrooms as well as an in-house public address system. The multipurpose arena incorporates 14 sky boxes at an average price of $15,000 for 6-seat boxes and $20,000 for 8-seat boxes. Both sky box options include three to four parking passes, tickets to all UNH athletic events with the first right to purchase all non-athletic events and championship tournaments, refrigerator, catering, and a function room area with a television. Sky boxes are also offered on per event basis including tickets ranging from $600 to $800 for men's ice hockey games and ranging from $300 to $400 for all other UNH athletic events. Club seats are also sold on an individual basis for approximately $1,700 including tickets to UNH regular season home athletic events. Amenities include refrigerator access in each box, one parking space, catering and first right of refusal for all other arena events.

Total development costs for the Whittemore Center Arena amounted to $30 million in 1995. Project costs were funded from four sources including proceeds from tax-exempt revenue bonds, fund raising, service contracts and internally designated funds of the University. The business plan to fund the annual debt service, cost of operating the facility and repairs relies upon six general funding sources or operating income: (1) a mandatory student fee; (2) a fixed sum from annual men's hockey ticket receipts; (3) promotional fees from a pouring rights agreement; (4) net proceeds for special events through leases with promoters, artists and artist's agents related to concerts, family shows, non-intercollegiate sporting events, etc.; (5) additional income is generated from hourly ice rentals; room rentals; concession sales; novelty sales; and an add-on amount to the ticket price of special events that is dedicated to cover facility costs; and, (6) promotional agreements from local businesses generate revenue.

William D. Mullins Memorial Center

Location:	Amherst, MA
Year Opened:	1993
Capacity:	8,389 (hockey), 10,500 (concert)
Size:	258,000 sq. ft [1]
Cost:	$48 million
Funding:	100% (public)
Ownership:	U of Mass - Amherst
Management:	SMG
Total Events:	107
Total Paid Attd.:	NA

[1] Includes the adjacent practice facility ice sheet.



The William D. Mullins Memorial Center opened in February 1993 and is located in Amherst, Massachusetts on the campus of the University of Massachusetts (UMass), Amherst. The multi-purpose indoor facility has a capacity of 9,493 for basketball, 8,389 for hockey and upwards of 10,500 for staged concerts. The venue is owned by the University of Massachusetts and is privately managed by Global Spectrum.

The Mullins Memorial Center serves as the home for UMass men's and women's basketball teams, as well as the men's hockey team. As shown in Exhibit V-16, the Center hosted approximately 107 total events in fiscal year 2003 including convocations, commencements, cultural events, conferences, concerts and fine arts productions. As shown, in a recent fiscal year, the Center hosted approximately 49, or 46 percent, university related sporting events. The remaining 54 percent of facility events consisted of five concerts, two family shows, three other sporting events, 24 conferences, six tradeshows and 11 miscellaneous other events. The Mullins Center is also scheduled to host the 2005 NCAA Men's Ice Hockey Northeast Regional. The base rental structure for ticketed events is the greater of $3,500 or an average of 12 percent of gross receipts after applicable taxes and facility charge, per day. The Mullins Center does not currently incorporate premium seating.

Exhibit V-16
William D. Mullins Center
Event Days and Performances

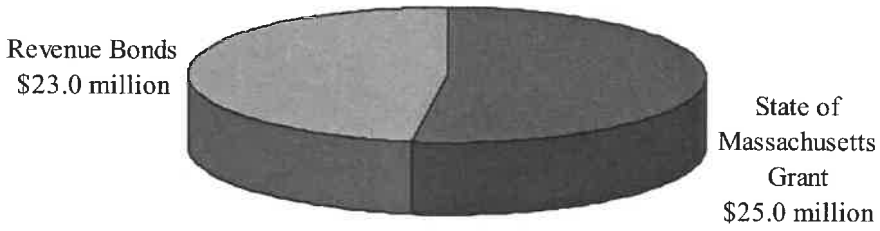
Events	Number of Events	% of Events
Collegiate Tenant	49	46%
Concerts	5	5%
Family Shows	2	2%
Other Sporting Events	3	3%
Trade / Consumer Shows	5	5%
Other [1]	43	40%
Tenant Events	**49**	**46%**
Non-Tenant Events	**58**	**54%**
Total	**107**	**100%**

[1] Other includes 26 conferences, two banquets, four rehearsals, five camps and six miscellaneous events.
Source: CSL research and facility interviews.

In addition to the main arena, the Mullins Center includes an Olympic-sized ice hockey rink for recreational skating and for use as a practice facility for the men's and women's hockey teams. The Mullins Center Ice Rink is also open daily to the public and features adult, stick, figure and puck skating. Under the agreement with Global Spectrum, UMass athletic department receives priority scheduling for all events held in the Mullins Center as well as practice times at the Mullins Center Ice Rink. Public ice skating times and the availability of facility rental are scheduled around the athletic department's schedule. Also under this agreement, Global Spectrum charges the UMass athletic department, their primary tenant, a flat $3,000 rent payment plus game-day expenses. In addition, both basketball programs and men's ice hockey pay rent for practice time at the facility.

In 1993, total development costs for the Mullins Center amounted to $48 million. The state legislature contributed $25 million toward the project and the University raised the remaining amount by selling tax-exempt bonds. The University of Massachusetts Building Authority passed the issuance of $23 million bonds.

Exhibit V-17
William D. Mullins Memorial Center
University of Massachusetts - Amherst



Public Participation:	*$48.0 million*	*100%*
Private Participation:	*$0.0 million*	*0%*

Summary

The following exhibit summarizes key characteristics of the comparable venues including their location, year built, seating capacities, building cost and funding, premium seating, and other operational characteristics.

Exhibit V-18

Comparable Arena Comparison

	Agganis Arena	University of Miami Convocation Center	Resch Center	Thomas M. Ryan Center	Ted Constant Convocation Center
Location	Boston, MA	Coral Gables, FL	Green Bay, WI	Kingston, RI	Norfolk, VA
Year Opened	2005	2003	2002	2002	2002
Population					
MSA	6,181,628	2,376,330	236,147	995,963	1,609,109
Per Arena	618,163	339,476	236,147	497,982	321,822
Seating Capacity					
Fixed	6,300	7,000	9,877	7,571	8,639
Total	8,000	10,000	10,200	9,000	9,520
Building Cost ($M)	$97.0	$48.0	$49.0	$54.0	$45.0
Public Funding	41.2%	0.0%	89.0%	72.0%	89.0%
Private Funding	58.8%	100.0%	11.0%	28.0%	11.0%
Premium Seating					
Luxury Suites	29	25	25	8	16
Average Annual Price	$16,900	$30,000	$32,500	$250 - $400 [1]	$25,000
Club Seats	1,020	0	608	0	862
Average Annual Price	$1,500	--	$1,000	--	$3,000
Tenants	University	University	University, AF2, USHL	University	University
Tenant Events	45	35	56	35	41
Non-Tenant Events	47	50	94	36	67
Total Events	92	85	150	71	108
Owner	Boston University	University of Miami	Brown County	University of Rhode Island	Old Dominion University
Operator	Boston University	Global Spectrum	PMI	Global Spectrum	Global Spectrum

	Paul Tsongas Arena	Liacouras Center	Whittemore Center Arena	William D. Mullins Memorial Center	Average
Location	Lowell, MA	Philadelphia, PA	Durham, NH	Amherst, MA	--
Year Opened	1998	1997	1995	1993	**2000**
Population					
MSA	6,181,628	5,185,565	1,317,496	614,304	**2,744,241**
Per Arena	321,822	740,795	658,748	307,152	**449,123**
Seating Capacity					
Fixed	6,496	10,200	6,086	8,389	**7,840**
Total	8,000	10,500	7,381	10,500	**9,233**
Building Cost ($M)	$28.0	$107.0	$30.0	$48.0	**$56.2**
Public Funding	85.7%	39.3%	NA	100.0%	**64.5%**
Private Funding	14.3%	60.7%	NA	0.0%	**35.5%**
Premium Seating					
Luxury Suites	0	10	14	0	**18**
Average Annual Price	--	$32,500	$17,500	--	**$25,733**
Club Seats	250	0	100	0	**568**
Average Annual Price	$350	--	$3,000	--	**$1,770**
Tenants	University, AHL	University	University	University	--
Tenant Events	68	28	34	49	**43**
Non-Tenant Events	82	88	90	58	**68**
Total Events	150	116	124	107	**111**
Owner	City of Lowell	Temple University	University of New Hampshire	University of Massachusetts	--
Operator	SMG	Global Spectrum	Global Spectrum	SMG	--

[1] Suites are sold on a per event/game basis for $250 for URI football and women's basketball and $400 for URI men's basketball and concerts. Suite prices exclude event tickets.
N/A: Not Available
Source: CSL research, facility management, and Claritas Inc.

In summary, the findings regarding the proposed arena in comparison to other comparable venues include the following:

- Comparable facilities had an average capacity of approximately 7,840 fixed seats and a total capacity of 9,233 seats (fixed plus portable).
- The average total development cost of the recently built comparable facilities was a total of approximately $56.2 million. On average, the level of private funding participation for these facilities averaged 35.5 percent of the total costs while the remaining 64.5 percent of funding was derived from various public sources.
- Ownership of comparable venues tends to be primarily through a university or a municipal entity. However, private contract management firms, such as Global Spectrum or SMG, which specialize in arena management, dominate daily operations and management of comparable facilities.
- Comparable arenas hosted an average of 111 events, ranging from a low of 71 events at the Ryan Center in Kingston, Rhode Island to a high of 150 events at both the Resch Center in Green Bay, Wisconsin and Paul Tsongas arena in Lowell, Massachusetts. Facilities with the highest event activity hosted both collegiate and minor league sports tenants.
- In terms of non-tenant events, comparable facilities hosted an average of 68 events, ranging from a low of 36 events at the Ryan Center to a high of 94 events at the Resch Center. Non-tenant events typically included concerts, family shows, high school sports, graduations, flat floor shows, and other miscellaneous events.
- Seven out of nine comparable facilities have private suites. The average number of private suites was 18 at facilities with private suites, ranging from a low of 8 to a high of 29. The average annual suite price was $25,733.
- Five out of nine comparable facilities have club seats. The average number of club seats was 568 at facilities with club seats, ranging from a low of 100 to a high of 1,020. The average annual club seat price was $1,770.

While comparisons with the facilities described in detail within this section may be useful, the actual physical characteristics and ultimate operational philosophy adopted by a new arena in Burlington will depend on the specific needs and preferences of the facility operators. In developing a building program, estimating potential demand and a utilization plan for a new facility, the review of comparable facilities is considered together with an assessment of local market characteristics, competitive facilities and potential user interviews.

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VI. Market Surveys

As part of the evaluation of the viability of a multi-purpose arena, surveys were completed with local corporations, households and UVM students. Random surveys were conducted via telephone and email to determine interest and opinions related to the potential development of a multi-purpose arena including:

- awareness of arena project;
- support for arena project;
- interest in attending events at the arena; and,
- interest in premium seating and support for various potential funding sources.

A total of 723 surveys were completed. Exhibit VI-1 presents a breakdown of the population and corresponding completed surveys by local corporations, local households and UVM students.

Exhibit VI-1
Market Survey Overview

	Population	Completed Surveys
Corporations [1]	330	116
General Public (Households) [2]	78,763	250
Students [3]	7,500	357
Total		723

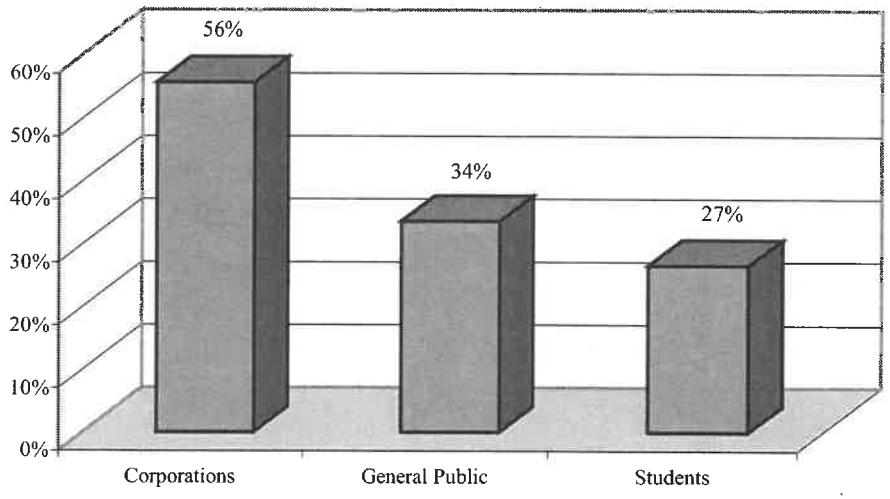
1) Corporations include corporate headquarters with $5 million or more in sales or corporate branches with 25 or more employees located in Burlington MSA.
2) Households located in Burlington MSA.
3) UVM students

Note: Corporate and houshold surveys were conducted via telephone. Student surveys were conducted via email.

Awareness of Proposed Arena

Survey respondents were asked if they were aware, prior to the survey, that Governor James Douglas had formed the Vermont Arena Commission in order to study the viability of a multi-purpose sports and entertainment arena to be located on the UVM campus. Exhibit VI-2 on the following page summarizes their responses.

Exhbit VI-2
Awareness of Proposed Arena Project



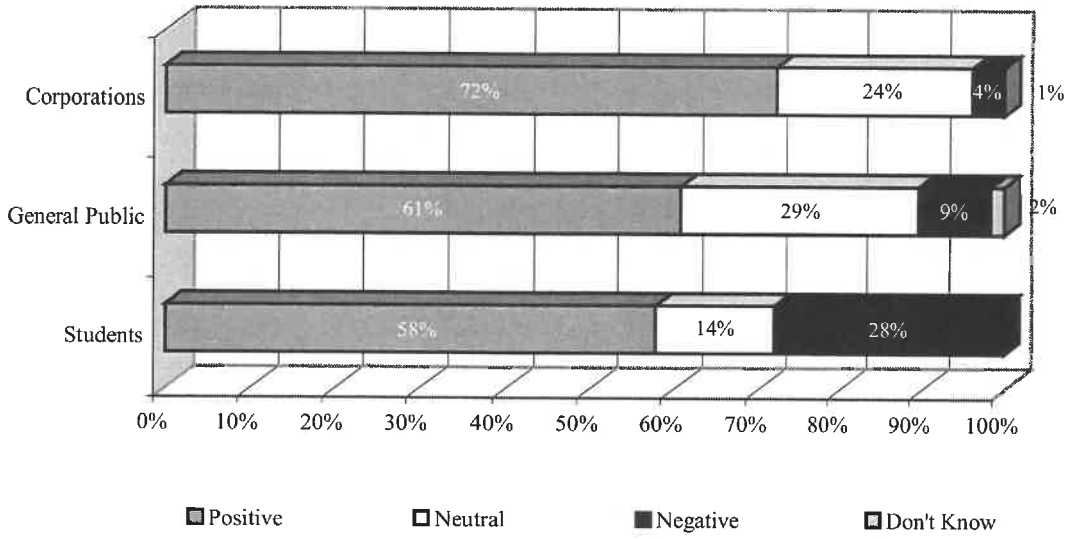
As illustrated in the exhibit, approximately 56 percent of corporate respondents in the Burlington MSA indicated that they were aware of the proposed arena project compared to 34 percent of general public respondents from the Burlington MSA and 27 percent of UVM student respondents.

Overall, there is not currently a significant awareness of the proposal for a new arena on the UVM campus. The low level of awareness is to be expected given the limited public exposure the project has received to date. While the low level of awareness of the proposed arena can be viewed as neither a positive or a negative at this stage of the process, it is important to realize that the results of the market surveys are based on attitudes and opinions that have been developed with limited or no information regarding the proposed arena. It is important to note that as the project planning continues to move forward and information is disseminated to the public regarding the arena project, attitudes and opinions presented herein could change.

Attitude Towards Potential Arena Development

Respondents were then asked to characterize their attitude towards the development of a multi-purpose arena on the UVM campus. Exhibit VI-3 summarizes their responses.

Exhbit VI-3
Awareness of Proposed Arena Project



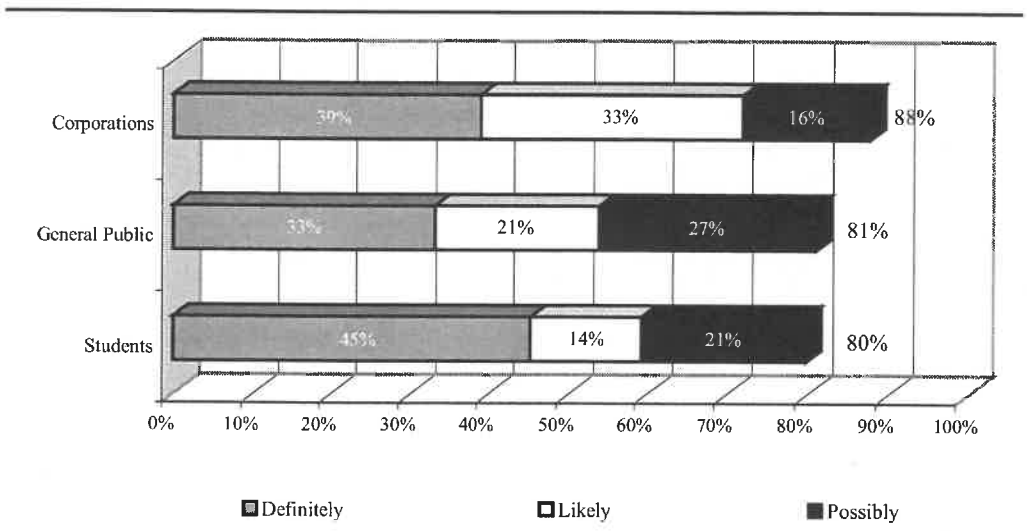
As illustrated in the exhibit, a majority of respondents indicated a positive attitude towards the development of a multi-purpose arena on the UVM campus. Specifically, 72 percent of corporations, 61 percent of the general pubic and 58 percent of UVM students have a positive attitude towards arena development. Limited negative attitudes toward arena development were reported by local corporations and the general public. However, UVM students expressed the largest negative attitude towards arena development, with approximately 28 percent of students being negative towards arena development on the UVM campus.

Interest in Attending Events at New Arena

Respondents were asked to describe their interest in attending events at a new arena if it were built on the UVM campus. Exhibit VI-4 on the following page summarizes their responses.

As illustrated in the exhibit, interest in attending sports or entertainment events at a new arena on the UVM campus is high. Specifically, 88 percent of corporate respondents, 81 percent of general public respondents and 80 percent of UVM student respondents indicated a positive interest in attending future events at a new arena.

Exhibit VI-4
Interest in Attending Events at New Arena



Multi-purpose arenas can host a variety of events including collegiate sports, minor league sports, high school sports, concerts, family shows, motor sports, wrestling and other sports and entertainment-type events. Of those respondents that indicated an interest in attending future events at a new arena on the UVM campus, Exhibit VI-5 summarizes interest in potential events that could be hosted at the proposed arena.

Exhibit VI-5
Interest In Attending Specific Events

Event	Corporations	General Public	Students	Overall Average	
Concerts	4.1	4.3	4.6	4.4	5
UVM Men's Basketball	3.5	3.5	4.0	3.7	**Definitely Interested**
UVM Men's Hockey	3.6	3.4	3.9	3.6	
Family Shows	3.5	3.5	3.4	3.4	
UVM Women's Basketball	3.0	3.4	3.2	3.2	
Indoor Soccer	2.6	2.9	3.6	3.1	
Minor League Hockey	3.0	2.9	3.4	3.1	
High School Sports	2.9	3.1	2.7	2.9	
Indoor Football	2.8	2.6	3.1	2.9	
Indoor Lacrosse	2.4	2.3	3.3	2.8	
UVM Women's Hockey	2.6	2.7	2.7	2.7	**Not Interested**
Motor Sports	1.9	2.0	2.7	2.3	
Wrestling	1.4	1.7	1.8	1.8	1

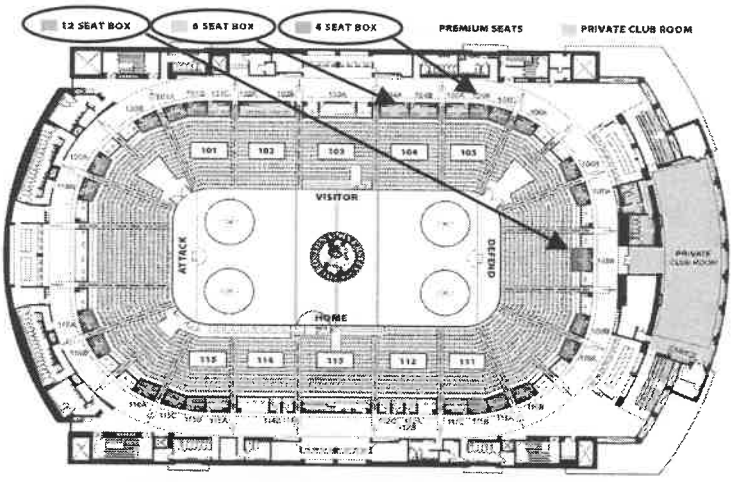
As illustrated in the exhibit, respondents were asked to rank each event on a scale of 1 to 5, with 5 being "definitely interested" in attending an event and 1 being "not interested" in attending an event. The events receiving the high rankings included concerts (average ranking: 4.4), UVM men's basketball (average ranking: 3.7), UVM men's hockey (average ranking: 3.6) and family shows (average ranking 3.4). The least desired events included wrestling (average ranking: 1.8) and motor sports (average ranking 2.3).

Interest in several minor league sports was tested including hockey, soccer, football and lacrosse. Interest in indoor soccer ranked the highest among respondents (average ranking: 3.1) followed by minor league hockey (average ranking 3.1). The least preferred minor league sports tested was indoor lacrosse (average ranking 2.8).

Interest in Private Boxes

Private boxes are exclusive seating areas that typically command the highest ticket price in the arena. Because private boxes are expensive relative to other arena seating, companies generally comprise the market for private boxes. As such and for purposes of this study, only corporate respondents were asked to characterize their interest in leasing a private box at a new arena on the UVM campus.

Exhibit VI-6
Private Box Example

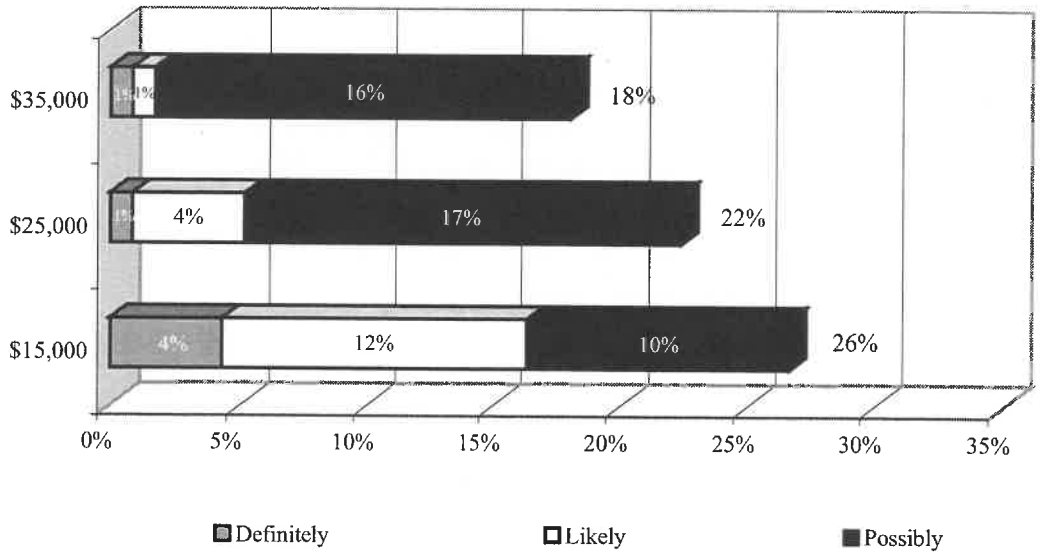




Corporate respondents were informed that boxes would be located at the top of the seating bowl with excellent sightlines to the event floor. Respondents were further informed that private boxes, which would not be fully enclosed, but would rather be in an "open-air" environment, could include seating for approximately 10 to 14 people and provide amenities such as tickets to all UVM sporting events held at the arena, preferred parking, availability of alcohol, catering services, private restrooms, TV monitors and access to an exclusive club in the arena.

Exhibit V-7 summarizes corporate respondents interest in leasing a private box at a new arena on the UVM campus at annual prices of $35,000, $25,000 or $15,000 per suite, including the cost of tickets to UVM sporting events.

Exhibit VI-7
Interest in Private Suites

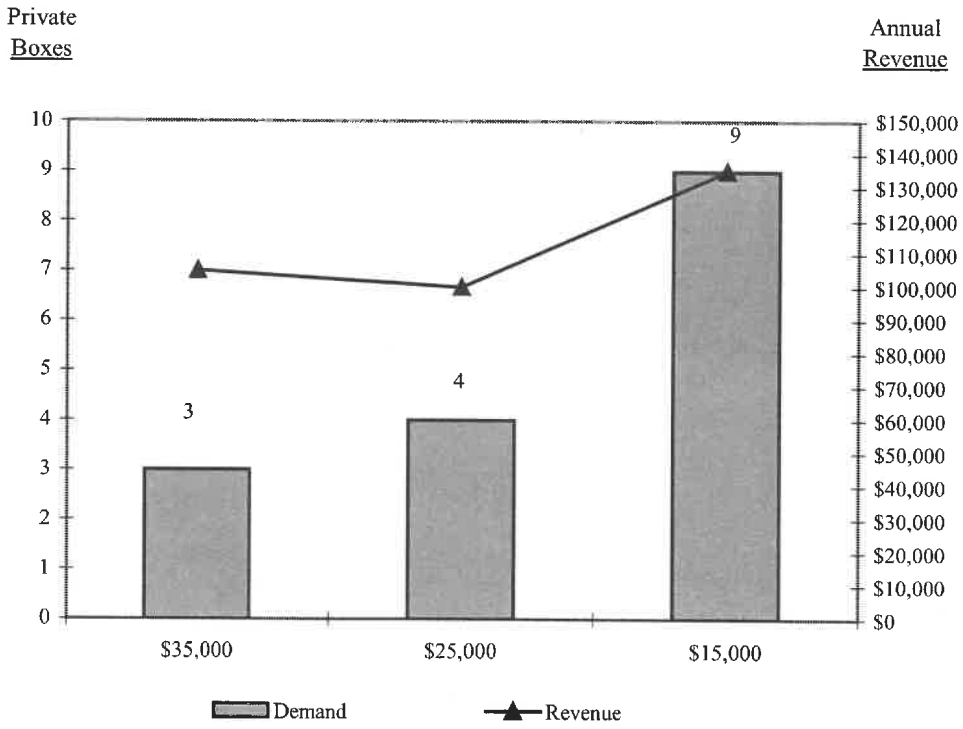


As illustrated in the exhibit, positive interest in private boxes ranged from 18 percent at $35,000 per private box to 26 percent at $15,000 per private box. It should be noted that very few respondents recorded a high degree of interest ("definite interest") in private boxes.

In the collegiate environment, it is not uncommon for companies and/or individuals (typically high-end donors) to share private boxes with one another to defray the cost and to enhance social interaction. Approximately 80 percent of the corporate respondents indicating an interest in leasing a private box at a new arena indicated that they would likely share a box with one or more other parties. The average number of parties per shared box was 2.9.

Based on an extrapolation of the survey results, Exhibit VI-8 summarizes the estimated demand and resulting revenue potential for private boxes in a new multi-purpose arena on the UVM campus. It should be noted that while only corporate respondents were asked about their interest in suites, the demand estimates presented herein include an assumption for demand from individuals (i.e. individuals could account for 1/3 of private box market).

Exhibit VI-8
Estimated Private Box Demand



Note: Demand includes an assumption for potential demand from individuals.

As illustrated above, it is estimated that there is demand for 3 to 9 private boxes, depending upon the annual price. Based on these results, it is estimated that 9 private boxes could be sold at an average price of $15,000 per box.

Interest in Club Seats

Survey respondents were asked to characterize their interest level in club seats. Club seats were described to survey respondents as being located in prime areas in the new arena and would include tickets to both UVM men's hockey and basketball home games. Club seats were further described as potentially having amenities such as preferred parking and access to a private club inside the arena that would have upscale food and beverage service, availability of alcohol and private restrooms. Exhibit VI-9 provides an illustrative example of club seats.

Exhibit VI-9
Club Seat Example

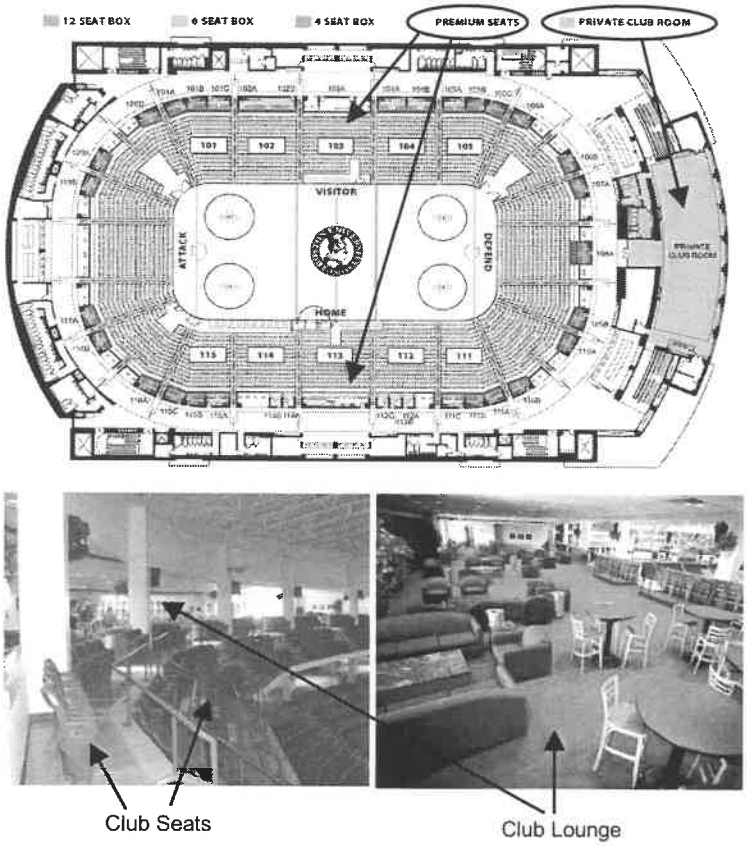
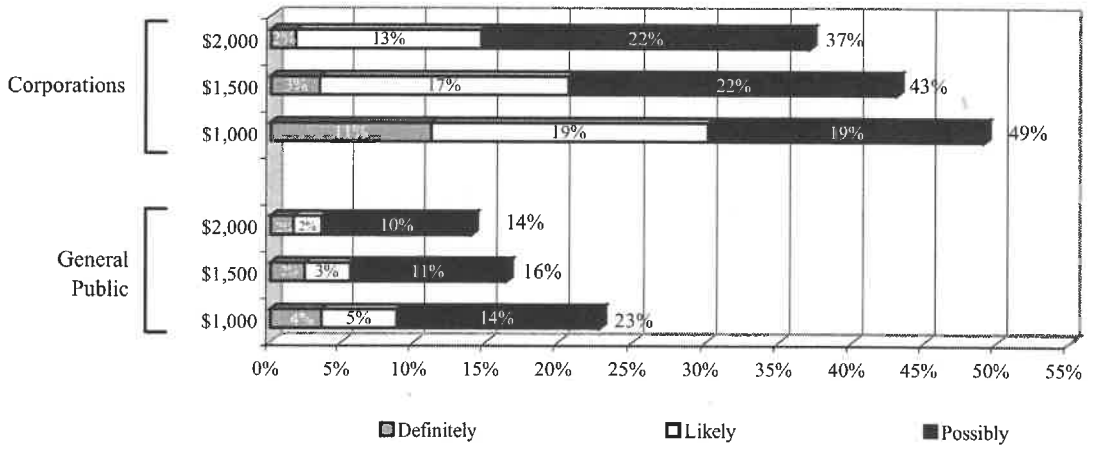


Exhibit V-9 summarizes respondents interest in leasing club seats at a new arena on the UVM campus at annual prices of $2,000, $1,500 or $1,000 per seat, including the cost of tickets to UVM men's hockey and basketball.

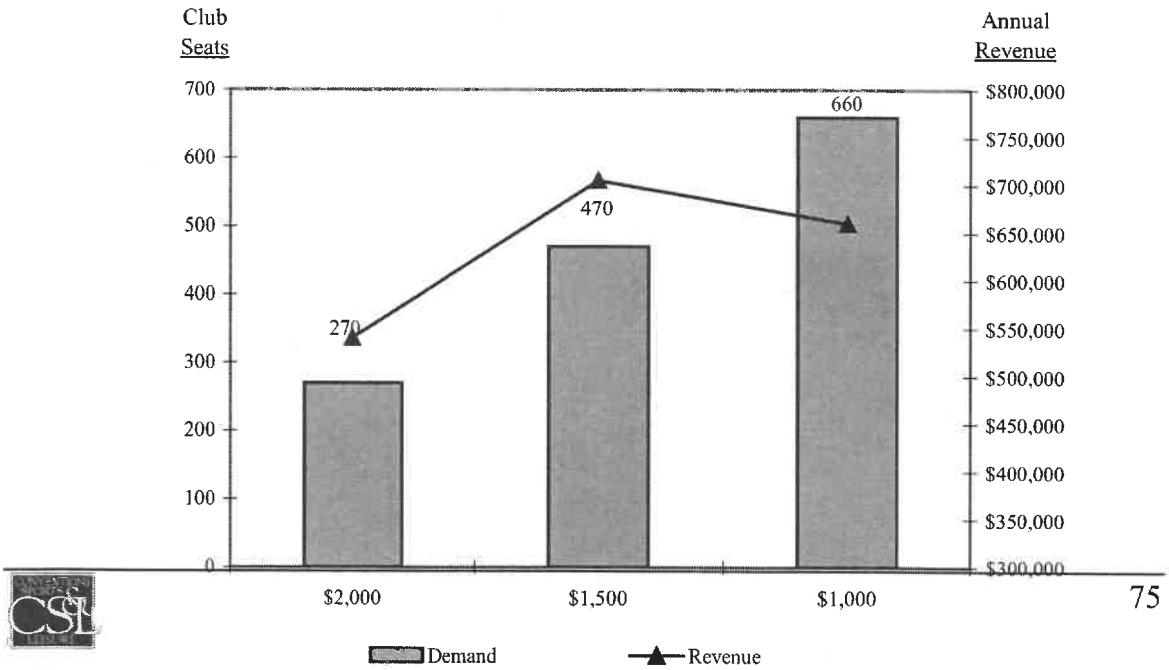
As illustrated in the exhibit, positive interest in club seats ranged from 37 percent at $2,000 per seat to 49 percent at $1,000 per seat for local corporations. In terms of the general public, interest ranged from 14 percent at $2,000 per seat to 23 percent at $1,000 per seat. Overall, interest in club seats was much higher (total percentage) and stronger (more "definite" and "likely" leases) than private boxes. The average number of club seats desired by a local corporation was 3.3 and the average number of club seats preferred by the general public was 2.1.

Exhibit VI-10
Interest in Private Suites



Based on an extrapolation of the survey results, Exhibit VI-11 summarizes the estimated demand and resulting revenue potential for club seats in a new multi-purpose arena on the UVM campus.

Exhibit VI-11
Estimated Club Seat Demand

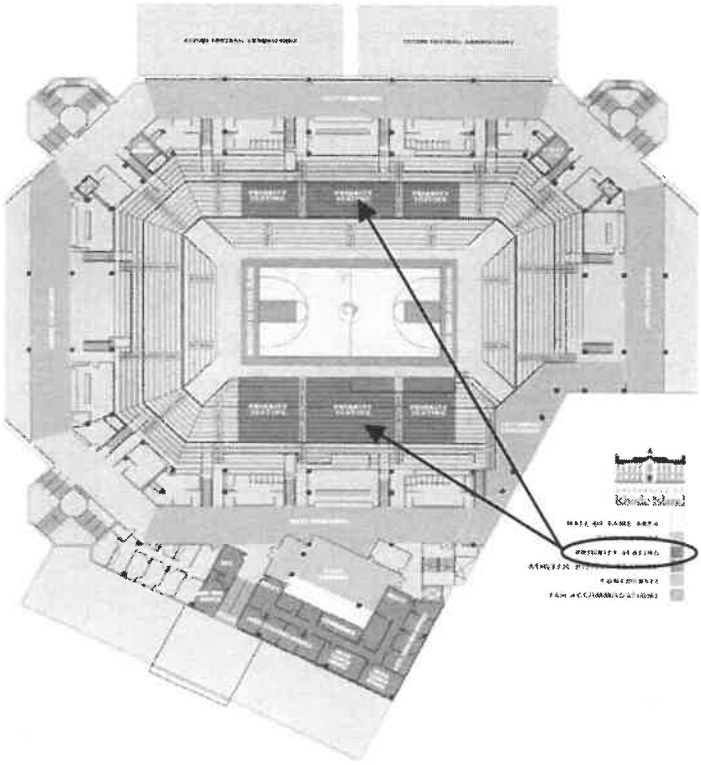


As illustrated in the exhibit, it is estimated that there is demand for 270 club seats if they are priced at $2,000 per seat to upwards of 660 club seats if they are priced at $1,000 per seat. Based on these results, it is estimated that 470 club seats could be sold at an average price of $1,500 per seat.

Interest in Donor Seating

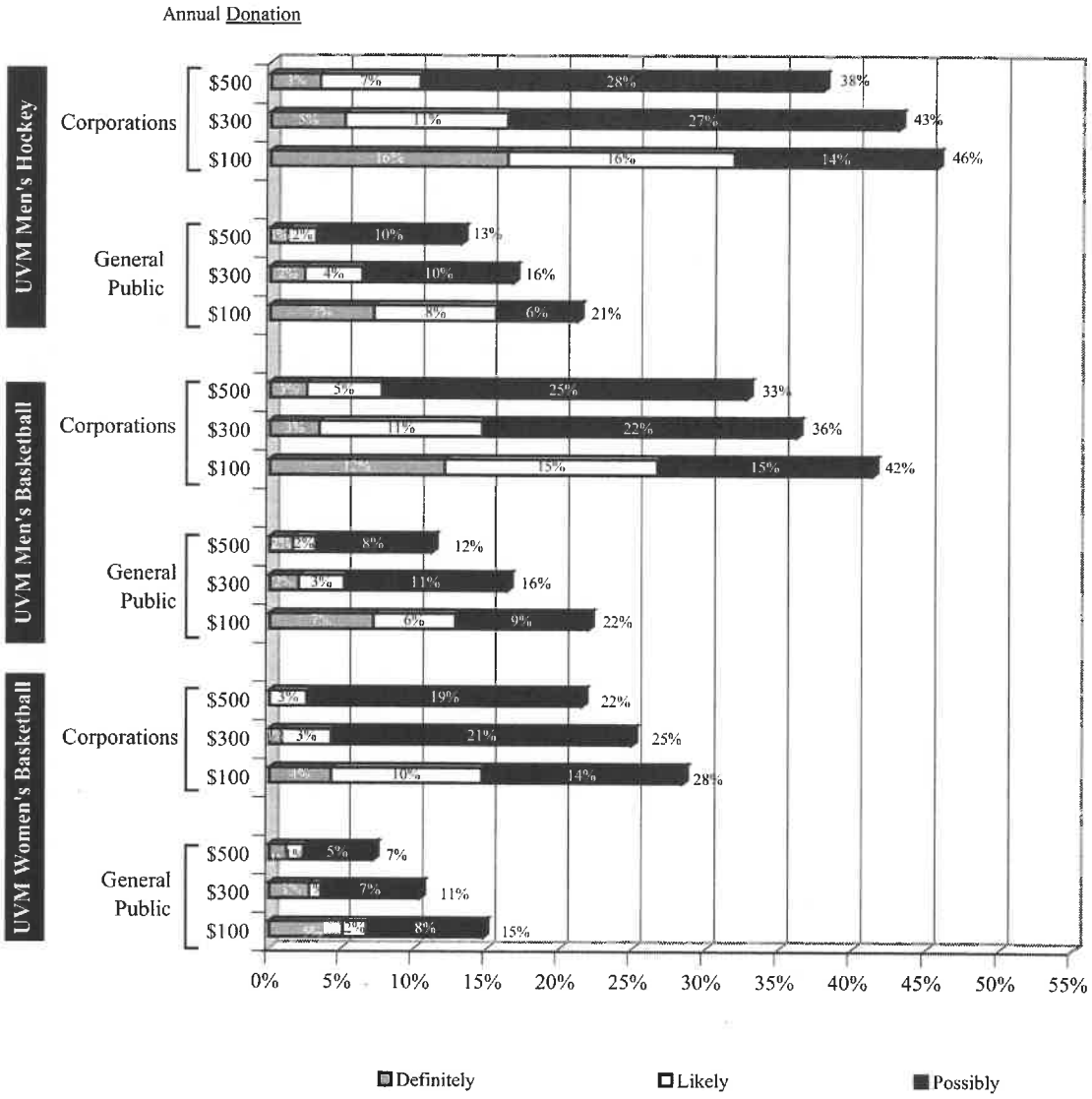
In collegiate athletics, many athletic programs offer donor seating programs as a method to secure prime seats in an athletic facility. Donor seating programs vary significantly among athletic programs, but essentially are based on either assigning seats based on priority points accumulated for amount of giving and length of giving or by assigning a donation value for a specific seat.

Exhibit VI-12
Donor Seat Example



For purposes of this study, interest in priority seating programs in a new arena were tested for UVM men's hockey, UVM men's basketball and UVM women's basketball. Exhibit VI-13 on the following pages summarizes the interest levels in donor seating, assuming seating donations of $500 $300 or $100 per seat.

Exhibit VI-13
Interest in Donor Seating

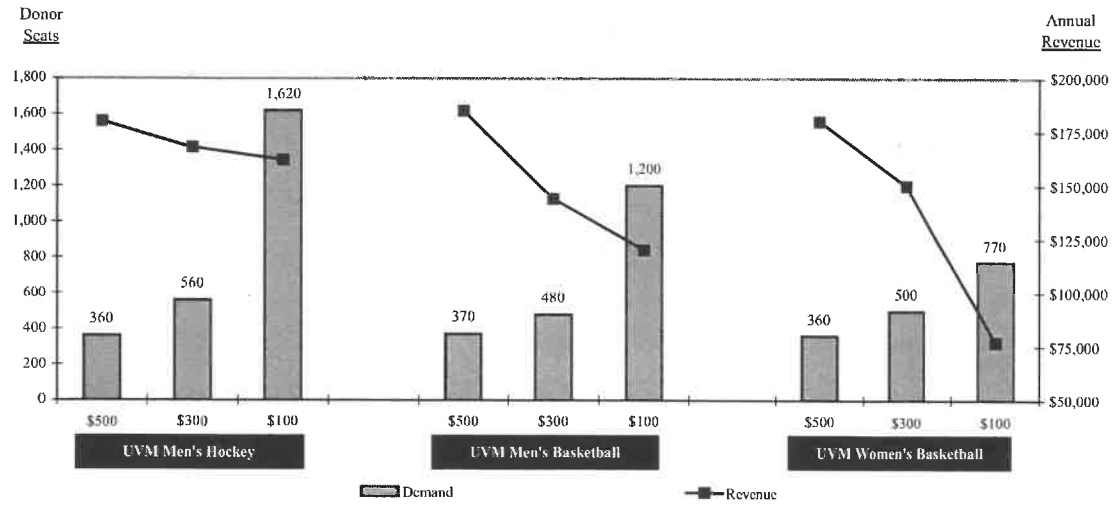


The corporate market expressed the most interest in donor seating for UVM men's hockey with 38 to 46 percent of local corporations reporting an interest annual donations ranging from $100 to $500 per seat for prime seats. Corporate interest in UVM men's basketball was slightly lower, ranging from 33 to 42 percent, while corporate interest in women's basketball ranged from 22 to 28 percent.

The general public's interest in donor seating was lower than the corporate community, ranging from 13 to 21 percent for UVM men's hockey, 12 to 22 percent for UVM men's basketball and 7 to 15 percent for UVM women's basketball.

Based on an extrapolation of the survey results, Exhibit VI-14 summarizes the estimated demand and resulting revenue potential for donor seating in a new multi-purpose arena on the UVM campus for UVM men's hockey, UVM men's basketball and UVM women's basketball.

Exhibit VI-14
Estimated Donor Seat Demand



It is estimated that there is demand for 360 donor seats for UVM men's hockey if they are priced at $500 per seat to upwards of 1,620 donor seats for UVM men's hockey if they are priced at $100 per seat, potentially generating annual donations of $162,000 to $180,000 annually.

It is estimated that there is demand for 370 donor seats for UVM men's basketball if they are priced at $500 per seat to upwards of 1,200 donor seats for UVM men's basketball if they are priced at $100 per seat, potentially generating annual donations of $120,000 to $185,000 annually.

It is estimated that there is demand for 360 donor seats for UVM women's basketball if they are priced at $500 per seat to upwards of 770 donor seats for UVM women's basketball if they are priced at $100 per seat, potentially generating annual donations of $77,000 to $180,000 annually.

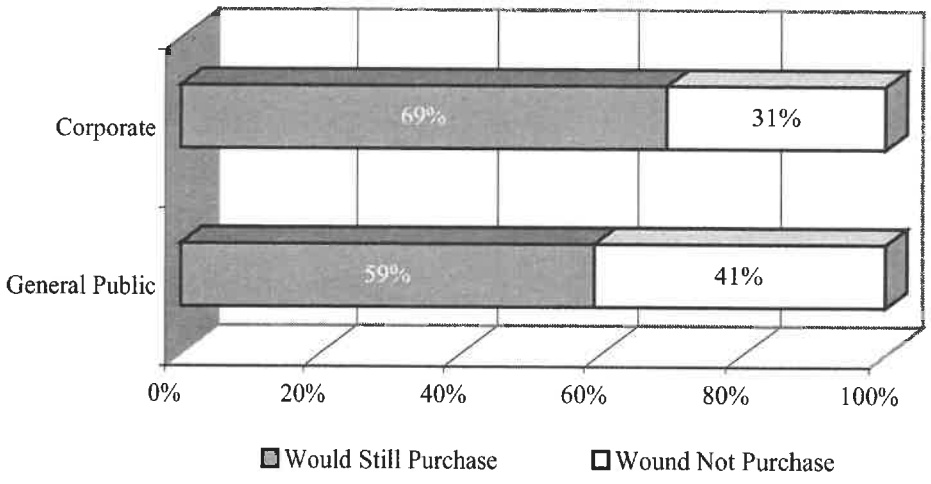
Impact of Alcohol Availability on Premium Seat Demand

An important issue related to arenas located on college campuses is whether alcohol is permitted to be sold in the facility. Typically, college-related facilities handle the alcohol issue in one of several ways:

- Forbid consumption of alcohol throughout the facility;
- Do not hold a liquor license, but allow private box patrons to bring their own alcohol into the facility prior to the event day;
- Hold a liquor license and sell alcohol in only the premium seating areas (suites or club lounge) and forbid consumption in general seating areas; and,
- Hold a liquor license and sell alcohol throughout the facility.

In order to understand the potential impact that not serving alcohol in premium seating areas could have on potential demand, survey respondents interested in premium seating were asked if they would still purchase premium seating if alcohol were not allowed. Exhibit VI-15 summarizes their responses.

Exhibit VI-15
Impact of Alcohol Availability on Premium Seat Demand

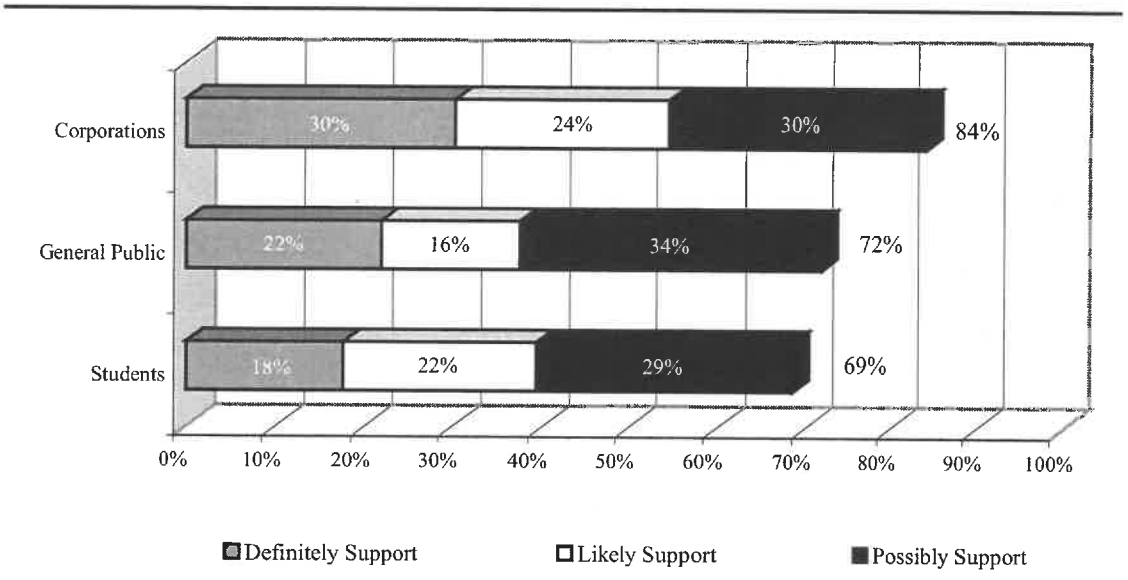


Approximately 31 percent of corporate respondents and 41 percent of general public respondents interested in premium seating in a new arena indicated that they would not purchase premium seating if alcohol were not available in the premium seating areas.

Support for Public Funding of New Arena

Survey respondents were asked whether they support the use of public funds to finance the costs to development a new arena on the UVM campus. Exhibit VI-16 summarize their responses.

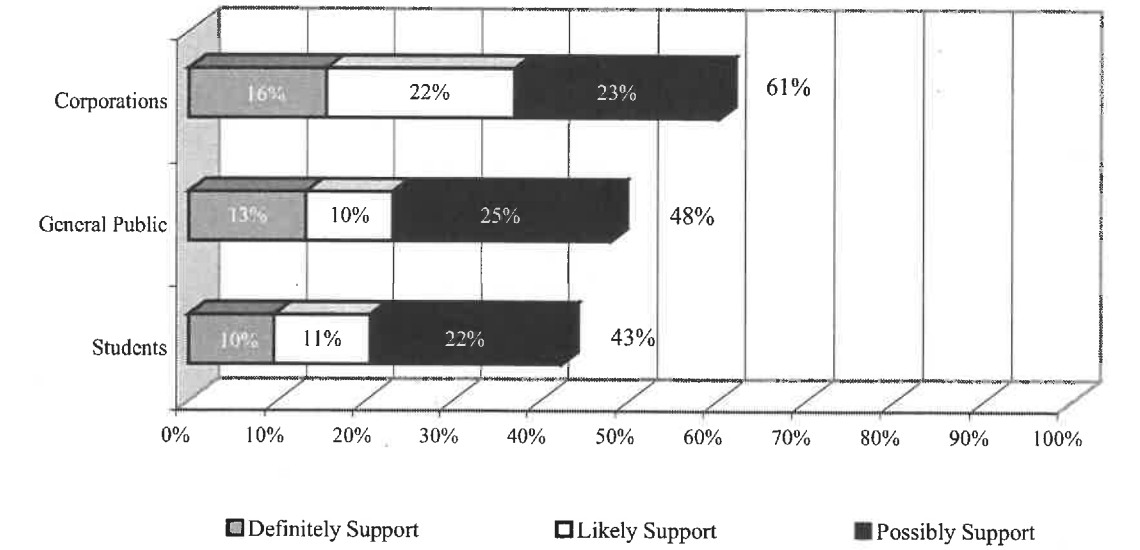
Exhibit VI-16
Support for Public Funding of New Arena



Upwards of 69 percent of UVM students, 72 percent of the Burlington MSA general public and 84 percent of the corporate community support, to some degree, the use of public funds to construct a new multi-purpose arena on the UVM campus. It should be noted that a significant portion of this support is characterized by "possible support" as opposed to the stronger responses of "definitely support" or "likely support". Given the general lack of awareness of the project at the time of the survey and the lack of information regarding the arena project and its potential benefits, these percentages could change substantially as project planning moves forward.

Survey respondents were asked if they would support an increase in the meals and rooms tax, either statewide or on a regionalized basis, to fund arena development costs. Exhibit VI-17 summarizes their support of an increased meals and rooms tax.

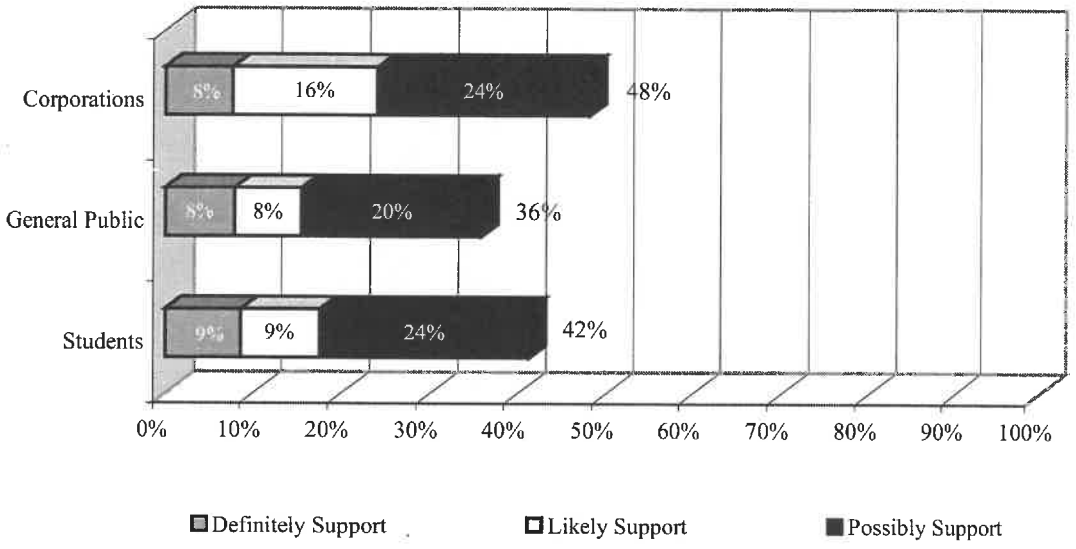
Exhibit VI-17
Support for Use of Meals and Rooms Tax to Fund New Arena



As illustrated in the exhibit, approximately 43 percent of UVM students, 48 percent of the Burlington MSA general public and 61 percent of local corporations support, to some degree, an increase in the meals and rooms tax to fund a new arena on the UVM campus.

Survey respondents were also asked if they would support an increase in the sales tax, either statewide or on a regionalized basis, to fund arena development costs. Exhibit VI-18 summarizes their support of an increased sales tax.

Exhibit VI-18
Support for Use of Sales Tax to Fund New Arena

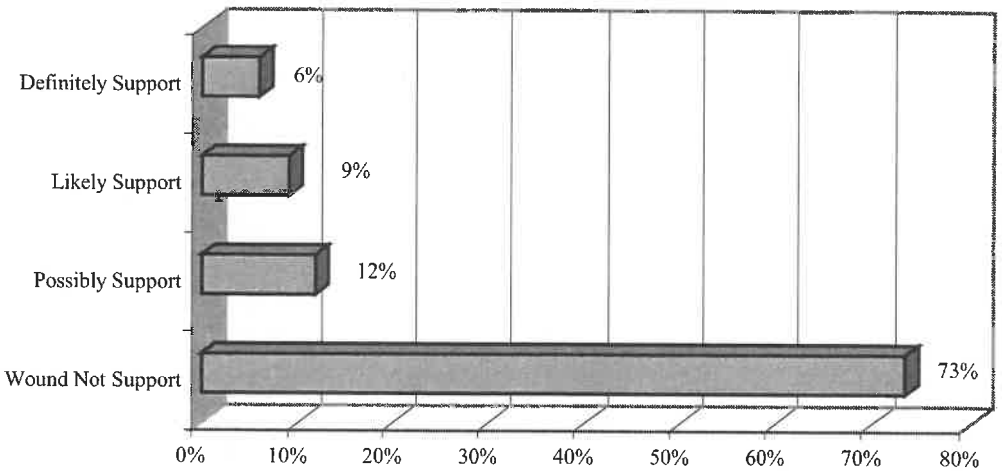


Approximately 42 percent of UVM students, 36 percent of the Burlington MSA general public and 48 percent of local corporations support, to some degree, an increase in the sales tax to fund a new arena on the UVM campus.

Support for Student Fees to Fund New Arena

UVM student survey respondents were asked whether they would support the use of student fees to finance the development costs associated with a new arena on the UVM campus. Exhibit VI-19 summarize their responses.

Exhibit VI-19
Support for Use of Student Fees to Fund New Arena



The large majority of UVM student surveyed indicated that they would not support an increase in student fees to fund the development of a new multi-purpose arena.

Summary

A total of 723 random telephone surveys were completed with local corporations, households and UVM students to determine interest and opinions related to the potential development of a multi-purpose arena. Key findings included:

- The majority of respondents indicated a positive attitude regarding the potential development of a new multi-purpose arena. Specifically, 72 percent of corporations, 61 percent of the general public and 58 percent of UVM students have a positive attitude towards arena development.
- Interest in attending sports and entertainment events at a new arena on the UVM campus is high. Specifically, 88 percent of corporate respondents, 81 percent of general public respondents and 80 percent of UVM student respondents indicated an interest in attending future events at a new arena.
- Interest in private boxes at a new arena was limited to moderate with 18 to 26 percent of the corporate community indicating potential interest in private boxes,

depending on the price. Overall, it is estimated that the arena could support 9 private boxes at an average annual price of $15,000 per box.

- Interest in club seats at a new arena was moderate with 37 to 49 percent of the corporate community and 14 to 23 percent of the general public indicating potential interest in club seats, depending on the price. Overall, it is estimated that the arena could support 450 to 500 club seats at an average annual price of $1,000 per seat.
- Interest in a donor (or priority) seating program for UVM sporting events at a new arena was comparable to club seat interest. It is estimated that UVM could generate $440,000 to $545,000 in donor seating revenues annually, assuming donor seating priority is sold separately for men's hockey, men's basketball and women's basketball.
- Approximately 31 percent of the corporate market and 41 percent of the general public market interested in premium seating at anew arena would not purchase premium seating if alcohol were not served in the boxes or in the club lounge.
- Initial support for public funding of a new multi-purpose arena was positive with upwards of 84 percent of the corporate community, 72 percent of the general public and 69 percent of UVM students potential supporting the use of public funds to construct a new arena.

The results of the market surveys are considered together with assessment local market characteristics, competitive facilities in the marketplace, historical operations of comparable facilities and interviews with potential facility users to estimate demand. The remainder of this section presents the market survey results.

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VII. Estimated Event Demand

VII. Estimated Event Demand

The purpose of this section is to estimate the potential event mix and attendance levels that could be attracted to a new multi-purpose arena located on the UVM campus. A variety of factors have been analyzed in order to gauge the ability of a new facility to attract various events, including:

- Event levels and physical characteristics of comparable arenas were used as benchmarks to gain an understanding of the types and number of events typically hosted by similar arenas;
- Competitive facilities in the Burlington and regional market were analyzed to gauge the level of competition present in the market, and to identify strengths and niches that may give the proposed arena an advantage over the competition in attracting events; and,
- Interviews with local, regional and national arena promoters and event organizers as well as with officials from various minor leagues were conducted to obtain opinions on the potential new facility and gauge interest in utilizing the venue.

This information, along with the knowledge of potential event markets, industry trends, and previous experience was used to estimate the number of events that a new multi-purpose arena operating on the UVM campus could potentially attract.

Several event types have been considered for potential facility usage at a new multi-purpose arena to be located on the UVM campus. Potential events have been categorized into two types, tenant events and market driven events.

Tenant Events

Tenant events typically consist of games played by sports teams that are tenants of the venue. Tenant events are usually scheduled well in advance and provide a facility with a predictable level of facility usage. The majority of multi-purpose arenas have at least one sports tenant. Tenant events evaluated as part of this analysis include:

- UVM Sports:
    - Men's Hockey;
    - Men's Basketball; and,
    - Women's Basketball.

- Minor League Sports:
  - Hockey;
  - Football;
  - Basketball;
  - Lacrosse; and
  - Soccer.

UVM Men's Hockey

The UVM men's hockey program was established in 1963 and has a relatively strong local following. The program practices and plays its home games in Gutterson Fieldhouse, which opened the same year the hockey program was established and has a seating capacity of 4,035. Exhibit VII-1 presents a summary of the historical number of home games, average paid attendance and average turnstile attendance for UVM men's hockey over the past three seasons.

Exhibit VII-1
UVM Men's Hockey

Season	Games	Average Attendance	
		Paid	Turnstile
2003-04	17	2,883	3,868
2002-03	19	3,050	3,752
2001-02	15	1,079	3,323
Average	17	2,415	3,664

Source: UVM athletics.

As shown, the hockey program has averaged 17 home games per season over the last three years, drawing an average of 2,415 paid admissions per game. In addition to paid admissions, student tickets and other complimentary admissions generally result in many conference and other marquee games reaching maximum, or near maximum, capacity. Currently, there is a season ticket waitlist of approximately 200 names, representing additional demand for 500 to 800 tickets.

The program, which has historically competed in the Division I Eastern Collegiate Athletic Conference, will move to the Hockey East conference beginning with the 2005-06 season.

For purposes of this analysis, it is estimated that UVM hockey will represent 18 to 20 annual events at a new arena and could draw approximately 3,700 paid admissions per game and 4,750 turnstile attendees per game in a stabilized year of operations. This represents a significant increase over recent attendance levels and is attributed to a variety of factors including but not limited to an increase in seating capacity to accommodate high demand games, accommodation of the season ticket wait list, historical attendance for the Hockey East Conference, and the general attendance impact associated with new arenas.

The weighted average ticket price for the men's hockey program was $13.10 in 2003. Based on analysis of ticket price changes for other sports tenants moving into new buildings coupled with inflation, it is estimated that the average ticket price for UVM men's hockey in a new arena will be approximately $17.40 in 2008.

For purposes of this analysis, it is assumed that the men's hockey program would host a majority of its practices on the attached ice sheet or at Gutterson Fieldhouse, using the main ice surface of the new arena only for games and game-day skate sessions. This would allow the proposed arena to maximize its event potential for other events. Lease agreements between UVM and the building owner should establish priority for events and practices.

It should be noted that UVM athletic officials do not intend for women's hockey to become a tenant in the new arena. As the program matures and, if demand warrants at a later date, consideration will be given to moving the women's hockey games to the new arena.

UVM Men's Basketball

The UVM men's basketball program was established in 1900 and competes in the Division I America East Conference. The program practices and plays its home games in Patrick Gymnasium, which has a seating capacity of 3,228. Exhibit VII-2 on the following page presents a summary of the historical number of home games played, average paid attendance and average turnstile attendance for UVM men's basketball over the past three seasons.

Exhibit VII-2
UVM Men's Basketball

Season	Games	Average Attendance	
		Paid	Turnstile
2003-04	12	1,617	2,707
2002-03	12	1,297	1,955
2001-02	12	1,317	2,354
Average	12	1,410	2,339

Source: UVM athletics.

As depicted, the men's basketball program has averaged 12 home games per season over the last three years, drawing an average of 1,410 paid admissions and 2,339 turnstile attendees per game.

For purposes of this analysis, it is estimated that UVM men's basketball will represent 12 annual events at a new arena and could draw approximately 1,800 paid admissions per game and 2,700 turnstile attendees per game. This represents a moderate increase over recent attendance levels at Patrick Gymnasium and represents the general attendance impact associated with new arenas.

The average ticket price for the men's basketball program was $6.41 in 2003. Based on analysis of ticket price changes for other sports tenants moving into new buildings coupled with inflation, it is estimated that the average ticket price for UVM men's basketball in a new arena will be approximately $8.60 in 2008.

It is assumed that men's basketball practices would remain at Patrick Gymnasium with the exception of day of game shooting practice.

UVM Women's Basketball

The UVM women's basketball program was established in 1979 and competes in the Division I America East Conference. The program practices and plays its home games in Patrick Gymnasium. Exhibit VII-3 presents a summary of the historical number of home games played, average paid attendance and average turnstile for UVM women's basketball over the past three seasons.

Exhibit VII-3
UVM Women's Basketball

Season	Games	Average Attendance	
		Paid	Turnstile
2003-04	13	936	936
2002-03	11	1,046	1,366
2001-02	12	799	1,819
Average	12	924	1,362

Source: UVM athletics.

As depicted, the women's basketball program has averaged 12 home games per season over the last three years, drawing an average of 924 paid admissions and 1,362 turnstile attendees per game.

For purposes of this analysis, it is estimated that UVM women's basketball will represent 12 annual events at a new arena and could draw approximately 1,200 paid admissions per game and 1,600 turnstile attendees per game. This represents a moderate increase over recent attendance levels at Patrick Gymnasium and represents the general attendance impact associated with new arenas.

The average ticket price for the women's basketball program was $6.10 in 2003. Based on analysis of ticket price changes for other sports tenants moving into new buildings coupled with inflation, it is estimated that the average ticket price for UVM men's basketball in a new arena will be approximately $8.10 in 2008.

It is assumed that women's basketball practices would remain at Patrick Gymnasium with the exception of day of game shooting practice.

Minor League Hockey

Given the substantial interest in hockey in the local and regional area, a minor league hockey team could potentially become a tenant in the multi-purpose arena. There are five minor hockey leagues and one Tier I junior league based in the U.S., consisting of varying degrees of skill and geographic locations, including:



- American Hockey League;
- Central Hockey League;
- ECHL;
- United Hockey League;
- United States Hockey League; and,
- Western Hockey League.

Interviews with various minor hockey leagues indicate that the ECHL may be the most suitable for the market. As with any potential minor league tenant, the ability to attract a minor league team will be dependent on many factors including, but not limited to providing an appropriate facility, identifying a local and/or existing ownership, providing favorable lease terms to the franchise and meeting certain season ticket and/or sponsorship sales thresholds, among other factors.

ECHL

The ECHL, formerly known as the East Coast Hockey League, is a premier AA hockey league that has been in existence since 1988. The ECHL is comprised of 28 teams. Historically, teams were primarily located in the eastern portion of the U.S. However, in ECHL recently added several teams from the now defunct West Coast Hockey League. As a result, ECHL franchises are now located throughout the U.S.

Each ECHL team has a 72-game (36 home) regular season schedule, spanning late October through early May, culminating in the Kelly Cup championship in late May. Exhibit VII-4 on the following page provides an overview of the ECHL's markets, arenas and attendance.

Exhibit VII-4
ECHL - 2003-04 Season

Team	City	Market Population	Arena	Hockey Capacity	2003-04 Average Attendance
Long Beach Ice Dogs	Long Beach, CA	9,911,500	Long Beach Arena	6,176	2,624
San Diego Gulls	San Diego, CA	2,960,100	San Diego Sports Arena	12,920	4,772
Las Vegas Wranglers	Las Vegas, NV	1,774,900	Orleans Arena	7,773	4,981
Cincinnati Cyclones	Cincinnati, OH	1,675,500	Firstar Center	17,909	2,204
Charlotte Checkers	Charlotte, NC	1,599,800	Cricket Arena	9,570	4,517
Greensboro Generals	Greensboro, NC	1,299,000	Greensboro Coliseum	10,388	3,269
Greenville Grrrowl	Greenville, SC	991,900	Bi-Lo Center	16,000	4,617
^ Fresno Falcons	Fresno, CA	971,800	Save Mart Center	13,800	4,742
^ Dayton Bombers	Dayton, OH	944,800	Nutter Center	9,950	3,461
^ Bakersfield Condors	Bakersfield, CA	698,700	Bakersfield Centennial Garden	9,000	4,513
Toledo Storm	, Toledo, OH	618,200	Toledo Sports Arena	5,353	3,799
^ South Carolina Stingrays	N. Charleston, SC	564,000	North Charleston Coliseum	10,529	5,056
Columbia Inferno	Columbia, SC	553,900	Carolina Coliseum	6,231	4,087
Augusta Lynx	Augusta, GA	491,700	Richmond County Civic Center	6,604	2,980
Florida Everblades	Estero, FL	477,800	TECO Arena	7,209	6,214
Idaho Steelheads	Boise, ID	468,700	Bank of America Centre	5,006	4,513
Pensacola Ice Pilots	Pensacola, FL	429,700	Pensacola Civic Center	8,150	3,617
^ Louisiana Ice Gators	Lafayette, LA	390,300	Cajundome	11,384	3,398
Texas Wildcatters	Beaumont, TX	389,900	Ford Arena	7,500	2,884
Reading Royals	Reading, PA	383,100	Sovereign Center	7,200	5,371
Mississippi Sea Wolves	Biloxi, MS	372,300	Mississippi Coast Coliseum	9,150	3,329
Atlantic City Boardwalk Bullies	Atlantic City, NJ	365,800	Historic Boardwalk Hall	10,500	3,217
Trenton Titans	Trenton, NJ	361,600	Sovereign Bank Arena	7,850	5,059
^ Peoria Rivermen	Peoria, IL	349,300	Peoria Civic Center (Carver Arena)	9,894	5,101
Columbus Cottonmouths	Columbus, GA	277,900	Columbus Civic Center	7,600	2,524
^ Alaska Aces	Anchorage, AK	270,700	Sullivan Arena	6,251	4,340
Gwinnett Gladiators	Duluth, GA	241,400	The Arena at Gwinnett Center	11,355	5,034
Roanoke Express	Roanoke, VA	238,400	Roanoke Civic Center	8,706	2,918
Johnston Chiefs	Johnston, PA	229,500	Cambria County War Memorial	4,050	2,551
New Burlington Franchise	Burlington, VT	203,700	Proposed New Arena	6,500	n/a
Wheeling Nailers	Wheeling, WV	149,800	Wheeling Civic Center	5,406	2,835
Pee Dee Pride	Florence, SC	126,800	Florence Civic Center	7,426	2,505
ECHL Average - All Markets		**986,400**		**8,930**	**3,904**
ECHL Average - Markets below 300,000 Population		**217,275**		**7,162**	**3,244**

Sources: ECHL and Sales & Marketing Management.
^ An intercollegiate athletic program is also a tenant in the building.
Notes:
Cincinnati Cyclones have requested a voluntary suspension for the 2004/05 season.
Columbus Cottonmouths will not play during 2004/05 season but will relocate to Bradenton, FL. and begin play there in 2005/06.
A new Bloomington, IL, franchise will begin play in 2005/06 season.
A new Victoria, BC franchise will begin play in 2004/05.

As shown, the average ECHL market has a population of approximately 986,400. Long Beach, CA with 9,911,500 residents, is the largest market in the league, while Florence, SC is the smallest market with a population of 125,800. The Burlington marketplace would rank as the third smallest in the league during the 2003-04 season. It should be noted that a new franchise will begin play in a new arena in Bloomington, Illinois during the 2005-06 season, which has a market population of approximately 156,000.

The average ECHL arena seats 8,930 spectators, with a high capacity of 17,909 at Firstar Center in Cincinnati, Ohio, and a low of 4,050 at the Cambria County War Memorial in Johnston, Pennsylvania. On average, ECHL teams drew approximately 3,904 fans per game during the 2003-04 season, ranging from an average low of 2,204 per game for the Cincinnati Cyclones to a high of 6,214 per game for the Florida Everblades. The average attendance of ECHL teams playing in smaller markets (300,000 residents or less) was 3,244.

It is interesting to note that of the 33 teams in the ECHL, only 4 teams share a facility with a Division I athletics program, none of which field hockey programs.

Based on discussions with ECHL officials, ideal markets for an ECHL franchise would range in population from 200,000 to 600,000. According to league representatives, an ECHL franchise generally needs to attract 3,300 paid admissions and 4,000 turnstile attendees per game to breakeven, with ticket prices averaging approximately $10.50. Further, ECHL officials indicated that sponsorships, advertising, promotional and concessions revenue generated to the team needs to be in the range of $400,000 to $500,000 in order to breakeven.

Based on discussions with ECHL officials, the league has commitments to expand the league by five franchises over the next few years, including the following markets:

- Burlington, Vermont;
- Bloomington, Illinois;
- Bradenton, Florida;
- Cincinnati, Ohio; and,
- Reno, Nevada.

The Lexington Men O' War were purchased by Minor League Hockey of Vermont, Inc. several years ago with the anticipation that the ECHL franchise would move to Burlington. An agreement to use existing facilities in the Burlington market could not be reached, and, as a result, the Lexington franchise could not relocate and therefore suspended operations after the 2002-03 season. Minor League Hockey of Vermont, Inc. still owns the territorial rights to an ECHL franchise in the Burlington market area, but no progress had been made to date in securing a home facility for an ECHL franchise in the local market.

A new arena in the Burlington marketplace with favorable lease terms could bring a Burlington ECHL franchise to fruition. However, an alternative to an ECHL franchise could be an AHL franchise. The AHL is considered a league above the ECHL, with many teams affiliated with a National Hockey League ("NHL") team. A market with a sophisticated hockey fan base, such as Burlington and the greater Vermont area, may provide a higher level of support for a league more known for developing players for the NHL. The AHL fielded 28 teams during the 2003-04 season, averaging 5,594 attendees per game. The Burlington market would rank as the smallest market among AHL markets, which has an average market size of 1.8 million persons. However, geographic rivalries could be developed with teams such as Manchester Monarchs (New Hampshire); Springfield Falcons (Massachusetts); Worcester Ice Cats (Massachusetts); Albany

River Rats (New York); and Lowell Lock Monsters (Massachusetts), among others.

It should be noted that there are limited examples of a minor league hockey franchise and Division I hockey program co-existing in the same facility in a market comparable in size to Burlington. As a result, it is not known what impact, if any, an ECHL team could have on the attendance of UVM men's hockey program or their ability to generate advertising and sponsorship sales. This is of particular concern in a market with limited resources (population and corporate base), such as Burlington.

Indoor Football

There are currently three established indoor football leagues operating in the U.S., including:



- Arena Football League;
- af2; and,
- National Indoor Football League.

The Arena Football League ("AFL") is comprised mostly of teams owned by National Football League ("NFL") owners and play in large arenas in major U.S. cities. The af2 and National Indoor Football League ("NIFL") are comprised of teams playing in smaller facilities in secondary and tertiary markets.

Based on discussions with each of the indoor football leagues, it appears that af2 would potentially be the league most suitable for the Burlington marketplace given the geographic location of existing franchises.

af2

The af2 league played its first season in 2000 with a total of 15 teams. There are currently 20 teams for the upcoming 2005 season. Each af2 franchise plays a 16-game schedule (8 home) spanning from early April through late July, culminating in the ArenaCup championship in late August. Exhibit VII-5 on the following page summarizes af2 markets, arenas and attendance.

Exhibit VII-5
af2 - 2004 Season

Team	City	Market Population	Arena	Footaball Capacity	2004 Average Attendance
San Diego Riptide	San Diego, CA	2,960,100	San Diego Sports Arena	12,000	4,127
Memphis Xplorers	Southaven, MS	1,160,600	DeSoto County Civic Center	10,000	3,605
Oklahoma City Yard Dawgz	Oklahoma City, OK	1,109,400	Ford Center	18,000	10,089
^ Louisville Fire	Louisville, KY	1,043,200	Freedom Hall	17,200	8,724
Central Valley Coyotes	Fresno, CA	971,800	Selland Arena	8,912	3,924
Birmingham Steeldogs	Birmingham, AL	933,200	Birmingham-Jefferson Civic Center	16,850	6,708
Hawaiian Islanders	Honolulu, HI	899,900	Neal Blaisdell Arena	6,600	3,609
^ Albany Conquest	Albany, NY	881,500	Pepsi Arena	14,000	5,883
Tulsa Talons	Tulsa, OK	823,900	Tulsa Convention Center	7,096	5,161
^ Bakersfield Blitz	Bakersfield, CA	698,700	Centennial Garden	8,700	5,398
Wilkes-Barre/Scranton Pioneers	Willkes-Barre, PA	621,400	First Union Arena	8,300	5,239
Rio Grande Valley Dorados	Hidalgo, TX	619,800	Dodge Arena	5,500	5,458
^ Arkansas Twisters	N. Little Rock, AR	596,200	Alltel Arena	16,058	8,691
Wichita Stealth	Wichita, KS	519,600	Kansas Coliseum	9,686	3,043
Florida Firecats	Estero, FL	477,800	TECO Arena	7,082	5,494
Manchester Wolves	Manchester, NH	396,000	Verizon Wireless Arena	10,019	7,490
Bossier City Battlewings	Bossier City, LA	392,800	CenturyTel Center	12,400	3,829
Quad City Steamwheelers	Davenport, IA	358,100	MARK of the Quad Cities	9,200	6,175
^ Tennessee Valley Vipers	Huntsville, AL	350,600	Von Braun Center	6,624	5,067
^ Peoria Pirates	Peoria, IL	349,300	Peoria Civic Center	9,772	4,552
Cape Fear Wildcats	Fayetteville, NC	333,600	Crown Coliseum	13,500	4,025
^ Macon Knights	Macon, GA	331,200	Macon Coliseum	7,182	3,177
Columbus Wardogs	Columbus, GA	277,900	Columbus Civic Center	7,600	3,810
^ Green Bay Blizzard	Green Bay, WI	233,600	Resch Center	11,000	3,683
Laredo Law	Laredo, TX	211,700	Laredo Entertainment Center	10,000	4,234
Proposed Franchise	Burlington, VT	203,700	Proposed Arena	6,500	n/a
af2 Average -		**702,076**		**10,531**	**5,248**
af2 Average - Markets Below 300,000 Population		**241,067**		**9,533**	**3,909**

^ An intercollegiate athletic program is also a tenant in the building.
Sources: af2 and Sales & Marketing Management.

The average af2 market has a population of approximately 702,076, with a high of 2,960,100 in San Diego and a low of 211,700 in Laredo. As such, an af2 franchise in Burlington would operate in the smallest market in the league.

The league's arenas range in size from the 18,000-seat Ford Center in Oklahoma City to the 5,500-seat Dodge Arena in Hidalgo, Texas, with a league average capacity of 11,531 seats. On average, af2 teams drew approximately 5,248 fans per game, ranging from an average low of 3,043 per game for the Wichita Stealth to a high of 10,089 per game for the Oklahoma City Yard Dawgz. The average attendance of ECHL teams playing in smaller markets (300,000 or less) was 3,909.

According to af2 representatives, the priority of the league is to expand in the West, locate another team in Florida, and expand in the Northeast. A league representative indicated that a new arena in the Burlington area could potentially be an attractive option for future expansion or relocation in the Northeast.

Representatives of af2 indicated that a team would need to average 5,000 attendees (with a season ticket base approximating 3,000) at an average ticket price of $14.00 per game in order to breakeven. Also, representatives indicated that a franchise needs to generate

$250,000 to $350,000 annually in cash advertising/sponsorships to meet breakeven performance levels.

For purposes of this analysis, an af2 franchise was assumed only in the "Best Case" event demand scenario including minor league sports presented in this report.

Minor League Basketball



Minor league basketball has historically been unstable, with a number of leagues forming, folding, or restructuring from year to year. Currently there are four established minor league basketball leagues in the U.S., which include the National Basketball Development League (NBDL), United States Basketball League (USBL), Continental Basketball Association (CBA), and the American Basketball Association (ABA). The ABA was formed in 2000 and the NBDL began operating in 2001. The remaining two leagues have been in existence for longer periods of time but have historically experienced league and franchise instability.

Based on discussions with minor league basketball representatives, a review of the geographic locations of existing teams, and historical support for basketball in the local area, a minor league basketball franchise would not be an ideal tenant for a new multi-purpose arena in Burlington.

Indoor Lacrosse



Currently, there is one major professional indoor lacrosse league operating in the U.S. The National Lacrosse League ("NLL") began operations in 1986 as the Major Indoor Lacrosse League. In 2004, NLL fielded 10 teams primarily playing in large markets in National Hockey League ("NHL") arenas, as NHL owners own most NLL teams.

NLL teams play a 16 game regular season schedule (8 home games) that spans from January through April, culminating in the Champions' Cup in early May. In 2004, average league attendance was 10,088 per game.

Based on discussions with NLL officials, the league would not likely approve a team for the Burlington marketplace given its market size and the league's tie to NHL markets. However, league representatives indicated they are planning a new league, NL2, which could debut in June 2005 and would serve as a developmental league for NLL. The NL2 would serve as the NLL's minor league, with teams playing in small to medium sized markets across North America. Initially, it is expected that all teams would be concentrated in the northeast to limit travel expenses. NLL officials indicated that Burlington would be an ideal market for a NL2 franchise.

League officials anticipate that each NL2 franchise would have an operating budget of approximately $350,000 and would need to average 2,000 paid attendees per game at a ticket price of $10.00 per game to breakeven. The season is anticipated to span 20 games (10 home games) primarily played on weekends from June through August of each year.

While the Burlington marketplace may an ideal market for NL2, it is not certain if the league will be formed. Given the uncertainty of the NL2 at the time of this report and the lack of any league operating history, an NL2 franchise has not been included in the event estimates for a new multi-purpose arena on the UVM campus.

Indoor Soccer

There is currently one professional indoor soccer league operating in the U.S. The Major Indoor Soccer League ("MISL") was formed in 2001 following the folding of the National Professional Soccer League. Currently, MISL has seven franchises operating in some of the largest markets in the North America with a strong base of soccer participation including Philadelphia, Chicago, Baltimore, Milwaukee, Kansas City, St. Louis and Cleveland. MISL will add an additional team in Stockton, California for the 2005-06 season.

The average market population for MISL teams is approximately 3.2 million, ranging from 635,600 in Stockton, CA to 8.6 million in Chicago. The franchises play in large arenas, averaging 12,225 seats, ranging from a low of 9,000 at the U. S. Cellular Arena to a high of 18,000 at Kemper Arena in Kansas City. Average league attendance during the 2003-04 season was 5,579 per game.

Based on discussion with MISL representatives and given the disparity of market demographics between Burlington and traditional MISL markets, it is unlikely that a new multi-purpose arena on the UVM campus could attract an MISL franchise.

Market-Driven Events

Market-driven events are defined as those events that are affected by local market forces and characteristics. The number of market-driven events in a given community is typically a function of the size of the marketplace and the number of available facilities to host these events. The types of market-driven events evaluated in this section include:

- Concerts;
- Ice Shows;
- Family Shows;
- High School Sports;
- Motor Sports;
- Other Sports;
- Flat Floor Shows; and,
- Miscellaneous Events.

Concerts

The greatest opportunity to attract concerts to a new arena in Burlington will likely be derived from the "middle market" concert category. Middle market concert acts generally draw between 3,000 and 10,000 spectators to a single performance.



While smaller acts often play in clubs or theaters and larger acts generally perform in large arenas, the middle market performers often lack ideal venues for their shows. A mid-sized arena is often ideal for these performances, offering enough seats to accommodate fan demand while providing a more intimate setting than a large arena or stadium venue.

The Burlington market currently lacks a facility capable of hosting large popular touring concerts. The majority of Burlington residents travel to the Bell Centre in Montreal or visit the Saratoga Performing Arts Center in Saratoga Springs, New York as well as other regional cities to attend these larger concerts. Having an 8,000 to 10,000-seat indoor venue would make Burlington attractive for acts that attract bigger audiences. A new arena in Burlington could potentially bring a variety of concert performances including middle market acts and potentially a couple of larger acts.

Currently, Flynn Theater, Memorial Auditorium and Patrick Gymnasium serve as the market's primary indoor concert venues. Each venue hosts a few concerts each year; however, the number and quality of concerts held at the venues are somewhat limited due to the physical characteristics of the facility. Among other issues with the two venues, the floor areas are not large enough to accommodate the elaborate stages and sets used by many acts, and the buildings' seating layouts are less than ideal for concerts. These limitations, among others, negatively impact the ability of the venues to continue hosting concert events.

The proposed arena could potentially experience heavier competition during the summer months due to the number of outdoor venues within the area presenting summer concert programs. Venues such as the Green at the Shelburne Museum hosts approximately five concerts in its' summer music series while the Champlain Valley Exposition Coca-Cola Grandstand hosts approximately four concerts in its summer concert series which is held during the Champlain Valley Fair. However, even with these venues and summer series, concert promoters do not feel the Vermont event market is competitive, primarily due to the lack of adequate indoor venues.

In order to help determine the number of concerts that could potentially be held at a new arena in Burlington, conversations were held with a number of promoters familiar with the region's event and facility market, including but not limited to:

- AEG Live;
- Alex Caruthers;
- Clear Channel Entertainment;
- Gillett Entertainment;
- Higher Ground;
- House of Blues;
- Jack Utsick Presents;
- Jay Strauser;
- Mass Concerts;
- Tom Collins Entertainment; and,
- UVM Student Association, among others.

Promoters expressed optimism, support and generally agreed that the Burlington market is a relatively strong untapped concert market, but most felt that a new facility is needed in the market before there could be a formidable concert presence. Promoters believed that construction of a new arena would considerably increase the number of performing acts that would target Burlington as a touring market. The majority of concert promoters felt that the presence of a new arena with a larger floor area and better amenities would allow them to come to Burlington more often and bring more popular acts to the city and region.

The following is a summary of comments and opinions gathered through promoter interviews:

- Burlington is generally seen as an attractive market and has been "on the radar" of many promoters and acts;
- Currently, many promoters and popular touring concerts bypass the Burlington market due to a lack of an adequate venue;
- Burlington is a natural routing destination between regional markets;
- Lack of comparable venue competition and non-competing markets is attractive; and,
- Promoters felt it was likely that other Vermont residents would drive to Burlington for performances.

Regarding the concert industry and market potential in Burlington, it is important to note the dominant presence of Clear Channel in the radio and broadcasting industry in Vermont. Currently, Clear Channel Radio owns and operates approximately six stations in the Champlain Valley, two stations in Rutland, and approximately four stations in the Connecticut River Valley. As of the past year, Clear Channel Radio created the first "Vermont Catamount Basketball Radio Network" which will entitle the radio network to broadcast all UVM men's basketball games live to local communities throughout Vermont. With such dominance in the radio/broadcasting market, it is important to note that these medians are oftentimes used to sole promote Clear Channel's concerts which could be beneficial to a new venue attracting concerts away from competing regional venues.

Based on interviews with concert promoters and concert activity at similar venues in comparable markets, it is estimated that a multi-purpose arena on the UVM campus could host 10 concerts per year with an average paid attendance of 4,700 and an average turnstile attendance of 5,000 per concert.

Ice Shows



Due to its location in the northeast and the large number of ice sport participants and spectators in the area, Burlington could potentially host a number of ice shows/spectaculars, competitions, and exhibitions.

There are a number of ice events held at various facilities in Massachusetts, New Hampshire, Maine and New York,

among other bordering states. Promoters and organizers of events such as Champions on Ice, Smuckers Stars on Ice, Disney on Ice, US Figure Skating performances, Ice Dance competitions and the Vermont Skate Club indicated interest in utilizing the proposed venue due to the extra amenities and potential quality of the ice sheet in a new venue. Also, a number of organizers expressed interest in Burlington due to its location and proximity to Montreal and other ice-hockey markets.

Based on interviews with ice show promoters and ice show activity at similar venues in comparable markets, it is estimated that a new multi-purpose arena on the UVM campus could host 6 to 8 ice show performances annually, attracting an average paid and turnstile attendance of 4,500 per performance.

Family Shows

Family shows are events that cater to spectators of all ages and include a wide variety of events including Sesame Street Live, Ringling Brothers and Barnum Bailey Circus, Barney, and Nickelodeon shows, among others. A new facility's ability to attract events such as family shows will depend somewhat on the physical characteristics of the facility.



Depending on the amenities incorporated into the proposed arena, it may be able to attract a number of family shows that do not currently come to Burlington. For example, organizers of the Barnum & Bailey/Ringling Brothers Circus indicated that they are unable to use local and many of the regional facilities because they are too small to accommodate their needs. However, if a new arena is built, they could potentially come to Burlington on a regular basis. A promoter of large family shows indicated that people around the state and region will likely be willing to make the drive to Burlington to see some of their more popular shows.

Many family shows hold multiple performances over a few days in each tour stop. Based on the results of family show promoter interviews and historical family show event activity at similar arenas in comparable markets, it is estimated that a new multi-purpose arena on the UVM campus could host 10 to 12 family show performances annually with average paid attendance of 3,500 and an average turnstile attendance of 3,750 per performance.

High School Sports

Gutterson Fieldhouse currently hosts the Vermont Principal Association's ("VPA") Division I and II boys hockey semifinal and final games. Patrick Gymnasium hosts the VPA's Division I boys and girls hockey semifinal and final games. Exhibit VII-6 presents a summary of the historical event activity and attendance associated with VPA events currently hosted at UVM facilities.

Exhibit VII-6
VPA High School Events

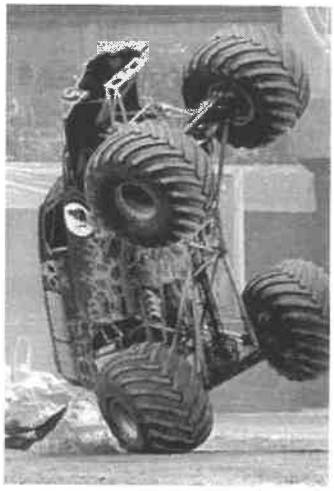
Year	Event Days	Turnstile Attendance Average	Turnstile Attendance Total
Boys Division I Hockey:			
2003-04	2	2,316	4,631
2002-03	2	2,141	4,282
Boys Division II Hockey:			
2003-04	2	883	1,765
2002-03	2	956	1,912
Boys Division I Basketball:			
2003-04	2	3,067	6,134
2002-03	2	3,196	6,392
Girls Division I Basketball:			
2003-04	2	1,374	2,747
2002-03	2	1,012	2,024

Source: UVM athletics.

Based on discussion with UVM and VPA officials, it is assumed these events would move to a new arena on the UVM campus. In addition to these events, the new multi-purpose arena could also potentially host occasional high school hockey or basketball tournaments and other marquee high school sporting events.

Based on discussions with VPA officials and a review of high school events hosted at similar arenas in comparable markets, it is assumed that a new multi-purpose arena on the UVM campus could host 8 to 10 days, with average daily attendance of 2,220 per event day.

Motor Sports



Despite the relatively small size of their floors in comparison with larger stadiums and outdoor venues, mid-sized arenas can still host motor sports events including motocross, monster truck races and tractor pulls. The presence of a hockey-sized floor and some flexible seating options would allow a new arena in Burlington to host these events.

Motor sports promoters interviewed for this project indicated that they oftentimes hold two to five shows over several days in some markets. This helps offset the cost of facility set-up and takedown, making the event more practical and profitable, particularly in midsized arenas in relatively small markets. Motor sports promoters indicated that the Burlington market could potentially be an attractive market for motor sports events, and would consider stopping in Burlington, provided a new arena's amenities and rental structures were adequate.

Based on discussions with motor sports representatives and historical motor sports event activity at similar arenas in comparable facilities, it is estimated that a new multi-purpose arena on the UVM campus could host 1 to 2 motor sports events annually. Average attendance is estimated at approximately 3,500 per event.

Other Sports



Other sports include a variety of events including, but not limited to the Harlem Globetrotters, professional wrestling, rodeos and amateur sports, among other events.

Based on a discussion with various other sporting event promoters and a review of historical event activity at similar arenas in comparable markets, it is estimated that a new multi-purpose arena on the UVM campus could host 4 to 6 other sporting events with an average attendance of approximately 3,750 per event.

Flat Floor Shows

Flat floor shows include conventions, trade shows and consumer shows. Several existing facilities in the marketplace serve to accommodate flat floor show demand in the Burlington area including facilities such as the Champlain Valley Expo, the Sheraton Burlington Hotel & Conference Center, the Wyndham Burlington Hotel, and Clarion Hotel & Suites, among other facilities. It is expected that even with the development of a new multi-purpose arena that these facilities would continue to host the large majority of flat floor shows in the marketplace.

It is expected that a new multi-purpose arena alone could accommodate flat floor shows seeking upwards of 25,000 square feet of space. Currently, this amount of space is larger than any current offerings by local hotel groups, but smaller than existing and planned facilities at the Champlain Valley Exposition. The Champlain Valley Exposition hosts the majority of major consumer shows in the marketplace and is expected to continue to do so subsequent to the development of a new arena. However, given the lack of nearby hotel rooms, entertainment and shopping, the Champlain Valley Exposition does not currently host a significant number of conventions or trade shows.

As a result, the arena, if used effectively in conjunction with existing hotels nearby the UVM campus could be used to accommodate larger flat floor events that currently do not come to the Burlington marketplace due to a lack of the appropriate facilities. However, it is unlikely that the proposed arena would result in a significant number of incremental events being attracted to the market given many of the fundamental shortcomings of the market including lack of hotel rooms during peak season, limited air access, and the lack of centrality to the New England states, among other reasons.

Based on discussions with local hoteliers, state and regional association meeting planners and lost business lists compiled by the Vermont Convention Bureau and local hoteliers, it is estimated that a new multi-purpose arena could host upwards of 9 to 12 flat floor event days annually, drawing an average of 1,000 attendees per day.

Miscellaneous Events



Based on the analyses of comparable facilities, other events that are often held in multi-purpose arenas include high school and collegiate graduation ceremonies, religious services, festivals, professional certification testing, community events, holiday parties and private catered functions, among other events. Most of these miscellaneous events are not ticketed events.

The number of community-type events held at the multi-purpose venue will depend somewhat on the operating philosophy of facility management and competition from other facilities in the marketplace. In general, these events do not represent a significant income sources to an arena, but rather serve to increase the utilization of the building and meet the needs of the local community.

Based on a review of the number of miscellaneous event held at similar facilities in comparable markets as well as discussions with local event planners, it is estimated that a multi-purpose arena could host 10 to 14 miscellaneous events annually, with an average attendance of approximately 350 per event.

Depending on the management philosophy of the arena and its potential synergies with existing hotel and other local facility event activity depending on the location of the arena, actual miscellaneous events hosted at the arena could exceed the estimates presented herein by a substantial margin. However, it is not expected that is would materially impact the financial operations of the facility.

Summary

In general, strong interest was expressed by various event promoters in using a new multi-purpose arena operating on the UVM campus. The potential strength of a new arena in the Burlington area would be the lack of competition from any modern mid-sized to large spectator seating venues, locally, and with in the state of Vermont. Overall, despite a relatively small population base, a multi-purpose arena operating on the UVM campus is estimated to attract event and attendance levels comparable to other similar arenas in comparably-sized and slightly larger markets. However, it is the relatively small population base and corporate base that could prove difficult to support both UVM athletic events and certain minor league sports tenants over the long-term. As a result, the base assumptions in this report assume no minor league tenant operating in the building.

Exhibit VII-7 on the following pages summarizes the estimated annual events and attendance that could be attracted to a new multi-purpose arena operating on the UVM campus in a stabilized year of operations, assuming only UVM hockey and basketball as major tenants.

Exhibit VII-7
Estimated Events and Attendance - UVM as Only Major Tenants
Proposed Multi-Purpose Arena on UVM Campus

Event Type	Events		Average Paid Attendance	Average Turnstile Attendance	Total Paid Attendance		Total Turnstile Attendance	
	Base Case	Best Case			Base Case	Best Case	Base Case	Best Case
Tenant Events:								
UVM Men's Basketball	12	12	1,800	2,700	21,600	21,600	32,400	32,400
UVM Women's Basketball	12	12	1,200	1,600	14,400	14,400	19,200	19,200
UVM Men's Hockey	18	20	3,700	4,750	66,600	74,000	85,500	95,000
Subtotal	42	44			102,600	110,000	137,100	146,600
Non-Tenant Events:								
Concerts	10	10	4,700	5,000	47,000	47,000	50,000	50,000
Ice Shows	6	8	4,500	4,500	27,000	36,000	27,000	36,000
Family Shows	10	12	3,500	3,750	35,000	42,000	37,500	45,000
High School Sports	8	10	2,200	2,200	17,600	22,000	17,600	22,000
Motor Sports	1	2	3,500	3,500	3,500	7,000	3,500	7,000
Other Sports	4	6	3,750	3,750	15,000	22,500	15,000	22,500
Flat Floor Shows	9	12	0	1,000	0	0	9,000	12,000
Miscellaneous Events	10	14	0	350	0	0	3,500	4,900
Subtotal	58	74			145,100	176,500	163,100	199,400
Total	100	118			247,700	286,500	300,200	346,000

As depicted in the exhibit, it is estimated that a new multi-purpose arena operating on the UVM campus could host 100 to 118 events, drawing approximately 247,700 to 286,500 paid attendees annually and 300,200 to 336,000 turnstile attendees annually.

While a minor league tenant has not been assumed in the base assumptions of this analysis, a sensitivity analysis has been prepared to provide an indication of potential arena utilization if a minor league hockey team and/or indoor football were to become tenants in the arena. Exhibit VII-8 summarized the estimated utilization.

Exhibit VII-8
Estimated Events and Attendance - UVM and Minor League Sports as Tenants
Proposed Multi-Purpose Arena on UVM Campus

Event Type	Events		Average Paid Attendance	Average Turnstile Attendance	Total Paid Attendance		Total Turnstile Attendance	
	Base Case	Best Case			Base Case	Best Case	Base Case	Best Case
Tenant Events:								
UVM Men's Basketball	12	12	1,800	2,700	21,600	21,600	32,400	32,400
UVM Women's Basketball	12	12	1,200	1,600	14,400	14,400	19,200	19,200
UVM Men's Hockey	18	20	3,330	4,275	59,940	66,600	76,950	85,500
ECHL	36	36	3,500	4,000	126,000	126,000	144,000	144,000
af2	0	8	3,750	4,000	0	30,000	0	32,000
Subtotal	78	88			221,940	258,600	272,550	313,100
Non-Tenant Events:								
Concerts	10	12	4,700	5,000	47,000	56,400	50,000	60,000
Ice Shows	4	5	4,750	5,000	19,000	23,750	20,000	25,000
Family Shows	8	10	3,500	3,750	28,000	35,000	30,000	37,500
High School Sports	8	10	2,200	2,200	17,600	22,000	17,600	22,000
Motor Sports	1	2	3,600	3,600	3,600	7,200	3,600	7,200
Other Sports	4	5	4,500	4,500	18,000	22,500	18,000	22,500
Flat Floor Shows	7	8	0	1,000	0	0	7,000	8,000
Miscellaneous Events	8	10	0	350	0	0	2,800	3,500
Subtotal	50	62			133,200	166,850	149,000	185,700
Total	128	150			355,140	425,450	421,550	498,800

As depicted in the exhibit, it is estimated that a new multi-purpose arena operating on the UVM campus with an AHL minor league hockey franchise as a tenant could host 128 to 150 events, drawing approximately 335,140 to 425,450 paid attendees annually and 421,550 to 498,800 turnstile attendees annually.

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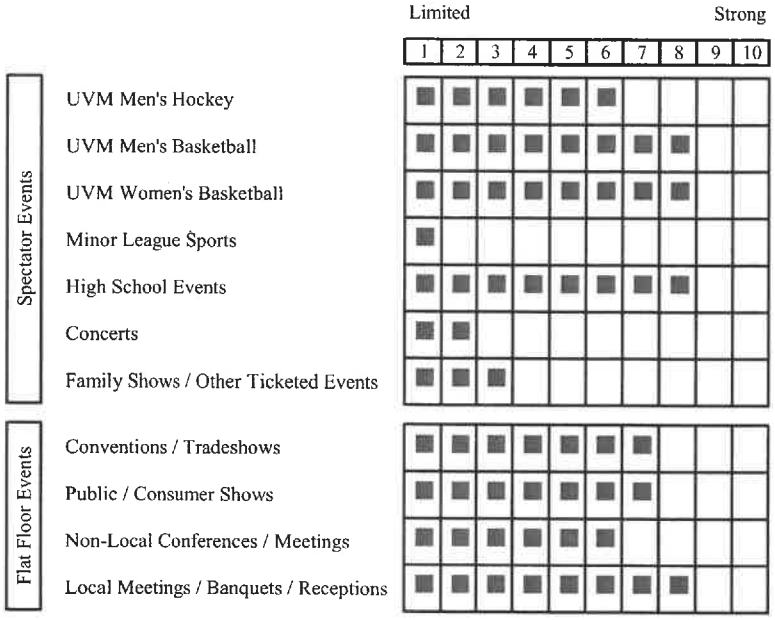
Executive Summary
I. Introduction
II. Review of Ernst & Young Study
III. Local Market Analysis
IV. Competitive Facilities
V. Comparable Facilities
VI. Market Surveys
VII. Estimated Event Demand
VIII. Building Program and Cost
IX. Estimated Financial Operations
X. Estimated Economic and Fiscal Impacts
XI. Management Options
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VIII. Building Program and Cost

The purpose of this section is to evaluate the physical characteristics and amenities that are estimated to be market supportable for a new multi-purpose events center to be located on the UVM campus.

In effort to best understand the facility needs of the greater Burlington area, it is first necessary to assess the present ability of existing local facilities to accommodate indoor public assembly events. Exhibit VIII-1 presents a subjective outline of the market's current ability to accommodate Burlington's measured event demand.

Exhibit VIII-1
Present Ability of Local Facilities
To Accommodate Indoor Public Assembly Event Demand



As outlined in the matrix, Burlington's existing local indoor facilities have significant limitations in hosting minor league sports (i.e., hockey, indoor football, soccer, lacrosse, etc.). Similarly, there are also significant limitations in the ability to accommodate traditional touring events such as concert, family shows, motor events and other such ticketed events. In part, this is a result of Burlington's lack of a traditional, commercially operated, modern arena facility. Due to these limitations, touring event promoters have often overlooked Burlington, resulting in the market losing numerous potential entertainment events. In contrast, the community's accommodation of existing and potential high school and collegiate events are largely satisfied through UVM's athletic facilities and local high school and other recreation facilities.

Overall, it is believed that existing Burlington flat floor venues (i.e., Champlain Valley Exposition, Sheraton Burlington Hotel & Conference Center, Wyndham Burlington Hotel, and other facilities) are able to accommodate much of the area's flat floor event demand (i.e., conventions, tradeshows, conferences, public/consumer shows, etc.). Importantly, with respect to needs between *seating* and *flat floor* event space, the matrix visually illustrates that seating represents the more deficient area within the Burlington community.

While some facilities exist nationwide that integrate a large amount of flat floor space with significant plenary seating (i.e., Holt Arena in Pocatello, Idaho and the Fargodome in Fargo, North Dakota, etc.), the integration of these two concepts can be problematic in attracting both traditional seated events and traditional flat floor events. For instance, promoters of traditional touring events (i.e., concerts, family shows, etc.) strongly prefer more intimate arena settings with superior sightlines for events expected to draw up to 8,000 to 10,000 attendees. Holding a concert in a covered stadium-type venue such as Holt Arena can provide a number of problems, including seating configuration, sightlines, acoustics, staging, rigging and the like. Similarly, the integration of ice to host hockey games or ice shows is extremely difficult in large stadium facilities. Similarly, most conventions and tradeshows strongly prefer traditional convention/exhibition center facilities with breakout meeting space and upscale amenities rather than sports-focused facility environments. Facilities such as Holt Arena and the Fargodome tend to have important, long-term football or soccer tenants as primary facility users (i.e., college football in both cases).

In general, the analysis presented herein suggests that a traditional arena venue would be the most appropriate fit for the Burlington community. The remainder of this section summarizes the recommended building program components and preliminary costs estimates in the following sections:

- Seating capacity;
- Flat floor space;
- Meeting rooms;
- Premium seating;
- Parking;
- Other building components; and,
- Preliminary cost estimates.

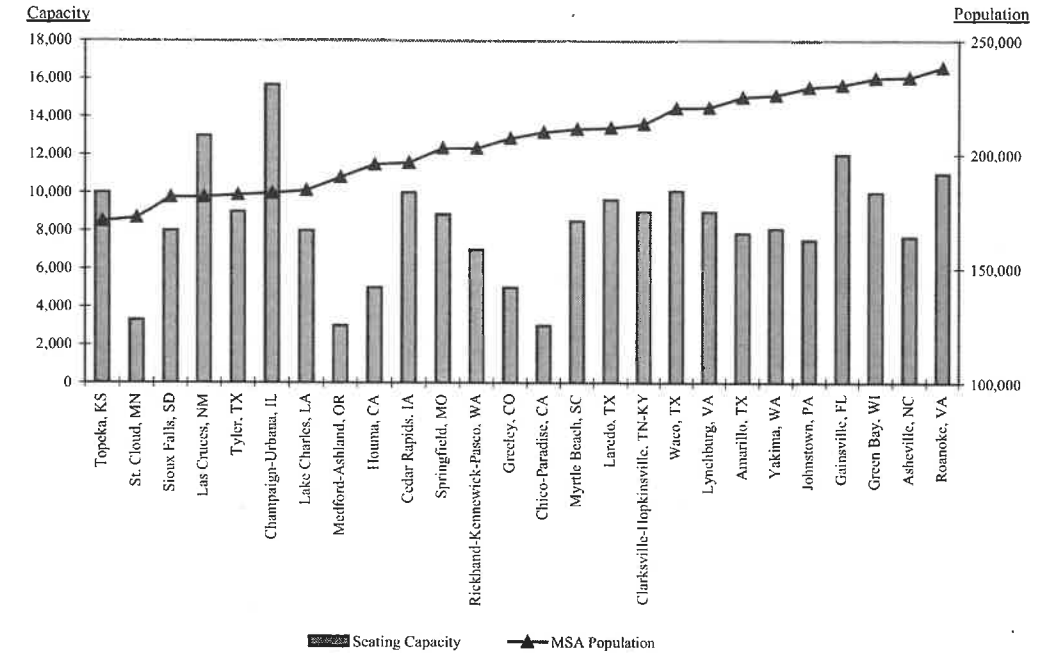
Seating Capacity

In evaluating market supportable seating capacity for a new multi-purpose arena, it is useful to understand the needs of the primary tenants of the facility, seating capacities of arenas located in similar-sized markets, and the requirement of other potential events.

Seating Capacities in Comparable Markets

As part of this analysis, selected similar markets with MSA populations between 170,000 and 240,000 (Burlington's MSA approximates 204,000) were reviewed in terms of seating capacity at the community's largest indoor arena venue. The purpose of this comparison is to discern whether there is a correlation between population and arena seating capacity in order to suggest an appropriate seating capacity for a new multi-purpose arena. Exhibit VIII-2 presents a summary of 26 similar-sized markets and the seating capacities (fixed and portable) of their respective largest seating venues.

Exhibit VIII-2
Seating Capacity Analysis



As presented, the analysis of 26 similar-sized markets and arenas facilities does not indicate an identifiable correlation between MSA population and seating capacity. The seating capacities ranged from a low of 3,000 seats at the National

Guard Armory Arena in Medford, Oregon to a high of 15,665 at the Assembly Hall in Champaign, Illinois. In the case of Assembly Hall, the large capacity need is primarily for the University of Illinois men's basketball team. Building management indicates that it generally markets the building as a 9,000-seat venue for other events.

Exhibit VIII-3 presents an extrapolation of population to seating capacity for Burlington using the 26 comparably-sized community arenas.

Exhbit VIII-3
Seating Penetration Analysis
Comparable-Sized Markets

Market	Facility	MSA Population	Arena Seating Capacity	Population Per Seat
Topeka, KS	Kansas Expocentre	170,800	10,000	17.1
St. Cloud, MN	St. Cloud Civic Center Arena	172,300	3,300	52.2
Sioux Falls, SD	Sioux Falls Arena	181,300	8,000	22.7
Las Cruces, NM	Pan American Center	181,400	13,000	14.0
Tyler, TX	The Oil Palace	182,300	9,000	20.3
Champaign-Urbana, IL	Assembly Hall	183,000	15,665	11.7
Lake Charles, LA	Suddeuth Coliseum	184,200	8,000	23.0
Medford-Ashland, OR	National Guard Armory Arena	189,900	3,000	63.3
Houma, CA	Terrebonne Civic Center Arena	195,700	5,000	39.1
Cedar Rapids, IA	U.S. Cellular Center	196,400	10,000	19.6
Springfield, MO	SMSU Student Center	202,700	8,848	22.9
Rickhand-Kennewick-Pasco, WA	Tri-Cities Coliseum	202,700	7,000	29.0
Greeley, CO	Butler-Hancock Gym	207,100	5,000	41.4
Chico-Paradise, CA	Acker Gym	209,700	3,000	69.9
Mytrle Beach, SC	Proposed Arena	211,100	8,500	24.8
Laredo, TX	Laredo Entertainment Center	211,700	9,622	22.0
Clarksville-Hopkinsville, TN-KY	Dunn Center	213,400	9,000	23.7
Waco, TX	Ferrell Center	220,400	10,084	21.9
Lyncburg, VA	Vines Center	220,600	9,000	24.5
Amarillo, TX	Cal Farley Coliseum	225,200	7,850	28.7
Yakima, WA	Yakima Valley Sundome	226,000	8,100	27.9
Johnstown, PA	Cambria County War Memorial Arena	229,500	7,500	30.6
Gainsville, FL	Stephen C. O'Connell Center	230,500	12,000	19.2
Green Bay, WI	Resch Center	233,600	10,000	23.4
Asheville, NC	Asheville Civic Center	233,900	7,674	30.5
Roanoke, VA	Roanoke Civic Center	238,400	11,000	21.7
Average		**205,915**	**8,429**	**28.7**
Median		**208,400**	**8,674**	**23.5**
*Burlington, VT (Estimated Capacity Using **Average** Pop. Per Seat)*		*203,700*	*7,109*	*28.7*
*Burlington, VT (Estimated Capacity Using **Median** Pop. Per Seat)*		*203,700*	*8,655*	*23.5*

Source: 2004 AudArena Guide, 2004 Sales & Marketing.

As shown, among facilities located in markets with populations of between 170,000 and 240,000, the average facility has a total seating capacity of approximately 8,429, with 35 percent having capacities under 8,000 seats, 46 percent having capacity of 8,000 to 10,000 seats and 19 percent having capacities over 10,000 seats.

Based on a market penetration ratio analysis utilizing the average and median penetration ratios of population to seating capacity of the largest arena in the selected markets (average = 28.7 people per seat and median = 23.5 people per seat) and applying it to the population of Burlington (203,700), the analysis indicates that the Burlington market could support a venue of approximately 7,109 to 8,655 seats.

UVM Seating Requirements

UVM athletics officials indicated that a facility seating approximately 6,000 for hockey and basketball would be appropriate for their programs. In comparison, the current capacity of Gutterson Fieldhouse is 4,035 seats. Historically, the men's hockey program has averaged 3,648 turnstile attendees per game over the past three years, often selling out conference games and other marquee games. There is a current waiting list of approximately 200 names for men's hockey, representing additional demand for 500 to 800 tickets.

In terms of basketball, the current capacity of Patrick Gymnasium is 3,228 seats. Over the past three years, the men's basketball program has averaged 2,339 turnstile attendees per game and the women's basketball program has averaged 1,374 turnstile attendees per game.

UVM will become a member of the Hockey East Conference for hockey in 2005-06 and is currently a member of the America East conference for basketball. Exhibit VIII-4 on the following page depicts the facility capacities of all schools in both conferences.

Exhibit VIII-1
Seating Capacity of Conference Peers

Hockey East Conference

Facility	Location	Tenant(s)	Year Built / Renovated	Seating Capacity Fixed [1]	Seating Capacity Total
Mullins Memorial Center	Amherst, MA	U of Mass - Amherst	1993	8,200	10,500
Conte Forum	Newton, MA	Boston College	1988	7,784	8,606
Tsongas Arena	Lowell, MA	U of Mass - Lowell	1998	6,500	7,800
Whittemore Center Arena	Durham, NH	U of New Hampshire	1995	6,501	7,500
Agganis Arena	Boston, MA	Boston University	2005	6,300	7,200
Harold Alfond Sports Arena	Orono, ME	U of Maine	1977 / 1998	5,641	5,712
Matthews Arena	Boston, MA	Northeastern University	1909 / 1995	4,500	4,500
Lawler Arena	North Andover, MA	Merrimack College	1972 / 2001	3,000	3,617
Schneider Arena	Providence, RI	Providence College	1973	3,030	3,030
Average			**1979 / 1998**	**5,717**	**6,496**
Gutterson Fieldhouse	*Burlington, VT*	*University of Vermont*	*1963*	*3,987*	*3,987*

America East Conference

Facility	Location	Tenant(s)	Year Built / Renovated	Seating Capacity Fixed [2]	Seating Capacity Total
SBU Arena	Stony Brook, NY	Stony Brook University	1990	5,226	6,000
Harold Alfond Sports Arena	Orono, ME	U of Maine	1977/1998	5,641	5,712
Recreation and Convocation Center	Albany, NY	U of Albany	1992	5,000	5,000
Events Center	Vestal, NY	Binghamton University	2004	4,500	4,660
The Chase Family Arena	West Hartford, CT	U of Hartford	1990	4,475	4,475
RAC Arena	Baltimore, MD	U of Maryland - Baltimore County	1973	4,024	4,024
Lundholm Gymnasium	Durham, NH	U of New Hampshire	1968	3,500	3,500
Solomon Court	Boston, MA	Northeastern University	1954	2,500	2,500
Case Gymnasium	Boston, MA	Boston University	1972	1,800	1,800
Average			**1980 / 1998**	**4,074**	**4,186**
Patrick Gymnasium	*Burlington, VT*	*University of Vermont*	*1963*	*3,228*	*4,500*

[1] Fixed-seating capacities for hockey games.
[2] Fixed-seating capacities for basketball games.

As shown in the Exhibit, the hockey seating capacity in the Hockey East Conference ranges from 3,000 seats to 8,200 seats. The conference average is 5,717 seats. In the 2003-04 season, current members of the Hockey East Conference averaged 3,944 attendees per game, representing an average seat occupancy of 67 percent. The University of New Hampshire had the highest average attendance at 6,410 per game, while Merrimack College had the lowest average attendance at 1,642 per game.

Basketball seating capacities in the America East Conference range from 1,800 to 5,641, with an average seating capacity of 4,074. In the 2003-04 season, America East Conference average attendance was 1,594 for men's basketball and 833 for women's basketball.

Seating Capacity Requirements of Potential Minor League Tenants

In addition to the needs of UVM, the building program developed for a multi-purpose arena should consider the potential to attract minor league sports tenants to the market. Exhibit VIII-5 summarizes the seating capacities and attendance of various minor leagues that represent the strongest potential for the Burlington market based on discussions minor league officials.

Exhibit VIII-5
Minor League Seating Capacity Summary

	Seating Capacity			Average Attendance		
	Team High	League Average	Team Low	Team High	League Average	Team Low
Minor League Hockey:						
ECHL	17,909	8,930	4,050	6,214	3,904	2,204
AHL	20,000	11,696	4,680	8,776	5,708	3,667
Indoor Football:						
af2	18,000	10,531	5,500	10,089	5,248	3,043

As depicted in the exhibit above, the average attendance for various minor leagues that represent potential tenants for a new multi-purpose arena in Burlington could be accommodated with an arena of 8,000 to 10,000 seats. It should be noted this analysis is based on average attendance and does not reflect the variation in attendance above and below the average.

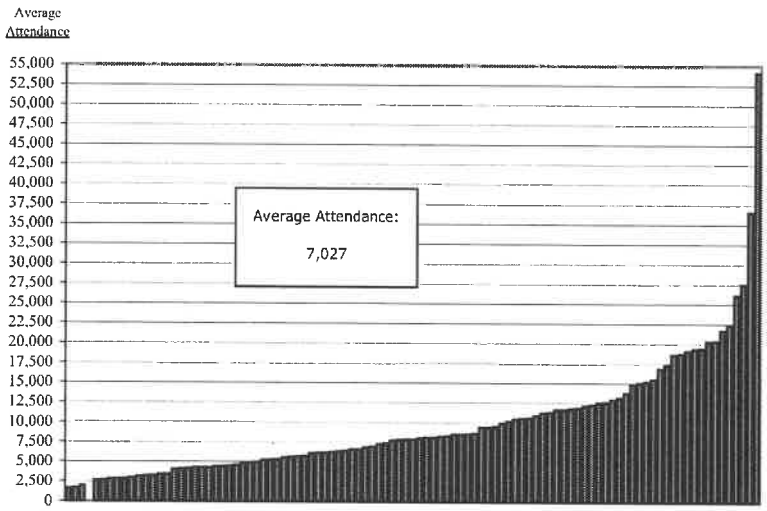
The average seating capacities of the various minor leagues ranged from a low of 8,930 for the ECHL to a high of 11,696 for the AHL.

Given the population size of the Burlington market area relative to other market hosting minor league sports, it is not expected that a minor league franchise in Burlington would exceed the average league attendance on a consistent basis. As a result, an appropriate-size facility for the Burlington area may likely be below league average seating capacities.

Non-Tenant Events

The largest attended non-tenant events in an arena are typically concerts. Exhibit VIII-6 summarizes the average attendance of the top 100 tours in 2003.

Exhibit VIII-6
2003 Average Paid Attendance per Performance
Top 100 Concert Tours



Attendance Distribution

Average Attendance	Acts	Percentage
2,500 and under	3	3%
2,501 to 5,000	24	24%
5,001 to 7,500	19	19%
7,501 to 10,000	17	17%
10,001 to 12,500	13	13%
12,501 to 15,000	6	6%
15,001 to 17,500	5	5%
17,501 to 20,000	5	5%
Over 20,000	8	8%
Total	100	100%

Source: Pollstar.

As illustrated above, the average attendance of the top 100 concert tours was 7,027 in 2003, ranging from a low of 1,578 for the Willie Nelson tour to a high of 54,136 for the Bruce Springsteen and the E Street Band tour. All other tours outside the top 100 concert tours drew fewer attendees.

As a result, a new multi-purpose arena in Burlington with a total seating capacity of 8,000 seats could accommodate the average attendance of 57 percent of the top 100 tours and an arena with total seating capacity of 10,000 seats cold accommodate the average attendance of 67 percent of the top 100 tours.

In conclusion, based on the facility capacities in comparable markets, the needs of UVM athletics, a review of minor league capacities and attendance, and historical attendance at concerts, it is recommended that a new multi-purpose arena provide 6,500 fixed seats for ice hockey with the capability of expanding to 8,000 total seats for concerts and other events through the use of portable seating. While a few hockey games each year could fill an arena to near capacity, many games are likely to be played to crowds that are

below the venue's total seating capacity. The same is true with other sporting events, in addition to concerts, family shows and other potential event types.

It should be noted that a few additional events might be attracted to the market if a larger capacity arena were offered. However, it is unlikely that the revenue benefit from these few additional events would offset the increased construction and operating costs required to build and operate a larger arena. Additionally, it is important that the multi-purpose arena maintains a perception of a scarcity of seats for marquee events in order to induce demand and drive early ticket sales.

Flat Floor Space

Arena floors can be used to accommodate flat floor events such as conventions, tradeshows or consumer shows that are traditionally housed in convention centers, civic centers, hotels or other similar facilities. Existing facilities in the Burlington area that provide the large amounts of flat floor space include the Miller Building at the Champlain Valley Exposition (33,000 square feet), the Wyndham Burlington Hotel (16,000 square feet) and the Sheraton Burlington Hotel and Conference Center (12,500 square feet). These facilities accommodate the large majority of conventions, tradeshows and consumers shows hosted in the Burlington area.

The floor space accommodated in an arena design is a function of the size of the event floor and the use of moveable or telescopic seating. Exhibit VIII-7 presents a summary of the arena floor square footage of comparable arenas constructed since 1995.

Exhibit VII-7
Arena Floor Square Footage
Comparable New Facilities

	Square Feet
High	45,000 (1)
Average	23,060
Median	20,000
Low	13,875 (2)

(1) Facility has all retractable seating.
(2) Facility constructed to accommodate basketball floor. Facility does not accommodate hockey

Based on the need to accommodate an 85' by 200' ice sheet to meet the needs of UVM hockey and other ice shows that may be hosted at the arena, it is anticipated that the new arena could offer between 20,000 to 25,000 square feet of column-free arena floor space that could be used host flat floor shows, depending on arena design and the number of moveable or telescopic floor seating in the arena. This amount of space could accommodate 1,330 to 1,670 people for banquet-style events and upwards of 200 to 250 10' x 10' booths for exhibition events. A key marketing advantage for the arena floor space is that it will be contiguous and column-free, key considerations of meeting planners when selecting a venue.

Based on the results of the market analysis, which included interviews with meeting planners and a review of local market characteristics, it appears that this amount of exhibition space (20,000 to 25,000 square feet) is sufficient to meet demand. The facility, particularly if located on the UVM campus, could be used in conjunction with flat floor space at existing nearby hotels (such as the Sheraton Burlington Hotel & Conference Center or Wyndham Burlington Hotel) to accommodate larger events that currently bypass the market due to lack of appropriate flat floor space square footage.

Meeting Rooms

Comparable arenas typically provide a nominal number of meeting rooms to meet the needs of arena business operations, to provide meeting rooms to meet local community needs, or serve as break-out meeting rooms for other events hosted at the facility. Exhibit VIII-8 presents a summary of the meeting rooms at comparable arenas constructed since 1995.

Exhibit VII-8
Meeting Rooms
Comparable New Arenas

		People Capacity	
	Number	Minimum	Maximum
High	10	180	1,200
Average	5	37	367
Median	5	25	220
Low	1	8	80

Based on a review of comparable arenas and the needs expressed by potential events that may be hosted at the proposed arena, it anticipated that a new arena could offer between 4 to 6 meeting rooms accommodating 25 to 40 people for small meetings and upwards of 250 to 300 people for large meetings. A total of approximately 2,500 to 3,000 square

feet of sub-dividable meeting space would be necessary to accommodate the recommended number of rooms and people capacity.

Premium Seating

Based on the results of the market surveys and a review of premium seating available at similar facilities located in similar markets, the building program should include the following premium areas:

Private boxes – The facility should offer upward of 10 to 12 private boxes. The boxes should be located at the top of the seating bowl and be designed as open-air boxes with seating for between 8 to 12 persons.

Club Seats – The facility should offer upwards of 450 to 500 club seats that would be located in prime location near the center of the event floor. Club seats should be physically differentiated from other arena seating and could include such distinguishing features as wider seats, more leg room, cup holders and, potentially, a different color or material from other arena seats.

Arena Club – The facility should include an upscale arena club that would be available to club seat patrons and private box patrons before, during and after events. The club space could also be rented on non-event days for luncheons, banquets, receptions and other private affairs. The size of the club space should range from 5,000 to 6,000 square feet of space to accommodate premium seat patrons.

Parking

The availability of sufficient parking will be critical to the success of the proposed arena. It is a generally accepted industry standard that approximately one parking space should be provided for every three seats. Given the recommended capacity of the facility to be 6,500, expandable to 8,000 with floor seating, it is estimated that approximately 2,200 to 2,700 parking spaces within walking distance would be needed to meet potential demand. Local codes should be reviewed to ensure that the development not only meets industry standards, but also local codes with respect to parking spaces.

Other Building Components

Other building components that are integral to the success of the arena include, but are not limited to:

- Minimum of 200' x 85' ice surface in main arena including 2 players benches, 2 penalty boxes and 1 announcer's box.
- Ancillary ice sheet of 200' x 85' in attached facility to host UVM hockey practices, minor league hockey tenant (if applicable) practices and to meet the demand for public skating (hockey practices/games, figure skating, public skate, etc.)
- Sufficient concession points of sale should be provided to maximize per capita spending revenues. Industry standards dictate that there should be approximately one concession point of sale for every 300 seats.
- Sufficient restrooms should be provided to ensure an enjoyable patron experience. Industry standards dictate that there should be one water closet per 50 seats and one urinal per 100 seats.
- Sufficient number and quality of dressing rooms including a home team locker room, visiting team locker room and 2 to 4 smaller dressing rooms for other event performers and officials.
- Rigging grid capable of holding required poundage of touring acts with appropriate stage clearance.
- State-of-the-art audio, video and lighting equipment.
- Sufficient storage space for equipment, materials, supplies and other needs.
- Administrative offices for full-time and season staff for UHL team and arena personnel.
- Ticket or box office for walk-up ticket sales, will call and other ticketing needs.

As facility planning progresses, it will be important that project architects experienced in arena design work closely with team officials and event promoters to create a design that would maximize the market and revenue potential of the facility.

It should be noted that the general building program presented herein does not include space requirements for components such as dressing rooms, storage, administrative offices, box office, food service space and other such spaces as may be determined by project planners and architects.

Estimated Hard and Soft Costs

In order to develop preliminary cost ranges for the proposed multi-purpose arena on the UVM campus, Cannon Design provided an analysis of the construction costs and estimated soft costs associated with comparable arenas built in the northeast. Exhibit VII-9 presents a summary of comparable arena costs, adjusted to the Burlington market area and to 2008 dollars, the assumed year of arena completion.

Exhibit VII-9
Summmary of Comparable Arena Costs

		Verizon Wireless Arena Manchester NH	Tsongas Arena Lowell MA	Whittemore Center UNH, Durham NH	Agganis Arena BU, Boston MA
Opening Year		2001	1997	1995	2005
Means Cost Index		93.7%	110.4%	77%	115%
Means Cost Index (Burlington, VT)		85.1%	85.1%	85.1%	85.1%
Adjusted Means Cost Index Factor		8.6%	25.3%	-8.1%	29.9%
Fixed Seating Capacity[1]		10,000	6,400	6,000	6,124
Gross Square Feet		256,000	175,000	163,000	215,000
Functions/Features		Basketball/Hockey	Basketball/Hockey	Basketball/Hockey	Basketball/Hockey
Building Construction Cost Comparison:					
Building Construction Cost[2]		$47,325,000	$26,500,000	$15,485,000	$59,000,000
City Cost Adjustment[4]		-$4,069,950	-$6,704,500	$1,254,285	-$17,641,000
Sub-total Including City Cost Adjustment		$43,255,050	$19,795,500	$16,739,285	$41,359,000
Escalation (2.5% compounded annually to year 2008)		$8,162,228	$6,178,176	$16,372,036	$3,180,507
Estimated Construction Cost in 2008 Dollars for Burlington, VT		$51,417,278	$25,973,676	$33,111,321	$44,539,507
Cost per Square Foot		$201	$148	$203	$207
Cost per Seat		$5,142	$4,058	$5,519	$7,273
Estimate of Soft Costs:					
Professional Fees	10%	$5,141,728	$2,597,368	$3,311,132	$4,453,951
Materials/Soils Testing	1%	$514,173	$259,737	$331,113	$445,395
Surveys	1%	$514,173	$259,737	$331,113	$445,395
FF&E	3%	$1,542,518	$779,210	$993,340	$1,336,185
Sub-total (Soft Costs)	15%	$7,712,592	$3,896,051	$4,966,698	$6,680,926
Total Estimated Project Cost		$59,129,870	$29,869,727	$38,078,020	$51,220,433
Cost per Seat		$5,913	$4,667	$6,346	$8,364

		Ryan Center URI, Kingston RI	Boss Ice Arena URI, Kingston RI	Mullins Center UMass, Ahmherst MA	Average
Opening Year		2002	2002	1993	1999
Means Cost Index		104.6%	104.6%	102.8%	101.2%
Means Cost Index (Burlington, VT)		85.1%	85.1%	85.1%	85.1%
Adjusted Means Cost Index Factor		19.5%	19.5%	17.7%	16.1%
Fixed Seating Capacity[1]		7,800	2,500	8,130	6,708
Gross Square Feet		200,000	65,877	258,000	190,411
Functions/Features		Basketball	Hockey/2 Ice Sheets	Basketball / Hockey / 2 Ice Sheets	
Building Construction Cost Comparison:					
Building Construction Cost[2]		$40,587,300	$10,800,000	$39,905,000	$29,950,288
City Cost Adjustment[4]		-$7,914,524	-$2,106,000	-$7,063,185	-$6,320,696
Sub-total Including City Cost Adjustment		$32,672,777	$8,694,000	$32,841,815	$27,908,204
Escalation (2.5% compounded annually to year 2008)		5,217,842	$1,388,432	$14,722,986	$7,888,887
Estimated Construction Cost in 2008 Dollars for Burlington, VT		$37,890,619	$10,082,432	$47,564,801	$35,797,090
Cost per Square Foot		$189	$153	$184	$184
Cost per Seat		$4,858	$4,033	$5,851	$5,248
Estimate of Soft Costs:					
Professional Fees	10%	$3,789,062	$1,008,243	$4,756,480	$3,579,709
Materials/Soils Testing	1%	$378,906	$100,824	$475,648	$357,971
Surveys	1%	$378,906	$100,824	$475,648	$357,971
FF&E	3%	$1,136,719	$302,473	$1,426,944	$1,073,913
Sub-total (Soft Costs)	15%	$5,683,593	$1,512,365	$7,134,720	$5,369,564
Total Estimated Project Cost		$43,574,212	$11,594,797	$54,699,521	$41,166,654
Cost per Seat		$5,586	$4,638	$6,728	$6,035

Notes

[1] Seating capacity based on hockey configuration.

[2] Building construction cost at time of completion.

[3] $22,979,000 total cost includes 90,000 recreation center. $15,485,000 reflects arena costs only.

[4] Seats are extra wide

[5] Estimate of arena cost interpolated from total project cost that includes recreation center and sub-arena parking

Source: Cannon Design.

As illustrated in the previous exhibit, the building construction cost, or hard costs, of similar facilities ranged from approximately $148 to $207 per square foot in 2008 dollars if built in the Burlington area. The cost per seat of comparable facilities ranged from $4,058 to $7,273, adjusted for Burlington and in 2008 dollars. While the soft costs of each project were unknown, industry standards dictate that 15 percent is an appropriate assumption to estimate soft construction costs which can include costs such as professional fees, soil testing, surveys and furniture, fixtures and equipment (FF&E). It is important to note that the costs presented in Exhibit VII-4 do not include costs associated with land acquisition or required infrastructure improvements (i.e. parking, roadways, utilities, etc.).

Assuming the proposed multi-purpose arena has a fixed seating capacity of 6,500 seats (capable of expanding to 8,000 seats with the use of temporary floor seating) and a practice/community ice sheet, it is estimated that the facility could encompass approximately 250,000 total square feet. Exhibit VII-10 presents an estimated of potential project costs for a multi-purpose arena in Burlington assuming no land acquisition costs, which may likely be provided at no cost by UVM, and excluding any necessary infrastructure improvements.

Exhibit VII-10
Estimated Total Project Costs

	Low	High
Multi-Purpose Arena Square Footage	250,000	250,000
Cost per Square Foot of Comparable Facilities	$148	$207
Estimated Hard Costs	$37,000,000	$51,750,000
Soft Cost as Percentage of Hard Cost	15%	15%
Estimated Soft Costs	$5,550,000	$7,763,000
Estimated Total Project Costs [1]	**$42,550,000**	**$59,513,000**

(1) Excludes land acquisition, parking and infrastructure costs.

It is estimated that project costs, excluding land and infrastructure costs, associated with a new 6,500-fixed seat arena in the Burlington marketplace could range from $42.6 million to $59.5 million in 2008 dollars, assuming a 250,00 square foot facility and comparable finish-out as other comparable arenas presented herein. A site analysis and specific facility design would need to be developed before more precise estimates of total project costs estimates could be made.

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IX. Estimated Financial Operations

The purpose of this section is to present estimated operating revenues and expenses for the proposed multi-purpose arena to be located on the UVM campus. Since facility design, configuration and cost estimates have not yet been completed, the assumptions used in this analysis are based on the results of the market analysis, industry trends, knowledge of the marketplace and financial results from comparable facilities. Additional physical development planning must be completed before more precise estimations of the proposed arena's operating costs can be made. Also, upon completion of preliminary planning, revenue and expense assumptions should be updated to reflect changes to the assumptions made herein. These changes could significantly affect the analysis of future operating results.

This presentation is designed to assist the Commission and other project representatives in estimating the financial attributes of the proposed arena and cannot be considered to be a presentation of expected future results. Accordingly, this analysis may not be useful for any other purpose. The assumptions disclosed herein are not all inclusive, but are those deemed to be significant; however, there will be differences between estimated and actual results may be material.

Key assumptions used to estimate the potential financial operations of the proposed multi-purpose arena include, but are not limited to the following:

- The facility will contain 6,500 fixed seats, expandable to 8,000 with temporary floor seating.
- The facility will be developed as a quality, state-of-the-art venue and would accommodate the needs of various types of users.
- The facility will be owned by UVM or a public sector entity and will be exempt from property taxes.
- UVM men's hockey and UVM men's and women's basketball will serve as the primary tenants in the arena and will remain competitive within their respective conferences.
- A professional, competent and experienced facility management company will manage the facility.
- The facility is aggressively marketed, providing competitive guarantees and, where applicable, rental rates.
- Ample parking will be provided to accommodate demand.
- There are no significant or material changes in the supply or quality of existing venues in the marketplace.

The presentation of financial operating results is divided into the following components:

- Operating Revenues;
- Operating Expenses; and,
- Financial Summary.

For purposes of this analysis, it is assumed that UVM's men's hockey and basketball and women's basketball would be the primary tenants in the multi-purpose arena. Further, the analysis presented herein presents a range of expected financial operations based on the key assumptions stated in this report. A sensitivity analysis has also been prepared to show the potential impact of the addition of minor league tenants.

Operating Revenues

Revenue generated by the operations of a multi-purpose arena typically consist of rent, premium seating, food and beverage, advertising and sponsorships, merchandise, parking ticketing fees, and other such sources. A brief description of each revenue sources is provided below.

Rent

Rent generally comprises one of the largest revenue sources for a multi-purpose arena. Arena rental agreements typically incorporate a flat rental rate versus a percentage of gate receipts generated by the event, whichever is greater. Therefore, estimated rent for the multi-purpose arena is a function of several assumptions including the number of events, attendance, ticket price and rental rates.

Exhibit IX-1 on the following page summarizes the assumptions used to estimate rent revenue for the proposed multi-purpose arena. As depicted in the exhibit, it is estimated that the rental rates could range from 8 to 10 percent of gross ticket sales or $1,500 to $3,000 per event depending on the event. Rental rate assumptions were developed based on the historical rental rates charged by comparable arenas as well as local facilities.

Based on the estimated event and attendance levels and associated average ticket prices, it is estimated that a multi-purpose arena operating on the UVM campus could generate $451,000 to $518,000 in annual rental revenue.

Exhibit IX-1
Estimated Rental Income
Stabilized Year of Operations - 2008 Dollars

Events	Events	Average Paid Attendance	Annual Paid Attendance	Average Ticket Price	Gross Ticket Revenue	Arena's Share Percentage of Tickets	Arena's Share Flat Fee	Arena Rental Revenue
Base Case								
UVM Sports:								
UVM Men's Basketball	12	1,800	21,600	$8.60	$185,760	0%	$2,500	$30,000
UVM Women's Basketball	12	1,200	14,400	$8.10	116,640	0%	$2,500	30,000
UVM Men's Hockey	18	3,700	66,600	$17.40	1,158,840	0%	$2,500	45,000
Subtotal	42		102,600		1,461,240			105,000
Other Events:								
Concerts	10	4,700	47,000	$40.00	1,880,000	8%	$0	150,000
Ice Shows	6	4,500	27,000	$22.50	607,500	10%	$0	61,000
Family Shows	10	3,500	35,000	$17.00	595,000	10%	$0	60,000
High School Sports	8	2,200	17,600	$8.00	140,800	8%	$0	11,000
Motor Sports	1	3,500	3,500	$13.50	47,250	8%	$0	4,000
Other Sports	4	3,750	15,000	$15.00	225,000	8%	$3,000	18,000
Flat Floor Shows	9	0	0	$0.00	0	0%	$3,000	27,000
Miscellaneous Events	10	0	0	$0.00	0	0%	$1,500	15,000
Subtotal	58		145,100		3,495,550			346,000
Total	100		247,700		$4,956,790			$451,000
Best Case								
UVM Sports:								
UVM Men's Basketball	12	1,800	21,600	$8.60	$185,760	0%	$2,500	$30,000
UVM Women's Basketball	12	1,200	14,400	$8.10	116,640	0%	$2,500	30,000
UVM Men's Hockey	20	3,700	74,000	$17.40	1,287,600	0%	$2,500	50,000
Subtotal	44		110,000		1,590,000			110,000
Other Events:								
Concerts	10	4,700	47,000	$40.00	1,880,000	8%	$0	150,000
Ice Shows	8	4,500	36,000	$22.50	810,000	10%	$0	81,000
Family Shows	12	3,500	42,000	$17.00	714,000	10%	$0	71,000
High School Sports	10	2,200	22,000	$8.00	176,000	8%	$0	14,000
Motor Sports	2	3,500	7,000	$13.50	94,500	8%	$0	8,000
Other Sports	6	3,750	22,500	$15.00	337,500	8%	$3,000	27,000
Flat Floor Shows	12	0	0	$0.00	0	0%	$3,000	36,000
Miscellaneous Events	14	0	0	$0.00	0	0%	$1,500	21,000
Subtotal	74		176,500		4,012,000			408,000
Total	118		286,500		$5,602,000			$518,000

Private Box and Club Seat Premiums

Premium seating revenue is typically derived from the sale of private boxes and club seats. Exhibit IX-2 on the following page summarizes the estimated premium seating revenue potential for the multi-purpose arena.

Exhibit IX-2

Estimated Premium Seating Revenue
Stabilized Year of Operations - 2008 Dollars

	Base Case			Best Case		
	Suites	Club Seats	Total	Suites	Club Seats	Total
Inventory	10	500		12	500	
Sold	8	400		10	450	
Occupancy %	80%	80%		83%	90%	
Annual Price:						
Total	$15,000	$1,000		$20,000	$1,150	
Less Ticket Value	($5,100)	($642)		($5,500)	($685)	
Net Premium	$9,900	$358		$14,500	$465	
Total Annual Premiums	$79,200	$143,200		$145,000	$209,250	
% Retained by Arena	100%	100%		100%	100%	
Net Arena Revenue	$79,200	$143,200	$222,400	$145,000	$209,250	$354,250

The assumptions used to estimate premium-seating revenue potential for the multi-purpose arena were based on the results of the random market surveys completed with corporations and households in the Burlington metropolitan area as well as premium seating at comparable facilities.

As depicted in the exhibit above, it is estimated that the proposed multi-purpose arena could support upwards of 10 to 12 private boxes and 500 club seats. This premium seating potential would be in addition to any priority-seating program that may be implemented separately by UVM. It is assumed that UVM would sell priority seating that would be separate from the premium seating (boxes and club seats) developed in the arena. Based on market survey results, it is estimated that UVM could sell approximately 350 to 400 donor seats separately for men's hockey, men's basketball and women's hockey. At an estimated donation of $500 per seat, this could generate approximately $525,000 to $600,000 annually to the Victory Club. This revenue is not considered in the context of the financial analysis presented herein.

For purposes of this analysis, it has been assumed that 80 to 90 percent of the premium-seating inventory would be leased and that the arena would retain all premiums associated with premium seating after deducting the value of tickets included in the annual price. It is important to note the assumption that the arena would retain all premiums related to premium seating. A review of other comparable facilities with University tenants, indicates that premium seating revenue premiums are usually allocated to the Athletics Department versus the arena. The allocation of premiums to the arena could have donation-related tax implications.

Based on the aforementioned assumptions, it is estimated that a multi-purpose arena operating on the UVM campus could generated approximately $222,000 to $354,000 in annual premium seating revenue, net of tickets.

Food and Beverage, net

Food and beverage revenue consists of sales of various food and beverage items at concession stands throughout the arena as well as catering offered in premium seating areas within the arena. Revenue assumptions are based on estimated event and attendance levels, concession spending at comparable facilities and discussions with event promoters and facility managers. Exhibit IX-3 summarizes the estimated food and beverage revenue that could be generated at a multi-purpose arena on the UVM campus.

Exhibit IX-3
Estimated Food and Beverage Revenue
Stabilized Year of Operations - 2008 Dollars

Events	Events	Average Turnstile Attendance	Annual Turnstile Attendance	Average F&B Per Cap	Gross F&B Revenue	Arena's Share (1)	Arena F&B Revenue
Base Case							
UVM Sports:							
UVM Men's Basketball	12	2,700	32,400	$4.00	$129,600	28.1%	$36,500
UVM Women's Basketball	12	1,600	19,200	$4.00	76,800	28.1%	21,600
UVM Men's Hockey	18	4,750	85,500	$4.00	342,000	28.1%	96,200
Subtotal	42		137,100		548,400		154,300
Other Events:							
Concerts	10	5,000	50,000	$4.75	237,500	37.5%	89,100
Ice Shows	6	4,500	27,000	$2.25	60,750	37.5%	22,800
Family Shows	10	3,750	37,500	$2.25	84,375	37.5%	31,600
High School Sports	8	2,200	17,600	$2.00	35,200	37.5%	13,200
Motor Sports	1	3,500	3,500	$5.00	17,500	37.5%	6,600
Other Sports	4	3,750	15,000	$4.00	60,000	37.5%	22,500
Flat Floor Shows	9	1,000	9,000	$1.75	15,750	37.5%	5,900
Miscellaneous Events	10	350	3,500	$1.00	3,500	37.5%	1,300
Subtotal	58		163,100		514,575		193,000
Total	100		300,200		$1,062,975		$347,300
Best Case							
UVM Sports:							
UVM Men's Basketball	12	2,700	32,400	$4.00	$129,600	28.1%	$36,500
UVM Women's Basketball	12	1,600	19,200	$4.00	76,800	28.1%	21,600
UVM Men's Hockey	20	4,750	95,000	$4.00	380,000	28.1%	106,900
Subtotal	44		146,600		586,400		165,000
Other Events:							
Concerts	10	5,000	50,000	$4.75	237,500	37.5%	89,100
Ice Shows	8	4,500	36,000	$2.25	81,000	37.5%	30,400
Family Shows	12	3,750	45,000	$2.25	101,250	37.5%	38,000
High School Sports	10	2,200	22,000	$2.00	44,000	37.5%	16,500
Motor Sports	2	3,500	7,000	$5.00	35,000	37.5%	13,100
Other Sports	6	3,750	22,500	$4.00	90,000	37.5%	33,800
Flat Floor Shows	12	1,000	12,000	$1.75	21,000	37.5%	7,900
Miscellaneous Events	14	350	4,900	$1.00	4,900	37.5%	1,800
Subtotal	74		199,400		614,650		230,600
Total	118		346,000		$1,201,050		$395,600

(1) Arena's share refers to amount of gross concession revenues retained after paying cost of goods sold, concessionaire profits and event revenue allocations.

Based on industry trends, the profit margin on food and beverage operations is generally in the range of 37.5 percent (weighted average of general concessions and premium seat catering) of gross sales, with the remaining percentage being allocated to the vendor to cover the cost of labor and products and to provide a profit. In most arenas, the facility retains all, or a very significant portion, of the net food and revenue after sharing agreements with the concessionaire/caterer. For purposes on this analysis, it was assumed that the arena would retain 75 percent of the net concessions revenue for UVM sporting events and 100 percent of the net concessions revenue for all other events.

As depicted in the exhibit on the previous page, it is estimated that net food and beverage revenue generated to the multi-purpose arena could range from $347,000 to $396,000 annually. It is important to note that the per capita spending assumptions presented herein assume that alcohol is served in the premium seating areas (private boxes and club lounge) for UVM events and is allowed throughout the facility for non-University events. Should the decision be made to prohibit alcohol sales in the facility, the per capita spending assumptions used herein should be modified.

Advertising and Sponsorships

Advertising and sponsorship revenues are derived from the sale of signage related to scoreboards, scorer's table, concourse, interior and exterior fascia, courtside (dorna signage), dasher boards, vomitories, outdoor marquee displays and promotions. Ultimately, the rates the proposed arena is able to charge for advertising will rely on factors such as the total estimated number of events and total attendance at the facility, the number of televised events at the arena and the amount of tie-ins such as program advertising and public address announcements that are included with advertising packages.

Based on a review of historical advertising and sponsorship levels at UVM's existing athletic facilities, a review of the breadth and depth of the local corporate community and a review of advertising/sponsorship levels at comparable new arenas, it is estimated that $200,000 to $250,000 in advertising and sponsorship revenue could be generated to the proposed arena each year. It is assumed that this revenue is generated from permanent building signage such as the scoreboard signage, fascia signage, and concourse signage. Non-permanent advertising is assumed to be allocated to UVM. Examples of non-permanent advertising include dasher boards/in-ice signage for hockey and courtside/floor signage for basketball.

Naming Rights

Facility naming rights are often sold to either individual donors or corporations for university-related athletic venues. The naming rights for community-based, multi-purpose are most often sold to corporations.

Naming rights can be sold for various parts of the facility including, but not limited to the building, court/rink, club lounge, locker rooms, practice rink, administrative offices and other such areas. Exhibit IX-4 summarizes corporate naming rights terms for several university and minor league arenas.

Exhibit IX-4
Corporate Naming Rights
Collegiate and Minor League Arenas

Facility	Facility Type	Location	Market Population	Total Amount	Term (Years)	Estimated Annual Payment
Allstate Arena	Minor league arena	Rosemont, IL (Chicago)	8,489,500	$11,000,000	10	$1,100,000
Comcast Center	Collegiate arena	Washington DC/Baltimore, MD	5,187,800	20,000,000	25	800,000
Wells Fargo Arena	Collegiate arena	Phoenix, AZ	3,552,700	5,000,000	10	500,000
Cox Arena	Collegiate arena	San Diego, CA	2,960,100	12,000,000	12	1,000,000
Jenny Craig Pavilion	Collegiate arena	San Diego, CA	2,960,100	7,000,000	na	na
First Mariner Arena	Minor league arena	Baltimore, MD	2,635,600	750,000	10	75,000
Bank of America Arena	Collegiate arena	Seattle, WA	2,509,200	9,000,000	10	900,000
Coors Event Center	Collegiate arena	Boulder, CO	2,237,600	5,000,000	na	na
Fifth Third Arena	Collegiate arena	Cincinnati, OH	1,675,500	10,000,000	na	na
Cricket Arena	Minor league arena	Charlotte, NC	1,599,800	750,000	5	150,000
Value City Arena	Collegiate arena	Columbus, OH	1,597,300	12,500,000	na	na
Pepsi Coliseum	Minor league arena	Indianapolis, IN	1,548,100	650,000	5	130,000
US Cellular Arena	Minor league arena	Milwaukee, WI	1,512,400	2,000,000	6	333,333
Ford Center	Minor league arena	Oklahoma City, OK	1,109,400	8,100,000	15	540,000
Blue Cross Arena	Minor league arena	Rochester, NY	1,078,800	2,975,000	15	198,333
SaveMart Center	Collegiate arena	Fresno, CA	971,800	40,000,000	20	2,000,000
Bi-Lo Center	Minor league arena	Greenville, SC	936,000	3,000,000	10	300,000
Dunkin Donuts Arena	Minor league arena	Providence, RI	910,000	7,000,000	10	700,000
Pepsi Center	Minor league arena	Albany, NY	870,500	3,000,000	10	300,000
First Union Center	Minor league arena	Wilkes-Barre, PA	608,800	2,300,000	10	230,000
Alltel Arena	Minor league arena	Little Rock, AR	564,300	7,000,000	15	466,667
Colonial Center	Collegiate arena	Columbia, SC	553,900	5,500,000	12	458,333
TECO Arena	Minor league arena	Estero, FL	421,400	7,000,000	20	350,000
CenturyTel Center	Minor league arena	Bossier City, LA	378,100	5,000,000	10	500,000
Verizon Wireless Arena	Minor league arena	Manchester, NH	372,100	11,000,000	15	733,333
Reading Sovereign Center	Minor league arena	Reading, PA	360,400	1,500,000	5	300,000
Sovereign Bank Arena	Minor league arena	Trenton, NJ	337,600	2,675,000	10	267,500
Big Sandy Arena	Minor league arena	Huntington, WV	314,400	1,400,000	10	140,000
United Spirit Center	Collegiate arena	Lubbock, TX	249,800	10,000,000	20	500,000
Budweiser Events Center	Minor league arena	Loveland, CO	155,800	1,500,000	20	75,000
Midwest Wireless Center	Collegiate arena	Mankato, MN	85,700	6,000,000	20	300,000
BancorpSouth Center	Minor league arena	Tupelo, MS	75,500	2,500,000	12	208,333
Average - Overall			1,525,625	$6,971,875	13	$484,137
Average - Markets with Population Under 500,000			275,080	$4,857,500	14	$337,417

Based on a review of other naming rights agreements, it is estimated that a multi-purpose arena could generate naming rights ranging from $200,000 to $300,000 annually.

Merchandise, net

Merchandise sales consist of clothing, souvenirs, programs and other miscellaneous items sold during events at the arena. Revenue assumptions are based on estimated event and attendance levels, concession spending at comparable facilities and discussions with event promoters and facility managers. Exhibit IX-5 summarizes the estimated merchandise revenue that could be generated at a multi-purpose arena on the UVM campus.

Exhibit IX-5
Estimated Merchandise Revenue
Stabilized Year of Operations - 2008 Dollars

Events	Events	Average Turnstile Attendance	Annual Turnstile Attendance	Average Merchandise Per Cap	Gross Merchandise Revenue	Profit Margin	Net Merchandise Revenue	Arena's Share	Arena Merchandise Revenue
Base Case									
UVM Sports:									
UVM Men's Basketball	12	2,700	32,400	$1.00	$32,400	15%	$4,860	50%	$2,430
UVM Women's Basketball	12	1,600	19,200	$1.00	19,200	15%	2,880	50%	1,440
UVM Men's Hockey	18	4,750	85,500	$1.00	85,500	15%	12,825	50%	6,413
Subtotal	42		137,100		137,100		20,565		10,283
Other Events:									
Concerts	10	5,000	50,000	$5.00	250,000	15%	37,500	100%	37,500
Ice Shows	6	4,500	27,000	$2.50	67,500	15%	10,125	50%	5,063
Family Shows	10	3,750	37,500	$2.25	84,375	15%	12,656	50%	6,328
High School Sports	8	2,200	17,600	$1.00	17,600	15%	2,640	100%	2,640
Motor Sports	1	3,500	3,500	$4.00	14,000	15%	2,100	100%	2,100
Other Sports	4	3,750	15,000	$3.00	45,000	15%	6,750	100%	6,750
Flat Floor Shows	9	1,000	9,000	$0.00	0	15%	0	100%	0
Miscellaneous Events	10	350	3,500	$0.00	0	15%	0	100%	0
Subtotal	58		163,100		478,475		71,771		60,381
Total	100		300,200		$615,575		$92,336		$70,663
Best Case									
UVM Sports:									
UVM Men's Basketball	12	2,700	32,400	$1.00	$32,400	15%	$4,860	50%	$2,430
UVM Women's Basketball	12	1,600	19,200	$1.00	19,200	15%	2,880	50%	1,440
UVM Men's Hockey	20	4,750	95,000	$1.00	95,000	15%	14,250	50%	7,125
Subtotal	44		146,600		146,600		21,990		10,995
Other Events:									
Concerts	10	5,000	50,000	$5.00	250,000	15%	37,500	100%	37,500
Ice Shows	8	4,500	36,000	$2.50	90,000	15%	13,500	50%	6,750
Family Shows	12	3,750	45,000	$2.25	101,250	15%	15,188	50%	7,594
High School Sports	10	2,200	22,000	$1.00	22,000	15%	3,300	100%	3,300
Motor Sports	2	3,500	7,000	$4.00	28,000	15%	4,200	100%	4,200
Other Sports	6	3,750	22,500	$3.00	67,500	15%	10,125	100%	10,125
Flat Floor Shows	12	1,000	12,000	$0.00	0	15%	0	100%	0
Miscellaneous Events	14	350	4,900	$0.00	0	15%	0	100%	0
Subtotal	74		199,400		558,750		83,813		69,469
Total	118		346,000		$705,350		$105,803		$80,464

For purposes of this analysis, a profit margin of 15 percent has been assumed for merchandise sales, which is consistent with industry averages. As with concession revenue, the profit margin for merchandise is sometimes shared between the arena and an event. As shown in the previous exhibit, it is estimated that $71,000 to $80,000 in net merchandise revenue could be generated to the proposed arena.

Parking, net

For purposes of this analysis, it is assumed that 1,800 parking spaces would be developed and operated under the control of arena management, with approximately 1,500 parking spaces available for general admission parking. Complimentary parking is assumed to be provided to private box holders, with three parking passes provided for each box sold. Club seat and donor seat patrons are assumed to be required to purchase their parking. Additional parking is assumed to be provided offsite, but within walking or shuttling distance.

Exhibit IX-6 on the following page presents a summary of the estimated parking revenue that could be generated to the multi-purpose arena. As depicted in the exhibit, assuming an average parking charge of $3.00 per car, 1.5 to 4.5 persons per car depending on the event and a profit margin of 80 percent, it is estimated the net parking revenue generated to the arena could range from $187,000 to $221,000 per year.

Exhibit IX-6
Estimated Parking Revenue
Stabilized Year of Operations - 2008 Dollars

	Events	Average G.A. Turnstile Attendance (1)	Persons Per Car (2)	Parking Demand Per Game	Non-Premium Parking Inventory (Spaces)	Parking Fee	Annual Parking Revenue	Profit Margin	Arena Parking Revenue
Base Case									
UVM Sports:									
UVM Men's Basketball	12	2,700	4.5	595	1,500	$3.00	$21,000	80%	$17,000
UVM Women's Basketball	12	1,600	4.5	350	1,500	$3.00	$13,000	80%	10,000
UVM Men's Hockey	18	4,750	4.5	1,050	1,500	$3.00	$57,000	80%	46,000
Subtotal	42								73,000
Other Events:									
Concerts	10	5,000	4.5	1,111	1,500	$3.00	$33,000	80%	26,000
Ice Shows	6	4,500	3.5	1,286	1,500	$3.00	$23,000	80%	18,000
Family Shows	10	3,750	3.5	1,071	1,500	$3.00	$32,000	80%	26,000
High School Sports	8	2,200	3.5	629	1,500	$3.00	$15,000	80%	12,000
Motor Sports	1	3,500	3.5	1,000	1,500	$3.00	$3,000	80%	2,000
Other Sports	4	3,750	3.5	1,071	1,500	$3.00	$13,000	80%	10,000
Flat Floor Shows	9	1,000	1.5	667	1,500	$3.00	$18,000	80%	14,000
Miscellaneous Events	10	350	1.5	233	1,500	$3.00	$7,000	80%	6,000
Subtotal	58								114,000
Total	100								$187,000
Best Case									
UVM Sports:									
UVM Men's Basketball	12	2,700	4.5	593	1,500	$3.00	$21,000	80%	$17,000
UVM Women's Basketball	12	1,600	4.5	349	1,500	$3.00	$13,000	80%	10,000
UVM Men's Hockey	20	4,750	4.5	1,049	1,500	$3.00	$63,000	80%	50,000
Subtotal	44								77,000
Other Events:									
Concerts	10	5,000	4.5	1,111	1,500	$3.00	$33,000	80%	26,000
Ice Shows	8	4,500	3.5	1,286	1,500	$3.00	$31,000	80%	25,000
Family Shows	12	3,750	3.5	1,071	1,500	$3.00	$39,000	80%	31,000
High School Sports	10	2,200	3.5	629	1,500	$3.00	$19,000	80%	15,000
Motor Sports	2	3,500	3.5	1,000	1,500	$3.00	$6,000	80%	5,000
Other Sports	6	3,750	3.5	1,071	1,500	$3.00	$19,000	80%	15,000
Flat Floor Shows	12	1,000	1.5	667	1,500	$3.00	$24,000	80%	19,000
Miscellaneous Events	14	350	1.5	233	1,500	$3.00	$10,000	80%	8,000
Subtotal	74								144,000
Total	118								$221,000

(1) Parking is assumed to be included in the premium for boxes and club seats. Two parking passes are assumed per box. A parking pass is assumed for every three club seats sold. Complimentary parking for premium seating holders is assumed for only UVM sports. All other events would require an additional fee for parking.

(2) Industry standards dictate an average of 3.0 persons per car. However, given that nearby students will comprise a portion of attendance, a high ratio was used for certain events to reflect students arriving at events by foot or pubic transportation.

Ticket Rebates / Charges

Arenas and other such sports and entertainment facilities often assess a facility fee on tickets sold for events at the facility as a means of generating additional revenue. Additionally, arenas often utilize a third party ticket seller, such as Ticketmaster, to handle the majority of ticket sales to events at the venue. The ticket seller generally collects a convenience charge on each ticket sold, a portion of which is often times allocated to the arena. Currently, Flynn Theater management provides ticketing services to many of the facilities in the Burlington area.

Exhibit IX-7 summarizes the estimated ticket rebates / charges that could be generated to the arena.

Exhibit IX-7
Estimated Ticketing Revenue
Stabilized Year of Operations - 2008 Dollars

Events	Events	Average Paid Attendance	Annual Paid Attendance	Convenience Charge Rebate: % Sold by Ticketing Service	Convenience Charge Rebate: Average Convenience Charge	Convenience Charge Rebate: % Rebate to Arena	Facility Fee Per Ticket	Arena Ticketing Revenue
Base Case								
UVM Sports:								
UVM Men's Basketball	12	1,800	21,600	0%	$0.00	25%	$1.00	$21,600
UVM Women's Basketball	12	1,200	14,400	0%	$0.00	25%	$1.00	14,400
UVM Men's Hockey	18	3,700	66,600	0%	$0.00	25%	$1.00	66,600
Subtotal	42		102,600					102,600
Other Events:								
Concerts	10	4,700	47,000	70%	$3.50	25%	$1.00	75,800
Ice Shows	6	4,500	27,000	70%	$3.50	25%	$1.00	43,500
Family Shows	10	3,500	35,000	70%	$3.50	25%	$1.00	56,400
High School Sports	8	2,200	17,600	0%	$0.00	25%	$1.00	17,600
Motor Sports	1	3,500	3,500	70%	$3.50	25%	$1.00	5,600
Other Sports	4	3,750	15,000	70%	$3.50	25%	$1.00	24,200
Flat Floor Shows	9	0	0	0%	$0.00	25%	$0.00	0
Miscellaneous Events	10	0	0	0%	$0.00	25%	$0.00	0
Subtotal	58		145,100					223,100
Total	100		247,700					$325,700
Best Case								
UVM Sports:								
UVM Men's Basketball	12	1,800	21,600	0%	$0.00	25%	$1.00	$21,600
UVM Women's Basketball	12	1,200	14,400	0%	$0.00	25%	$1.00	14,400
UVM Men's Hockey	20	3,700	74,000	0%	$0.00	25%	$1.00	74,000
Subtotal	44		110,000					110,000
Other Events:								
Concerts	10	4,700	47,000	70%	$3.50	25%	$1.00	75,788
Ice Shows	8	4,500	36,000	70%	$3.50	25%	$1.00	58,050
Family Shows	12	3,500	42,000	70%	$3.50	25%	$1.00	67,725
High School Sports	10	2,200	22,000	0%	$0.00	25%	$1.00	22,000
Motor Sports	2	3,500	7,000	70%	$3.50	25%	$1.00	11,288
Other Sports	6	3,750	22,500	70%	$3.50	25%	$1.00	36,281
Flat Floor Shows	12	0	0	0%	$0.00	25%	$0.00	0
Miscellaneous Events	14	0	0	0%	$0.00	25%	$0.00	0
Subtotal	74		176,500					271,131
Total	118		286,500					$381,131

For purposes of this analysis, it is assumed that the arena would receive 25 percent of the convenience charges and that the arena would collect a $1.00 facility fee per paid admission for all ticketed events (excludes consumer shows and other events). It is estimated that the arena could generate $336,000 to $381,000 annually from convenience charge rebates and facility fees.

Ice Rentals

It is envisioned that the multi-purpose arena would include an attached ice sheet that would be available for UVM hockey practices and general community uses. Existing ice sheets in the metropolitan area are generally heavily utilized. The addition of another ice sheet to the market could serve to meet unmet demand in the marketplace.

Given that the facility will be used for UVM hockey practices and that its operations could be impacted somewhat by other events taking place in the main arena, conservative assumptions have been used for the estimated utilization of the secondary ice sheet. Specifically, it is assumed the ice sheet would be leased 10 to 25 percent of the time during a typical 16-hour a day schedule, depending on the time of year. With an assumed rental rate of $135 per hour, it is estimated the ice rental revenue could approximate $123,000 to $154,000 annually.

Other Revenues

Other revenues may include fees charged for providing various services to facility users, equipment rentals and other such sources. Other revenues are estimated to total approximately $25,000 per year.

Operating Expenses

Expense generated by the operations of a multi-purpose arena typically consist of salaries & wages, repairs & maintenance, materials and supplies, utilities, advertising, general and administrative, insurance, facility management fee, capital reserve and other such expenses. A brief description of each major source of expense is provided below.

Salaries, Wages and Benefits

Salary and wage estimates are based on estimated staffing levels, industry average salaries and wages and local demographic characteristics. Estimated salaries and wages are assumed to account for full- and part-time operating staff for which expenses are not directly reimbursed by facility users. Based on an estimated requirement of 17 full time equivalent employees, total salaries, wages and benefits are estimated to be $1.0 million annually.

Exhibit IX-8
Estimated Salaries, Wages and Benefits

	Employees	Salaries
General Manager	1	$75,000
Admininstrative Assistant	1	$30,000
Busines Manager	1	$45,000
Payroll Clerk	1	$30,000
Marketing/Sales Director	1	$50,000
Group Sales Manager	1	$30,000
Operations Director/Assistant GM	1	$50,000
Electrical / Mechanical Technician	1	$40,000
Chief Engineer	1	$45,000
Changeover/Custodial Supervisor	1	$30,000
Facility Workers	3	$75,000
Box Office Manager	1	$40,000
Assistant Box Office Manager	1	$25,000
Ice Rink Manager	1	$50,000
Ice Rink Assistant	1	$30,000
Total Positions and Salaries	17	$645,000
Employee Benefits (30%)		$194,000
Additional Compensation		$30,000
Part-Time Non-Event Labor		$100,000
Part-Time Event Labor		$35,000
Total Salaries, Wages and Benefits		$1,004,000

It is assumed that functions such as food and beverages, catering, parking, custodial and other such services would be outsourced.

Repairs and Maintenance

General maintenance and service of a facility, equipment and surrounding areas are primarily the responsibility of facility operations personnel, and are often performed by in-house personnel. More specialized needs, such as HVAC system maintenance, electrical work, and maintenance of other mechanical systems often must be contracted out to specialized third parties. Total annual repairs and maintenance expenses for the proposed arena are estimated to be approximately $130,000 to $150,000 per year.

Materials and Supplies

Materials and supplies include items needed for administrative duties, cleaning and general maintenance throughout the facility. While event specific expenses are often billed directly to event organizers and promoters, general materials and supplies are necessary for day-to-day upkeep and operation of the facility. Based on expenses incurred at comparable facilities, materials and supplies expenses are estimated to total $125,000 to $140,000 per year at the proposed arena.

Utilities

Utilities often represent one of the largest expenses incurred by facility operators. Through an analysis of operations at comparable facilities, cost estimates for utilities including electricity, gas, water, steam, trash removal and other such costs have been prepared. Annual utilities expenses at the proposed arena are estimated at $550,000 to $600,000 per year.

Advertising

Advertising expense for the new facility relates to advertising and promotions used to promote the facility and its events. This expense will vary depending on the number of events hosted each year, how aggressively the events and facility are promoted and whether the facility or the event promoter holds the primary advertising responsibility. For purposes of this analysis, it is estimated that the proposed arena's annual marking budget could total approximately $70,000 to $85,000.

General and Administrative

General and administrative expenses typically consist of various office and administrative expenses incurred as a result of day-to-day facility operations. Such expenses typically include travel, telephone, printing, permits and other miscellaneous services, and are estimated to total $250,000 per year at the proposed arena.

Insurance

The insurance expense estimate includes property and liability insurance for the proposed facility. While each event is generally required to carry its own liability insurance, facilities often carry additional insurance to cover areas such as common areas, restrooms and other facility components. Insurance costs will vary in proportion to the number of events and total attendance at the facility. Annual insurance expenses for the proposed arena are estimated to total $75,000 to $90,000 per year.

Facility Management Fee

It is assumed that the proposed arena will be privately managed in order to maximize event potential and achieve operating efficiencies. In consideration for managing the facility, a private management company typically charges a flat fee plus an incentive fee, provided certain agreed upon operating or financial targets are met. Based on a review of management fees at similar arenas in comparable markets, it is estimated that the based management and incentive fees for the proposed arena could be approximately $150,000 to $175,000 annually.

Financial Summary

Exhibit IX-9 on the following page presents the operating revenues and expenses estimated to be generated by a multi-purpose arena operating on the UVM campus. All estimates are presented in 2008 dollars and represent a stabilized year of operations.

Exhibit IX-9
Estimated Revenues and Expenses - UVM as only Tenants
Stabilized Year of Operations

	UVM Only As Main Tenants			
	Base Case		Best Case	
	2008 Dollars	Percentage of Revenues	2008 Dollars	Percentage of Revenues
OPERATING REVENUES				
Rent	$451,000	21%	$518,000	19%
Premium seating	222,000	10%	354,000	13%
Food and beverage	347,000	16%	396,000	15%
Advertising and sponsorships	200,000	9%	250,000	9%
Naming rights	200,000	9%	300,000	11%
Merchandise, net	71,000	3%	80,000	3%
Parking, net	188,000	9%	222,000	8%
Ticket rebates/charges	326,000	15%	381,000	14%
Ice rink	123,000	6%	154,000	6%
Other	25,000	1%	25,000	1%
TOTAL REVENUES	2,153,000	100%	2,680,000	100%
OPERATING EXPENSES				
Salaries & wages	1,004,000	47%	1,054,000	39%
Repairs & maintenance	130,000	6%	150,000	6%
Materials & supplies	125,000	6%	140,000	5%
Utilities	550,000	26%	600,000	22%
Advertising	70,000	3%	85,000	3%
General & administrative	250,000	12%	250,000	9%
Insurance	75,000	3%	90,000	3%
Facility management fee	150,000	7%	175,000	7%
TOTAL EXPENSES	2,354,000	109%	2,544,000	95%
INCOME FROM OPERATIONS BEFORE CAPITAL RESERVE AND DEBT	($201,000)	-9%	$136,000	5%

As depicted above, it is estimated that a new multi-purpose arena on the UVM campus could generate $2.2 million to $2.7 million in annual revenues and incur approximately $2.4 million to $2.5 million in annual expenses, resulting in annual operating income before debt service ranging from a $201,000 operating deficit to a $136,000 operating profit.

An operating proforma was also developed for the arena assuming an ECHL team under a moderate scenario and ECHL and af2 teams under an aggressive scenario. Exhibit IX-10 on the following page presents a summary of the estimated revenues and expenses under these operating scenarios.

Exhibit IX-10
Estimated Revenues and Expenses - UVM and Minor Leagues as Tenants
Stabilized Year of Operations

	UVM and Minor League Hockey As Main Tenants			
	Base Case		Best Case	
	2008 Dollars	Percentage of Revenues	2008 Dollars	Percentage of Revenues
OPERATING REVENUES				
Rent	$506,000	19%	$595,000	19%
Premium seating	310,000	11%	277,000	9%
Food and beverage	491,000	18%	582,000	18%
Advertising and sponsorships	250,000	9%	300,000	9%
Naming rights	250,000	9%	350,000	11%
Merchandise, net	80,000	3%	97,000	3%
Parking, net	270,000	10%	322,000	10%
Ticket rebates/charges	426,000	16%	506,000	16%
Ice rink	92,000	3%	123,000	4%
Other	25,000	1%	25,000	1%
TOTAL REVENUES	2,700,000	100%	3,177,000	100%
OPERATING EXPENSES				
Salaries & wages	1,104,000	41%	1,214,000	38%
Repairs & maintenance	145,000	5%	165,000	5%
Materials & supplies	135,000	5%	150,000	5%
Utilities	600,000	22%	625,000	20%
Advertising	80,000	3%	95,000	3%
General & administrative	250,000	9%	250,000	8%
Insurance	85,000	3%	100,000	3%
Facility management fee	150,000	6%	175,000	6%
TOTAL EXPENSES	2,549,000	94%	2,774,000	87%
INCOME FROM OPERATIONS BEFORE CAPITAL RESERVE AND DEBT	$151,000	6%	$403,000	13%

As depicted above, it is estimated that a new multi-purpose arena on the UVM campus with an ECHL minor league hockey franchise and/or af2 arena football team could generate $2.7 million to $3.2 million in annual revenues and incur approximately $2.5 million to $2.8 million in annual expenses, resulting in annual operating income before debt service ranging from $151,000 to $403,000 operating profit.

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X. Estimated Economic and Fiscal Impacts

While many of the perceived benefits of a multi-purpose arena are intangible including regional and national media exposure; sports, entertainment and recreation opportunities for local residents; and enhanced community pride; the construction and operation of a multi-purpose arena can provide quantifiable benefits to an area. These quantifiable benefits often serve as the "return on investment" of public dollars that are contributed to develop these facilities. Quantifiable measurements of the effects that multi-purpose arenas have on an economy are typically characterized in terms of *economic impacts* and *fiscal impacts*.

Economic Impacts

Economic impacts are typically conveyed through measures of direct spending, total output, personal earnings and employment. Each of the measures of economic impact are further described below:

- *Direct spending* represents spending generated by the arena including *in-facility* expenditures on tickets, rent, concessions, novelties and parking; *out-of-facility* spending on hotels, food and beverages, retail, transportation, and entertainment; and spending related to athletics including advertising, sponsorships, premium seating and broadcast revenues.
- *Total output* represents the total direct, indirect and induced spending effects generated by the arena.
- *Personal earnings* represent the wages and salaries earned by employees of businesses involved with a public assembly facility.
- *Employment* is expressed in terms of full- or part-time jobs.

Direct Spending

The construction phase of a multi-purpose arena represents a significant one-time impact on a local economy. This impact is determined by the volume and nature of the construction expenditures as well as the region in which they take place. Direct spending on construction typically consists primarily of a large number of purchases of materials and labor. Since these large purchases tend to take place in a relatively short timeframe, a distinct and visible impact on the community is typically created during the construction phase.

The operation of public assembly facilities and their tenants can impact the local economy in a variety of ways. *Direct spending* is generated during events on tickets, concessions, merchandise and parking, as well as before and after events throughout local hotel, restaurant, retail and other establishments. In addition, the operations of a sports franchise can generate facility-related spending in areas such as advertising, premium seating, naming rights and sponsorships. Exhibit X-1 summarizes the primary sources of direct spending associated with the construction and operations of a multi-purpose arena.

Exhibit X-1
Direct Spending

Total Initial Spending

Sources of Spending



In-Facility

Tickets/Rentals
Concessions
Merchandise
Parking
Premium seating
Advertising
Sponsorhips
Naming Rights
Others



Out-of-Facility

Hotel
Restaurants/bars
Retail
Entertainment
Transportation



Construction

Materials
Supplies
Labor
Professional fees

Direct spending represents the beginning of the calculation of economic impacts within the economy, or what is termed the initial change in final demand. For purposes of this report, impacts are presented as total economic activity and net new economic activity. Total economic activity represents gross spending associated with the construction and operations of the arena regardless of the origin of spending and whether or not the spending would have taken place in another form within the local economy (i.e. displaced spending). Net new economic activity represents gross spending that has been adjusted to account for only the spending that (a) originates from outside the area, (b) originates from inside the area but normally occurs outside the area (i.e. a concert attendee that normally would travel to Montreal can now see the concert in Burlington), or displaced spending.

Multiplier Effects

Economic impacts are further increased through re-spending of the *direct spending*. The total impact is estimated by applying an economic multiplier to initial direct spending to account for the total economic impact. The total output multiplier is used to estimate the aggregate total spending that takes place beginning with *direct spending* and continuing through each successive round of re-spending. Successive rounds of re-spending are generally discussed in terms of their indirect and induced effects on the area economy. Each are discussed in more detail as follows:

Indirect effects consist of the re-spending of the initial or direct expenditures. These indirect impacts extend further as the dollars constituting the direct expenditures continue to change hands. This process, in principle, could continue indefinitely. However, recipients of these expenditures may spend all or part of it on goods and services outside the market area, put part of these earnings into savings, or pay taxes. This spending halts the process of subsequent expenditure flows and does not generate additional spending or impact within the community after a period of time. This progression is termed *leakage* and reduces the overall economic impact.

Indirect impacts occur in a number of areas including the following:

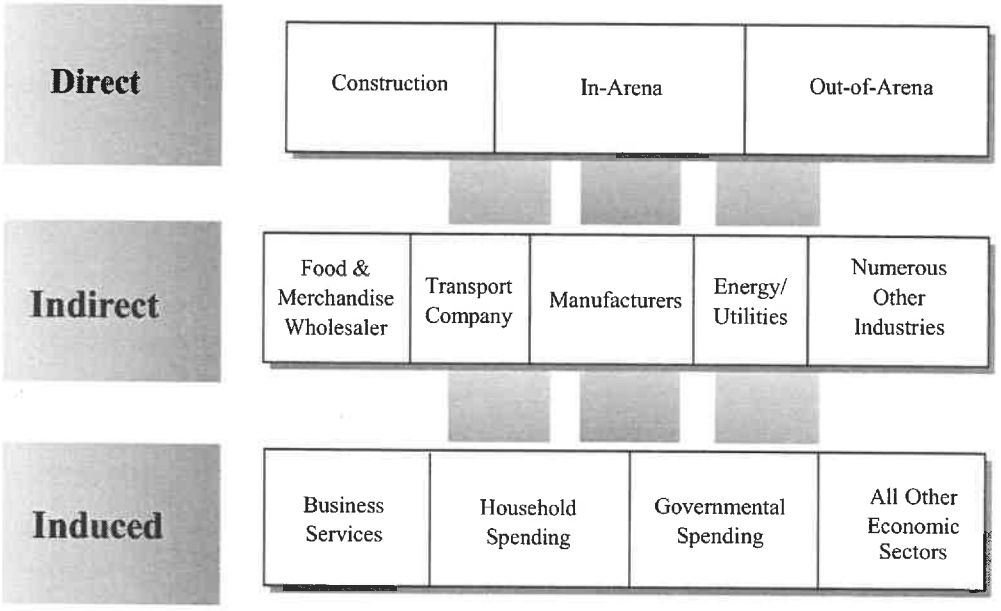
- wholesale industry as purchases of food and merchandise products are made;
- transportation industry as the products are shipped from purchaser to buyer;
- manufacturing industry as products used to service arena, sports franchise(s), vendors and others are produced;
- utility industry as the power to produce goods and services is consumed; and,
- other such industries.

Induced effects consist of the positive changes in spending, employment, earnings and tax collections generated by personal income associated with the operations of the franchises and facilities. Specifically, as the economic impact process continues, wages and salaries are earned, increased employment and population are generated, and spending occurs in virtually all business, household and governmental sectors. This represents the induced spending impacts generated by direct expenditures.

The appropriate multipliers to be used are dependent upon certain regional characteristics and also the nature of the expenditure. An area which is capable of producing a wide range of goods and services within its border will have high multipliers, a positive

correlation existing between the self-sufficiency of an area's economy and the higher probability of re-spending occurring within the region. If a high proportion of the expenditures must be imported from another geographical region, lower multipliers will result.

Exhibit X-2
Multiplier Effect



The multiplier estimates used in this analysis are based on the IMPLAN system, which is currently used by hundreds of universities and government entities throughout the country. IMPLAN is a microcomputer program that performs regional input-output analysis based on 528 industrial sectors.

Fiscal Impacts

In addition to the economic impacts generated by public assembly facilities and their tenants throughout the market area, the public sector benefits from increased tax revenues. In preparing estimates of fiscal impacts, total tax revenues attributable to the *direct spending* were estimated. In addition, estimates of the effect of total output and earnings on the tax collections have been estimated. Tax revenues estimated herein include state and local sales, hotel taxes and income taxes. Other taxes may apply, but have not been included in this report.

Summary of Construction Impacts

Exhibit X-3 depicts the one-time economic and fiscal impacts estimated to be generated by a new arena during construction, assuming construction costs of $42.6 million to $59.5 million, excluding any land acquisition or infrastructure costs.

Exhibit X-3
Estimated Economic and Fiscal Impacts - 2008 Dollars
Construction - One-Time Impacts

	Total Economic Activity		Net New Economic Activity			
			Chittenden County		*State of Vermont*	
	Low	High	Low	High	Low	High
Direct Spending	$42,550,000	$59,513,000	$25,530,000	$35,708,000	$36,168,000	$50,586,000
Total Output	$76,001,000	$106,300,000	$45,601,000	$63,780,000	$64,601,000	$90,355,000
Jobs(1)	730	1,020	440	610	620	1,000
Earnings	$33,788,000	$47,258,000	$20,273,000	$28,355,000	$28,720,000	$40,170,000
Tax Revenues:						
Sales	$1,500,000	$2,098,000	n/a	n/a	$1,200,000	$1,678,000
Meals & Rooms	$63,000	$87,000	n/a	n/a	$56,000	$79,000
Personal Income	$1,019,000	$1,425,000	n/a	n/a	$866,000	$1,211,000
Corporate Income	$105,000	$147,000	n/a	n/a	$40,000	$125,000
Total Tax Revenue	$2,687,000	$3,757,000	n/a	n/a	$2,162,000	$3,093,000

(1) Includes full and part-time jobs.

Total economic and fiscal activity associated with the construction of a multi-purpose arena is estimated to range generate $42.6 million to $59.5 million in total direct spending, $76.0 million to $106.3 million in total output, 730 to 1,020 full and part-time jobs generating $33.8 million to $47.3 million in total earnings, and $2.7 million to $3.8 million in total tax revenues.

Focusing on net new economic activity specific to Chittenden County, the construction of a new multi-purpose arena is estimated to generate $25.5 to $35.7 million in net new direct spending, $45.6 to $63.8 million in net new output, 440 to 610 full and part-time jobs generating $20.3 to $28.4 million in net new earnings.

In terms of net new economic activity specific to the State of Vermont, the construction of a new multi-purpose arena is estimated to generate $36.2 million to $50.6 million in net new direct spending, $64.6 million to $90.4 million in net new output, 620 to 1,000 full and part-time jobs generating $28.7 million to $40.2 million in net new earnings, and $2.2 million to $3.1 million in total tax revenues.

Summary of Operations Impacts

Exhibit X-4 shows the annual economic and fiscal impacts estimated to be generated by a new arena as well as the net present value of the tax revenues over a 30-year period.

Exhibit X-4
Estimated Economic and Fiscal Impacts - 2008 Dollars
Operations - Annually Recurring

	Total Economic Activity		Net New Economic Activity			
	UVM as Only Tenants					
			Chittenden County		*State of Vermont*	
	Base Case	Best Case	Base Case	Best Case	Base Case	Best Case
Direct Spending	$14,633,000	$16,828,000	$6,259,000	$7,514,000	$2,801,000	$3,493,000
Total Output	$24,914,000	$28,633,000	$10,542,000	$12,648,000	$4,695,000	$5,852,000
Jobs (1)	490	560	210	250	90	120
Earnings	$10,894,000	$12,469,000	$4,420,000	$5,285,000	$1,936,000	$2,407,000
Tax Revenues:						
Sales	$830,000	$955,000	n/a	n/a	$157,000	$196,000
Meals & Rooms	$494,000	$593,000	n/a	n/a	$170,000	$218,000
Personal Income	$328,000	$376,000	n/a	n/a	$58,000	$73,000
Corporate Income	$34,000	$40,000	n/a	n/a	$6,000	$8,000
Total Tax Revenue	$1,686,000	$1,964,000	n/a	n/a	$391,000	$495,000
30-Year Tax Benefit (2)	$37,000,000	$43,000,000	n/a	n/a	$8,600,000	$10,900,000
	UVM and Minor League Team(s) as Tenants					
			Chittenden County		*State of Vermont*	
	Base Case	Best Case	Base Case	Best Case	Base Case	Best Case
Direct Spending	$17,649,000	$19,894,000	$8,226,000	$9,172,000	$4,097,000	$4,703,000
Total Output	$29,971,000	$33,779,000	$13,819,000	$15,406,000	$6,850,000	$7,861,000
Jobs (1)	590	670	270	300	140	160
Earnings	$12,929,000	$14,538,000	$5,735,000	$6,388,000	$2,803,000	$3,211,000
Tax Revenues:						
Sales	$1,000,000	$1,127,000	n/a	n/a	$230,000	$264,000
Meals & Rooms	$699,000	$798,000	n/a	n/a	$289,000	$334,000
Personal Income	$390,000	$438,000	n/a	n/a	$85,000	$97,000
Corporate Income	$41,000	$47,000	n/a	n/a	$9,000	$11,000
Total Tax Revenue	$2,130,000	$2,410,000	n/a	n/a	$613,000	$706,000
30-Year Tax Benefit (2)	$46,700,000	$52,800,000	n/a	n/a	$13,400,000	$15,500,000

(1) Includes full and part-time jobs.
(2) Net present value (2008 dollars) of expected benefits over the expected useful life of the arena assuming 3 percent annual revenue growth and a 6 percent discount rate.

Benefits - UVM as Only Tenant

As shown in the exhibit, a new multi-purpose arena with UVM as the only tenants is estimated to generate $14.6 million to $16.8 million in total annual direct spending, $24.9 million to $28.6 million in total annual output, 490 to 560 full and part-time jobs generating $10.8 million to $12.3 million in total annual earnings, and $1.7 million to $2.0 million in total tax revenues. The net present value of total tax benefits over a 30-year period is estimated to be $37.0 to $43.0 million.

Focusing on net new economic activity specific to Chittenden County, a new multi-purpose arena with UVM as the only tenant is estimated to generate $6.3 million to $7.5 million in net new annual direct spending, $10.5 million to $12.6 million in net new annual output, 210 to 250 full and part-time jobs generating $4.4 million to $5.3 million in net new annual earnings.

In terms of net new economic activity specific to the State of Vermont, a new multi-purpose arena with UVM as the only tenant is estimated to generate $2.8 million to $3.5 million in net new annual direct spending, $4.7 million to $5.9 million in net new annual output, 90 to 120 full and part-time jobs generating $2.0 million to $2.4 million in net new annual earnings, and $391,000 to $495,000 in net annual tax revenues. The net present value of net new tax benefits over a 30-year period is estimated to be $8.6 million to $10.9 million.

Benefits - UVM and Minor League Team(s) as Tenants

In general, the economic and fiscal impacts generated by a multi-purpose arena with both UVM and minor league team(s) as tenants is expected to be greater than UVM as tenants alone. The impact is expected to be greater because there will likely be more events and attendees attracted to the facility. Additionally, the impacts associated with visiting teams increased.

As shown depicted in the exhibit on the previous page, a new multi-purpose arena with UVM and a minor league team(s) as tenants is estimated to generate $17.6 million to $19.9 million in total annual direct spending, $30.0 million to $33.8 million in total annual output, 590 to 670 full and part-time jobs generating $12.9 million to $14.5 million in total annual earnings, and $2.1 million to $2.4 million in total tax revenues. The net present value of total tax benefits over a 30-year period is estimated to be $46.7 million to $52.8 million.

Focusing on net new economic activity specific to Chittenden County, a new multi-purpose arena with UVM and a minor league team(s) as tenants is estimated to generate $8.2 million to $9.2 million in net new annual direct spending, $13.8 million to $15.4 million in net new annual output, 270 to 300 full and part-time jobs generating $5.7 million to $6.4 million in net new annual earnings.

In terms of net new economic activity specific to the State of Vermont, a new multi-purpose arena with UVM and a minor league team(s) as tenants is estimated to generate $4.1 million to $4.7 million in net new annual direct spending, $6.9 million to $7.9 million in net new annual output, 140 to 160 full and part-time jobs generating $2.8 million to $3.2 million in net new annual earnings, and $613,000 to $706,000 in net annual tax revenues. The net present value of net new tax benefits over a 30-year period is estimated to be $13.4 million to $15.5 million.

Non-Quantifiable Benefits

In addition to the economic effects of money spent on facility construction and at facility events, communities can generate additional benefits from the development of a new arena through the development of restaurants, bars, hotels and other establishments in the surrounding area. Several communities have found that the development of entertainment facilities can spur new business growth and revitalize the immediate area in which the new facility is developed.

The effects of attracting patrons to a concentrated area will impact numerous industries and enhance economic activity throughout the market area. Primary visitor industries including hotel, restaurant, retail and related industries can benefit directly from the proposed arena. Indirect impacts can benefit support industries including transportation, wholesale, manufacturing, warehousing and other such industries.

In addition to the more quantifiable benefits generated from the construction and operations of the proposed arena, some benefits cannot be quantitatively measured. Potential qualitative benefits for the local and regional market area could include:

- enhanced economic growth and ancillary private sector development spurred by the operation of an arena;
- diversified, affordable entertainment alternatives for families in the local area;
- additional youth hockey and recreational programs for local residents;
- new advertising opportunities for local businesses;
- enhanced community pride, self-image, exposure and reputation; and,
- other such benefits.

The proposed arena could create a working synergy in conjunction with other downtown initiatives and existing businesses. Together these establishments could enhance the area's reputation as an entertainment destination.

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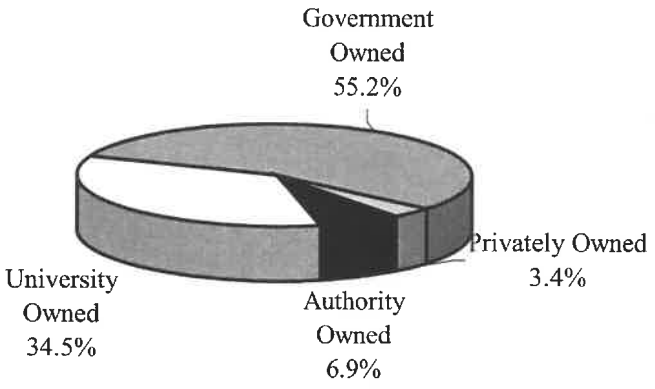
XI. Management Options

An important issue impacting the viability of the multi-purpose arena will be governance-related issues. Governance issues generally relate to facility ownership and management. The purpose of this section of the report is to provide a review of various governance issues related to multi-purpose arenas.

Facility Ownership

In general, arenas are either owned by the public (government) sector, a university (public or private), an authority, or a private sector entity. Exhibit XI-1 summarizes the ownership of comparable arenas with seating capacities between 5,000 and 10,000 seats, which have been built since 1995.

Exhibit XI-1
Facility Ownership
New Arenas Opened Since 1995 (1)



(1) Arenas with fixed seating capacities between 5,000 and 10,000 seats.

As illustrated in the exhibit, the majority of arenas are owned by public sector entities (city, county or state government), comprising approximately 55 percent of the ownership of new arenas. Universities comprised the next largest ownership group at approximately 35 percent. Public authorities own approximately seven percent and private entities own approximately three percent of the comparable facilities analyzed.

Facility Management

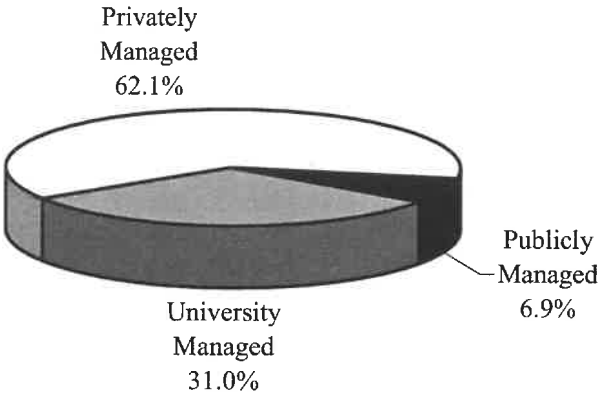
Perhaps more than other factors, high-quality management and marketing affect an arena's utilization and financial performance. Professional and aggressive management can positively influence the number of events hosted at a facility, the ability to attract and retain minor league sports tenants, operate efficiently and provide attendees with an enjoyable experience.

There are generally three types of management options related to arena facility operations. These management options include:

- University Management;
- Public Management; and,
- Private Management.

Exhibit XI-2 summarizes the ownership of comparable arenas with seating capacities between 5,000 and 10,000 seats, which have been built since 1995.

Exhibit XI-2
Facility Management
New Arenas Opened Since 1995 (1)



(1) Arenas with fixed seating capacities between 5,000 and 10,000 seats.

As shown in previous exhibit, the majority of comparable arenas are privately managed. Specifically, approximately 62 percent of comparable arenas analyzed are managed by a private arena management company where as 31 percent are managed by a university (athletics/student affairs/facilities department) and 7 percent are managed by a public sector entity. The remainder of this section summarizes the various arena management options and the associated advantages and disadvantages of each.

University Management

Arena management by a university entity typically occurs when the facility is located on campus and university athletics serves as the primary tenants. The advantage of this type of management structure for the university is control over all revenue sources and date scheduling. However, the university would incur the cost of operating the facility and would be required to staff facility operations. Additionally, if the proposed facility is to be positioned as a community facility, it will be essential that non-university events be attracted to the facility. If this is the case, then the University would be operating outside its core missions and using its resources for those purposes. This type of facility structure is appropriate when the facility is generally exclusively used for athletics or is capable of leveraging additional revenue streams for athletics due to a strong demand for other events. Examples of facilities that are managed by university athletics departments include the Kohl Center at the University of Wisconsin or Haas Pavilion at the University of California – Berkeley.

An alternative to management by athletics is university management by another university group such as student affairs or facility services. Under this management scenario, athletics programs are tenants in the building and typically pay a flat rent per game plus reimbursements to the facility for event-related costs. Oftentimes, the priority for events under this management option is for university athletic events, followed by non-athletic university events and, finally, non-university events. Examples of facilities that are managed by a non-athletic department of the university include the Reynolds Center at the University of Tulsa and Assembly Hall at the University of Illinois.

A summary of key advantages and disadvantages associated with university management include, but are not limited to:

Advantages:

- Owner control;
- Athletics/university scheduling priorities;
- University financial support;

- Coordination/sharing of staff/support functions; and,
- Bulk-price purchasing.

Disadvantages:

- Purchasing procedures;
- University operating constraints;
- Contract approval requirements;
- Lack of incentives; and,
- Limited flexibility.

Public Management

Public management of arenas and other public assembly facilities was commonplace prior to the 1990's. Facility operational control within a government is typically accomplished either by creating a separate department that is responsible for arena management or by designating facility management the responsibility of a department which already exists within the government. Often a government will already have other existing public assembly facilities such as stadiums, auditoriums or theatres under their control prior to the development of a new facility. In these cases, the governmental departments currently overseeing the other pubic assembly facilities could control the new arena as well.

An advantage of government management pertains to the ability to maintain control of all aspects of facility operations. Within this structure, the management's primary responsibility is to the city/county government and the facility. The ability to combine the purchase of goods and services with other governmental departments provides an advantage in maximizing purchasing power and rate structures. In addition, the ability to use governmental employees from other departments when needed can be advantageous. Further, assuming day-to-day management of the facility is also handled internally, the need to pay additional fees to a management contractor is not required.

A number of potential disadvantages can be associated with the management of the facility within a governmental department. The primary disadvantages relate to the additional burden placed on governmental departments and the additional level of bureaucracy sometimes required to facilitate building operating decisions. The decisions that are made regarding the operation of a facility may be slowed due to the nature of the particular governmental department in terms of requirements for approvals and other regulations and procedures. When competing with other facilities and markets for potential events, this aspect can sometimes hinder an arena's ability to effectively compete.

XI. Management Options

A summary of key advantages and disadvantages associated with public management include, but are not limited to:

Advantages:

- Owner control;
- Financial support;
- Coordination/sharing of staff/support functions; and,
- Bulk-price purchasing

Disadvantages:

- Purchasing procedures;
- Civic service constraints;
- Contract approval requirements;
- Changing political policies;
- Lack of incentives; and,
- Limited flexibility.

Private Management

Intense and increasing levels of competition among facilities coupled with increased pressure from governmental entities for the facilities to break even has forced many governments to attempt changes in the fundamental process of managing arenas. As a result, a number of arenas across the country have day-to-day operations contracted to a private management company. Oftentimes, contract management supplies full facility management services, consulting and project services. Under full or contract management, the owner retains all of the rights and privileges of ownership while the contract management firm performs assigned management functions. The owner sets policies while the contract management firm establishes procedures in order to implement the policies.

The following are some of the major arena management companies.

- Compass Facility Management, Inc. (Compass);
- Global Spectrum;
- SMG;
- Volume Services America (Centerplate Management division).

XI. Management Options

The private management company is typically an agent of the hiring body (either a government department or an Authority). The firm is usually compensated with a flat annual fee plus incentive payment designed to reward the contractor for producing desired results. Incentives could be based on achieving specific revenue goals, attendance, events, room night generation, or other targets. Operating contracts usually stipulate that operating budgets must be submitted by the management company to the governing body of the facility for approval. The governing body is responsible for providing the funds necessary to operate the facility.

Private management solutions are typically responsible for various key operational and fiscal facility factors such as policies and directives, organization structure, leadership, job classifications, competition, scheduling and booking, finance and accounting, and capital repairs. In addition to the day-to-day operation of the venue, a number of private management firms also offer project services such as pre-opening management services, audit services of various operations and marketing support which is an alternative approach to full facility management.

A summary of key advantages and disadvantages associated with private management include, but are not limited to:

Advantages:

- Greatest operating autonomy;
- Efficiency incentives;
- Network of relationships to leverage event bookings;
- Internal network of knowledge/experience;
- More independence in negotiations;
- Greater staffing resources;
- More objective criteria for accountability;
- More efficient procurement process;
- Design and pre-opening services; and,
- Less financial risk for owner.

Disadvantages:

- Less direct control;
- Profit motive versus economic impact motive;
- Facility management fees; and,
- Management personnel turnover.

XI. Management Options

Summary

The appropriate facility ownership will depend on the various parties that may ultimately be involved in the planning, development, financing and on-going operations of the proposed arena. Should there be multiple parties involved, it is recommended the proposed arena ownership be in the form of an authority or a commission. The authority or commission should have representation from each of the potential project stakeholders, which may include, but are not necessarily limited to UVM, the State, local municipalities, corporate community, hospitality industry and others, as appropriate. Examples of these types of entities include the Harris County-Houston Sports Authority or the New Jersey Exposition Authority, among others.

Given the market size and geographic location of Burlington relative to other markets, it is recommended that the proposed arena be managed by a private arena management company. This will allow that market and the facility to benefit from the expertise of experienced arena managers and to "tap into" the network of events and relationships established by private arena management companies. It should be noted that the event estimates and financial projections presented in this report assume that the proposed arena is managed by a competent and experienced arena management company.

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XII. Funding Options

It is estimated that a proposed 6,500 fixed seat, multi-purpose arena on the UVM campus could cost between $43 million and $60 million depending upon the building program and finish-out, excluding land acquisition, parking or infrastructure costs. Assuming an interest rate of 5.5 percent and 30-year bonds, annual debt service payments could approximate $3.0 million to $4.1 million annually if the entire amount is financed.

Based on the financial analysis presented earlier in this report, it is estimated that the proposed multi-purpose arena's financial operating results could range from a deficit of $199,000 to an operating surplus of $425,000 before debt service (and capital reserve) each year. As a result, the net operating income of a multi-purpose arena operating on the UVM campus is not expected to be sufficient to service debt related to total project costs. However, this is typical of virtually all arenas operating today.

Historically, the development of arenas has generally involved varying degrees of public-private partnerships. The purpose of this section is to summarize various funding sources that could be used to construct a multi-purpose arena on the UVM campus.

The funding analysis of the proposed arena is presented in the following sections:

- Overview of Comparable Arena Funding;
- Financing Techniques and Vehicles; and,
- Quantified Funding Sources.

Overview of Comparable Arena Funding

A review of funding sources used to fund comparable arenas can be useful in identifying various sources of funds that could be used to fund the construction of the proposed multi-purpose arena. Exhibit XII-1 on the following page presents a summary of public and private funding participation for the comparable facilities profiled previously in the report, as well as the specific sources of funds used.

Of the venues analyzed herein, the public and private sector accounted for, on average, approximately 45.0 percent and 55.0 percent of funding, respectively. The average public sector contribution was approximately $21.7 million and the average private sector contribution was approximately $31.7 million.

It should be noted that public sector financing generally originates from government-related sources with no ties to arena operations. Such funds could include general funds or tax revenues. Private sector financing can take many forms and can include revenues generated from arena operations, private donations, student fees and other such sources.

XII. Funding Options (con't)

Exhibit XII-1
Comparable Arena Funding
Public vs. Private Sector Participation

Facility	Location	University	Year Built	Cost (Millions)	Amount		Percentage	
					Public	Private	Public	Private
Harry Agganis Arena	Boston, MA	Boston	2005	$97.0 (1)	$0.0	$97.0	0.0%	100.0%
University of Miami Convocation Center	Miami, FL	Miami	2003	48.0 (2)	0.0	48.0	0.0%	100.0%
Peterson Events Center	Pittsburgh, PA	Pittsburgh	2002	93.0 (3)	53.0	40.0	57.0%	43.0%
Giants Center	Hershey, PA	n/a	2002	83.0 (4)	47.0	36.0	56.6%	43.4%
Mid-America Center	Council Bluffs, IA	n/a	2002	75.0 (5)	54.8	20.2	73.1%	26.9%
Thomas M. Ryan Center	Kingston, RI	Rhode Island	2002	54.0 (6)	18.0	36.0	33.3%	66.7%
Resch Center	Green Bay, WI	Wisconsin - Green Bay	2002	49.0 (7)	43.5	5.5	88.8%	11.2%
Ted Constant Convocation Center	Norfolk, VA	Old Dominion	2002	45.0 (8)	0.0	45.0	0.0%	100.0%
Laredo Entertainment Center	Laredo, TX	n/a	2002	36.5 (9)	36.5	0.0	100.0%	0.0%
Convocation Center	Dekalb, IL	Northern Illinois	2002	36.0 (10)	0.0	36.0	0.0%	100.0%
Verizon Wireless Arena	Manchester, NH	n/a	2001	70.2 (11)	53.4	16.8	76.1%	23.9%
Arena at Harbor Yards	Bridgeport, CT	n/a	2001	57.0 (12)	8.0	49.0	14.0%	86.0%
Reading Sovereign Center	Reading, PA	n/a	2001	30.0 (13)	30.0	0.0	100.0%	0.0%
Holmes Convocation Center	Boone, NC	Appalachian State	2000	37.0 (14)	34.0	3.0	91.9%	8.1%
Jenny Craig Pavilion	San Diego, CA	San Diego	2000	18.5 (15)	0.0	18.5	0.0%	100.0%
United Spirit Arena	Lubbock, TX	Texas Tech	1999	51.0 (16)	0.0	51.0	0.0%	100.0%
Adams Center	Missoula, MT	Montana	1999	17.0 (17)	17.0	0.0	100.0%	0.0%
Value City Arena	Columbus, OH	Ohio State	1998	106.0 (18)	15.0	91.0	14.2%	85.8%
Kohl Center	Madison, WI	Wisconsin	1998	76.4 (19)	0.0	76.4	0.0%	100.0%
Reed Arena	College Station, TX	Texas A&M	1998	35.0 (20)	35.0	0.0	100.0%	0.0%
Centennial Gardens	Bakersfield, CA	n/a	1998	30.0 (21)	30.0	0.0	100.0%	0.0%
Reynolds Center	Tulsa, OK	Tulsa	1998	28.5 (22)	0.0	28.5	0.0%	100.0%
Paul Tsongas Arena	Lowell, MA	UMASS - Lowell	1998	28.0 (23)	24.0	4.0	85.7%	14.3%
Liacoura Center	Philadelphia, PA	Temple	1997	107.0 (24)	42.0	65.0	39.3%	60.7%
World Arena	Colorado Spngs, CO	n/a	1997	54.0 (25)	9.0	45.0	16.7%	83.3%
Cox Arena	San Diego, CA	San Diego State	1997	32.0 (26)	0.0	32.0	0.0%	100.0%
Bryce Jordan Center	State College, PA	Penn State	1996	55.0 (27)	33.0	22.0	60.0%	40.0%
William D. Mullins Memorial Center	Amherst, MA	UMASS - Amherst	1993	48.0 (28)	25.0	23.0	52.1%	47.9%
Average - University Venues			**2000**	**$53.1**	**$17.0**	**$36.1**	**36.1%**	**63.9%**
Average - Minor League Sports Venues			**2000**	**$54.5**	**$33.6**	**$20.9**	**67.1%**	**32.9%**
Average - Overall			**1999**	**$53.5**	**$21.7**	**$31.7**	**45.0%**	**55.0%**

(1) Harry Agganis Arena: $57.0 million from gifts and donations and $40.0 million in tax-exempt university bonds secured by project/university revenues.

(2) University of Miami Convocation Center: $48 million from private donations.

(3) Peterson Events Center: $53 million State grant; $30 million from University funds; $10 million from donations.

(4) Giants Center: $36 million from team/Hershey Entertainment; $25 million from state grant; $22 million from 2% hotel tax.

(5) Mid-America Center: $36.5 million from private sources (casino and local foundations); $24 million from State grant; $7.5 million from City for infrastructure; $7 million interest free loan.

(6) Ryan Center: $21 million from revenue bonds backed by student fees and ticket surcharge; $18 million from State appropriation; $15 million from private gifts and donations.

(7) Resch Center: $40.8 million from hotel/motel tax proceeds; $5.5 million from naming rights; $1.5 million from State; $1.2 million from Village.

(8) Ted Constant Center: $40 million from student fees, $5 million from private donations (naming rights).

(9) Laredo Entertainment Center: $36.5 million from 0.25% sales tax.

(10) Convocation Center: $36 million in revenue bonds backed by student fees.

(11) Verizon Wireless Arena: $53.4 million from meals and rooms tax; $16.8 million from arena revenues.

(12) Arena at Harbor Yards: $41 million from ticket surcharge; $8 million from Volume Services (private management company); $8 million from City.

(13) Reading Sovereign Center: $24 million from 5% hotel tax; $3.5 million from Community Development Block Grant; $2.5 million from State grant.

(14) Holmes Convocation Center: $34 million from state tax allocation; $3 million from student fees.

(15) Jenny Craig Pavilion: $18.5 million from private donations.

(16) United Spirit Arena: $20 million from student fees; $14 million from private donations; $10 million from naming rights; $7 million from premium seating and PSLs.

(17) Adams Center: $17 million from state bonds.

(18) Value City Arena: $55 million from bonds backed by arena revenues; $19 million from private donations; $17 million from PSLs; $15 million from State grant.

(19) Kohl Center: $49.4 million from private contributions; $27.0 million from state revenue bonds backed by arena revenues.

(20) Reed Arena: $35 million from state construction allocation.

(21) Centennial Gardens: $24 million from City funds; $6 million from area redevelopment authority.

(22) Reynolds Center: $28.5 million from private donations.

(23) Tsongas Arena: $20 million State grant; $4 million City of Lowell municipal bond obligation; $4 million from University funds.

(24) Liacoura Center: $65 million from private contributions; $42 million from State grant. Total cost was part of a 4-building complex.

(25) World Arena: $29 million from Pomar Foundation; $16 million in private donations; $9 million from city/county for infrastructure improvements.

(26) Cox Arena: $32 million backed by student fees.

(27) Bryce Jordan Center: $33 million State grant; $22 million from private donations.

(28) Mullins Center: $25 million from State grant; $23 million from revenue bonds.

In reviewing only those facilities that were associated with a university, the public sector contributed, on average, 36.1 percent of project funding and the private sector contributed approximately 63.9 percent. For purposes of this analysis, funds contributed by universities, whether public or private, that are secured by student fees, general funds, university facility revenues, or other sources are characterized as private sources of funds as they do not represent funds from governmental revenue sources such as tax revenues or general funds.

In reviewing those facilities that are not affiliated with a university, the public sector contributed 67.1 percent towards projects costs, while private sources of funds paid for approximately 32.9 percent of project costs.

Of the arenas analyzed herein, public funding sources included:

- State grant or appropriations;
- Hotel taxes;
- Meals and rooms taxes;
- Sales taxes; and,
- Community development block grant.

Private funding sources included:

- Student fees;
- Naming rights;
- Donations;
- Premium seating;
- Private management rights;
- Personal seat license (PSLs);
- Ticket surcharge;
- Arena revenues; and,
- University general funds.

The remainder of this section provides a summary of various financing vehicles that have been used to finance comparable arena projects as well as a quantified analysis of specific funding sources that may be available to fund a multi-purpose arena on the UVM campus.

Financing Techniques and Vehicles

The development and financing of sports and entertainment facilities throughout the country in recent years has largely relied on a combination of both public and private sector financing. The enhanced revenue-generating capabilities of new facilities have encouraged more public/private partnerships whereby public sector financing vehicles are supplemented with private sector revenue streams. In many cases, a public sector entity will issue some form of bond to wholly or partially finance the construction of the facility. The annual debt service required to retire the bonds is then sourced from a general fund and/or from various tax revenues including sales, hotel/motel, restaurant, entertainment and other taxes, as well as other revenue sources such as facility-related revenues. The types of financing mechanisms typically used in funding sports and entertainment facilities are summarized below.

Revenue Bonds

A frequently used method of sports and entertainment facility financing is the issuance of revenue bonds. Revenue bonds are special obligations issued by the respective State for which payment is dependent upon a particular source of funds, such as revenues generated by the project, to provide the amount needed for bond repayment. The issuer of the bonds pledges to the bondholders the revenues generated by the project being financed. No pledge of state or local ad valorem tax revenues is required; however, other taxes may be assessed and/or pledged in whole or in part by a municipality or by the state, often with legislative approval, to provide funds necessary to pay off the revenue bond offering. It may be the case, however, that any change in tax rates or allocation would have to be approved by public referendum.

The major disadvantage associated with revenue bonds relates to interest rates that are typically higher than those associated with general obligation bonds. This is largely due to the fact that revenue bonds are not backed by the full faith and credit of the issuing entity. In addition, funding of a debt service reserve and other credit enhancement out of bond proceeds makes the required bond size larger with higher annual debt service payments.

Revenue bond financing may be structured in such a way that payments may be tied to a lower variable rate in the initial years of operation and converted to a higher fixed rate in later years. This is often advantageous in situations where the particular revenue stream or streams that are pledged to bond debt service are expected to increase annually. Representatives from the State of Vermont's

Treasurer's Office indicated they were unaware of any capital projects funded through state-issued revenue bonds in the past.

General Obligation (GO) Bonds

The Office of the State Treasurer is responsible for the issuance and management of general obligation bonds. In the State of Vermont, general obligation bonds are used for numerous purposes including construction and renovation of state office buildings, state recreational, cultural, health, correctional and educational facilities, and for other capital projects.

General obligation bonds are backed by the full faith and credit of the local government and paid for through general fund property taxes. This pledge is generally supported by a commitment from the issuer to repay the principal and interest through whatever means may be necessary, including levying additional taxes. The advantages associated with general obligations bonds revolve around the strength of the credit. It typically results in a simple financing that lowers the cost of issuance and reduces the bond size, since a debt service reserve fund is often not required. Also, the strength of the pledge provides a higher credit rating and, therefore, a lower cost of financing the project.

Similar to revenue bonds, general obligation bond financing may also be structured with a lower variable interest rate in the early years of the project with conversion to a fixed rate in later years; however, this could require legislation to be enacted. The primary disadvantage associated with general obligation indebtedness is that the bonding capacity for other capital needs is reduced. Projects financed with general obligation bonds in Vermont typically do not need voter approval and do not require a public referendum.

Certificates of Participation

Certificates of Participation (COPs) represent another financial instrument that has been used to finance sports facilities. COP holders are repaid through an annual lease appropriation by a sponsoring governmental agency. COPs do not legally commit the governmental entity to repay the certificate holder beyond the annual appropriations, and therefore do not typically require voter approval. Further, this type of instrument is not subject to many of the limitations and restrictions typically associated with general obligation bonds. As COPs generally offer the issuing authority less financial risk and more flexibility than other financing instruments, they tend to be more cumbersome due to the reliance

of the trustee for appropriations while typically carrying a higher coupon rate relative to traditional general obligation bonds.

COPs could allow the City of South Burlington, State of Vermont or UVM to enhance a revenue source with a pledge to make up any revenue deficiencies from other funds. This issue would be subject to annual appropriation. The certificates usually imply that some other security, such as revenue from operations or a sales tax, will be relied on as the primary source of credit worthiness.

The primary advantage associated with certificates of participation is that the obligation enhances the issue, resulting in an interest rate more favorable than a standard revenue bond issue. The disadvantage associated with COPs is that primary credit must still be established.

Private Placement

Although not commonplace, several sports facilities have been financed with private placements issued by a team or private entity. Examples of facilities that have been funded through private placements include the Save Mart Center at Fresno State University, American Airlines Arena in Miami, Florida and the Pepsi Arena in Denver, Colorado.

Private placements are often secured by revenue streams, usually contractually-obligated revenue streams, of the facility. Given the potential economics of the proposed arena and any minor league franchise that could be a tenant in the facility, it is unlikely that a private placement would be used to fund the proposed arena.

Quantified Funding Sources

The purpose of this section is to present a summary of the estimated funding potential of various private and public sector revenue sources that could represent potential sources of project funding. The funding analysis presented herein is not intended to an exhaustive review of all potential funding sources, but rather a review of the more common funding sources that may be available specific to this project.

Private Sources

Based on a review of local facility and comparable facility funding sources, the most likely potential sources of private sector funding for the proposed arena could include but is not limited to:

- Student fees;
- Private donations (capital gifts);
- Ticket surcharges;
- Permanent seat licenses;
- Contractually-obligated income;
- Arena operating income;
- Incremental income to UVM;
- Concessionaire/vendor rights; and,
- Other sources.

Student Fees

The use of student fees to fund construction of university athletic facilities is commonplace. Of the university arenas analyzed in this section, 30 percent used student fee proceeds to fund all or a portion of arena project costs, with contributions ranging from $3 million to $40 million. Examples of facilities that have been funded, all or in part, by students fees include the Ryan Center (University of Rhode Island), Ted Constant Center (Old Dominion University), Convocation Center (University of Northern Illinois), and United Spirit Arena (Texas Tech University), among others.

The current level of combined tuition and student fee assessments at UVM is among the highest of universities in the regional area. In 2003-04, UVM's average tuition and fees were $9,636 for state residents and $22,688 for non-residents. A comparison of student charges among 21 selected public institutions indicated that UVM had the second highest charges.

Exhibit XII-2 on the following page summarizes the estimated student fees for the 2004-05 school year, excluding tuition, room and board, and other charges.

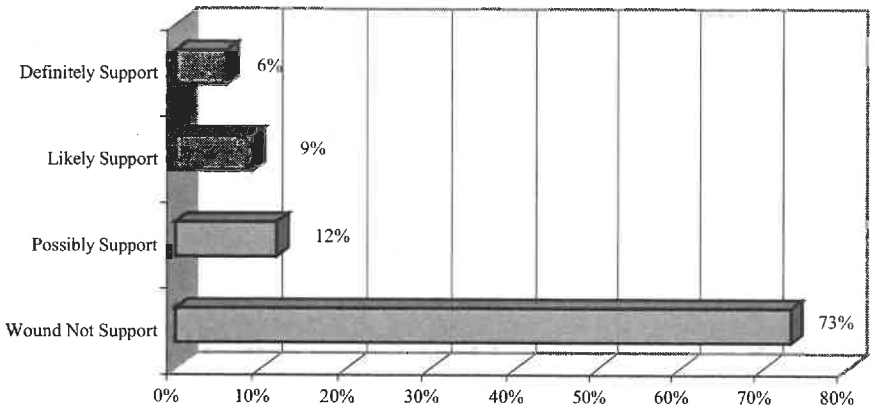
Exhibit XII-2
UVM Comprehensive Student Fees - 2004-05

	Credit Hours	Comprehensive Fee Per Semester
Full-Time Undergraduate	12 to 18	$557
Full-Time Graduate	12	$498
Part-Time Undergraduate and Graduate	4	$158
Part-Time Undergraduate and Graduate	5	$186
Part-Time Undergraduate and Graduate	6	$206
Part-Time Undergraduate and Graduate	7	$234
Part-Time Undergraduate and Graduate	8	$260

Note: Other fees apply for on-campus students and other situations.

To gain an understanding of the potential support by students to increase student fees to fund all or a portion of arena costs, UVM students were asked whether they would support the use of student fees to fund a new arena. Exhibit XII-3 summarizes the responses from 357 random surveys of UVM students.

Exhibit XII-3
Support for Use of Student Fees to Fund New Arena



As shown in the Exhibit, the overwhelming majority of UVM students would not support the use of student fees to fund a new arena. Given the strong negative response of students and the fact that UVM's existing student fees are relatively high, it is unlikely that an increase in student fees could be used to fund a significant portion of project costs

associated with a new arena without placing the university at a significant competitive disadvantage with respect to student recruiting and enrollment.

Exhibit XII-4 has been prepared to illustrate the amount of incremental revenues that could be generated by an increase in student fees. The growth in student enrollment and the number of credit hours enrolled could impact the level of fees realized.

Exhibit XII-4
Student Fee Increase Revenue Potential

Assumed Average Incremental Annual Student Fee	Estimated Student Enrollment	Estimated Annual Revenue
$50.00	11,000	$550,000
$100.00	11,000	$1,100,000
$150.00	11,000	$1,650,000
$200.00	11,000	$2,200,000
$250.00	11,000	$2,750,000

As shown in the exhibit, it is estimated that an increase in the average student fee of $50 per year (not per semester or credit hour) could generate $550,000 in annual revenue. A $250 increase in the student could generate approximately $2.8 million in annual revenue.

Private Donations (Capital Gifts)

Universities often implement capital campaigns to raise money to fund all or portions of project costs associated with athletic facilities. Of the university facilities analyzed herein, 70 percent involved funding that included private donations or capital gifts, totaling $5 million to $65 million. Examples of facilities that have been funded, all or in part, by private donations (capital gifts) include the Harry Agganis Arena (Boston University), Convocation Center (University of Miami), Jenny Craig Pavilion (University of San Diego) and the Ryan Center (University of Rhode Island), among others.

If a capital campaign is undertaken for the proposed arena, it is likely that a comprehensive naming rights program would need to be developed to honor those individuals or corporations that make donations to the project. Comprehensive naming rights programs include the development of numerous naming opportunities for various aspects of the facility that may include, but are not limited to areas such as the arena, practice facility, rink, court, entrances, locker rooms, offices, club lounge, concession areas, concourse and other such areas.

It is important to note that facility naming rights associated with the title name to the arena were assumed in the operating revenues projected in this report. Therefore, if naming rights of the arena were used to fund a portion of project costs, the operating projections presented in this report would need to be adjusted to reflect the use of those revenues for non-operating costs.

Based on a review of private donation amounts for comparable universities, it is estimated that UVM could raise between $5 million and $15 million from private donations. While outside the scope of this study, primary market research via personal interviews with top donors and area corporations should be considered to assess the market potential for private donations specific to the arena project in the Burlington marketplace. Many universities establish a capital campaign goal for facility construction as part of the overall funding plan and do not proceed with construction until they meet their capital campaign goal.

Ticket Surcharges

A surcharge on all tickets sold at the proposed arena that would be dedicated specifically to facility debt retirement could be implemented. Exhibit XII-5 on the following page presents a summary of the estimated revenue potential of various ticket surcharge amounts that could be levied and applied toward debt service retirement. It should be noted that the ticket surcharges assumed below would be in addition to any facility fees, ticket taxes, convenience or handling charges.

Exhibit XII-5
Ticket Surcharge Revenue Potential

	UVM as Only Tenants		UVM and Minor League Hockey as Tenants	
Surcharge Per Ticket	Annual Paid Attendance	Annual Revenue	Annual Paid Attendance	Annual Revenue
Base Case				
$0.50	247,700	$123,850	355,140	$177,570
$1.00	247,700	$247,700	355,140	$355,140
$1.50	247,700	$371,550	355,140	$532,710
$2.00	247,700	$495,400	355,140	$710,280
Best Case				
$0.50	286,500	$143,250	420,250	$210,125
$1.00	286,500	$286,500	420,250	$420,250
$1.50	286,500	$429,750	420,250	$630,375
$2.00	286,500	$573,000	420,250	$840,500

As shown above, it is estimated that for every $0.50 in surcharges added to each ticket sold at the arena a total of $123,850 to $210,125, could be generated annually. A $2.00 surcharge on all paid admissions at the proposed arena could generate $495,400 to $840,500 annually towards project funding.

It should be noted that increases in the cost to attend events, even through ticket surcharges, could have negative implications on demand.

Personal Seat Licenses

The sale of personal seat licenses, or PSLs, can generate upfront money to pay for arena project costs. PSLs are licenses that essentially give the purchaser the right to buy tickets to a particular seat in the arena. Approximately 10 percent of the collegiate arenas summarized in this section used proceeds from PSLs to fund arena project costs. These facilities included the United Spirit Arena at Texas Tech University ($7 million in PSL proceeds) and the Value City Arena at Ohio State University ($17 million from PSL and premium seating).

Given the modest capacity size of the proposed arena and the local market demographics, a PSL program is not expected to generate significant levels of upfront funding for the arena project. As an example, if one-half of the 6,500 fixed seats, or 3,250 seats, were subject to the PSL program, an average one-time PSL fee of $1,000 per seat would be required to raise $3.2 million in upfront funding.

While not specifically market tested as part of this study, it is unlikely that a PSL of that price magnitude could be successfully marketed to a high volume of seats. More realistically, it is estimated that a PSL program could generate in the range of $1.0 to $1.5 million. This level of upfront funding relative to the total potential cost of the facility would not likely justify implementing such a program.

Contractually-Obligated Income

Contractually-obligated income has become a popular source of private funding participation. Contractually-obligated income refers to those revenue streams that are secured through multi-year contracts and include revenue sources such as naming rights, advertising/sponsorship agreements, and private boxes.

In the case of contractually-obligated income, it is likely that a private operator would secure financing through a private placement or some other form of financing. It is possible to structure a deal with a public sector entity in which the public sector entity would issue revenue bonds that would be secured by the contractually-obligated income that would be allocated to the public sector entity via a lease.

It is important to note that the financial analysis presented previously assumed that these revenue sources were available to fund operations. Should all the aforementioned contractually-obligated income be used as a source of funding, the income from operations of the proposed arena would decrease.

Arena Operating Income

The net operating income of the arena could represent a potential source of project funding. Based on the financial analysis presented in this report, the estimated operating income of the proposed arena before debt service and capital reserve allocations ranges from a deficit of $199,000 to a surplus of $425,000, as shown in Exhibit XII-6 on the following page.

Exhibit XII-6
Arena Operating Income

Operating Scenario	Estimated Annual Arena Operating Income
UVM as Only Main Tenant	
Base Case Scenario	($201,000)
Best Case Scenario	$136,000
UVM and Minor Leagues as Main Tenants	
Base Case Scenario	$151,000
Best Case Scenario	$403,000

Incremental Income to UVM

A new arena will likely generate incremental income to UVM through increased attendance at UVM sporting events hosted at the arena, the ability to charge higher ticket prices, and the ability to enhance its priority seating through its Victory Club, among other potential sources of additional revenues. UVM will also likely experience increased costs through rental payments to the arena and increased game-day expenses. Exhibit XII-7 summarizes the estimated net incremental income that could be realized by UVM athletics playing in the proposed arena.

Exhibit XII-7
UVM Incremental Income

Operating Scenario	Estimated UVM Incremental Annual Income
Base Case	$500,000
Best Case	$700,000

Overall, it is estimated that UVM athletics could realize upwards of $500,000 to $700,000 in incremental revenues each year.

Concessionaire / Vendor Rights

The operation of concession and novelty sales is generally performed by outside contractors. A significant trend in public assembly facility financing is the sale of the rights to a facility's concessions operations. Concessionaire fees provide a concessionaire the right to the concession profits for a specified period of time. The concessionaire fee represents a portion of the capitalized revenue streams that are anticipated to be received by the concessionaire over the term of the agreement.

Should a concessionaire rights agreement be reached which provides upfront funds, it could lower the annual concession revenue contained by the facility in this report. Another example of a right that could be sold is facility pouring rights. Total funding potential from these types of rights would be in the range of several hundred thousand dollars to a few million dollars.

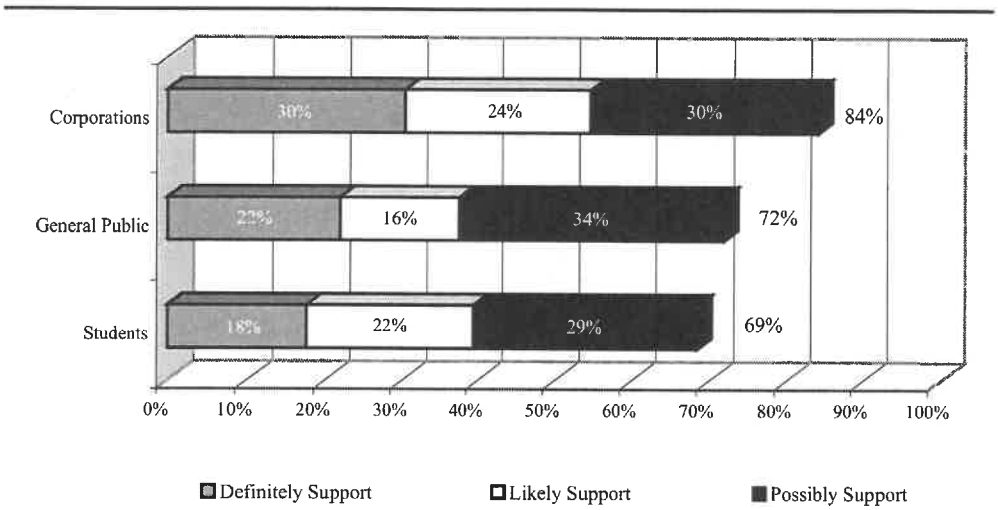
Other Sources

Other potential private sources of revenues could come from local foundations, contributions from a minor league hockey tenant, other major facility users, parking surcharges, facility operating profits, sale of brick pavers, land contribution, investment income and other such sources.

Public Sources

In addition to private sector funding sources, public sector revenue sources are often used to fund development of multi-purpose arenas. In order to understand the potential acceptance public funding, local residents, businesses and UVM students were asked whether they would support the use of public funds to fund, all or a portion, of a new multi-purpose arena on the UVM campus. On the following page, Exhibit XII-8 summarizes their responses based on random surveys.

Exhibit XII-8
Support for Public Funding of New Arena



As shown in the Exhibit, upwards of 84 percent of local corporations, 72 percent of the local general public and 69 percent of UVM students indicated some level of potential support for the use of public funds to construct a new arena on the UVM campus. In interpreting this data, it is important to focus on the strength of the positive response (definite, likely or possibly) with the understanding that these percentages could change as more information related to the proposed multi-purpose arena is disseminated to the public. Nonetheless, it initially appears that there could be relatively strong support to use public funds to help pay for a new multi-purpose arena.

Based on a review of comparable facility funding sources and discussions with local officials, the most likely sources of public sector funding for the proposed arena could include, but is not limited to:

- Meals and rooms taxes;
- Sales and use taxes; and,
- Car rental taxes.
- Tax-increment financing;
- Other taxes; and,
- General funds.

Meals and Rooms Tax

Vermont imposes a 9 percent meals and rooms tax on taxable meals and the rent of each occupancy less than thirty days. The liquor portion of the meals tax is 10 percent. Proceeds from the meals and rooms tax are allocated to the state's General Fund,

accounting for about 10 percent of total fund revenue. In certain cases, a local option tax can increase the meals and rooms tax rate beyond the 9 percent state rate. For example, Williston imposes a 1 percent local options tax in addition to the state rate.

Exhibit XII-9 presents a summary of the 2003 taxable receipts and collections from the state meals and rooms tax by various geographic areas including the City of South Burlington, Chittenden County and Vermont.

Exhibit XII-9
2003 Meals and Rooms Taxable Receipts and Revenues

	2003 Taxable Receipts			2003 Tax Revenues	
Geographic Area	9.0% Meals	9.0% Rooms	10.0% Alcohol	Amount	% of Total
City of South Burlington	$53,095,748	$26,559,676	$5,723,609	$7,741,349	7.7%
Chittenden County	$183,575,401	$59,330,822	$34,160,773	$25,277,637	25.1%
Vermont	$666,059,298	$323,328,111	$117,301,751	$100,775,042	100.0%

Source: State of Vermont.

As shown above, meals and rooms tax revenue generated to the State of Vermont was approximately $100 million in 2003. Of this amount, approximately $25 million was generated in Chittenden County and $8 million was generated in the City of South Burlington. Over the past few years, the meals and rooms tax revenue has grown approximately 5.3 percent per year at the state level.

Exhibit XII-10 presents a summary of the estimated annual revenues that could be generated with an increase in the meals and rooms tax in 2006 dollars.

Exhibit XII-10
Meals and Rooms Tax Revenue Potential

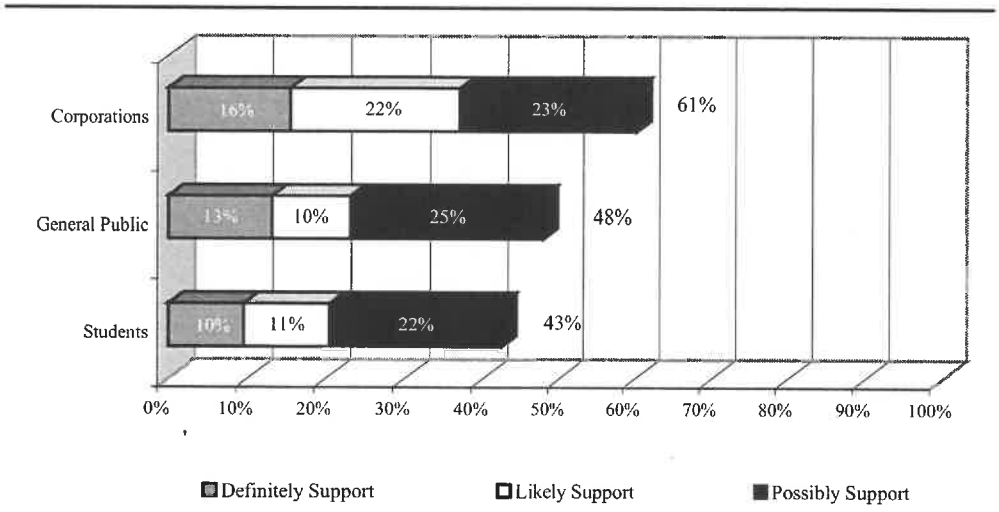
Incremental Increase in Meals and Rooms Tax	Estimated Annual Revenue from Tax Increase		
	City of South Burlington	Chittenden County	State of Vermont
0.5%	$430,000	$1,404,000	$5,599,000
1.0%	$860,000	$2,809,000	$11,197,000
1.5%	$1,290,000	$4,213,000	$16,796,000

Note: Presented in 2006 dollars.

As shown above, a local option meals and rooms tax implemented in the City of South Burlington could generate approximately $430,000 annually for every ½ percent increase in the existing tax rate. At the County level, every ½ percent increase in the meals and rooms tax via a local option tax (currently not allowed at the county level) could generate $1.4 million in annual revenues. A statewide increase in the meals and rooms tax of ½ percent could generate approximately $5.6 million annually. It is important to note that the estimated meals and rooms tax revenues would likely increase over time as spending increases due to population growth, additional hotel rooms, inflation or other such factors.

In order to understand the potential support for an increase in the meals and rooms tax to fund all or a portion of arena project costs, local residents, corporations and UVM students were asked to characterize their potential support. Exhibit XII-11 summarizes their responses.

Exhibit XIII-11
Support for Use of Meals and Rooms Tax to Fund New Arena



As illustrated in the exhibit, 61 percent of corporate respondents, 48 percent of general public respondents and 43 percent of students indicated some level of positive support for the use of meals and rooms taxes to fund the arena. Again, it is important to note that information regarding the cost, benefits and other parameters of a new arena were not publicly available at the time of the survey. As a result, as more information is disseminated about the arena project, opinions and attitudes could change significantly from those presented in this study.

Sales and Use Tax

Vermont imposes a 6 percent sales and use tax. The general sales and use tax rate is imposed on the buyer on the purchase price of tangible personal property, amusement charges, fabrication charges, some public utility charges and some service contracts. There are 46 exemptions to the tax. Proceeds from the sales and use tax are allocated to the State's General Fund. In FY 2004, the sales and use tax proceeds are estimated to be approximately $254 million, accounting for about 28 percent of General Fund revenues. In certain cases, local communities have implemented a local options tax in addition to the State sales and use tax rate of 6 percent. Examples of communities that have implemented the local options tax include Manchester, Stratton and Williston.

Exhibit XII-12 presents a summary of the 2003 taxable receipts and collections from the state sales and use tax by various geographic areas including the City of South Burlington, Chittenden County and Vermont.

Exhibit XII-12
2003 Sales and Use Taxable Receipts and Revenues

	2003 Taxable Receipts			2003 Estimated Tax Revenues	
Geographic Area	Gross	6.0% Retail	6.0% Use	Amount	% of Total
City of South Burlington	$1,106,955,304	$276,610,508	$18,908,936	$17,731,167	6.7%
Chittenden County	$4,772,864,201	$1,282,555,825	$66,152,663	$80,922,509	30.4%
Vermont	$21,263,695,491	$4,214,777,723	$226,024,992	$266,448,163	100.0%

Source: State of Vermont.

As shown above, sales tax revenue generated to the State of Vermont was upwards of $260 million in 2003. Of this amount, nearly $81 million was generated in Chittenden County and nearly $18 million was generated in the City of South Burlington. Over the past few years, the sales and use tax revenue has grown approximately 2.7 percent per year at the state level.

Exhibit XII-13 presents a summary of the estimated annual revenue, in 2006 dollars, which could be associated with an increase in the sales and use tax.

Exhibit XII-13
Sales and Use Tax Revenue Potential

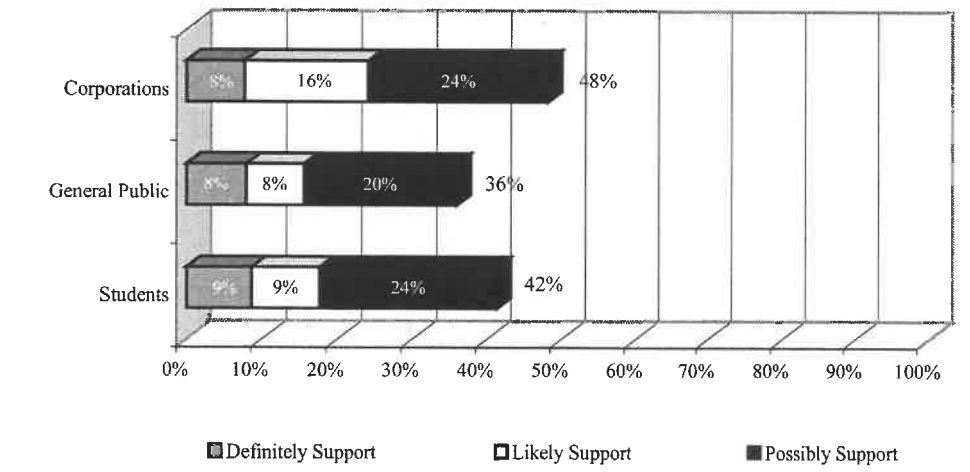
Incremental Increase in Sales and Use Tax	Estimated Annual Revenue from Tax Increase		
	City of South Burlington	Chittenden County	State of Vermont
0.5%	$985,000	$4,496,000	$14,803,000
1.0%	$1,970,000	$8,991,000	$29,605,000
1.5%	$2,955,000	$13,487,000	$44,408,000

Note: Presented in 2006 dollars.

As shown above, local option sales and use tax implemented in the City of South Burlington could generate approximately $985,000 in annual revenue for every ½ percent increase over the existing state tax rate. At the County level, every ½ percent increase in the sales and use tax via a local option tax (currently not allowed at the county level) could generate nearly $4.5 million in annual revenues. A statewide increase in the sales and use tax of ½ percent could generate annual revenues of approximately $14.8 million. It is important to note that the estimated sales tax revenues would likely increase over time as spending increases due to population growth, inflation or other such factors.

To understand the potential support for an increase in the sales and use tax to fund all or a portion of arena project costs, local residents, corporations and UVM students were asked to characterize their potential support. Exhibit XII-14 summarizes their responses.

Exhibit XII-14
Support for Use of Sales Tax to Fund New Arena



As illustrated in the exhibit, 48 percent of corporate respondents, 36 percent of general public respondents and 42 percent of students indicated some level of positive support for the use of sales and use taxes to fund the arena.

Car Rental Tax

Car rental taxes and other predominately visitor-related taxes have been used in the past to fund sports and entertainment facilities. In addition to other fees charged by other entities (airport, municipalities, etc.), the State of Vermont imposes a seven percent tax on pleasure cars, trailer coaches (with gross weight of 26,000 pounds or less), and trailers (having a gross weight of 3,000 pounds or less) rented on a short-term basis of a period less than one year. Exhibit VII-15 presents a summary of the historical car rental tax revenues collected by the State of Vermont over the past 5 years.

Exhibit VII-15
State Car Rental Tax Collections

Fiscal Year	Taxable Receipts	Tax Rate	Tax Revenue
2000	$30,000,000	5.0%	$1,500,000
2001	$36,000,000	5.0%	$1,800,000
2002	$32,000,000	5.0%	$1,600,000
2003	$31,286,000	7.0%	$2,190,000
2004	$31,714,000	7.0%	$2,220,000

As depicted above, the rental car tax revenue generated to the State was approximately $2.2 million in fiscal year 2004. Exhibit VII-16 presents a summary of the estimated annual revenue that could be generated with an increase in the state car rental tax.

Exhibit VII-16
State Car Rental Tax Revenue Potential

Incremental Car Rental Tax Increase	Incremental Annual Revenue
2.0%	$634,000
3.5%	$1,110,000
5.0%	$1,586,000

Note: Presented in 2006 dollars

As depicted on the previous page, a 2.0 percent increase in the state's car rental tax could generate approximately $634,000 annually, a 3.5 percent increase could generate nearly $1.1 million annually, and a 5.0 percent increase could generate nearly $1.6 million annually.

Tax Increment Financing (TIF)

Tax increment financing (TIF) essentially involves capturing assessed valuation growth within a specific area (i.e. TIF district) related to a particular development. TIF often requires enactment of legislation by the State legislature. Typically, a redevelopment agency delineates a project area and declares a base year. The existing base-assessed valuation is taxed as before by each overlapping taxing entity covering a portion of the project area. The additional assessed valuation, added to the tax rolls over the base, is taxed at the same rate as the base valuation. However, the tax revenues attributed to the new incremental assessed valuation are remitted to the redevelopment agency and used to pay debt service.

In November 1996, with the approval of Burlington voters, the City established the Waterfront Tax Increment Financing (TIF) District. The district included all portions of the Waterfront Urban Renewal District north of and including Maple Street. In 1997, the TIF District was expanded to include part of the downtown.

Within the TIF district, public investment can be financed by isolating and designating incremental increases in property tax revenues that result from the redevelopment of deteriorated properties. This mechanism is used when a public investment can directly result in subsequent redevelopment efforts by the private sector. To date, the Lake Street reconstruction and the downtown parking garage development are projects in which the City has used the TIF mechanism. Due to the on-campus site location for the proposed arena, it is unlikely that the TIF mechanism could feasibly be a potential funding option due to the site being outside of the district or downtown area.

General Funds

The State of Vermont currently manages a budgeted amount of approximately $900 million in General Funds. As of 6/30/03, the State had an outstanding debt on General Funds of approximately $418 million, representing an annual debt service payment of nearly $60 million per year.

The Vermont Legislature created the Capital Debt Affordability Advisory Committee in 1990 to estimate annually the maximum amount of long-term general obligation debt that may be authorized by the State each year. The Committee's estimate is required by law to be based on a number of considerations, historic and projected, including debt service requirements, debt service as a percent of General and Transportation Fund revenues, outstanding debt as a percentage of personal income, and per capita debt ratios. On the following page, Exhibit XII-17 summarizes the amount of general obligation debt that has been authorized and issued by the State of Vermont since 1993.

Exhibit XII-17
General Bond Debt History
State of Vermont

	Debt - ($ millions)	
Year	Authorized	Issued
1993	$73.7	$0.0
1994	64.3	105.0
1995	60.9	70.0
1996	50.0	65.0
1997	42.8	53.0
1998	42.9	43.5
1999	39.0	34.3
2000	39.0	37.0
2001	34.0	0.0
2002	39.0	15.0
2003	39.0	67.4
2004	39.0	42.2

As depicted above, the Capital Debt Affordability Advisory Committee has generally authorized approximately $40 million in bonds in each of the past 8 years. The State's bond rating from Fitch Investors Service, Inc is AA+, Moody's Investors Service is Aa1 and Standard and Poor's AA+.

In 2004, the General Fund and Appropriations had an operating surplus of $45.2 million, which was preceded by operating deficits in 2003 and 2002 of $5.9 million and $16.5 million, respectively, and operating surpluses in 2001 and 2000 of $40.7 million and $40.2 million, respectively.

Other Public Sources

Other taxes that generate revenues, either locally or at the state level, include property, personal income, corporate income, gasoline, insurance, cigarette, liquor, beverage, estate and lottery taxes, among others. Certain taxes such as lottery and gasoline taxes are earmarked for certain uses such as the Education Fund or the Transportation Fund. Others do not generate significant levels of revenue relative to other taxes and would not result in meaningful funding levels if incremental taxes were imposed specifically for the arena project. As a result, proceeds from increases in these taxes have not been estimated as part of this analysis.

Additionally, federal funds related to infrastructure improvements may be available to fund portions of the project.

Summary

An analysis was conducted to evaluate specific funding sources for a multi-purpose arena operating on the UVM campus. A variety of funding vehicles and revenue sources were evaluated. It should be noted that the list of sources is by no means intended to be an exhaustive or cumulative in nature. Rather, the funding analysis developed herein was intended to identify the most typical or likely sources of project funding based on a review of comparable arenas and the resources that may be specifically available in the local market.

A review of comparable arena funding indicates that each new arena that has been developed has a unique funding structure and set of goals. The ultimate financing structure of a public assembly facility is dependent on the political, economic and other issues of the related parties. In some markets, the public sector has the ability to finance a substantial portion of the project cost, while in other markets they do not. The same is true of the private sector.

Hypothetical funding examples for a multipurpose arena operating on the UVM campus have been developed under several different funding models for the base case scenario assuming UVM as the only tenants. The funding models include three scenarios: (a) both public and private funding sources approximating the average percentage participation of recently developed university-related arenas, (b) public-sector only funding sources, and (c) private-sector only funding sources. For purposes of this hypothetical example, total projects costs of $60 million have been assumed. Additionally, the funding analysis also provides for payment of a capital reserve and arena operating losses accounting for an additional $4.1 million and $5.1 million, respectively, in necessary project funding. In total, it is estimated that total uses of funds could be approximately $69.3 million.

Under the *public-private example*, it is assumed that public funds would pay approximately 40 percent of projects costs and private funds would pay approximately 60 percent of project costs. Exhibit XII-18 presents a hypothetical funding scenario assuming revenue from car rental taxes, city sales taxes, student fees, incremental UVM arena income and ticket surcharges.

Exhibit XII-18
30-Year Funding Analysis
Base Case Scenario - UVM as Only Tenants
Public-Private Funding Example

Year	Net Operating Income From Operations [1]	Other Sources of Income: 3.5% State Car Rental Tax [1]	1% City Sales Tax [1]	$150 Student Fee Increase [2]	UVM Incremental Arena Income [3]	$1.50 Ticket Surcharge	Total	Total Income Before Debt and Capital Reserve	Estimated Annual Debt Service [4]	Capital Reserve [1]	Net Income After Debt and Capital Reserve	Debt and Reserve Coverage
2008	($201,000)	$1,110,000	$860,000	$1,650,000	$500,000	$372,000	$4,492,000	$4,291,000	($3,096,000)	($250,000)	$945,000	1.3
2009	($207,000)	$1,143,000	$886,000	$1,650,000	$515,000	$372,000	$4,566,000	$4,359,000	($3,096,000)	($258,000)	$1,005,000	1.3
2010	($213,000)	$1,177,000	$913,000	$1,650,000	$530,000	$372,000	$4,642,000	$4,429,000	($3,096,000)	($266,000)	$1,067,000	1.3
2011	($219,000)	$1,212,000	$940,000	$1,650,000	$546,000	$372,000	$4,720,000	$4,501,000	($3,096,000)	($274,000)	$1,131,000	1.3
2012	($226,000)	$1,248,000	$968,000	$1,650,000	$562,000	$372,000	$4,800,000	$4,574,000	($3,096,000)	($282,000)	$1,196,000	1.4
2013	($233,000)	$1,285,000	$997,000	$1,650,000	$579,000	$372,000	$4,893,000	$4,650,000	($3,096,000)	($290,000)	$1,264,000	1.4
2014	($240,000)	$1,324,000	$1,027,000	$1,650,000	$596,000	$372,000	$4,969,000	$4,729,000	($3,096,000)	($299,000)	$1,334,000	1.4
2015	($247,000)	$1,364,000	$1,058,000	$1,650,000	$614,000	$372,000	$5,058,000	$4,811,000	($3,096,000)	($308,000)	$1,407,000	1.4
2016	($254,000)	$1,405,000	$1,090,000	$1,650,000	$632,000	$372,000	$5,149,000	$4,895,000	($3,096,000)	($317,000)	$1,482,000	1.4
2017	($262,000)	$1,447,000	$1,123,000	$1,650,000	$651,000	$372,000	$5,243,000	$4,981,000	($3,096,000)	($327,000)	$1,558,000	1.5
2018	($270,000)	$1,490,000	$1,157,000	$1,650,000	$671,000	$372,000	$5,340,000	$5,070,000	($3,096,000)	($337,000)	$1,637,000	1.5
2019	($278,000)	$1,535,000	$1,192,000	$1,650,000	$691,000	$372,000	$5,440,000	$5,162,000	($3,096,000)	($347,000)	$1,719,000	1.5
2020	($286,000)	$1,581,000	$1,228,000	$1,650,000	$712,000	$372,000	$5,543,000	$5,257,000	($3,096,000)	($357,000)	$1,804,000	1.5
2021	($295,000)	$1,628,000	$1,265,000	$1,650,000	$733,000	$372,000	$5,648,000	$5,353,000	($3,096,000)	($368,000)	$1,889,000	1.5
2022	($304,000)	$1,677,000	$1,303,000	$1,650,000	$755,000	$372,000	$5,757,000	$5,453,000	($3,096,000)	($379,000)	$1,978,000	1.6
2023	($313,000)	$1,727,000	$1,342,000	$1,650,000	$778,000	$372,000	$5,869,000	$5,556,000	($3,096,000)	($390,000)	$2,070,000	1.6
2024	($322,000)	$1,779,000	$1,382,000	$1,650,000	$801,000	$372,000	$5,984,000	$5,662,000	($3,096,000)	($402,000)	$2,164,000	1.6
2025	($332,000)	$1,832,000	$1,423,000	$1,650,000	$825,000	$372,000	$6,102,000	$5,770,000	($3,096,000)	($414,000)	$2,260,000	1.6
2026	($342,000)	$1,887,000	$1,466,000	$1,650,000	$850,000	$372,000	$6,225,000	$5,883,000	($3,096,000)	($426,000)	$2,361,000	1.7
2027	($352,000)	$1,944,000	$1,510,000	$1,650,000	$876,000	$372,000	$6,352,000	$6,000,000	($3,096,000)	($439,000)	$2,465,000	1.7
2028	($363,000)	$2,002,000	$1,555,000	$1,650,000	$902,000	$372,000	$6,481,000	$6,118,000	($3,096,000)	($452,000)	$2,570,000	1.7
2029	($374,000)	$2,062,000	$1,602,000	$1,650,000	$929,000	$372,000	$6,615,000	$6,241,000	($3,096,000)	($466,000)	$2,679,000	1.8
2030	($385,000)	$2,124,000	$1,650,000	$1,650,000	$957,000	$372,000	$6,753,000	$6,368,000	($3,096,000)	($480,000)	$2,792,000	1.8
2031	($397,000)	$2,188,000	$1,700,000	$1,650,000	$986,000	$372,000	$6,896,000	$6,499,000	($3,096,000)	($494,000)	$2,909,000	1.8
2032	($409,000)	$2,254,000	$1,751,000	$1,650,000	$1,016,000	$372,000	$7,043,000	$6,634,000	($3,096,000)	($509,000)	$3,029,000	1.8
2033	($421,000)	$2,322,000	$1,804,000	$1,650,000	$1,046,000	$372,000	$7,194,000	$6,773,000	($3,096,000)	($524,000)	$3,153,000	1.9
2034	($434,000)	$2,392,000	$1,858,000	$1,650,000	$1,077,000	$372,000	$7,349,000	$6,915,000	($3,096,000)	($540,000)	$3,279,000	1.9
2035	($447,000)	$2,464,000	$1,914,000	$1,650,000	$1,109,000	$372,000	$7,509,000	$7,062,000	($3,096,000)	($556,000)	$3,410,000	1.9
2036	($460,000)	$2,538,000	$1,971,000	$1,650,000	$1,142,000	$372,000	$7,673,000	$7,213,000	($3,096,000)	($573,000)	$3,544,000	2.0
2037	($474,000)	$2,614,000	$2,030,000	$1,650,000	$1,176,000	$372,000	$7,842,000	$7,368,000	($3,096,000)	($590,000)	$3,682,000	2.0
Total	($9,560,000)	$52,755,000	$40,965,000	$49,500,000	$23,757,000	$11,160,000	$178,137,000	$168,577,000	($92,880,000)	($11,914,000)	$63,783,000	1.6
NPV [5]	($4,122,000)	$22,754,000	$17,664,000	$23,901,000	$10,247,000	$5,407,000	$80,053,000	$75,930,000	($44,996,000)	($5,139,000)	$25,795,000	1.5

SOURCES:	Amount	Percent
Public:		
State Car Rental Tax - 5% increase	$16,069,000	23.2%
City Sales Tax - 1% increase	$12,476,000	18.0%
Private:		
Student Fees - $150 annual increase	$15,078,000	21.8%
UVM Incremental Arena Income	$7,236,000	10.4%
Ticket Surcharge - $1.50	$3,399,000	4.9%
Capital Gifts	$15,000,000	21.7%
TOTAL SOURCES	$69,261,000	100.0%
USES:		
Construction	$60,000,000	86.6%
Operating Losses	$4,122,000	6.0%
Capital Reserve	$5,139,000	7.4%
TOTAL USES	$69,261,000	100.0%

(1) Estimated to grow 3 percent per year.
(2) Student enrollment and fee assumptions are assumed constant throughout the analysis.
(3) Incremental income generated to UVM via incremental tickets sales, donor seating and other arena revenues.
(4) Debt service payment based on financing $45 million ($60 million less $15 million in capital fundraising) over 30 years at a 5.5 percent interest rate.
(5) Net present value calculation assumes a 5.5 percent discount rate.

Under this example, public funding would total $28.5 million and could be derived from a 3.5 percent increase in the State's car rental tax and a 1.0 percent City of South Burlington sales tax. Private funding would approximate $40.7 million and is assumed to be comprised of revenue from a $150 student fee increase, incremental UVM income generated from the arena, ticket surcharges, and $15 million in capital funding raising. Under this example, debt coverage would range from 1.3 to 2.0.

Under the *public example*, it is assumed that 100 percent of project costs would be paid by public funds. Exhibit XII-19 presents a hypothetical funding scenario assuming revenue from meals and rooms tax and a car rental tax.

Exhibit XII-19
30-Year Funding Analysis
Base Case Scenario - UVM as Only Tenants
Public Example

Year	Net Operating Income From Operations [1]	Other Sources of Income: 1.5% County Meals and Rooms Tax [1]	Other Sources of Income: 3.5% State Car Rental Tax [1]	Total Income Before Debt and Capital Reserve	Estimated Annual Debt Service [2]	Capital Reserve [3]	Net Income After Debt and Before Capital Reserve	Debt and Reserve Coverage
2008	($201,000)	$4,213,000	$1,110,000	$5,122,000	($3,784,000)	($250,000)	$1,088,000	1.3
2009	($207,000)	$4,297,000	$1,132,000	$5,222,000	($3,784,000)	($258,000)	$1,180,000	1.3
2010	($213,000)	$4,383,000	$1,155,000	$5,325,000	($3,784,000)	($266,000)	$1,275,000	1.3
2011	($219,000)	$4,471,000	$1,178,000	$5,430,000	($3,784,000)	($274,000)	$1,372,000	1.3
2012	($226,000)	$4,560,000	$1,202,000	$5,536,000	($3,784,000)	($282,000)	$1,470,000	1.4
2013	($233,000)	$4,651,000	$1,226,000	$5,644,000	($3,784,000)	($290,000)	$1,570,000	1.4
2014	($240,000)	$4,744,000	$1,251,000	$5,755,000	($3,784,000)	($299,000)	$1,672,000	1.4
2015	($247,000)	$4,839,000	$1,276,000	$5,868,000	($3,784,000)	($308,000)	$1,776,000	1.4
2016	($254,000)	$4,936,000	$1,302,000	$5,984,000	($3,784,000)	($317,000)	$1,883,000	1.5
2017	($262,000)	$5,035,000	$1,328,000	$6,101,000	($3,784,000)	($327,000)	$1,990,000	1.5
2018	($270,000)	$5,136,000	$1,355,000	$6,221,000	($3,784,000)	($337,000)	$2,100,000	1.5
2019	($278,000)	$5,239,000	$1,382,000	$6,343,000	($3,784,000)	($347,000)	$2,212,000	1.5
2020	($286,000)	$5,344,000	$1,410,000	$6,468,000	($3,784,000)	($357,000)	$2,327,000	1.6
2021	($295,000)	$5,451,000	$1,438,000	$6,594,000	($3,784,000)	($368,000)	$2,442,000	1.6
2022	($304,000)	$5,560,000	$1,467,000	$6,723,000	($3,784,000)	($379,000)	$2,560,000	1.6
2023	($313,000)	$5,671,000	$1,496,000	$6,854,000	($3,784,000)	($390,000)	$2,680,000	1.6
2024	($322,000)	$5,784,000	$1,526,000	$6,988,000	($3,784,000)	($402,000)	$2,802,000	1.7
2025	($332,000)	$5,900,000	$1,557,000	$7,125,000	($3,784,000)	($414,000)	$2,927,000	1.7
2026	($342,000)	$6,018,000	$1,588,000	$7,264,000	($3,784,000)	($426,000)	$3,054,000	1.7
2027	($352,000)	$6,138,000	$1,620,000	$7,406,000	($3,784,000)	($439,000)	$3,183,000	1.8
2028	($363,000)	$6,261,000	$1,652,000	$7,550,000	($3,784,000)	($452,000)	$3,314,000	1.8
2029	($374,000)	$6,386,000	$1,685,000	$7,697,000	($3,784,000)	($466,000)	$3,447,000	1.8
2030	($385,000)	$6,514,000	$1,719,000	$7,848,000	($3,784,000)	($480,000)	$3,584,000	1.8
2031	($397,000)	$6,644,000	$1,753,000	$8,000,000	($3,784,000)	($494,000)	$3,722,000	1.9
2032	($409,000)	$6,777,000	$1,788,000	$8,156,000	($3,784,000)	($509,000)	$3,863,000	1.9
2033	($421,000)	$6,913,000	$1,824,000	$8,316,000	($3,784,000)	($524,000)	$4,008,000	1.9
2034	($434,000)	$7,051,000	$1,860,000	$8,477,000	($3,784,000)	($540,000)	$4,153,000	2.0
2035	($447,000)	$7,192,000	$1,897,000	$8,642,000	($3,784,000)	($556,000)	$4,302,000	2.0
2036	($460,000)	$7,336,000	$1,935,000	$8,811,000	($3,784,000)	($573,000)	$4,454,000	2.0
2037	($474,000)	$7,483,000	$1,974,000	$8,983,000	($3,784,000)	($590,000)	$4,609,000	2.1
Total	($9,560,000)	$170,927,000	$45,086,000	$206,453,000	($113,520,000)	($11,914,000)	$81,019,000	1.6
NPV [4]	($4,122,000)	$76,628,000	$20,209,000	$92,714,000	($54,996,000)	($5,139,000)	$32,580,000	1.5

SOURCES:	Amount	Percent
County Meals and Rooms Tax - 1.5%	$50,849,000	73.4%
State Car Rental Tax - 3.5%	$13,412,000	19.4%
State Contribution	$5,000,000	7.2%
TOTAL SOURCES	**$69,261,000**	**100.0%**
USES:		
Construction	$60,000,000	86.6%
Operating Losses	$4,122,000	6.0%
Capital Reserve	$5,139,000	7.4%
TOTAL USES	**$69,261,000**	**100.0%**

(1) Estimated to grow two percent per year.
(2) Debt service payment based on financing $55 million ($60 million less $5 million state contribution) over 30 years at a 5.5 percent interest rate.
(3) Estimated to grow three percent per year.
(4) Net present value calculation assumes a 5.5 percent discount rate.

Under this example, public funding would total $69.3 million and could be derived from a 1.5 percent increase in the meals and rooms tax on a county basis ($50.8 million), a 3.5 percent increase in the State's car rental tax ($13.4 million) and a $5.0 million State grant or appropriation. Under this example, debt coverage would range from 1.3 to 2.1.

Under the *private example*, it is assumed that 100 percent of projects costs would be paid by private funds. Exhibit XII-20 presents a hypothetical funding scenario assuming a variety of private funding sources.

Exhibit XII-20
30-Year Funding Analysis
Base Case Scenario - UVM as Only Tenants
Private Funding Example

Year	Net Operating Income From Operations [1]	Other Sources of Income: $250 Student Fee Increase [2]	Other Sources of Income: UVM Incremental [1] Arena Income [3]	Other Sources of Income: $1.50 Ticket Surcharge	Other Sources of Income: Total	Total Income Before Debt and Capital Reserve	Estimated Annual Debt Service [4]	Capital Reserve [1]	Net Income After Debt and Capital Reserve	Debt and Reserve Coverage
2008	($201,000)	$2,750,000	$500,000	$372,000	$3,622,000	$3,421,000	($3,096,000)	($250,000)	$75,000	1.0
2009	($207,000)	$2,750,000	$515,000	$372,000	$3,637,000	$3,430,000	($3,096,000)	($258,000)	$76,000	1.0
2010	($213,000)	$2,750,000	$530,000	$372,000	$3,652,000	$3,439,000	($3,096,000)	($266,000)	$77,000	1.0
2011	($219,000)	$2,750,000	$546,000	$372,000	$3,668,000	$3,449,000	($3,096,000)	($274,000)	$79,000	1.0
2012	($226,000)	$2,750,000	$562,000	$372,000	$3,684,000	$3,458,000	($3,096,000)	($282,000)	$80,000	1.0
2013	($233,000)	$2,750,000	$579,000	$372,000	$3,701,000	$3,468,000	($3,096,000)	($290,000)	$82,000	1.0
2014	($240,000)	$2,750,000	$596,000	$372,000	$3,718,000	$3,478,000	($3,096,000)	($299,000)	$83,000	1.0
2015	($247,000)	$2,750,000	$614,000	$372,000	$3,736,000	$3,489,000	($3,096,000)	($308,000)	$85,000	1.0
2016	($254,000)	$2,750,000	$632,000	$372,000	$3,754,000	$3,500,000	($3,096,000)	($317,000)	$87,000	1.0
2017	($262,000)	$2,750,000	$651,000	$372,000	$3,773,000	$3,511,000	($3,096,000)	($327,000)	$88,000	1.0
2018	($270,000)	$2,750,000	$671,000	$372,000	$3,793,000	$3,523,000	($3,096,000)	($337,000)	$90,000	1.0
2019	($278,000)	$2,750,000	$691,000	$372,000	$3,813,000	$3,535,000	($3,096,000)	($347,000)	$92,000	1.0
2020	($286,000)	$2,750,000	$712,000	$372,000	$3,834,000	$3,548,000	($3,096,000)	($357,000)	$95,000	1.0
2021	($295,000)	$2,750,000	$733,000	$372,000	$3,855,000	$3,560,000	($3,096,000)	($368,000)	$96,000	1.0
2022	($304,000)	$2,750,000	$755,000	$372,000	$3,877,000	$3,573,000	($3,096,000)	($379,000)	$98,000	1.0
2023	($313,000)	$2,750,000	$778,000	$372,000	$3,900,000	$3,587,000	($3,096,000)	($390,000)	$101,000	1.0
2024	($322,000)	$2,750,000	$801,000	$372,000	$3,923,000	$3,601,000	($3,096,000)	($402,000)	$103,000	1.0
2025	($332,000)	$2,750,000	$825,000	$372,000	$3,947,000	$3,615,000	($3,096,000)	($414,000)	$105,000	1.0
2026	($342,000)	$2,750,000	$850,000	$372,000	$3,972,000	$3,630,000	($3,096,000)	($426,000)	$108,000	1.0
2027	($352,000)	$2,750,000	$876,000	$372,000	$3,998,000	$3,646,000	($3,096,000)	($439,000)	$111,000	1.0
2028	($363,000)	$2,750,000	$902,000	$372,000	$4,024,000	$3,661,000	($3,096,000)	($452,000)	$113,000	1.0
2029	($374,000)	$2,750,000	$929,000	$372,000	$4,051,000	$3,677,000	($3,096,000)	($466,000)	$115,000	1.0
2030	($385,000)	$2,750,000	$957,000	$372,000	$4,079,000	$3,694,000	($3,096,000)	($480,000)	$118,000	1.0
2031	($397,000)	$2,750,000	$986,000	$372,000	$4,108,000	$3,711,000	($3,096,000)	($494,000)	$121,000	1.0
2032	($409,000)	$2,750,000	$1,016,000	$372,000	$4,138,000	$3,729,000	($3,096,000)	($509,000)	$124,000	1.0
2033	($421,000)	$2,750,000	$1,046,000	$372,000	$4,168,000	$3,747,000	($3,096,000)	($524,000)	$127,000	1.0
2034	($434,000)	$2,750,000	$1,077,000	$372,000	$4,199,000	$3,765,000	($3,096,000)	($540,000)	$129,000	1.0
2035	($447,000)	$2,750,000	$1,109,000	$372,000	$4,231,000	$3,784,000	($3,096,000)	($556,000)	$132,000	1.0
2036	($460,000)	$2,750,000	$1,142,000	$372,000	$4,264,000	$3,804,000	($3,096,000)	($573,000)	$135,000	1.0
2037	($474,000)	$2,750,000	$1,176,000	$372,000	$4,298,000	$3,824,000	($3,096,000)	($590,000)	$138,000	1.0
Total	($9,560,000)	$82,500,000	$23,757,000	$11,160,000	$117,417,000	$107,857,000	($92,880,000)	($11,914,000)	$3,063,000	1.0
NPV [5]	($4,122,000)	$39,968,000	$10,247,000	$5,407,000	$55,621,000	$51,499,000	($44,996,000)	($5,139,000)	$1,364,000	1.0

SOURCES:	Amount	Percent
Student Fees - $250 annual increase	$38,125,000	55.0%
UVM Incremental Annual Income	$10,979,000	15.9%
Ticket Surcharge - $1.50	$5,157,000	7.4%
Capital Gifts	$15,000,000	21.7%
TOTAL SOURCES	**$69,261,000**	**100.0%**
USES:		
Construction	$60,000,000	86.6%
Operating Losses	$4,122,000	6.0%
Capital Reserve	$5,139,000	7.4%
TOTAL USES	**$69,261,000**	**100.0%**

(1) Estimated to grow 3 percent per year.
(2) Student enrollment and fee assumptions are assumed constant throughout the analysis.
(3) Incremental income generated to UVM via incremental tickets sales, donor seating and other arena revenues.
(4) Debt service payment based on financing $45 million ($60 million less $15 million in capital fundraising) over 30 years at a 5.5 percent interest rate.
(5) Net present value calculation assumes a 5.5 percent discount rate.

Given the magnitude of project costs, it is likely that an increase in UVM student fees may likely be required in order to privately fund the project. Under this example, funding is assumed to come from $40 million in student fees from a $250 an increase in annual student fees, $10.9 million in University capital funding raising, $6.1 million from incremental net revenues expected to be generated to the UVM Athletics Department and $3 million from a $1.00 ticket surcharge on all ticketed events hosted at the arena. Under this example, debt coverage would be 1.0.