MEMORANDUM

TO: FINANCE AND ADMINISTRATION COMMITTEE
VICTOR CARDENAS, CITY MANAGER

FROM: JEFF MUCK, PRCS DIRECTOR

SUBJECT: ICE ARENA REVENUE

DATE: JANUARY 16, 2026

Suburban Sports Group has provided the attached additional information on revenue projections and alternate sources.

Also of note for the Committee's discussion, Suburban Sports Group is incentivized to maximize profits through their contract which states:

It is the common goal of MANAGEMENT FIRM and the CITY that the facility is operated so as to generate sufficient funds to pay all direct expenses and all required debt service payments. To encourage the generation of funds and in order for MANAGEMENT FIRM shall be paid 25% percent of the annual growth in operating income from fiscal year to fiscal year, the minimum operating income must be equal to or greater than $425,000 each year of the agreement.

Attached is their contract approval and motion sheet from April 2025 for reference.

c:

TO: Jeff Muck, Director
Parks, Recreation & Cultural Services
City of Novi

FROM: Tom Anastos
Suburban Sports Group

DATE: January 15, 2026

RE: Novi Ice Arena Revenue Performance

The following is a summary of revenue performance (based on FYE 2024-25) and my general analysis:

REVENUES	2024-25	% Rev.
Ice Rental & Leagues	1,292,082	58%
Figure Skating	300,603	13%
Learn to Skate	297,724	13%
Drop-in/Public Skating	120,923	5%
Concession Sales (Net of COGS)	42,664	2%
Pro Shop Rental	14,500	1%
Skate Rental	31,214	1%
Room Rentals/Parties	10,119	0%
Advertising	5,338	0%
Cell Tower Rental	127,395	6%
TOTAL	2,242,562	

As you know, since we took on management of the Novi Ice Arena back in 1999 after its challenging start, we have been guided by the city to operate the facility in a manner that would be "financially responsible" (cover operating expenses and debt service) as it is an "enterprise" entity while servicing the interests of the community and patrons. As such, we have built budgets, set pricing and have juggled the interests of various customer-interests to achieve those objectives to date.

The key drivers to successful ice arena operations include diverse offerings, including a vibrant amateur hockey program (youth, adult and high school), figure skating and

recreational skating programs, striving to maximize utilization and meet the challenges presented by the seasonality of the business. All other ancillary revenues such as concession sales, pro shop and skate rental, etc are really driven by participation levels in the programs noted above, as well as overall utilization.

From purely a revenue prospective, the $2,242,000 overall net revenues is very much in line with other well-performing two-sheet ice arenas (and I would estimate near the top in the market). Programmatically, our Learn to Skate program is the largest in the State and among the largest in the country. Our adult hockey league operates at or near capacity annually and our figure skating related revenues are also very strong.

In assessing potential opportunities for revenue growth we can consider the following:

Ice rental rates – generally, we have maintained rates higher than other municipally-owned facilities in the market, yet 10-15% lower than the highest rates in the market (mostly privately held facilities who also have property tax obligations that the municipal facilities do not).

Novi Youth Hockey Association (NYHA)/Youth Hockey -- as has been discussed and shared in recent times, the NYHA has historically been the principal user group in the facility, yet the NYHA's program has reduced in size significantly from years past. I believe that their structural business model in today's marketplace is antiquated and has not adapted to the demands of current market conditions and consumer interests in order to grow their program. As such, this season we implemented a plan that we presented to both City officials and the NYHA in January 2024 – and it's gaining traction. It has started to show the signs of growth that we projected, however we are in the very early stages of implementation. I believe that growth will occur but will take time to manifest over the next 3+ years.

Events – we host a number of youth hockey tournaments throughout the year which play an important role in both revenue generation, facility utilization as well as provide general economic impact to the local community. We have become a primary location for many tournament operators, including hockey's national governing body, USA Hockey, being one of their host sites (along with their own facility in Plymouth) of their annual 15-only boys National Championships each year. Other than their own Plymouth-based facility, the Novi

Ice Arena is the only facility in the country to host one of USA Hockey's National Tournaments every year. Adding more tournament events is challenging because of its impact on reducing ice blocks from the core user groups (and results in more of a displacement of ice rather than new sales). We will continue to focus on trying to add events in the spring and or summer season where possible.

Seasonality: Spring/Summer – While it's a very challenging task, we continue to focus on growing activity levels during the spring and summer seasons. The strong figure skating program utilizes a lot of ice during this time which makes daytime opportunities limited. We are reassessing ways to potentially reconstruct some of this time to see if we can find ways to increase utilization, even if marginally. We will also be adding a summer high school league this year which will be a very nice addition.

New Concept Considerations

There have been a number of ancillary concepts studied in recent times, which include:

Bar/Restaurant

Without consideration as to whether a bar/restaurant would make any sense in the ice arena (compatibility/alignment with program offerings, etc.) – we assessed it strictly from a financial viability perspective. First – space would need to be built out (basic framing enclosure with plumbing and electrical access) to be positioned to attract a 3rd party operator. Cost estimates to do so and locate in the center of the viewing lobby space (which is the most feasible) was in the $70,000 -- $80,000 range for approximately 1,700 square feet of space. If we were able to attract a reputable and interested party, typical market rental rates in a property like the ice arena would fall somewhere between $6-$12 per s.f. – which would yield at the high end $20,400 per year in rent. This is less than what we do at our current concession stand. Keeping both open and operating at the same time would not be feasible.

Advertising/Naming Rights

Currently we sell limited signage opportunities, primarily dasherboard signage. The net yield off such sales based on market interest and rates is not significant and its growth potential may range in an additional $5,000-$8,000 at capacity.

Naming rights of the building could be a consideration. Given that we aren't experts in this specific area, consulting with a sponsorship/marketing group that specializes in such valuations would be our recommended course of action. My best-guest estimate is a building naming rights deal could result in $40,000-$50,000 annually (less 3rd party sales commissions).

Room Rentals

Since the inception of the facility (prior to Suburban taking on the management of the facility), the Novi High School hockey team, Northville High School hockey team and Figure Skating Club of Novi utilize dedicated locker rooms for their respective groups at no charge. In other arenas we own and operate, similar type rooms are rented at rental rates between $6,000-$8,000 per season. In addition, the NYHA and skating club utilize dedicated office space at no charge as well. Rental rates for those two spaces would likely be at a minimal level.

Dry Floor Events/Activities

The arena was built with two sand floors under the ice surfaces which does not allow for use in the event we take the ice out to host dry floor activities. As such, either new concrete floors would need to be added or portable flooring would need to be purchased (which presents a whole new set of issues, including storage, increases in labor, etc.). In our opinion, these options are not economically feasible to attract enough event activity to overcome the costs of conversion and the loss of ice utilization during the summer time period.

Let me know if you have any questions.
Thank you.

CITY OF NOVI CITY COUNCIL
APRIL 7, 2025

SUBJECT: Approval of a three (3) year contract with two mutually agreed upon one (1) year renewal options with Suburban Arena Management, LLC for the management for the Novi Ice Arena, commencing on July 1, 2025.

SUBMITTING DEPARTMENT: Parks, Recreation & Cultural Services

KEY HIGHLIGHTS:

- The City of Novi's management (consulting) contract with Suburban Ice is set to expire on June 30, 2025. For the past twenty-five years (25), Suburban Ice has successfully operated a high quality, customer service-oriented facility, offering a comprehensive range of ice skating and hockey programs.
- Under Suburban's management, the arena has consistently met its debt service obligations and established a capital replacement reserve fund.
- Given Suburban Ice's strong track record, staff recommends that the City Council approve a renewal of the management agreement. In previous contract cycles, the City issued Requests for Proposals (RFPs); however, in both 2020 and 2015, Suburban Ice was the only firm to submit a proposal.
- The City Council Consultant Review Committee unanimously recommended renewal of the agreement at their March 24, 2025 meeting.

BACKGROUND INFORMATION:

The Novi Ice Arena is a 75,000 square foot facility with two 85 x 200 sheets of ice. The Ice Arena is operated as part of the City's Ice Arena Fund (an Enterprise Fund). It was originally funded through revenue bonds, which are repaid using rental income from ice sales. As a self-sustaining facility, the arena must generate sufficient revenue to cover operational costs, including debt service payments.

The City of Novi's management (consulting) contract with Suburban Ice is set to expire on June 30, 2025. For the past twenty-five years, Suburban Ice has successfully operated a high quality, customer service-oriented facility, offering a comprehensive range of ice skating and hockey programs. Under Suburban's management, the arena has consistently met its debt service obligations and established a capital replacement reserve fund.

Given Suburban Ice's strong track record, staff recommends City Council approve a renewal of the management agreement for three years, with the option for two additional one-year extensions. In previous contract cycles, the City issued Requests for Proposals (RFPs); however, in both 2020 and 2015, Suburban Ice was the only firm to submit a proposal.

Suburban Ice has submitted the following base management fee for the renewal period:

Year 1 (2025-26) – $138,000
Year 2 (2026-27) – $138,000
Year 3 (2027-28) – $145,520
Year 4 (2028-29) – $145,520
Year 5 (2029-30) – $149,260

Proposed Shared Incentive Schedule
In addition, a Shared Incentive Schedule is also proposed:

It is the common goal of MANAGEMENT FIRM and the CITY that the facility is operated so as to generate sufficient funds to pay all direct expenses and all required debt service payments.

To encourage the generation of funds and in order for MANAGEMENT FIRM shall be paid 25% percent of the annual growth in operating income from fiscal year to fiscal year, the minimum operating income must be equal to or greater than $425,000 each year of the agreement.

A significant change in the renewal agreement is a reduction of the Shared Incentive threshold from $750,000 to $425,000. Over the past four years, Suburban Ice has not received additional reimbursement under the existing threshold. Under the proposed $425,000 threshold, the last time Suburban Ice would have qualified was Fiscal Year 2019.

Attached in this packet are:

- Ice Arena Management Agreement Memorandum – J. Muck
- Rosati, Schultz, Joppich, & Amtsbuechler PC Review Letter
- Ice Arena Management Agreement (Clean copy)
- Ice Arena Management Agreement (Redline copy)

RECOMMENDED ACTION: Approval of a three (3) year contract with two mutually agreed upon one (1) year renewal options with Suburban Arena Management, LLC for the management for the Novi Ice Arena, commencing on July 1, 2025.

MEMORANDUM

TO: CITY COUNCIL CONSULTANT REVIEW COMMITTEE

FROM: JEFF MUCK, PRCS DIRECTOR

CC: VICTOR CARDENAS, CITY MANAGER

SUBJECT: ICE ARENA MANAGEMENT AGREEMENT

DATE: FEBRUARY 20, 2025

The Novi Ice Arena is a 75,000 square foot facility with two 85 x 200 sheets of ice. The Ice Arena operates as part of the City's Ice Arena Fund (an Enterprise Fund). It was originally funded through revenue bonds, which are repaid using rental income from ice sales. As a **self-sustaining** facility, the arena must generate sufficient revenue to cover operational costs, including debt service payments.

The City of Novi's management (consulting) contract with Suburban Ice is set to expire on June 30, 2025. For the past twenty-five years, Suburban Ice has successfully operated a high quality, customer service-oriented facility, offering a comprehensive range of ice skating and hockey programs. Under Suburban's management, the arena has consistently met its **debt service obligations** and established a **capital replacement reserve fund**.

Given Suburban Ice's strong track record, **staff recommends that the City Council approve a renewal of the management agreement** for **three years**, with the option for **two additional one-year extensions**. In previous contract cycles, the City issued **Requests for Proposals (RFPs)**; however, in both **2020 and 2015**, Suburban Ice was the **only firm to submit a proposal**.

Financial Overview

Below is a 10-year history of financial statistics the Consultant Review Committee requested:

As of	06/30/2015	06/30/2016	06/30/2017	06/30/2018	06/30/2019	06/30/2020	06/30/2021	06/30/2022	06/30/2023	06/30/2024
Management contract fees	108,797	108,797	113,149	117,675	122,382	122,382	122,376	122,376	122,376	142,128
NETINCOME	695,870.67	789,165.77	796,597.45	657,038.24	646,445.07	266,826.24	76,755.59	266,253.21	131,280.13	206,123.09
Capital Expenses	214,968	87,617	281,473	8,411	34,379	130,204	13,401	39,715	471,665	135,297

Suburban Ice has submitted the following base management fee for the renewal period:

Year 1 (2025-26) – $138,000
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Proposed Shared Incentive Schedule

In addition, a Shared Incentive Schedule is also proposed:

It is the common goal of MANAGEMENT FIRM and the CITY that the facility is operated so as to generate sufficient funds to pay all direct expenses and all required debt service payments.

To encourage the generation of funds and in order for MANAGEMENT FIRM shall be paid 25% percent of the annual growth in operating income from fiscal year to fiscal year, the minimum operating income must be equal to or greater than $425,000 each year of the agreement.

A **significant change** in the renewal agreement is a **reduction of the Shared Incentive threshold from $750,000 to $425,000**. Over the past **four years**, Suburban Ice **has not received additional reimbursement** under the existing threshold. Under the **proposed $425,000 threshold**, the last time Suburban Ice would have qualified was **Fiscal Year 2019**.

Next Steps

If the Consultant Review Committee recommends renewing the agreement with Suburban Ice, staff will bring forward a motion at an upcoming City Council meeting to approve a new three-year agreement starting July 1, 2025 through June 30, 2028, with two optional one-year extensions.

A **redlined version** of the updated agreement has been prepared by the **City Attorney's Office** and is attached for review.

JOELLEN SHORTLEY
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Farmington Hills, Michigan 48331
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rsjalaw.com

ROSATI | SCHULTZ
JOPPICH | AMTSBUECHLER

January 14, 2025

Jeffrey Muck, CPRP, Director
Parks, Recreation & Cultural Services
City of Novi
45175 Ten Mile Rd
Novi, MI 48375

Via email: jmuck@cityofnovi.org

RE: Agreement with Suburban Arena Management, LLC ("Suburban")

Dear Mr. Muck:

You asked us to review the changes proposed by Suburban to a new Agreement extending their management services for the Novi Ice Area through June 30, 2028. After several months of negotiation, we have finalized the terms with Suburban and do not have any legal concerns with the Agreement.

The primary changes to the Agreement from the current Agreement, were extending the term, clarification of the reasons the City can terminate the Agreement and of great importance to Suburban, adding the right for Suburban to receive notice from the City if the City receives an offer to sell or lease the Ice Arena.

Very truly yours,

ROSATI SCHULTZ JOPPICH
& AMTSBUECHLER PC

Joellen Shortley

Joellen Shortley

cc: Thomas Schultz, City Attorney

ICE ARENA MANAGEMENT AGREEMENT

This Ice Arena Management Agreement, ("Agreement") by and between the CITY OF NOVI, a Michigan Municipal Corporation having its address at 45175 Ten Mile Road, Novi, Michigan 48375 ("CITY"), and Suburban Arena Management, LLC, having its address at 23995 Freeway Park Drive, Farmington Hills, MI 48335 ("MANAGEMENT FIRM"). The Agreement will be effective on the date both parties sign it.

WHEREAS the CITY is the owner of the Novi Ice Arena, located at 42400 Nick Lidstrom Drive; and

WHEREAS MANAGEMENT FIRM is engaged in the business of managing ice arena facilities; and

WHEREAS the CITY and MANAGEMENT FIRM desire to contract with each other, to provide for the management of Novi Ice Arena

IT IS, THEREFORE agreed by and between the parties hereto, for and in consideration of the mutual covenants, as follows:

1. Facility and Program Management Responsibilities. MANAGEMENT FIRM shall provide business administration and management services to operate the Novi Ice Arena in an economically sound manner, consistent with the best interests of the CITY, and MANAGEMENT FIRM will have full authority to do so, to the extent authorized under this Agreement. The facility includes the arena, parking lots, grounds, pro shop, concessions, meeting rooms and related spaces.

a) MANAGEMENT FIRM will hire and supervise all operating personnel, including janitorial, instructional, building and ice maintenance, secretarial, clerical and bookkeepers. All employees hired by MANAGEMENT FIRM shall be employees of MANAGEMENT FIRM and not employees of the City of Novi. MANAGEMENT FIRM shall be reimbursed for the wages, taxes and fringe benefits for employees at the arena, including the General Manager. Employees of MANAGEMENT FIRM may work at other facilities operated by

MANAGEMENT FIRM, provided that the CITY shall provide reimbursement solely for time that is related to the Novi Ice Arena.

b) MANAGEMENT FIRM shall prepare maintenance and operations programs and supervise day-to-day and long-term maintenance of the facility and grounds.

c) MANAGEMENT FIRM shall lease ice time and space within the facility, including the operations of the pro shop, and concession areas. MANAGEMENT FIRM shall represent the CITY in efforts to negotiate contracts with major ice users and long-term tenants, shall supervise the rental of miscellaneous ice time to casual users as well as to outside operators of tournaments or instruction programs. MANAGEMENT FIRM shall have the authority to sell advertising at the facility or enter into sponsorship agreements on behalf of the CITY, subject to any existing contracts and obligations. All arena operations shall be in compliance with Internal Revenue Service Revenue Procedure 97-13.

d) MANAGEMENT FIRM will organize and supervise programs to utilize ice time of the facilities for the benefit of the community. Such programs may include summer day camp instructional programs, adult hockey leagues, general instructional programs, and on ice or off ice social, recreational or educational programs.

e) MANAGEMENT FIRM shall assist in the development, operation, and promotion of Novi Youth Hockey and Skating Club of Novi.

f) MANAGEMENT FIRM shall supervise the maintenance of financial and business record keeping and reporting systems adequate and appropriate for management and oversight of the operations of the facility.

g) MANAGEMENT FIRM shall attend meetings at the request of the CITY, upon reasonable notice of the same.

h) MANAGEMENT FIRM may enter into contracts in its own name as necessary in the management and operation of the arena. Contracts as to which the CITY is a party must be approved by the Novi City Council. The City Council hereby grants the

authority to execute agreements for the rental of ice time at rental rates consistent with the approved annual budget.

2. Financial Reporting and Money Management. MANAGEMENT FIRM will establish timely and accurate accounting and reporting procedures, acceptable to the CITY, for receipt and disbursement of all funds. All funds so received will be deposited daily into a bank account in the name of MANAGEMENT FIRM and from such deposits, based on pre-approved budget, MANAGEMENT FIRM will be authorized to disburse funds for payment of appropriate expenses of the operation. The bank account shall have one designated MANAGEMENT FIRM employee authorized to sign checks. The CITY, through the appropriate person(s), shall also be added as an additional signatory to the bank account. MANAGEMENT FIRM may retain not more than $1,000.00 in petty cash at the arena. It shall be the duty and responsibility of MANAGEMENT FIRM, not later than one hundred twenty (120) days prior to the commencement of each fiscal year, to submit to the CITY for approval, a proposed operating budget for the facility, setting forth all estimated receipts and disbursements relating to the facility for the ensuing fiscal year, or in the case of the first proposed budget, for the balance of the current year. The budget shall include the establishment of a reserve account for current and future capital expenses. The operating budget as approved in writing by the CITY is hereinafter referred to as the "approved budget". Except as otherwise provided in this Agreement, MANAGEMENT FIRM shall incur no expenses in connection with the Ice Arena facility that are not provided for in the approved budget. In the event that a submitted budget is rejected by the CITY, MANAGEMENT FIRM shall operate under the last approved budget on an item-by-item basis until a revised budget is approved in writing by the CITY.

The CITY shall provide sufficient working capital for the arena so that expenses can be paid pending receipt of initial revenues and is otherwise necessary during the term of this Agreement. MANAGEMENT FIRM shall give the CITY at least five (5) days' notice if additional funding is needed from the CITY to meet the expenses of operating the Arena. MANAGEMENT

FIRM shall not be obligated to make any advance to or for the account of the CITY, nor to pay any sums except out of funds in the Operating Account, nor shall MANAGEMENT FIRM be obligated to incur any liability or obligation on behalf of the CITY without the assurance that the necessary funds for the payment thereof will be promptly provided by the CITY as required for payment.

If and when revenues exceed direct expenses, the capital reserve and debt service payments, the CITY shall determine the extent to which surpluses shall be accumulated for future expenses and/or debt services, and the extent to which such surpluses shall be returned to the CITY for purposes of investment and shall be held in a capital replacement and reserve account. This determination shall be made as a part of the CITY'S annual budget approval process.

In the event of certain emergencies threatening the health or safety of the public or employees, or to protect the City's investment in the building or equipment, MANAGEMENT FIRM shall be authorized to make emergency appropriations without prior approvals in amounts not to exceed five thousand dollars ($5,000). Subsequent approval of such expenditures by the CITY will have the effect of renewing MANAGEMENT FIRM'S authority to make additional such emergency appropriations.

a) MANAGEMENT FIRM shall keep books, accounts and records that reflect all revenues, and all expenditures incurred in connection with the management and operation of the facility. The books, accounts and records shall be maintained at the Ice arena, or at MANAGEMENT FIRM'S company offices in Farmington Hills, Michigan. MANAGEMENT FIRM shall, during regular business hours, make the books, accounts and records required to be maintained here under available to the CITY or the representatives of the CITY FOR examination and audit by appointment of no less than one (1) days' prior notice. All such audits shall be at the expense of the CITY.

b) MANAGEMENT FIRM shall furnish to the CITY, a detailed statement of all revenues and expenditures. The monthly financial statement shall be submitted

within fifteen (15) days after the close of the month. In addition, MANAGEMENT FIRM shall furnish the original copy of all invoices, statements, purchase orders and billings received and paid during a given fiscal year, as well as such other information relating to the operation or management of the Ice Arena, within sixty (60) days of the ending of such fiscal year.

c) Within sixty (60) days after each fiscal year ending June 30, MANAGEMENT FIRM shall prepare and deliver to the CITY a detailed statement of revenues received and expenditures incurred and paid during the calendar year, which results from operations of the facility. Within thirty (30) days, following the expiration or termination of this agreement, MANAGEMENT FIRM shall deliver to the CITY all books, accounts and records pertaining to the property. MANAGEMENT FIRM may retain copies of such records.

d) MANAGEMENT FIRM shall provide a fidelity bond in an amount not less than $200,000 in favor of and for the protection of the CITY. Said fidelity bond shall be issued by a Michigan licensed and admitted property and casualty insurance company and subject to the approval of the CITY. Said fidelity bond shall be maintained in full force and effect throughout the term of this Management Agreement and shall be in effect prior to the first day of the receipt of any funds by MANAGEMENT FIRM on behalf of the CITY. The cost of the fidelity bond shall be deemed a reimbursable expense for operating the arena.

3. Liability Insurance. MANAGEMENT FIRM will assume the total cost of providing its own liability insurance coverage, in a form and amount detailed in Attachment A to this Agreement, to operate the Ice Arena during the life of this Agreement.

4. Compensation for Facility & Program Management. MANAGEMENT FIRM shall be compensated pursuant to the annual budget approved by the CITY and referenced in Section 2, Paragraph 2, for facility and program management activities set forth above, as follows:

a) Base Annual Management Fees: The CITY shall compensate MANAGEMENT FIRM a base monthly management fee of **Eleven Thousand Five Hundred Dollars ($11,500.00)** for the first and second (2025-26 and 2026-27) years of this Agreement and **Twelve Thousand One Hundred Twenty-six and 67/100 Dollars ($12,126.67) the third year of this Agreement.** Any partial month shall be paid pro-rated.

b) Shared Incentive Schedule: It is the common goal of MANAGEMENT FIRM and the CITY that the facility is operated to generate sufficient funds to pay all direct expenses and all required debt service payments. To encourage the generation of funds and in order for MANAGEMENT FIRM to be paid 5% percent of the annual operating income from the fiscal year over $450,000 (by way of example: FYE operating income ends at $490,000. $490,000 less $450,000 = $40,000 over threshold x 5% = $2,000), Operating Income Defined as:

-All Proceeds (excluding the cell tower lease, grants, City programs and interest earnings)

-Less: All Operating Expenses (including certain maintenance items that may be capitalized pursuant to the City's policy, and not including depreciation, amortization and debt service) = Operating Income

5. Agreement Term, Escalation and Termination. The term of this Agreement shall be three (3) years, commencing on July 1, 2025, and ending on June 30, 2028. The CITY will have the option to renew the Agreement for two (2) additional years in one (1) year increments. If the CITY chooses to renew the Agreement for option year one, the CITY shall pay the MANAGEMENT FIRM **Twelve Thousand One Hundred Twenty-six and 67/100 Dollars ($12,126.67) per month ($145,520.00 per year). If the CITY chooses to renew the Agreement for a second year it shall pay MANAGEMENT FIRM Twelve Thousand Four Hundred Thirty-eight and 33/100 dollars per month ($149,260.00 per year).** Nothing contained in this Agreement shall be

construed to require the payment of a penalty or require cause for this Agreement to be terminated by the CITY. The CITY shall have the option to terminate this Agreement for one or more of the following reasons:

a) **Failure to Make Revenue Projection:** This Agreement may be canceled at any time after June 30, 2026, and after advance written notice, for cause or failure to generate sufficient revenues from operations to meet debt service requirements for a given fiscal year. Such cause shall occur when the revenues from the past fiscal year were not sufficient to pay 1) all direct expenses, and 2) all required debt service payments.

The CITY shall provide ninety (90) days advance written notice of intent to terminate this Agreement. MANAGEMENT FIRM shall have this ninety (90) days "cure period" to remedy any performance deficiencies. If deficiencies are not cured within said period, then unless the parties agree otherwise, the Agreement shall terminate.

b) **Option to Terminate/Sale, Lease or Closure:** In the event that the CITY determines to sell, lease or close the arena, the CITY shall have the option to terminate this Agreement without cause. To exercise this option, the CITY shall, to the extent possible, provide not less than one hundred eighty (180) days advance written notice that it has decided to sell, lease or close the arena, where such sale lease or closing will occur at least 180 days prior to the end of the third year of this Agreement. If the City receives an offer to purchase the arena it will provide timely notice to MANAGEMENT FIRM.

c) **Material Breach:** This Agreement may be terminated at any time by either party without termination fee or penalty, if the other party commits a material breach of its obligations under the Agreement, provided that the party seeking to so terminate gives the other party notice and the opportunity to cure as set forth in paragraph

5(a), above. If the material breach constitutes malfeasance or misfeasance, the CITY shall not be obligated to provide an opportunity to cure. For purposes of this Agreement, malfeasance means: evil doing; ill conduct; the commission of some act which is positively unlawful; the doing of an act which is wholly wrongful and unlawful; the doing of an act which the person ought not to do at all or the unjust performance of some act which the party had no right or which he had contracted not to do. It includes any wrongful conduct that affects, interrupts or interferes with the performance of duties under this Agreement.

duties. For purposes of this Agreement misfeasance means the improper performance of some act, which the party may lawfully do.

d) Mutual termination: This Agreement may be terminated at any time without termination fee, penalty or liquidated damages if the parties so mutually agree.

e) Termination for Convenience: After the third year of the Agreement, either Party may terminate the Agreement for convenience upon providing 180 days advanced written notice.

6. Governing Law. All actions under this Agreement shall be governed by, subject to, and construed according to the laws of the State of Michigan. Each party agrees, consents and submits to the personal jurisdiction of any competent court in Oakland County, Michigan, for any action brought against it arising out of this Agreement; agrees that service of process at the address and in the manner specified below will be sufficient; agrees that it will not commence any action against the other party hereto, because of any matter whatsoever arising out of or relating to the validity, construction, interpretation and enforcement of this Agreement, in any courts other than those of Oakland County, State of Michigan.

7. Assignment Successors and Assigns. This Agreement may not be assigned by either party except with the advance written permission of the other party. The parties hereto this Agreement, respectively, bind themselves, their partners, successors, permitted assigns

and legal representatives to the other party to this Agreement and to the partners, successors permitted assigns and legal representative of such other party with respect to all terms, covenants and provisions of this Agreement.

8. Indemnification. MANAGEMENT FIRM shall indemnify and hold CITY and its elected and appointed officials, employees and agents harmless from and against any and all claims, losses, costs, charges, assessments, liabilities, damages and interest, as well as legal fees arising out of or in connection with negligence, gross negligence or willful misconduct on the part of MANAGEMENT FIRM or any of its employees, agents, or contractors.

To the extent MANAGEMENT FIRM owes a duty to indemnify the CITY, as provided above, there shall be a corresponding duty to defend any action or suit instituted pertaining to such occurrence. To the extent applicable, the defense of governmental immunity shall be asserted on behalf of MANAGEMENT FIRM, as well as the CITY.

MANAGEMENT FIRM shall reimburse the CITY within thirty (30) days of written demand for any payment made or indebtedness incurred by the other with respect to any liability; obligation or claim covered by the foregoing indemnification provisions.

9. City's Representative. The Parks, Recreation and Cultural Services Director has been appointed as the City's Representative to deal with MANAGEMENT FIRM with respect to the rights and obligations of the parties under this Agreement. CITY may designate a new City's Representative at any time upon notice to MANAGEMENT FIRM. Except as otherwise stated in this Agreement, the City Representative shall be MANAGEMENT FIRM'S contact person at the CITY for purposes of fulfilling its obligations under this Agreement, including the resolution of day-to-day operational issues. In this connection, unless otherwise specifically advised by the CITY, MANAGEMENT FIRM shall make all reports to City's Representative and shall have the right to rely upon communications received from the City's Representative with regard to the arena.

10. Identification of Manager. MANAGEMENT FIRM may identify itself as the Manager of the Arena, and may include its company logo, in all promotional literature, letterhead, business cards, advertisements, etc., that are prepared or distributed regarding the arena.

11. Promotion Within Arena. For each ice surface in the arena, MANAGEMENT FIRM may use two (2) pairs of dasher boards to identify itself.

12. Cooperation by City of Novi Parks, Recreation and Cultural Services Department. The City of Novi Parks, Recreation and Cultural Services Department shall include information about Novi Ice Arena programs in its promotional materials, at no cost to arena or MANAGEMENT FIRM, to the extent that such space is available.

13. Disclaimers. CITY acknowledges and agrees that MANAGEMENT FIRM currently does, and during the term of this Agreement may simultaneously perform services of the type specified under this Agreement for other persons and parties and shall be disclosed to owner.

City further acknowledges and agrees that MANAGEMENT FIRM or an affiliated entity operates Suburban Ice, located at 23996 Freeway Park Drive, Farmington Hills, Michigan 48335.

City further acknowledges and agrees that MANAGEMENT FIRM may rent ice time at the arena to companies that are affiliated with MANAGEMENT FIRM, including, but not limited to, Suburban Hockey Club and Suburban Hockey Schools, but the fees paid by these related entities must be the same fees charged by the arena to third parties, and such companies shall not receive preferential treatment for scheduling and reserving ice time.

14. Irrevocability and Severability. In the event that one or more provisions of this Agreement, or any instrument or other document delivered pursuant to this Agreement or the application thereof to any person or circumstance shall to any extent be invalid or unenforceable, or shall jeopardize the tax exempt status of the bonds utilized to finance the establishment of the facility, the validity, legality and enforceability of the remainder of this Agreement, or the application of such provision to persons or circumstances other than those as to which it is invalid

or unenforceable shall not be affected or impaired thereby, and each provision of this Agreement shall be valid and enforceable to the fullest extent permitted by law.

15. Entire Agreement. The terms and conditions as contained herein are the entire agreement between the parties. Neither party has made any representations except those expressly set forth herein, and no rights or remedies are or shall be acquired by either party by implication or otherwise unless expressly set forth herein.

16. No Waiver. No failure of either party to insist upon strict performance of any term, covenant or provision of this Agreement, or to exercise any right, term or remedy consequent upon a breach thereof, shall constitute a waiver of any such breach or of such term, covenant or provision. No waiver of any breach shall affect or alter this Agreement, but each and every term, covenant or provision of this Agreement shall continue in full force and effect with respect to any other then-existing or subsequent breach thereof.

17. Notice. Notice, consents, approvals, requests and other communications required or permitted under this Agreement, shall be given in writing and mailed by registered or certified first class mail, return receipt requested, addressed as follows:

To the CITY:	City of Novi Jeffrey A. Muck Director of Parks, Recreation and Cultural Services 45175 Ten Mile Road Novi, MI 48375
If to MANAGEMENT FIRM:	Lyle Phair Executive Director Suburban Arena Management, LLC 23995 Freeway Park Drive Farmington Hills, MI 48335

18. Time Given. All notices shall be deemed given on the day of mailing. Either Party to this Agreement may change its address for the receipt of Notices at any time by giving notices thereof to the other by delivery of such notice as specified above.

19. Amendments. The parties may from time to time consider it in their best interest to change, modify or extend a term, condition or covenant of this Agreement. Any such change, addition, deletion, extension or modification, which is mutually agreed upon by and between the parties, shall be incorporated in written form ("amendment"), and no such amendment shall be binding upon the parties unless it expressly makes reference to this Agreement and is signed by authorized representatives of both parties.

Agreement made the date written above by and between the parties:

Suburban Arena Management, an LLC

_____ Date:_____
By:
Its_____

City of Novi

_____ Date:_____
By: Justin Fischer, Mayor

CITY OF NOVI
INSURANCE REQUIREMENTS
ATTACHMENT A

1. The MANAGEMENT FIRM shall maintain at its expense during the term of this Agreement, the following insurance:

   a. **Worker's Compensation** insurance with the Michigan statutory limits and Employer's Liability insurance with minimum limits of $100,000 (One Hundred Thousand Dollars) each accident.

   b. **Commercial General Liability Insurance -** The MANAGEMENT FIRM shall procure and maintain during the life of this Agreement, Commercial General Liability Insurance, Personal Injury, Bodily Injury and Property Damage on an "Occurrence Basis" with limits of liability not less than **$1,000,000** (One Million Dollars) per occurrence combined single limit.

   c. **Automobile liability** insurance covering all owned, hired and non-owned vehicles with Personal Protection insurance to comply with the provisions of the Michigan No Fault Insurance Law including Residual Liability insurance with minimum bodily injury limits of **$1,000,000** (One Million Dollars) each person and $1,000,000 (One Million Dollars) each occurrence and minimum property damage limits of **$1,000,000** (One Million Dollars) each occurrence.

2. All policies shall name the MANAGEMENT FIRM as the insured and shall be accompanied by a commitment from the insurer that such policies shall not be canceled or reduced without at least thirty (30) days prior notice date to the City; alternately, MANAGEMENT FIRM may agree to provide notice of such cancellation or reduction.

3. The City of Novi shall be named as Additional Insured for General Liability and Auto Liability. Certificates of Insurance evidencing such coverage shall be submitted to City of Novi, Purchasing Department, 45175 Ten Mile Road, Novi, Michigan 48375-3024 prior to commencement of performance under this Agreement and at least fifteen (15) days prior to the expiration dates of expiring policies. A current certificate of insurance must be on file with the City for the duration of the Agreement. Said coverage shall be primary coverage rather than any policies and insurance self-insurance retention owned or maintained by the City. Policies shall be issued by insurers who endorse the policies to reflect that, in the event of payment of any loss or damages, subrogation rights under those Agreement documents will be waived by the insurer with respect to claims against the City.

4. The MANAGEMENT FIRM shall be responsible for payment of all deductibles contained in any insurance required hereunder.

5. If, during the term of this Agreement, changed conditions or other pertinent factors should in the reasonable judgment of the City render inadequate insurance limits, the MANAGEMENT FIRM will furnish on demand such additional coverage as may reasonably be required under the circumstances. All such insurance shall be effected at the MANAGEMENT FIRM's expense, under valid and enforceable policies issued by the insurers of recognized responsibility which are well-rated by national rating organizations and are acceptable to the City.

6. If any work is sublet in connection with this Agreement, the MANAGEMENT FIRM shall require each subcontractor to effect and maintain at least the same types and limits of insurance as fixed for the MANAGEMENT FIRM.

7. The provisions requiring the MANAGEMENT FIRM to carry said insurance shall not be construed in any manner as waiving or restricting the liability of the MANAGEMENT FIRM under this Agreement.

8. The City has the authority to vary from the specified limits as deemed necessary.

ADDITIONAL REQUIREMENTS
HOLD HARMLESS/INDEMNITY

1. The MANAGEMENT FIRM agrees to fully defend, indemnify and hold harmless the City, its City Council, its officers, employees, agents, volunteers and MANAGEMENT FIRMs from any claims, demands, losses, obligations, costs, expenses, verdicts, and settlements (including but not limited to attorney fees and interest) resulting from:

   A. Acts or omissions by the MANAGEMENT FIRM, its agents, employees, servants and MANAGEMENT FIRMs in furtherance of execution of this Agreement, unless resulting from the sole negligence and tort of the City, its officers, employees, agents and MANAGEMENT FIRMs.

   B. Violations of state or federal law involving whether administrative or judicial, arising from the nature and extent of this Agreement.

   C. The MANAGEMENT FIRM agrees to defend the City from and against any and all actions or causes of action, claims, demands or whatsoever kind or nature arising from the operations of the MANAGEMENT FIRM and due to the acts or omissions of the MANAGEMENT FIRM or its agents, including, but not limited to, acts of omissions alleged to be in the nature of gross negligence or willful misconduct. The MANAGEMENT FIRM agrees to reimburse the City for reasonable attorney fees and court costs incurred in the defense of any actions, suits, claims or demands arising from the operations of the MANAGEMENT FIRM under this Agreement due to the above-referenced acts or omissions.

2. The MANAGEMENT FIRM agrees that it is its responsibility and not the responsibility of the City of safeguard the property and materials used in performing this Agreement. Further the MANAGEMENT FIRM agrees to hold the City harmless

for any loss of such property and materials used in pursuant to the MANAGEMENT FIRM's performance under this Agreement.

3. The MANAGEMENT FIRM shall not discriminate against any employee, or applicant for employment because of religion, race, color, national origin, age, sex, height, weight, handicap, ancestry, place of birth, sexual preference or marital status. The MANAGEMENT FIRM further covenants that it will comply with the Civil Rights Act of 1973, as amended; and the Michigan Civil Rights Act of 1976 (78. Stat. 252 and 1976 PA 453) and will require a similar covenant on the part of any consultant or subcontractor employed in the performance of this Agreement.

ICE ARENA MANAGEMENT ~~AGREEMENT~~ AGREEMENT

This Ice Arena Management Agreement, ("Agreement") by and between the CITY OF NOVI, a Michigan Municipal Corporation having its address at 45175 Ten Mile Road, Novi, Michigan 48375 ("CITY"), and Suburban Arena Management, LLC, having its address at 23995 Freeway Park Drive, Farmington Hills, MI 48335 ("MANAGEMENT FIRM"). The Agreement will be effective on the date both parties sign it.

WHEREAS the CITY is the owner of the Novi Ice Arena, located at 42400 Nick Lidstrom Drive; and

WHEREAS MANAGEMENT FIRM is engaged in the business of managing ice arena facilities; and

WHEREAS the CITY and MANAGEMENT FIRM desire to contract with each other, to provide for the management of Novi Ice Arena

IT IS, THEREFORE agreed by and between the parties hereto, for and in consideration of the mutual covenants, as follows:

1. Facility and Program Management Responsibilities. MANAGEMENT FIRM shall provide business administration and management services to operate the Novi Ice Arena in an economically sound manner, consistent with the best interests of the CITY, and MANAGEMENT FIRM will have full authority to do so, to the extent authorized under this Agreement. The facility includes the arena, parking lots, grounds, pro shop, concessions, meeting rooms and related spaces.

a) MANAGEMENT FIRM will hire and supervise all operating personnel, including janitorial, instructional, building and ice maintenance, secretarial, clerical and bookkeepers. All employees hired by MANAGEMENT FIRM shall be employees of MANAGEMENT FIRM and not employees of the City of Novi. MANAGEMENT FIRM shall be reimbursed for the wages, taxes and fringe benefits for employees at the arena, including the General Manager. Employees of MANAGEMENT FIRM may work at other facilities operated by

MANAGEMENT FIRM, provided that the CITY shall provide reimbursement solely for time that is related to the Novi Ice Arena.

b) MANAGEMENT FIRM shall prepare maintenance and operations programs and supervise day-to-day and long-term maintenance of the facility and grounds.

c) MANAGEMENT FIRM shall lease ice time and space within the facility, including the operations of the pro shop, and concession areas. MANAGEMENT FIRM shall represent the CITY in efforts to negotiate contracts with major ice users and long-term tenants, shall supervise the rental of miscellaneous ice time to casual users as well as to outside operators of tournaments or instruction programs. MANAGEMENT FIRM shall have the authority to sell advertising at the facility or enter into sponsorship agreements on behalf of the CITY, subject to any existing contracts and obligations. All arena operations shall be in compliance with Internal Revenue Service Revenue Procedure 97-13.

d) MANAGEMENT FIRM will organize and supervise programs to utilize ice time of the facilities for the benefit of the community. Such programs may include summer day camp instructional programs, adult hockey leagues, general instructional programs, and on ice or off ice social, recreational or educational programs.

e) MANAGEMENT FIRM shall assist in the development, operation, and promotion of Novi Youth Hockey and Skating Club of Novi.

f) MANAGEMENT FIRM shall supervise the maintenance of financial and business record keeping and reporting systems adequate and appropriate for management and oversight of the operations of the facility.

g) MANAGEMENT FIRM shall attend meetings at the request of the CITY, upon reasonable notice of the same.

h) MANAGEMENT FIRM may enter into contracts in its own name as necessary in the management and operation of the arena. Contracts as to which the CITY is a party must be approved by the Novi City Council. The City Council hereby grants the

authority to execute agreements for the rental of ice time at rental rates consistent with the approved annual budget.

2. Financial Reporting and Money Management. MANAGEMENT FIRM will establish timely and accurate accounting and reporting procedures, acceptable to the CITY, for receipt and disbursement of all funds. All funds so received will be deposited daily into a bank account in the name of MANAGEMENT FIRM and from such deposits, based on pre-approved budget, MANAGEMENT FIRM will be authorized to disburse funds for payment of appropriate expenses of the operation. The bank account shall have one designated MANAGEMENT FIRM employee authorized to sign checks. The CITY, through the appropriate person(s), shall also be added as an additional signatory to the bank account. MANAGEMENT FIRM may retain not more than $1,000.00 in petty cash at the arena. It shall be the duty and responsibility of MANAGEMENT FIRM, not later than one hundred twenty (120) days prior to the commencement of each fiscal year, to submit to the CITY for approval, a proposed operating budget for the facility, setting forth all estimated receipts and disbursements relating to the facility for the ensuing fiscal year, or in the case of the first proposed budget, for the balance of the current year. The budget shall include the establishment of a reserve account for current and future capital expenses. The operating budget as approved in writing by the CITY is hereinafter referred to as the "approved budget". Except as otherwise provided in this Agreement, MANAGEMENT FIRM shall incur no expenses in connection with the Ice Arena facility that are not provided for in the approved budget. In the event that a submitted budget is rejected by the CITY, MANAGEMENT FIRM shall operate under the last approved budget on an item-by-item basis until a revised budget is approved in writing by the CITY.

The CITY shall provide sufficient working capital for the arena so that expenses can be paid pending receipt of initial revenues and is otherwise necessary during the term of this Agreement. MANAGEMENT FIRM shall give the CITY at least five (5) days' notice if additional funding is needed from the CITY to meet the expenses of operating the Arena. MANAGEMENT

FIRM shall not be obligated to make any advance to or for the account of the CITY, nor to pay any sums except out of funds in the Operating Account, nor shall MANAGEMENT FIRM be obligated to incur any liability or obligation on behalf of the CITY without the assurance that the necessary funds for the payment thereof will be promptly provided by the CITY as required for payment.

If and when revenues exceed direct expenses, the capital reserve and debt service payments, the CITY shall determine the extent to which surpluses shall be accumulated for future expenses and/or debt services, and the extent to which such surpluses shall be returned to the CITY for purposes of investment and shall be held in a capital replacement and reserve account. This determination shall be made as a part of the CITY'S annual budget approval process.

In the event of certain emergencies threatening the health or safety of the public or employees, or to protect the City's investment in the building or equipment, MANAGEMENT FIRM shall be authorized to make emergency appropriations without prior approvals in amounts not to exceed five thousand dollars ($5,000). Subsequent approval of such expenditures by the CITY will have the effect of renewing MANAGEMENT FIRM'S authority to make additional such emergency appropriations.

a) MANAGEMENT FIRM shall keep books, accounts and records that reflect all revenues, and all expenditures incurred in connection with the management and operation of the facility. The books, accounts and records shall be maintained at the Ice arena, or at MANAGEMENT FIRM'S company offices in Farmington Hills, Michigan. MANAGEMENT FIRM shall, during regular business hours, make the books, accounts and records required to be maintained here under available to the CITY or the representatives of the CITY FOR examination and audit by appointment of no less than one (1) days' prior notice. All such audits shall be at the expense of the CITY.

b) MANAGEMENT FIRM shall furnish to the CITY, a detailed statement of all revenues and expenditures. The monthly financial statement shall be submitted within fifteen (15) days

after the close of the month. In addition, MANAGEMENT FIRM shall furnish the original copy of all invoices, statements, purchase orders and billings received and paid during a given fiscal year, as well as such other information relating to the operation or management of the Ice Arena, within sixty (60) days of the ending of such fiscal year.

c) Within sixty (60) days after each fiscal year ending June 30, MANAGEMENT FIRM shall prepare and deliver to the CITY a detailed statement of revenues received and expenditures incurred and paid during the calendar year, which results from operations of the facility. Within thirty (30) days, following the expiration or termination of this agreement, MANAGEMENT FIRM shall deliver to the CITY all books, accounts and records pertaining to the property. MANAGEMENT FIRM may retain copies of such records.

d) MANAGEMENT FIRM shall provide a fidelity bond in an amount not less than $200,000 in favor of and for the protection of the CITY. Said fidelity bond shall be issued by a Michigan licensed and admitted property and casualty insurance company and subject to the approval of the CITY. Said fidelity bond shall be maintained in full force and effect throughout the term of this Management Agreement and shall be in effect prior to the first day of the receipt of any funds by MANAGEMENT FIRM on behalf of the CITY. The cost of the fidelity bond shall be deemed a reimbursable expense for operating the arena.

3. Liability Insurance. MANAGEMENT FIRM will assume the total cost of providing its own liability insurance coverage, in a form and amount detailed in Attachment A to this Agreement, to operate the Ice Arena during the life of this Agreement.

4. Compensation for Facility & Program Management. MANAGEMENT FIRM shall be compensated pursuant to the annual budget approved by the CITY and referenced in Section 2, Paragraph 2, for facility and program management activities set forth above, as follows:

a) Base Annual Management Fees: The CITY shall compensate MANAGEMENT FIRM a base monthly management fee of ~~Ten Thousand One Hundred Ninety Eight Dollars ($10,198.00)~~ **Eleven Thousand Five Hundred Dollars**

($11,500.00) for the first and second (2025-26 and 2026-27) years of this Agreement~~.~~ and **Twelve Thousand One Hundred Twenty-six and 67/100 Dollars ($12,126.67) the third year of this Agreement.** Any partial month shall be paid pro-rated.

b) Shared Incentive Schedule: It is the common goal of MANAGEMENT FIRM and the CITY that the facility is operated to generate sufficient funds to pay all direct expenses and all required debt service payments. To encourage the generation of funds and in order for MANAGEMENT FIRM to be paid ~~2~~5% percent of the annual ~~growth in~~ operating income from ~~fiscal year to~~ the fiscal year over $450,000 (by way of example: FYE operating income ends at $490,000. $490,000 less $450,000 = $40,000 over threshold x 5% = $2,000)~~., the minimum operating income must be equal to or greater than $750,000 each year of the Agreement.~~

Operating Income Defined as:

-All Proceeds (excluding the cell tower lease, grants, City programs and interest earnings)

-Less: All Operating Expenses (including certain maintenance items that may be capitalized pursuant to the City's policy, and not including depreciation, amortization and debt service) = Operating Income

5. Agreement Term, Escalation and Termination. The term of this Agreement shall be three (3) years, commencing on July 1, 2025 and ending on June 30, 2028. The CITY will have the option to renew the Agreement for two (2) additional years in one (1) year increments. If the CITY chooses to renew the Agreement for option year one, the CITY shall pay the MANAGEMENT FIRM **Twelve Thousand One Hundred Twenty-six and 67/100 Dollars ($12,126.67) per month ($145,520.00 per year). If the CITY chooses to renew the Agreement for a second year it shall pay MANAGEMENT FIRM Twelve Thousand Four Hundred Thirty-eight and 33/100 dollars per month ($149,260.00 per year).** Nothing contained in this Agreement shall be

construed to require the payment of a penalty or require cause for this Agreement to be terminated by the CITY. The CITY shall have the option to terminate this Agreement for one or more of the following reasons:

a). **Failure to Make Revenue Projection:** This Agreement may be canceled at any time after June 30, 2026 and after advance written notice, for cause or failure to generate sufficient revenues from operations to meet debt service requirements for a given fiscal year. Such cause shall occur when the revenues from the past fiscal year were not sufficient to pay 1) all direct expenses, and 2) all required debt service payments.

The CITY shall provide ninety (90) days advance written notice of intent to terminate this Agreement. MANAGEMENT FIRM shall have this ninety (90) days "cure period" to remedy any performance deficiencies. If deficiencies are not cured within said period, then unless the parties agree otherwise, the Agreement shall terminate.

b) **Option to Terminate/Sale, Lease or Closure:** In the event that the CITY determines to sell, lease or close the arena, the CITY shall have the option to terminate this Agreement without cause. To exercise this option, the CITY shall, to the extent possible, provide not less than one hundred eighty (180) days advance written notice that it has decided to sell, lease or close the arena, where such sale lease or closing will occur at least 180 days prior to the end of the third year of this Agreement. If the City receives an offer to purchase the arena it will provide timely notice to MANAGEMENT FIRM.

c) **Material Breach:** This Agreement may be terminated at any time by either party without termination fee or penalty, if the other party commits a material breach of its obligations under the Agreement, provided that the party seeking to so terminate gives the other party notice and the opportunity to cure as set forth in paragraph

5(a), above. If the material breach constitutes malfeasance or misfeasance, the CITY shall not be obligated to provide an opportunity to cure. For purposes of this Agreement, malfeasance means: evil doing; ill conduct; the commission of some act which is positively unlawful; the doing of an act which is wholly wrongful and unlawful; the doing of an act which the person ought not to do at all or the unjust performance of some act which the party had no right or which he had contracted not to do. It includes any wrongful conduct that affects, interrupts or interferes with the performance of duties under this Agreement.

duties. For purposes of this Agreement misfeasance means the improper performance of some act, which the party may lawfully do.

d) Mutual termination: This Agreement may be terminated at any time without termination fee, penalty or liquidated damages if the parties so mutually agree.

e) Termination for Convenience: After the third year of the Agreement, either Party may terminate the Agreement for convenience upon providing 180 days advanced written notice.

6. Governing Law. All actions under this Agreement shall be governed by, subject to, and construed according to the laws of the State of Michigan. Each party agrees, consents and submits to the personal jurisdiction of any competent court in Oakland County, Michigan, for any action brought against it arising out of this Agreement; agrees that service of process at the address and in the manner specified below will be sufficient; agrees that it will not commence any action against the other party hereto, because of any matter whatsoever arising out of or relating to the validity, construction, interpretation and enforcement of this Agreement, in any courts other than those of Oakland County, State of Michigan.

7. Assignment Successors and Assigns. This Agreement may not be assigned by either party except with the advance written permission of the other party. The parties hereto this Agreement, respectively, bind themselves, their partners, successors, permitted assigns

and legal representatives to the other party to this Agreement and to the partners, successors permitted assigns and legal representative of such other party with respect to all terms, covenants and provisions of this Agreement.

8. Indemnification. MANAGEMENT FIRM shall indemnify and hold CITY and its elected and appointed officials, employees and agents harmless from and against any and all claims, losses, costs, charges, assessments, liabilities, damages and interest, as well as legal fees arising out of or in connection with negligence, gross negligence or willful misconduct on the part of MANAGEMENT FIRM or any of its employees, agents, or contractors.

To the extent MANAGEMENT FIRM owes a duty to indemnify the CITY, as provided above, there shall be a corresponding duty to defend any action or suit instituted pertaining to such occurrence. To the extent applicable, the defense of governmental immunity shall be asserted on behalf of MANAGEMENT FIRM, as well as the CITY.

MANAGEMENT FIRM shall reimburse the CITY within thirty (30) days of written demand for any payment made or indebtedness incurred by the other with respect to any liability; obligation or claim covered by the foregoing indemnification provisions.

9. City's Representative. The Parks, Recreation and Cultural Services Director has been appointed as the City's Representative to deal with MANAGEMENT FIRM with respect to the rights and obligations of the parties under this Agreement. CITY may designate a new City's Representative at any time upon notice to MANAGEMENT FIRM. Except as otherwise stated in this Agreement, the City Representative shall be MANAGEMENT FIRM'S contact person at the CITY for purposes of fulfilling its obligations under this Agreement, including the resolution of day-to-day operational issues. In this connection, unless otherwise specifically advised by the CITY, MANAGEMENT FIRM shall make all reports to City's Representative and shall have the right to rely upon communications received from the City's Representative with regard to the arena.

10. Identification of Manager. MANAGEMENT FIRM may identify itself as the Manager of the Arena, and may include its company logo, in all promotional literature, letterhead, business cards, advertisements, etc., that are prepared or distributed regarding the arena.

11. Promotion Within Arena. For each ice surface in the arena, MANAGEMENT FIRM may use two (2) pairs of dasher boards to identify itself.

12. Cooperation by City of Novi Parks, Recreation and Cultural Services Department. The City of Novi Parks, Recreation and Cultural Services Department shall include information about Novi Ice Arena programs in its promotional materials, at no cost to arena or MANAGEMENT FIRM, to the extent that such space is available.

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City further acknowledges and agrees that MANAGEMENT FIRM or an affiliated entity operates Suburban Ice, located at 23996 Freeway Park Drive, Farmington Hills, Michigan 48335.

City further acknowledges and agrees that MANAGEMENT FIRM may rent ice time at the arena to companies that are affiliated with MANAGEMENT FIRM, including, but not limited to, Suburban Hockey Club and Suburban Hockey Schools, but the fees paid by these related entities must be the same fees charged by the arena to third parties, and such companies shall not receive preferential treatment for scheduling and reserving ice time.

14. Irrevocability and Severability. In the event that one or more provisions of this Agreement, or any instrument or other document delivered pursuant to this Agreement or the application thereof to any person or circumstance shall to any extent be invalid or unenforceable, or shall jeopardize the tax exempt status of the bonds utilized to finance the establishment of the facility, the validity, legality and enforceability of the remainder of this Agreement, or the application of such provision to persons or circumstances other than those as to which it is invalid

or unenforceable shall not be affected or impaired thereby, and each provision of this Agreement shall be valid and enforceable to the fullest extent permitted by law.

15. Entire Agreement. The terms and conditions as contained herein are the entire agreement between the parties. Neither party has made any representations except those expressly set forth herein, and no rights or remedies are or shall be acquired by either party by implication or otherwise unless expressly set forth herein.

16. No Waiver. No failure of either party to insist upon strict performance of any term, covenant or provision of this Agreement, or to exercise any right, term or remedy consequent upon a breach thereof, shall constitute a waiver of any such breach or of such term, covenant or provision. No waiver of any breach shall affect or alter this Agreement, but each and every term, covenant or provision of this Agreement shall continue in full force and effect with respect to any other then-existing or subsequent breach thereof.

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If to MANAGEMENT FIRM:	Lyle Phair Executive Director Suburban Arena Management, LLC 23995 Freeway Park Drive Farmington Hills, MI 48335

18. Time Given. All notices shall be deemed given on the day of mailing. Either Party to this Agreement may change its address for the receipt of Notices at any time by giving notices thereof to the other by delivery of such notice as specified above.

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Agreement made the date written above by and between the parties:

Suburban Arena Management, an LLC

_____ Date:_____
By:
Its_____

City of Novi

_____ Date:_____
By: Justin Fischer, Mayor

CITY OF NOVI
INSURANCE REQUIREMENTS
ATTACHMENT A

1. The MANAGEMENT FIRM shall maintain at its expense during the term of this Agreement, the following insurance:

   a. **Worker's Compensation** insurance with the Michigan statutory limits and Employer's Liability insurance with minimum limits of $100,000 (One Hundred Thousand Dollars) each accident.

   b. **Commercial General Liability Insurance -** The MANAGEMENT FIRM shall procure and maintain during the life of this Agreement, Commercial General Liability Insurance, Personal Injury, Bodily Injury and Property Damage on an "Occurrence Basis" with limits of liability not less than **$1,000,000** (One Million Dollars) per occurrence combined single limit.

   c. **Automobile liability** insurance covering all owned, hired and non-owned vehicles with Personal Protection insurance to comply with the provisions of the Michigan No Fault Insurance Law including Residual Liability insurance with minimum bodily injury limits of **$1,000,000** (One Million Dollars) each person and $1,000,000 (One Million Dollars) each occurrence and minimum property damage limits of **$1,000,000** (One Million Dollars) each occurrence.

2. All policies shall name the MANAGEMENT FIRM as the insured and shall be accompanied by a commitment from the insurer that such policies shall not be canceled or reduced without at least thirty (30) days prior notice date to the City; alternately, MANAGEMENT FIRM may agree to provide notice of such cancellation or reduction.

3. The City of Novi shall be named as Additional Insured for General Liability and Auto Liability. Certificates of Insurance evidencing such coverage shall be submitted to City of Novi, Purchasing Department, 45175 Ten Mile Road, Novi, Michigan 48375-3024 prior to commencement of performance under this Agreement and at least fifteen (15) days prior to the expiration dates of expiring policies. A current certificate of insurance must be on file with the City for the duration of the Agreement. Said coverage shall be primary coverage rather than any policies and insurance self-insurance retention owned or maintained by the City. Policies shall be issued by insurers who endorse the policies to reflect that, in the event of payment of any loss or damages, subrogation rights under those Agreement documents will be waived by the insurer with respect to claims against the City.

4. The MANAGEMENT FIRM shall be responsible for payment of all deductibles contained in any insurance required hereunder.

5. If, during the term of this Agreement, changed conditions or other pertinent factors should in the reasonable judgment of the City render inadequate insurance limits, the MANAGEMENT FIRM will furnish on demand such additional coverage as may reasonably be required under the circumstances. All such insurance shall be effected at the MANAGEMENT FIRM's expense, under valid and enforceable policies issued by the insurers of recognized responsibility which are well-rated by national rating organizations and are acceptable to the City.

6. If any work is sublet in connection with this Agreement, the MANAGEMENT FIRM shall require each subcontractor to effect and maintain at least the same types and limits of insurance as fixed for the MANAGEMENT FIRM.

7. The provisions requiring the MANAGEMENT FIRM to carry said insurance shall not be construed in any manner as waiving or restricting the liability of the MANAGEMENT FIRM under this Agreement.

8. The City has the authority to vary from the specified limits as deemed necessary.

ADDITIONAL REQUIREMENTS
HOLD HARMLESS/INDEMNITY

1. The MANAGEMENT FIRM agrees to fully defend, indemnify and hold harmless the City, its City Council, its officers, employees, agents, volunteers and MANAGEMENT FIRMs from any claims, demands, losses, obligations, costs, expenses, verdicts, and settlements (including but not limited to attorney fees and interest) resulting from:

   A. Acts or omissions by the MANAGEMENT FIRM, its agents, employees, servants and MANAGEMENT FIRMs in furtherance of execution of this Agreement, unless resulting from the sole negligence and tort of the City, its officers, employees, agents and MANAGEMENT FIRMs.

   B. Violations of state or federal law involving whether administrative or judicial, arising from the nature and extent of this Agreement.

   C. The MANAGEMENT FIRM agrees to defend the City from and against any and all actions or causes of action, claims, demands or whatsoever kind or nature arising from the operations of the MANAGEMENT FIRM and due to the acts or omissions of the MANAGEMENT FIRM or its agents, including, but not limited to, acts of omissions alleged to be in the nature of gross negligence or willful misconduct. The MANAGEMENT FIRM agrees to reimburse the City for reasonable attorney fees and court costs incurred in the defense of any actions, suits, claims or demands arising from the operations of the MANAGEMENT FIRM under this Agreement due to the above-referenced acts or omissions.

2. The MANAGEMENT FIRM agrees that it is its responsibility and not the responsibility of the City of safeguard the property and materials used in performing this Agreement. Further the MANAGEMENT FIRM agrees to hold the City harmless

for any loss of such property and materials used in pursuant to the MANAGEMENT FIRM's performance under this Agreement.

3. The MANAGEMENT FIRM shall not discriminate against any employee, or applicant for employment because of religion, race, color, national origin, age, sex, height, weight, handicap, ancestry, place of birth, sexual preference or marital status. The MANAGEMENT FIRM further covenants that it will comply with the Civil Rights Act of 1973, as amended; and the Michigan Civil Rights Act of 1976 (78. Stat. 252 and 1976 PA 453) and will require a similar covenant on the part of any consultant or subcontractor employed in the performance of this Agreement.

Integra Realty Resources
Detroit

Appraisal of Going Concern

Novi Ice Arena
Ice Sports Arena Property
42400 Nick Lidstrom Dr.
Novi, Oakland County, Michigan 48375

Prepared For:
City of Novi

Effective Date of the Appraisal:
August 15, 2025

Report Format:
Appraisal Report

IRR - Detroit
File Number: 142-2025-1030



Subject Photographs





Novi Ice Arena
42400 Nick Lidstrom Dr.
Novi, Michigan

Aerial Photograph



Integra Realty Resources
Detroit

400 West Maple Road
Suite 100
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August 26, 2025

Victor Cardenas
City Manager
City of Novi
45175 W. Ten Mile Road
Novi, MI 48375

SUBJECT: Market Value Appraisal
Novi Ice Arena
42400 Nick Lidstrom Dr.
Novi, Oakland County, Michigan 48375
Client Reference:
IRR - Detroit File No. 142-2025-1030

Dear Mr. Cardenas:

Integra Realty Resources – Detroit is pleased to submit the accompanying appraisal of the referenced property. The purpose of the appraisal is to develop an opinion of the going concern value of the fee simple interest in the property. The client for the assignment is City of Novi, and the intended use is for property disposition purposes.

The subject is an existing ice sports arena property containing approximately 77,000 square feet of gross building area, including a 14,000 SF mezzanine area. The improvements were constructed in 1998 on a site estimated at approximately 7 acres.

The appraisal is intended to conform with the Uniform Standards of Professional Appraisal Practice (USPAP), the Code of Professional Ethics and Standards of Professional Appraisal Practice of the Appraisal Institute, applicable state appraisal regulations, and the appraisal guidelines of City of Novi. The appraisal is also prepared in accordance with the appraisal regulations issued in connection with the Financial Institutions Reform, Recovery and Enforcement Act (FIRREA).

To report the assignment results, we use the Appraisal Report option of Standards Rule 2-2(a) of USPAP. As USPAP gives appraisers the flexibility to vary the level of information in an Appraisal Report depending on the intended use and intended users of the appraisal, we adhere to the Integra Realty Resources internal standards for an Appraisal Report.

Based on the valuation analysis in the accompanying report, and subject to the definitions, assumptions, and limiting conditions expressed in the report, our opinion of value is as follows:

Value Conclusion

Appraisal Premise	Interest Appraised	Date of Value	Value Conclusion
Going Concern Value	Fee Simple	August 15, 2025	$3,600,000

Extraordinary Assumptions and Hypothetical Conditions

The value conclusions are subject to the following extraordinary assumptions that may affect the assignment results. An extraordinary assumption is uncertain information accepted as fact. If the assumption is found to be false as of the effective date of the appraisal, we reserve the right to modify our value conclusions.

1. The valuation assumes an easement access from Nick Lidstrom Drive

The value conclusions are based on the following hypothetical conditions that may affect the assignment results. A hypothetical condition is a condition contrary to known fact on the effective date of the appraisal but is supposed for the purpose of analysis.

1. The site area is estimated at approximately 7 acres, in the location indicated in the report exhibits.

The value conclusion(s) in this report consider the impact of COVID-19 on the subject property. If you have any questions or comments, please contact the undersigned. Thank you for the opportunity to be of service.

Respectfully submitted,

Integra Realty Resources - Detroit





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State Certified General Real Estate Appraiser
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A. Appraiser Qualifications
B. Financials and Property Information
C. Comparable Data
Improved Sales

Summary of Salient Facts and Conclusions

Property Name	Novi Ice Arena	
Address	42400 Nick Lidstrom Dr. Novi, Oakland County, Michigan 48375	
Property Type	Ice Sports Arena - Skating Rink	
Owner of Record	City of Novi	
Tax ID	22-26-101-018 (part of)	
Land Area	7.00 acres; 304,920 SF	
Gross Building Area	76,707 SF	
Rentable Area	76,707 SF	
Year Built	1998	
Zoning Designation	I-1, Light Industrial	
Highest and Best Use - As if Vacant	Industrial use	
Highest and Best Use - As Improved	Privately owned ice arena use	
Exposure Time; Marketing Period	12 months; 12 months	
Effective Date of the Appraisal	August 15, 2025	
Date of the Report	August 26, 2025	
Property Interest Appraised	Fee Simple	
Market Value Indications		
Cost Approach	Not Used	
Sales Comparison Approach	$5,000,000	
Income Capitalization Approach	$3,400,000	Per SF
Market Value Conclusion	$3,600,000	$46.93

The values reported above are subject to the definitions, assumptions, and limiting conditions set forth in the accompanying report of which this summary is a part. No party other than City of Novi may use or rely on the information, opinions, and conclusions contained in the report. It is assumed that the users of the report have read the entire report, including all of the definitions, assumptions, and limiting conditions contained therein.

Strengths, Weaknesses, Opportunities, Threats (SWOT Analysis)

Strengths

- The subject is a multi-sheet ice sports arena that has a strong historic performance record
- The subject has been well maintained over time, has good curb appeal, and represents one of the newest public ice rink facilities in Michigan
- The subject is located on a site (hypothetical) of sufficient size to support the improvements and associated parking needs, and includes a 2± acre parking lot
- The subject is a well-managed property, with strong attention to detail and growing income
- Recent capital expenditures include replacement of the roof cover, a large air handling unit, and new refrigeration control system.

Weaknesses

- The property is somewhat removed from area freeways and has no main road exposure
- The parking lot is original, and will require some replacements in the near term
- The subject has been operated as a municipal arena, which are generally known to have reduced rates, as they are viewed a community amenity, thus do not focus on profit.

Opportunities

- The southeast Michigan market is one of the hockey strongholds in the United States, and Detroit is commonly known as “Hockeytown”, thus the future of the facility is promising
- A large number of hockey teams continue to rent ice at the subject, and it includes a large figure skating program, providing positive cash flow, which could be expanded
- Some of the marginal rinks in the market area may have to permanently close down, providing additional clientele to be distributed amongst the healthy facilities
- The subject is a municipal arena, with a current prime ice rate of $340 per hour, which is below that of other competing private facilities, allowing for some upside in revenue

Threats

- Economic declines overall typically lead to reduced sports participation levels, and hockey and figure skating are more expensive than most other youth sports

General Information

Identification of Subject

The subject is an existing ice sports arena property containing approximately 77,000 square feet of gross building area, including a 14,000 SF mezzanine area. The improvements were constructed in 1998 on a site estimated at approximately 7 acres.

Property Identification	
Property Name	Novi Ice Arena
Address	42400 Nick Lidstrom Dr. Novi, Michigan 48375
Tax ID	22-26-101-018 (part of)
Owner of Record	City of Novi

Sale History

The subject has been under the same ownership since original construction. To the best of our knowledge, no sale or transfer of ownership has taken place within a three-year period prior to the effective appraisal date.

Pending Transactions

To the best of our knowledge, the property is not subject to an agreement of sale or an option to buy, nor is it listed for sale, as of the effective appraisal date.

Purpose of the Appraisal

The purpose of the appraisal is to develop an opinion of the going concern value of the fee simple interest in the property as of the effective date of the appraisal, August 15, 2025. The date of the report is August 26, 2025. The appraisal is valid only as of the stated effective date or dates.

Prior Services

USPAP requires appraisers to disclose to the client any other services they have provided in connection with the subject property in the prior three years, including valuation, consulting, property management, brokerage, or any other services. We have not performed any services, as an appraiser or in any other capacity, regarding the property that is the subject of this report within the three-year period immediately preceding acceptance of this assignment.

Definition of Market Value

Market value is defined as:

"The most probable price which a property should bring in a competitive and open market under all conditions requisite to a fair sale, the buyer and seller each acting prudently and knowledgeably, and assuming the price is not affected by undue stimulus. Implicit in this definition is the consummation of a sale as of a specified date and the passing of title from seller to buyer under conditions whereby:

- Buyer and seller are typically motivated;
- Both parties are well informed or well advised, and acting in what they consider their own best interests;
- A reasonable time is allowed for exposure in the open market;
- Payment is made in terms of cash in U.S. dollars or in terms of financial arrangements comparable thereto; and
- The price represents the normal consideration for the property sold unaffected by special or creative financing or sales concessions granted by anyone associated with the sale."

(Source: Code of Federal Regulations, Title 12, Chapter I, Part 34.42[g]; also Interagency Appraisal and Evaluation Guidelines, Federal Register, 75 FR 77449, December 10, 2010, page 77472)

Definition of Going-Concern

A going concern is an established and operating business with an indefinite future life. For certain types of property (e.g., hotels and motels, restaurants, bowling alleys, golf courses, marinas, skating rinks, athletic clubs, landfills, etc.), the physical real property assets are integral parts of an on-going business.

(The Appraisal of Real Estate, 14th Edition, The Appraisal Institute, Chicago, Illinois, U.S., 2013, page 63)

Definition of Property Rights Appraised

Fee simple estate is defined as, "Absolute ownership unencumbered by any other interest or estate, subject only to the limitations imposed by the governmental powers of taxation, eminent domain, police power, and escheat."

Source: Appraisal Institute, *The Dictionary of Real Estate Appraisal*, 6th ed. (Chicago: Appraisal Institute, 2015)

While there are rented spaces, all leases but one have one year or less to run; there are licenses for locker rooms, however, these are conditioned upon seasonal ice rental contracts, thus are not strictly enforceable leases.

Leased fee interest is defined as, “A freehold (ownership interest) where the possessory interest has been granted to another party by creation of a contractual landlord-tenant relationship (i.e., a lease).”

Lease is defined as: “A contract in which rights to use and occupy land or structures are transferred by the owner to another for a specified period of time in return for a specified rent.”

(Source: The Dictionary of Real Estate Appraisal, Fifth Edition, Appraisal Institute, Chicago, Illinois, 2010)

Intended Use and User

The intended use of the appraisal is for property disposition purposes. The client and intended user is City of Novi. The appraisal is not intended for any other use or user. No party or parties other than City of Novi may use or rely on the information, opinions, and conclusions contained in this report.

Applicable Requirements

This appraisal is intended to conform to the requirements of the following:

- Uniform Standards of Professional Appraisal Practice (USPAP);
- Code of Professional Ethics and Standards of Professional Appraisal Practice of the Appraisal Institute;
- Applicable state appraisal regulations.

Report Format

This report is prepared under the Appraisal Report option of Standards Rule 2-2(a) of USPAP. As USPAP gives appraisers the flexibility to vary the level of information in an Appraisal Report depending on the intended use and intended users of the appraisal, we adhere to the Integra Realty Resources internal standards for an Appraisal Report – Standard Format. This format summarizes the information analyzed, the appraisal methods employed, and the reasoning that supports the analyses, opinions, and conclusions.

Scope of Work

To determine the appropriate scope of work for the assignment, we considered the intended use of the appraisal, the needs of the user, the complexity of the property, and other pertinent factors. Our concluded scope of work is described below.

Valuation Methodology

Appraisers usually consider the use of three approaches to value when developing a market value opinion for real property. These are the cost approach, sales comparison approach, and income capitalization approach. Use of the approaches in this assignment is summarized as follows:

Approaches to Value		
Approach	Applicability to Subject	Use in Assignment
Cost Approach	Not Applicable	Not Utilized
Sales Comparison Approach	Applicable	Utilized
Income Capitalization Approach	Applicable	Utilized

The **income capitalization approach** is the most reliable valuation method for the subject due to the following:

- The probable buyer of the subject would base a purchase price decision primarily on the income generating potential of the property and an anticipated rate of return.
- Sufficient market data regarding income, expenses, and rates of return, is available for analysis.

The **sales comparison approach** is an applicable valuation method because:

- There is an active market for similar properties, and sufficient sales data is available for analysis.
- This approach directly considers the prices of alternative properties having similar utility.

The **cost approach** is not applicable to the assignment considering the following:

- The age of the property would limit the reliability of an accrued depreciation estimate.
- There are limited land transactions in the market area of the subject, making estimates of underlying land value subjective.
- This approach is not typically used by market participants, except for new or nearly new properties.

Research and Analysis

The type and extent of our research and analysis is detailed in individual sections of the report. This includes the steps we took to verify comparable sales, which are disclosed in the comparable sale profile sheets in the addenda to the report. Although we make an effort to confirm the arms-length nature of each sale with a party to the transaction, it is sometimes necessary to rely on secondary verification from sources deemed reliable.

Inspection

H. William Hansen, Jr., MAI, conducted an interior and exterior inspection of the property on August 18, 2025.

Economic Analysis

Oakland County Area Analysis

Oakland County is located in Michigan and is 868 square miles in size and has a population density of 1,465 persons per square mile.

Population

Oakland County has an estimated 2025 population of 1,271,424, which represents little to no change from the 2020 census of 1,274,395. The level population trend in Oakland County is similar to that of the State of Michigan.

Looking forward, Oakland County's population is projected to increase at a 0.1% annual rate from 2025-2030, equivalent to the addition of an average of 1,735 residents per year. Oakland County's growth rate is expected to lag that of Michigan, which is projected to be 0.2%.

Population Trends

	Population			Compound Ann. % Chng	
	2020 Census	2025 Estimate	2030 Projection	2020 - 2025	2025 - 2030
Oakland County	1,274,395	1,271,424	1,280,099	0.0%	0.1%
State of Michigan	10,077,331	10,052,475	10,129,941	0.0%	0.2%

Source: Claritas

Employment

Total employment in Oakland County was estimated at 734,885 jobs as of June 2024. Between year-end 2014 and 2024, employment rose by 29,608 jobs, equivalent to a 4.2% increase over the entire period. There were gains in employment in nine out of the past ten years. Although Oakland County's employment rose over the last decade, it underperformed Michigan, which experienced an increase in employment of 7.8% or 324,864 jobs over this period.

A comparison of unemployment rates is another way of gauging an area’s economic health. Over the past decade, the Oakland County unemployment rate has been consistently lower than that of Michigan, with an average unemployment rate of 4.4% in comparison to a 5.3% rate for Michigan. A lower unemployment rate is a positive indicator.

Recent data shows that the Oakland County unemployment rate is 3.8% in comparison to a 5.0% rate for Michigan, a positive sign for the Oakland County economy but one that must be tempered by the fact that Oakland County has underperformed Michigan in the rate of job growth over the past two years.

Employment Trends

	Total Employment (Year End)				Unemployment Rate (Ann. Avg.)	
Year	Oakland County	% Change	Michigan	% Change	Oakland County	Michigan
2014	705,277		4,155,638		6.4%	7.2%
2015	720,268	2.1%	4,219,861	1.5%	4.7%	5.4%
2016	731,967	1.6%	4,283,497	1.5%	4.1%	5.0%
2017	735,240	0.4%	4,321,713	0.9%	3.5%	4.6%
2018	744,401	1.2%	4,366,147	1.0%	3.4%	4.2%
2019	754,275	1.3%	4,387,708	0.5%	3.4%	4.1%
2020	681,420	-9.7%	3,999,406	-8.8%	9.3%	10.0%
2021	714,072	4.8%	4,251,309	6.3%	4.6%	5.8%
2022	725,078	1.5%	4,353,358	2.4%	3.0%	4.2%
2023	731,030	0.8%	4,409,498	1.3%	2.9%	3.9%
2024*	734,885	0.5%	4,480,502	1.6%	3.6%	4.5%
Overall Change 2014-2024	29,608	4.2%	324,864	7.8%		
Avg Unemp. Rate 2014-2024					4.4%	5.3%
Unemployment Rate - December 2024					3.8%	5.0%

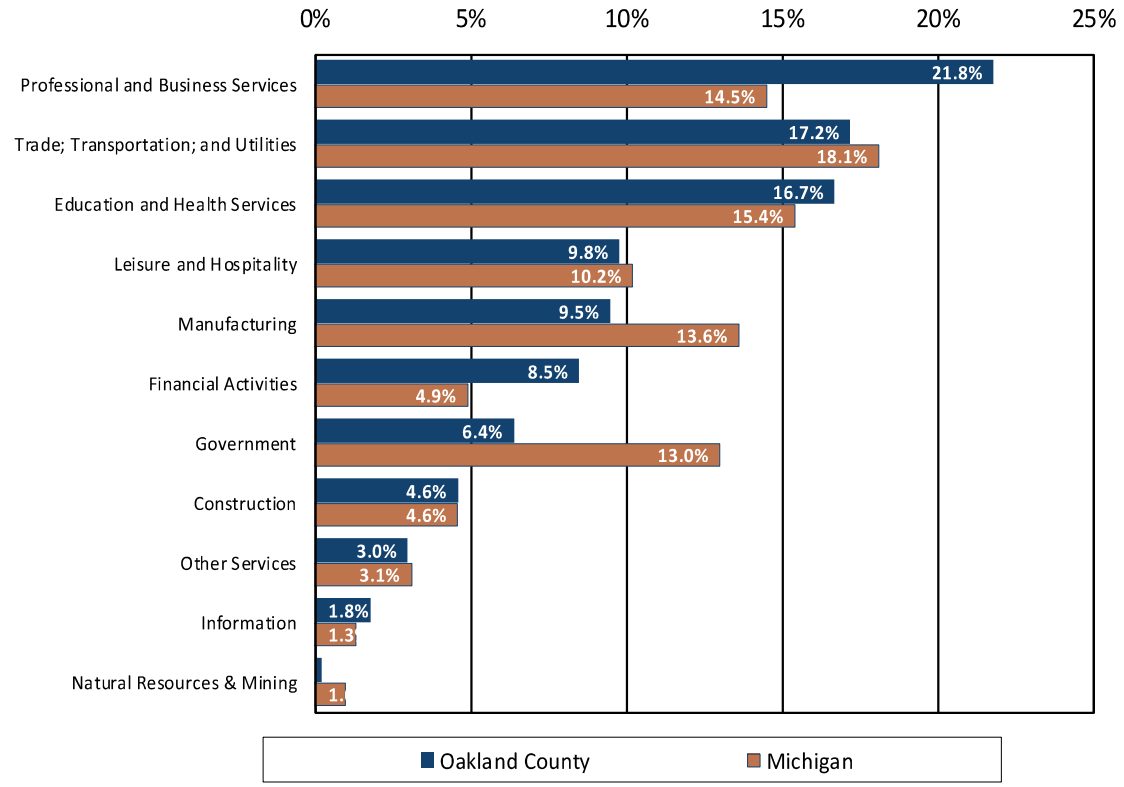
*Total employment data is as of June 2024.

Source: U.S. Bureau of Labor Statistics and Moody's Analytics. Employment figures are from the Quarterly Census of Employment and Wages (QCEW). Unemployment rates are from the Current Population Survey (CPS). The figures are not seasonally adjusted.

Employment Sectors

The composition of the Oakland County job market is depicted in the following chart, along with that of Michigan. Total employment for both areas is broken down by major employment sector, and the sectors are ranked from largest to smallest based on the percentage of Oakland County jobs in each category.

Employment Sectors - 2024



Source: U.S. Bureau of Labor Statistics and Moody's Analytics

Oakland County has greater concentrations than Michigan in the following employment sectors:

1. Professional and Business Services, representing 21.8% of Oakland County payroll employment compared to 14.5% for Michigan as a whole. This sector includes legal, accounting, and engineering firms, as well as management of holding companies.
2. Education and Health Services, representing 16.7% of Oakland County payroll employment compared to 15.4% for Michigan as a whole. This sector includes employment in public and private schools, colleges, hospitals, and social service agencies.
3. Financial Activities, representing 8.5% of Oakland County payroll employment compared to 4.9% for Michigan as a whole. Banking, insurance, and investment firms are included in this sector, as are real estate owners, managers, and brokers.
4. Information, representing 1.8% of Oakland County payroll employment compared to 1.3% for Michigan as a whole. Publishing, broadcasting, data processing, telecommunications, and software publishing are included in this sector.

Oakland County is underrepresented in the following sectors:

1. Trade; Transportation; and Utilities, representing 17.2% of Oakland County payroll employment compared to 18.1% for Michigan as a whole. This sector includes jobs in retail trade, wholesale trade, trucking, warehousing, and electric, gas, and water utilities.
2. Leisure and Hospitality, representing 9.8% of Oakland County payroll employment compared to 10.2% for Michigan as a whole. This sector includes employment in hotels, restaurants, recreation facilities, and arts and cultural institutions.
3. Manufacturing, representing 9.5% of Oakland County payroll employment compared to 13.6% for Michigan as a whole. This sector includes all establishments engaged in the manufacturing of durable and nondurable goods.
4. Government, representing 6.4% of Oakland County payroll employment compared to 13.0% for Michigan as a whole. This sector includes employment in local, state, and federal government agencies.

Major Employers

Major employers in Oakland County are shown in the following table.

Major Employers - Oakland County

	Name	Number of Employees	Industry
1	Corewell Health	13,712	Health Care System
2	Stellantis (formerly FCAUS LLC)	1,462	Automobile Manufacturer
3	General Motors Co.	7,451	Automobile Manufacturer
4	UWM Holdings Corp.	730	Mortgage Lender
5	Henry Ford Health	5,588	Health Care System
6	Ascension Michigan	5,250	Health Care System
7	U.S. Postal Service	4,873	Postal Service
8	Amazon	4,310	E-Commerce, Tech & Telecom
9	Oakland County	3,742	County Government
10	Comerica Bank	3,021	Financial Institution

Source: Crain's Detroit Business, The Book, July 2024

Gross Domestic Product

Gross Domestic Product (GDP) is a measure of economic activity based on the total value of goods and services produced in a defined geographic area, and annual changes in Gross Domestic Product (GDP) are a gauge of economic growth.

Economic growth, as measured by annual changes in GDP, has been slightly higher in Oakland County than Michigan overall during the past decade. Oakland County has grown at a 1.7% average annual rate while the State of Michigan has grown at a 1.6% rate. Oakland County continues to perform better than Michigan. GDP for Oakland County rose by 2.2% in 2023 while Michigan's GDP rose by 1.9%.

Oakland County has a per capita GDP of $90,422, which is 64% greater than Michigan's GDP of $55,220. This means that Oakland County industries and employers are adding relatively more value to the economy than their counterparts in Michigan.

Gross Domestic Product

Year	($,000s) Oakland County	% Change	($,000s) Michigan	% Change
2013	96,781,619	–	472,779,900	–
2014	97,813,071	1.1%	479,534,900	1.4%
2015	100,405,846	2.7%	490,618,700	2.3%
2016	102,272,094	1.9%	500,159,500	1.9%
2017	103,948,141	1.6%	505,101,500	1.0%
2018	106,919,794	2.9%	516,843,000	2.3%
2019	108,730,076	1.7%	521,085,100	0.8%
2020	104,254,094	-4.1%	501,893,800	-3.7%
2021	109,665,412	5.2%	530,380,900	5.7%
2022	112,436,089	2.5%	543,720,900	2.5%
2023	114,874,085	2.2%	554,256,200	1.9%
Compound % Chg (2013-2023)		1.7%		1.6%
GDP Per Capita 2023	$90,422		$55,220	

Source: U.S. Bureau of Economic Analysis and Moody's Analytics; data released December 2024.
The release of state and local GDP data has a longer lag time than national data. The data represents inflation-adjusted "real" GDP stated in 2017 dollars.

Household Income

Oakland County is more affluent than Michigan. Median household income for Oakland County is $93,885, which is 34.8% greater than the corresponding figure for Michigan.

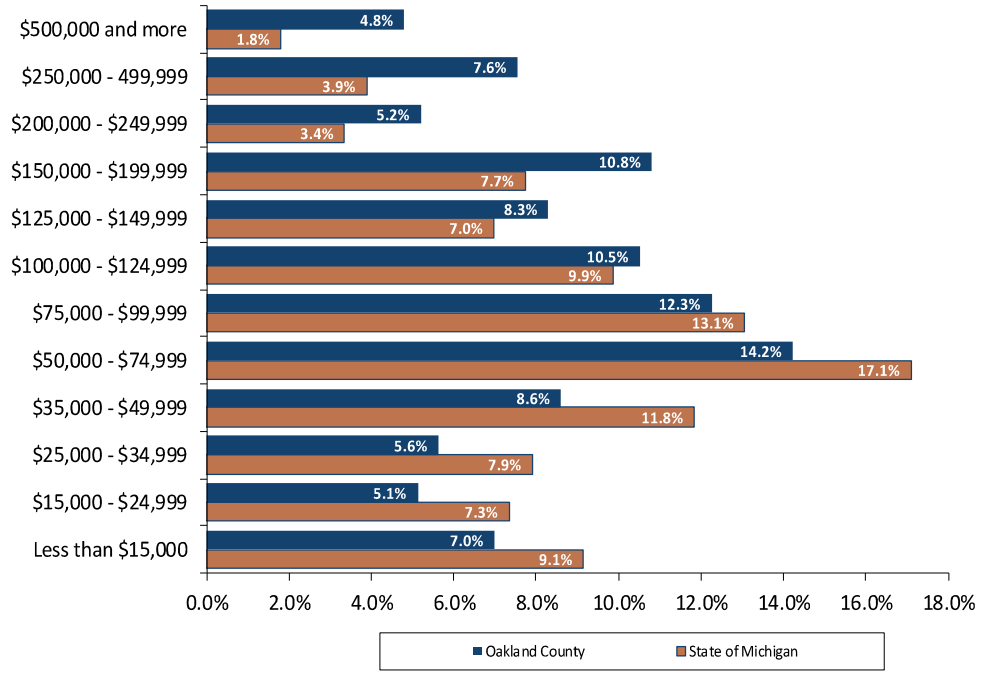
Median Household Income - 2025

	Median
Oakland County	$93,885
State of Michigan	$69,662
Comparison of Oakland County to State of Michigan	+ 34.8%

Source: Claritas

The following chart shows the distribution of households across twelve income levels. Oakland County has a greater concentration of households in the higher income levels than Michigan. Specifically, 28% of Oakland County households are at the $150,000 or greater levels in household income as compared to 17% of Michigan households. A lesser concentration of households is apparent in the lower income levels, as 26% of Oakland County households are below the $50,000 level in household income versus 36% of Michigan households.

Household Income Distribution - 2025

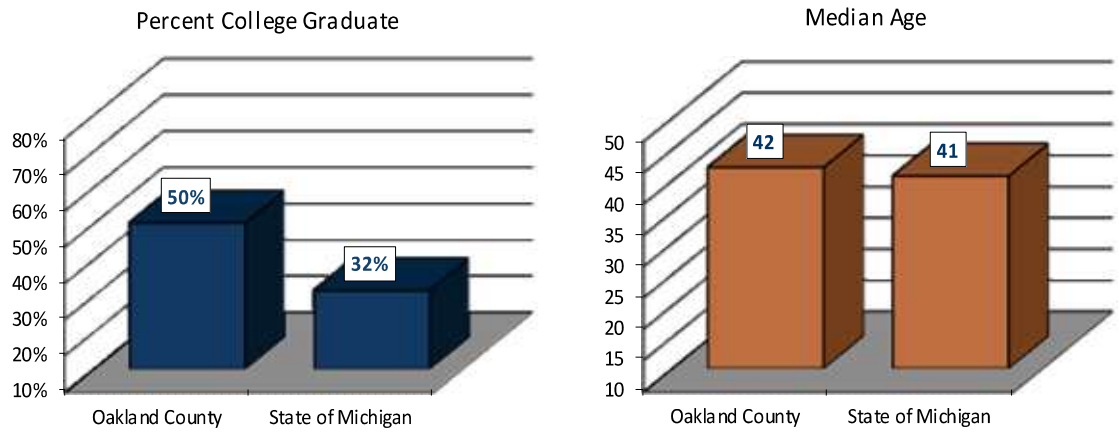


Source: Claritas

Education and Age

Residents of Oakland County have a higher level of educational attainment than those of Michigan. An estimated 50% of Oakland County residents are college graduates with four-year degrees, versus 32% of Michigan residents. People in Oakland County are slightly older than their Michigan counterparts. The median age for Oakland County is 42 years, while the median age for Michigan is 41 years.

Education & Age - 2025

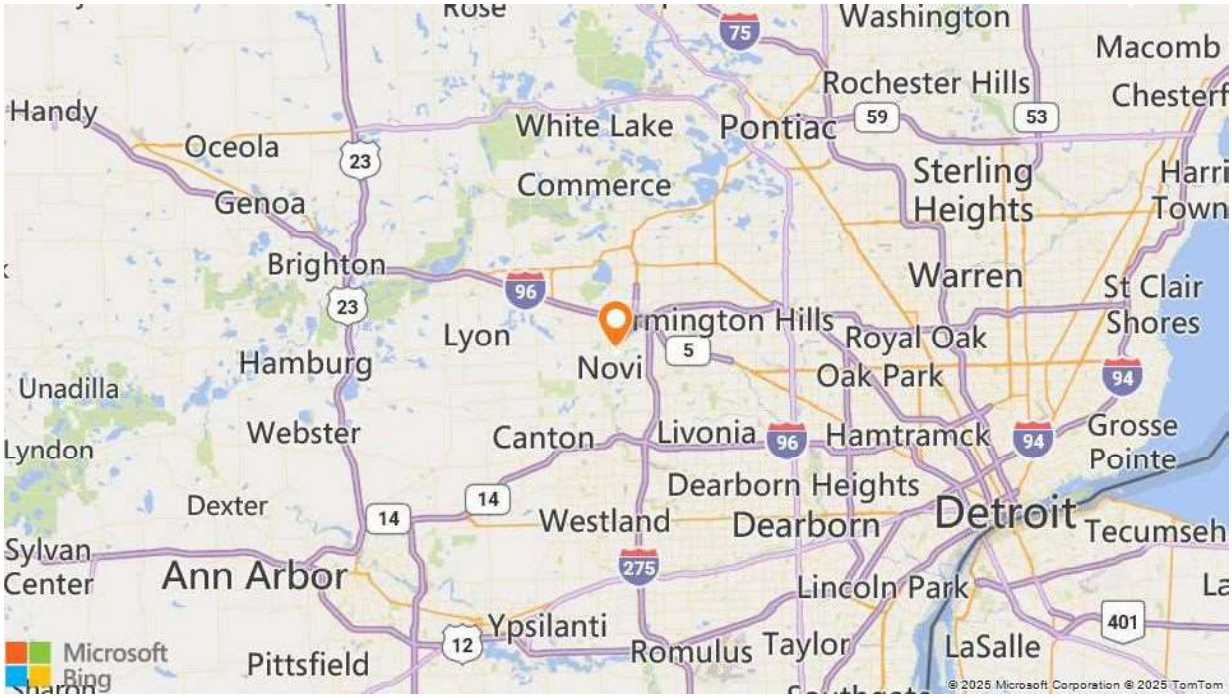


Source: Claritas

Conclusion

The Oakland County economy will benefit from a stable to slightly growing population base and higher income and education levels. Oakland County experienced growth in the number of jobs and has maintained a consistently lower unemployment rate than Michigan over the past decade. It is anticipated that the Oakland County economy will improve and employment will grow, strengthening the demand for real estate.

Area Map

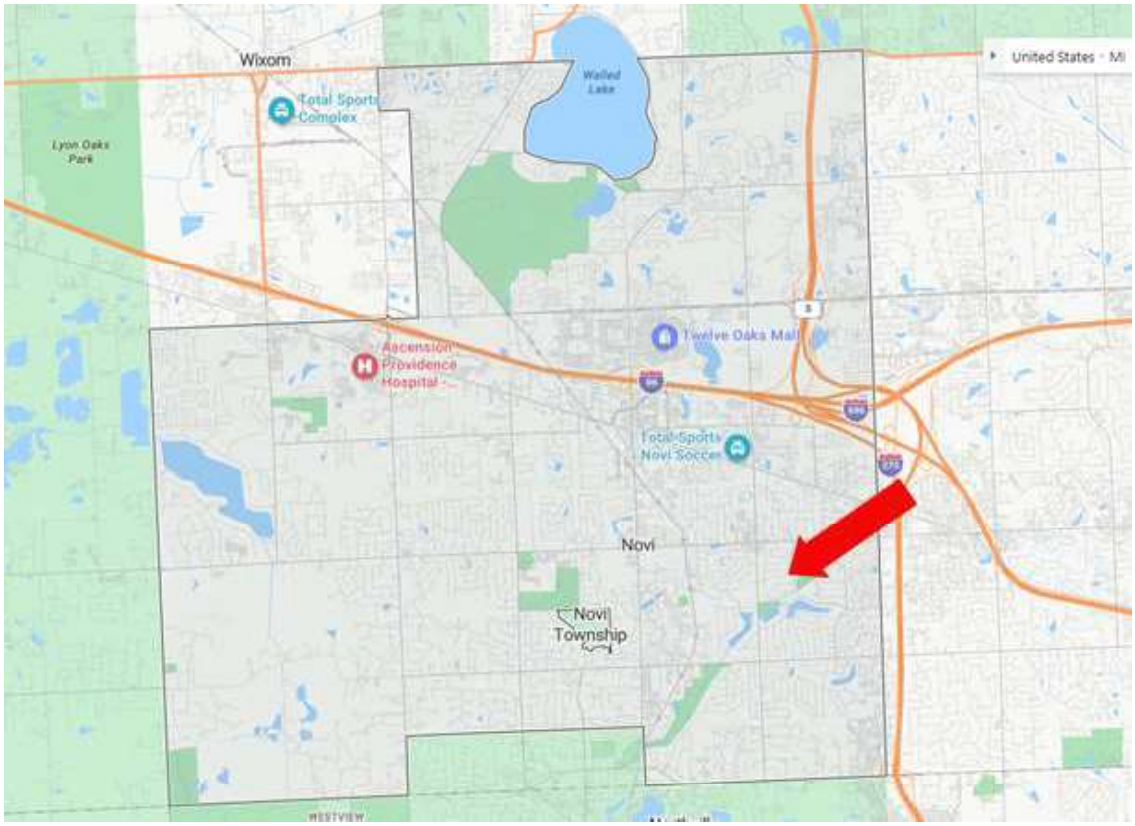

Washington
Macomb
Rochester Hills
Chesterf
Handy
Oceola
White Lake
Pontiac
Sterling Heights
Harri
Town
Genoa
Commerce
Brighton
Warren
St Clair Shores
Lyon
Royal Oak
Hamburg
Novi
Oak Park
Unadilla
Webster
Canton
Livonia
Hamtramck
Grosse Pointe
Lyndon
Dearborn Heights
Dexter
Westland
Dearborn
Detroit
Tecumseh
Sylvan Center
Ann Arbor
Lincoln Park
Ypsilanti
Romulus
Taylor
LaSalle
Pittsfield
Microsoft Bing
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Surrounding Area Analysis

Location

The subject is located in the south central area of the City of Novi, which contains 31.28 square miles and are surrounded by the communities of Commerce Township, Walled Lake, and Wixom to the north, Farmington and Farmington Hills to the east, Northville and Wayne County to the south, and Lyon Township to the west. Novi is situated in the southwest portion of Oakland County. The market area is located approximately 30 miles north of downtown Detroit, 25 miles northeast of Ann Arbor, 50 miles southeast of Flint, and 65 miles east of Lansing. Area boundaries and delineation are indicated in the following table. A map identifying Novi and the location of the property follows below.

Boundaries & Delineation	
Boundaries	
Market Area	Metropolitan Detroit
Area Type	Suburban
Delineation	
North	West 14 Mile Road/ Pontiac Trail
South	8 Mile Road
East	Haggerty Road
West	Napier Road



Access and Linkages

Primary access and linkages to the market area, including highways, roadways, public transit, and airports, are summarized in the following table.

Access & Linkages	
Vehicular Access	
Major Highways	I-96, I-696, and I-275
Primary Corridors	Beck Road, Pontiac Trail, Napier Road, Grand River Avenue, 7 - 11 Mile Roads
Vehicular Access Rating	Average
Public Transit	
Providers	Not Provided
Airport(s)	
Name	Detroit Metropolitan Wayne County Airport (DTW)
Driving Time	25 - 30 Minutes
Primary Transportation Mode	Automobile

Novi has a logistical advantage given the access to I-96, I-696, and I-275. These freeways allow quick access to major employers throughout Southeastern Michigan. As a result, the city has a strong residential foundation. In fact, Novi is annually recognized by various national publications as one of the top places to live and work in Michigan.

Public transportation in metro-Detroit is provided by the SMART bus service (Suburban Mobility Authority for Regional Transportation); however, this system does not extend to Novi except for limited services available to senior residents. Train services are provided by Amtrak and nearby stations are found in Ann Arbor, Birmingham, Dearborn, Detroit, Pontiac, and Royal Oak.

Demand Generators

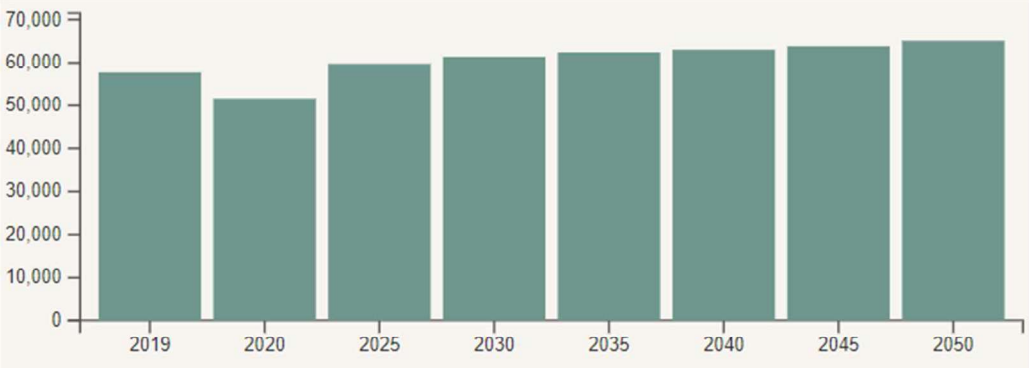
The typical generators of demand affecting the Novi market area are discussed and analyzed below.

Employment and Employment Centers

Novi is viewed as a desirable residential address in Southeastern Michigan. While primarily a bedroom community, the city is home to a number of major employers. The city is home to a mix of 3,000 large and small businesses including 1,000 international companies. The city has a varied employment base from manufacturing, energy, high tech, construction and logistics.

Major employers in Novi include Henry Ford Providence Hospital, Harman International, Novi Community Schools, Fox Run Retirement, Ryder Systems, ITC Holdings, Eberspaecher North America, Magna International, and Cooper Standard.

The Southeast Michigan Council of Governments (SEMCOG) is projecting that employment in Novi will continue to grow through 2050.



Forecasted Jobs By Industry Sector	2019	2020	2025	2030	2035	2040	2045	2050	Change 2019-2050	Pct Change 2019-2050
Natural Resources, Mining, & Construction	2,219	2,200	3,029	3,015	2,991	2,906	2,831	2,840	621	28%
Manufacturing	4,670	4,239	4,627	4,575	4,344	4,101	3,935	3,913	-757	-16.2%
Wholesale Trade	3,118	2,929	3,139	3,197	3,288	3,266	3,202	3,138	20	0.6%
Retail Trade	7,892	6,944	7,207	6,823	6,338	6,029	5,777	5,623	-2,269	-28.8%
Transportation, Warehousing, & Utilities	1,418	1,410	1,667	1,701	1,747	1,751	1,774	1,783	365	25.7%
Information & Financial Activities	6,576	6,145	7,173	7,806	8,290	8,615	8,922	9,254	2,678	40.7%
Professional and Technical Services & Corporate HQ	8,452	7,940	9,299	9,800	10,237	10,599	11,019	11,441	2,989	35.4%
Administrative, Support, & Waste Services	3,477	3,026	3,421	3,565	3,729	3,854	3,960	4,107	630	18.1%
Education Services	2,212	2,060	2,213	2,286	2,347	2,362	2,379	2,398	186	8.4%
Healthcare Services	7,679	7,095	7,941	8,216	8,579	8,969	9,388	9,839	2,160	28.1%
Leisure & Hospitality	7,103	5,217	7,105	7,275	7,317	7,335	7,346	7,405	302	4.3%
Other Services	2,137	1,851	2,247	2,373	2,429	2,452	2,499	2,513	376	17.6%
Public Administration	719	682	718	732	736	732	732	731	12	1.7%
Total Employment Numbers	57,672	51,738	59,786	61,364	62,372	62,971	63,764	64,985	7,313	12.7%

The table above shows that most Novi residents are employed in healthcare services, professional and technical services, as well as corporate HQ. According to the Southeast Michigan Council of Governments (SEMCOG), over the next 25 years Novi will continue to experience positive job growth with an increase of about 7,300 jobs.

Nearby Retail Uses

The I-96 and Novi Road Interchange in Novi is commonly referred to as the retail epicenter of Western Oakland County. The interchange is anchored by Twelve Oaks Mall at the northwest corner; a regional mall containing over 1.5 million square feet anchored by Macy's, Nordstrom, and JCPenney. Novi Town Center is situated at the southwest corner and is a regional shopping center anchored by Walmart Supercenter. The northeast corner of this intersection includes the West Oaks I and II

regional shopping centers anchored by Michaels, Old Navy, Kohl's, and Marshall's. Twelve Mile Crossing at Fountain Walk, anchored by Dick's Sporting Goods, Powerhouse Gym, and Emagine Novi Theatre, is located south of I-96 on the west side of Novi Road. The southeast corner of the intersection is the site of the former Novi Expo Center that has been redeveloped into a large-scale mixed-use development that is planned to include hotels, restaurants, an indoor skydiving facility, and a Planet Fitness. Along Grand River Avenue in Novi is the Suburban Collection Showplace, a 340,000 square-foot convention center.

Population and Income

A demographic profile of the surrounding area, including population, households, and income data, is presented in the following table.

Surrounding Area Demographics

2025 Estimates	Novi	Oakland County	State of Michigan
Population 2020	66,243	1,274,395	10,077,331
Population 2025	68,209	1,271,424	10,052,475
Population 2030	70,435	1,280,099	10,129,941
Compound % Change 2020-2025	0.6%	0.0%	0.0%
Compound % Change 2025-2030	0.6%	0.1%	0.2%
Households 2020	26,459	524,047	4,041,760
Households 2025	27,173	526,492	4,063,373
Households 2030	28,045	532,520	4,114,212
Compound % Change 2020-2025	0.5%	0.1%	0.1%
Compound % Change 2025-2030	0.6%	0.2%	0.2%
Median Household Income 2025	$110,958	$93,885	$69,662
Average Household Size	2.5	2.4	2.4
College Graduate %	64%	50%	32%
Owner Occupied %	63%	70%	71%
Renter Occupied %	37%	30%	29%
Median Owner Occupied Housing Value	$438,222	$350,594	$249,348
Median Year Structure Built	1993	1975	1972
Average Travel Time to Work in Minutes	28	28	26

Source: Claritas

Population in the area has grown in recent years, and this trend is expected to continue in the foreseeable future. Income levels and the median owner-occupied housing value in Novi are higher than Oakland County and Michigan.

Services and Amenities

The nearest public services, including police and fire departments, as well as public schools are summarized in the following table.

Public Services	
Service	
Police Department	Novi
Fire Department	Novi
Hospital	Ascension Providence Hospital - Novi
School District(s)	Novi, Northville, South Lyon, and Walled Lake Schools Districts

Novi has a variety of recreational amenities including several public parks and golf courses with a large public park on Walled Lake. Lyon Oaks is located within the market area and includes an 18-hole public golf course. The Proud Lake Recreation area and Kensington Metropark are located within city limits as well. The city offers several public libraries and a parks and recreation department.

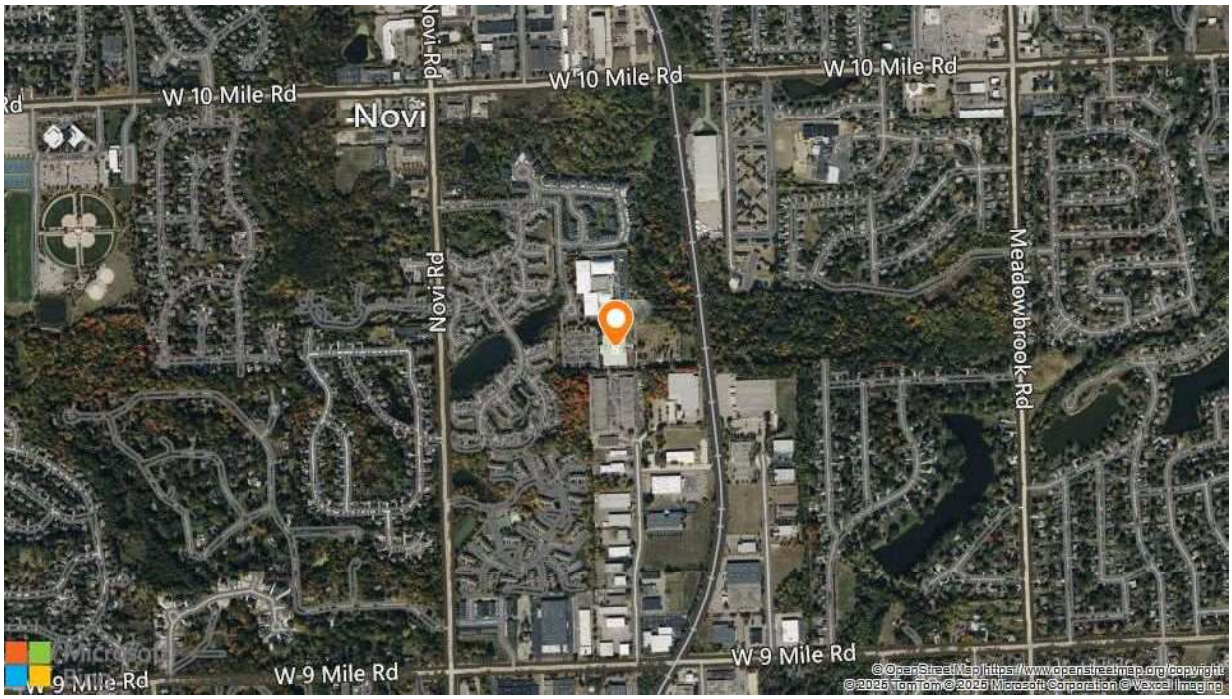
Nearby Land Use

Land uses immediately surrounding the subject are predominantly residential with typical ages of building improvements ranging from 10 to 30 years. Property types adjoining the subject include a municipal recreation building to the north, a municipal dog park to the east, and residential to the west and southwest; due to the rail trunk line that lies adjacent to the dog park to the east, and the property zoning, there are industrial uses to the south/southeast.

Outlook and Conclusions

The area is in the growth to maturity stage of its life cycle. Recent development activity has been slow, with some new housing being constructed in the area. We anticipate that property values will remain stable in the near future.

Surrounding Area Map



Ice Arena Market Analysis

An intrinsic component of the valuation process is an analysis of the subject's market, which is intended to identify supply and demand factors and market trends. First, the competitive market for similar ice arenas, or supply, is surveyed. Secondly, the demand for ice time is considered. In the past ten+ years, demand for ice time has increased significantly in Metro Detroit, largely the result of the interest in hockey based on the Detroit Red Wings National Hockey League (NHL) franchise success in recent years. This included several Stanley Cup victories for the Red Wings in the recent past after a four-decade drought, and a recently ended 25 year run to the playoffs. This success has bolstered ice hockey participation in southeast Michigan, which has produced significant hockey talent in the past decade or more, including a number of NHL stars.

Additionally, parental trends to expand the horizons of their children has significantly contributed to ice skating lessons and an expansive interest in figure skating. This is further fueled by continuing Olympic and World Championships (two years after each Olympics) success by US competitors in all ice sports, including figure skating, ice dancing and speed skating.

The subject is largely utilized for ice hockey, with additional usage for figure skating, special events and learn to skate programs.

Supply Factors

While the subject is situated in southwestern Oakland County, it is surrounded by competing ice arenas especially in the more densely populated areas. A number of the local youth hockey participants in the local area travel to the subject, as well as nearby facilities including nearby municipal arenas, and private arenas. Following is a summary of these facilities:

Local Ice Arena Inventory

Location	Private/ Municipal	No. of Sheets	Seasonal/Year Round
Farmington Hills Arena 35500 W. 8 Mile Rd Farmingham Hills, MI	Municipal	2	Seasonal
Suburban Farmington Hills Arena 23996 Freeway Park Dr. Farmingham Hills, MI	Private	2	Year round
Novi Arena 42400 Nick Lidstrom Dr. Novi, MI	Municipal	2	Year round
USA Arena 14900 Beck Rd Plymouth, MI	Private	2	Year Round
Arctic Edge Coliseum 44615 Michigan Ave Canton, MI	Private	2	Year Round
Victory Arena 40475 Plymouth Rd Birmingham, MI 48009	Private	1	Year Round
Redford Arena 12400 Beech Daly Redford, MI	Municipal	1	Seasonal

All of the area facilities are well utilized, with virtually all prime-time ice sold. Based on a survey of competing ice arenas in the local area, there is very little prime time (generally defined as weeknights between 5 – 11 PM and weekends from 8 AM to 11 PM) ice available.

Area arenas reported selling virtually all of their prime time ice for the current season. Rates and usage during non-prime hours fluctuates, as some of the municipal facilities are closed during non-prime hours, and for the summer, to avoid operating costs.

Most of the area facilities reported that they filled in the non-prime hours with public figure skating (figure skating practice with number of participant limits), open skating (circular skating, which can

accommodate large numbers of skaters), drop-in hockey, senior hockey, sticks and pucks, and other similar events.

There are no known ice arenas that are planned for the local market area. The Arena Guide from hockeyweekly.com listed arenas that opened in Michigan since 2002; they include the single sheet St. Mary's athletic complex in Orchard Lake, the three sheet Hartland Sports Center in Howell (M-59 east of US-23) and the two-sheet Suburban Arena in Macomb Township. No arenas have been built in Michigan since the mid 2000's.

Overall, the supply of ice in the local area appears to be fixed for the near term. However, several arenas were closed in the recent past; Allen Park Civic Arena was permanently closed in 2012, while the Ice Mountain complex in Davison was sold in foreclosure also in 2012, however, has since reopened. City Sports Arena in Detroit, also a newer facility, was closed in 2015. The Berkley Municipal Ice Arena in Oakland County was closed in fall 2016 due to refrigeration failure, and will not reopen. The Monroe City Council voted in April 2016 to close the 1998 built Monroe Multi-Sports Complex facility for the 2016-17 year, although it was reopened in December 2016 after resident opposition, but required a $140,000 subsidy.

The Brownstown Sports Center, a three sheet arena, sold for approximately $7/SF in February 2015; the new ownership subsequently took one of the ice sheets out, and renovated it for indoor soccer, while two sheets continued to operate. This property is in the southerly end of the MSA, and is in an area with declining participation levels, particularly since the opening of the nearby Taylor Sportsplex in 2002. Most recently, this property has been proposed for conversion to self-storage.

The 2000 constructed Polar Palace in Lapeer also faced financial difficulties, as it is removed from dense populations, and ultimately closed in Spring 2019, and was reopened in 2024 as a multi sports facility, including turf fields. The Summit Sports complex in Lansing closed permanently in late 2020, and was converted to alternate use.

Demand Factors

While a complete demographic and demand analysis on hockey participation rates has not been completed, the growth trends in this area lend support for continued demand for ice time in the local area.

The following data is from the Season Registration Reports from USA Hockey, the national governing body for amateur hockey in the United States. Registrations for the Pandemic influenced 2020-21 season are not demonstrative.

USA Hockey Total Registration			
Year	USA	Michigan	MI %
2000-01	519,533	69,199	13.3%
2001-02	525,373	69,111	13.2%
2002-03	530,368	68,302	12.9%
2003-04	535,439	67,973	12.7%
2004-05	531,850	67,904	12.8%
2005-06	527,269	65,450	12.4%
2006-07	539,399	62,789	11.6%
2007-08	548,551	62,207	11.3%
2008-09	548,289	61,491	11.2%
2009-10	558,476	60,709	10.9%
2010-11	583,262	63,238	10.8%
2011-12	594,959	61,787	10.4%
2012-13	591,418	60,319	10.2%
2013-14	598,841	58,164	9.7%
2014-15	611,926	57,546	9.4%
2015-16	622,833	57,029	9.2%
2016-17	637,744	57,074	8.9%
2017-18	646,120	55,578	8.6%
2018-19	653,474	55,495	8.5%
2019-20	648,742	53,311	8.2%
2020-21	528,944	37,381	7.1%
2021-22	630,561	43,270	6.9%
2022-23	646,237	37,024	5.7%
2023-24	659,873	39,990	6.1%

On a state-by-state breakdown, Michigan is fourth in the nation for total registered players (includes players, coaches and officials); Massachusetts, New York and Minnesota are the only other states to have more players registered. Participation rates in Michigan grew rapidly in the 1990's and peaked in 2000-01, and have been slightly declining since to a level approximately 40% below the peak; 2013-14 marked the first season that Michigan dipped below 10% of national registrations.

Michigan is presently just above 6% of the US total, although registration changed for adults in Michigan changed in the past two years, with many opting out of USA Hockey due to the restrictions imposed by USA Hockey, and have disaffiliated.

Local Market and Conclusion

Generally speaking, demand levels in many of the area ice arenas located in competitive proximity to the subject appear strong, with most prime time ice sold out for the coming year. Discussions with arena managers active in the market indicate that each ice arena is able to maintain a respectable market share, thereby suggesting some level of profitability among all properties, excepting for the aforementioned closures.

Based on the above analysis, there appears to be sufficient demand to support the subject as well as the existing properties in the market. The general lack of prime-time ice being available within the competing rinks is empirical evidence that there is sufficient demand for ice rental for prime-time slots. The demand for ice time in nearby arenas indicates that the market can easily support the subject property and is further supported by the subject's historic revenue and corresponding gross sales levels.

Additionally, travel and high school teams have greater ice utilization, hence, hours consumed, and revenue. It is noted that the house teams and 8 and under players utilize less ice, but have a greater number of participants per team/group, and are doubled up on the ice, with two teams, or say 25-30 kids are on the ice at a time. As such, the enrollment data alone does not substantiate the actual usage of the facility in hours, but does provide a relative comparison.

While the overall enrollments in USA Hockey in Michigan have declined, the sustained level of enrollments is indicative of the continued demand for ice. It is noted that of the truly competitive, modern arenas, all are charging $350-$400 per hour for prime time ice, (the subject charges 340 per hour for its prime time ice) to cover increasing costs, primarily of electricity, as well as wages. Further, like many other recreational properties, the operators tend to be keenly aware of competition, and set rates accordingly.

In addition, the reach of an arena is typically wide in southern Michigan. Parents will drive their kids long distances to play for a travel team, so the geographics are not nearly as important, but rather, the team base. The same dynamic holds true for adult leagues; they will play where they know other people, from prior teams, work, friends, etc., thus drive time is not critical. Similarly, figure skaters will follow coaches. However, the novice kids just learning to skate tend to gravitate locally.

Overall, market conditions are strengthening due to the healthy economy in the market area, coupled with elimination of some competition by the aforementioned closures. Contrarily, there are lower USA Hockey enrollments in Michigan, likely due to the lack of replacement participants of younger ages entering hockey likely attributable to rising costs. It is generally thought that children above the age of 10 are less likely to start playing hockey; while entries were limited due to the pandemic, this is viewed as a temporary anomaly. Hockey enrollments are expected to have a neutral impact on the occupancy and income potential of the subject due to its historical income pattern, and past success.

The primary criterion for rink success is its utilization of non-prime ice, for which the subject has a diverse mix of events, including significant consumption for figure skating, as well as hockey, which is the primary driver of most area rinks.

Property Analysis

Land Description and Analysis

Land Description	
Land Area	7.00 acres; 304,920 SF
Source of Land Area	Appraiser estimate
Primary Street Frontage	Nick Lidstrom Dr. - No frontage; easement only
Shape	Basically rectangular
Corner	No
Rail Access	Possible
Topography	Generally level and at street grade
Drainage	No problems reported or observed
Environmental Hazards	None reported or observed
Ground Stability	No problems reported or observed
Flood Area Panel Number	26125 C 0628 & 29 F
Date	September 29, 2006
Flood Zone	X
Description	Outside of 500-year floodplain
Insurance Required?	No
Zoning; Other Regulations	
Zoning Jurisdiction	Novi
Zoning Designation	I-1
Description	Light Industrial
Legally Conforming?	Appears to be legally nonconforming
Zoning Change Likely?	No
Permitted Uses	Most light industrial uses. "In the I-2 district, indoor tennis courts, roller skating rinks, and ice-skating rinks are a permitted use when, together with accessory uses such as offstreet parking, they are located at least one hundred (100) feet from any adjacent residential district."
Utilities	
Service	Provider
Water	Municipal
Sewer	Municipal
Electricity	DTE Energy
Natural Gas	Consumers Energy
Local Phone	Lines by AT&T

We are not experts in the interpretation of zoning ordinances. An appropriately qualified land use attorney should be engaged if a determination of compliance with zoning is required.

It is noted that current zoning only permits ice arenas in I-2 zones, implying that the subject is a legal non-conforming use.

Easements, Encroachments and Restrictions

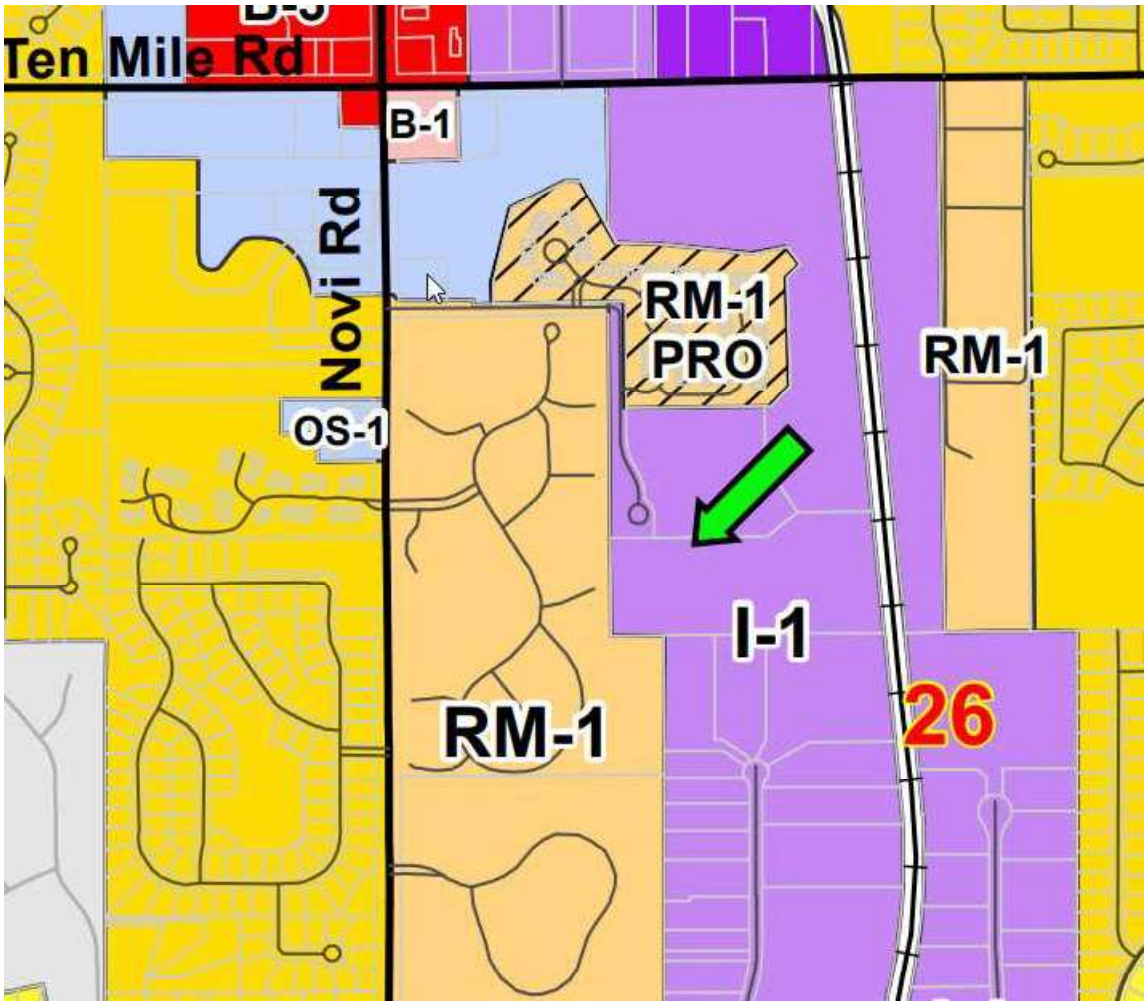
We were not provided a current title report to review. We are not aware of any easements, encroachments, or restrictions that would adversely affect value. Our valuation assumes no adverse impacts from easements, encroachments, or restrictions, and further assumes that the subject has clear and marketable title.

Further, a special assumption is employed to provide easement access to the Nick Lidstrom Drive cul-de-sac, which does not touch the existing platted property line.

Conclusion of Land Analysis

Overall, the physical characteristics of the hypothetical site and the availability of utilities result in functional utility suitable for a variety of uses including those permitted by zoning. We are not aware of any other particular restrictions on development.

Zoning Map



Aerial with Hypothetical split



Aerial Plat Overlay (with hypothetical land division)



Improvements Description and Analysis

The subject is an existing ice sports arena property containing approximately 77,000 square feet of gross building area, including a 14,000 SF mezzanine area. The improvements were constructed in 1998 on a site estimated at approximately 7 acres.

Improvements Description	
Name of Property	Novi Ice Arena
General Property Type	Ice Sports Arena
Property Sub Type	Skating Rink
Competitive Property Class	A-
Occupancy Type	Owner Occupied
Number of Buildings	1
Stories	Two stories in most of central section, one in rink areas
Construction Class	C
Construction Type	Masonry
Construction Quality	Average
Condition	Good
Gross Building Area (SF)	76,707
Rentable Area (SF)	76,707
Land Area (SF)	304,920
Floor Area Ratio (RA/Land SF)	0.25
Floor Area Ratio (GBA/Land SF)	0.25
Building Area Source	Public Records
Year Built	1998
Actual Age (Yrs.)	27
Estimated Effective Age (Yrs.)	20
Estimated Economic Life (Yrs.)	45
Remaining Economic Life (Yrs.)	25
Number of Parking Spaces	Ample
Parking Type	Asphalt; 2 acres + at west side of building, in moderate to fair condition
Special Features	Two NHL (85' x 200') ice sheets with bleacher seating; central mezzanine area contains pro shop, concession stand, multiple offices, gym, voluminous common area, public restrooms and viewing area. Locker rooms all located in central area on ground floor; accessible via stairways, or single elevator. Industrial grade ammonia based refrigeration system with three compressors and detailed electronic program controls; heat waste attributable to refrigeration equipment utilized to melt ice resurfacing machine shavings in concrete pits for same.

Construction Details	
Foundation	Concrete
Structural Frame	Masonry with steel interior columns and beams
Exterior Walls	Decorative block with metal panel fascia near roof line
Windows	Anodized aluminum sash storefront
Roof	Slight gable with membrane cover over metal deck
Ceiling Height in Feet	Approx. 17
Column Spacing in Feet	Clear span in rink areas
Drive-in Doors	1 for ice resurfacing garage area
Interior Finishes	Ice arenas typically have modest finishes; subject is above average
Floors	Interlocking rubber in common areas, rinks and locker rooms; carpet in offices and pro shop and ceramic tile in wet areas. Rink surfaces have a sand bed.
Walls	Typically painted block in public areas, with painted wallboard in offices and pro shop.
Ceilings	Acoustic tile in common areas with wallboard in restrooms; other areas exposed construction.
Lighting	High intensity in rinks; fluorescent in other locations.
Electrical	Typical in common area; heavy electric for refrigeration
Plumbing	Copper supply; iron or plastic waste; PVC brinewater piping below ice surface.
Heating	Gas forced air; radiant heating in rinks above patron seating areas.
Air Conditioning	All except rinks, which include dehumidification units.
Hot Water	Gas fired; high capacity for ice resurfacing machine filling and showers
Utility Meters - Central	All
Elevators	One serving mezzanine
Rest Rooms	Public restrooms for men and women in easterly area of mezzanine. Restrooms with showers in locker rooms.
Sprinklers	Wet

Improvements Analysis

Quality and Condition

The quality and condition of the subject is considered to be superior to that of competing properties. The subject appears to have been well maintained, as indicated by historic expenditures and has good public appeal.

Functional Utility

The subject is a dual NHL sized (200’ x 85’) sheet facility that has the economies afforded by utilizing efficiencies not afforded in single sheet arenas. There is ample spectator seating, and locker rooms are of sufficient size and quantity, although accessible only via stairway, or a single elevator with a smaller cab. Common areas are ample, with modern finishes, and multiple seating areas. There is a pro shop, concession stand, meeting/conference room, and more than ample number of offices.

The subject contains a significant amount of space for a dual sheet arena, noting that it is similar in size to some three sheet facilities.

Deferred Maintenance

No deferred maintenance is apparent from our inspection, and none is identified based on discussions with management.

Following is a summary of recent improvements to the subject:

Reported Capital Expenditures Since 2022		
Item		
Refrigeration pump	$32,000	
Roof cover	$556,874	
Refrigeration control system	$87,990	
2023 Zamboni Resurfacer	$100,000	(est).
Locker room fresh air system and Rooftop Air Handling Unit	$670,000	
Total	$1,446,864	

ADA Compliance

Based on our inspection and information provided, we are not aware of any ADA issues. However, we are not expert in ADA matters, and further study by an appropriately qualified professional would be recommended to assess ADA compliance.

Hazardous Substances

An environmental assessment report was not provided for review and environmental issues are beyond our scope of expertise. No hazardous substances were observed during our inspection of the improvements; however, we are not qualified to detect such substances. Unless otherwise stated, we assume no hazardous conditions exist on or near the subject.

Personal Property

Personal property items that are included in the appraisal are as follows:

Personal Property	QTY
Ice Resurfacer, 2023 Zamboni	1
Ice Resurfacer, 2018 Zamboni	1
Sets Dasher Boards/Glass	2
Sets Bleachers	2
Refrigeration Compressors/Dehumidifiers	2
Office Equipment, Computers, software	Pkg
Miscellaneous Rink Tools and Equipment	Pkg
Concession Equipment	Pkg

Conclusion of Improvements Analysis

In comparison to other competitive properties in the region, the subject improvements are rated as follows:

Improvements Ratings	
Visibility/Exposure	Average
Design and Appearance	Above Average
Age/Condition	Above Average
Clear ceiling heights	Above Average
% Sprinklered	Average
Lobby	Above Average
Interior Amenities	Above Average
Bathrooms	Average
Layout - Rink to Rink Proximity	Average
Parking Ratios	Average
Distance of Parking to Building Access	Average

The subject is a dual sheet (sand bed) facility that has certain economies not afforded by single sheet facilities, with a common ice resurfacing low bay (cannot accommodate all ice resurfacing machines) garage between them. There is adequate seating in the rinks, with a set of bleachers in each that have some low bay storage underneath. Locker rooms are of sufficient size and quantity, with average quality finishes, with two rental locker rooms that are of above average finish. There is a small pro shop near the entrance, and a concession area with cooking facilities. There is a very large, open, large common area space adjacent to the concession that appears underutilized, and excessive.

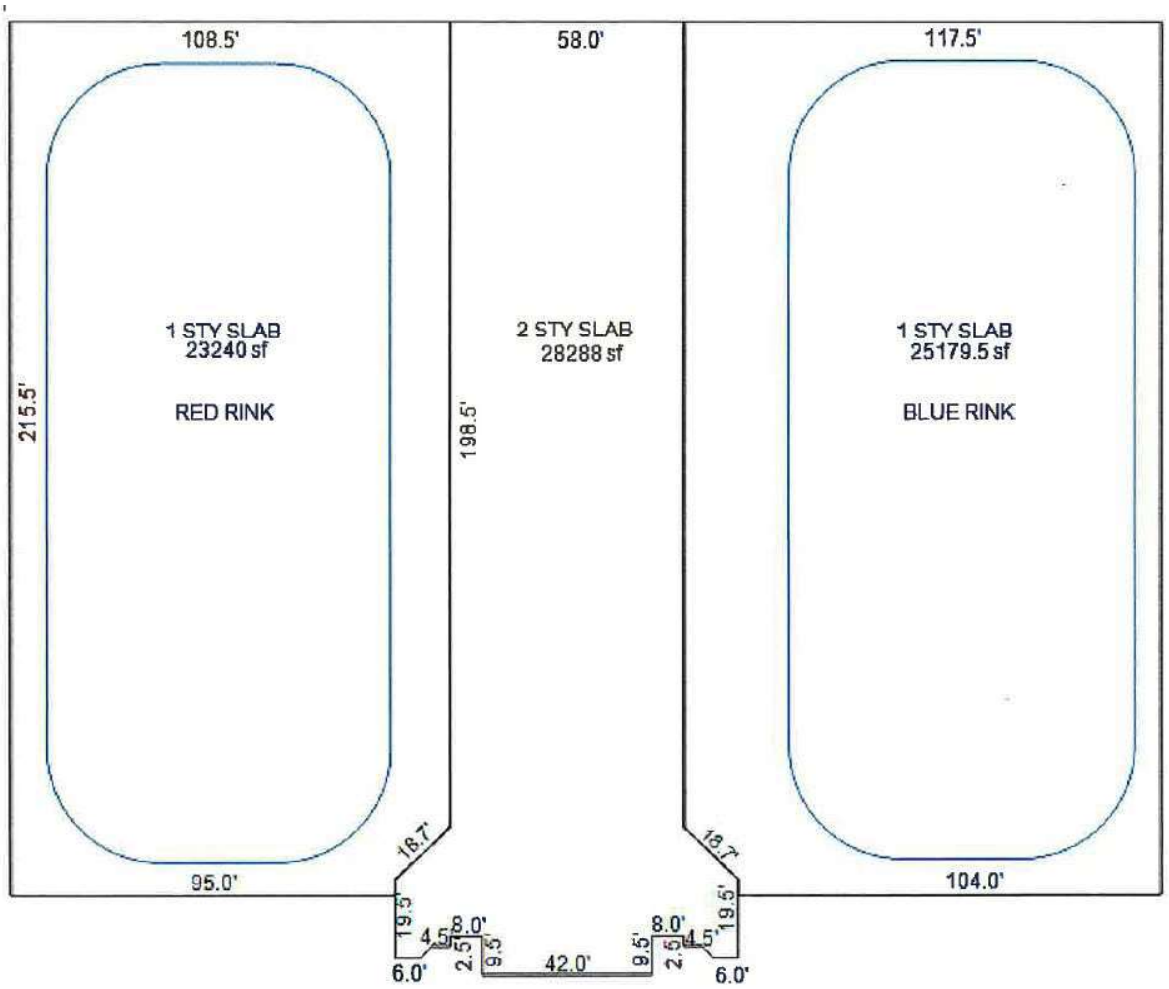
The rink refrigeration equipment incorporates a newer energy efficient electronic control system that allows for ice temperature to be adjusted for hockey or figure skating, or laying fallow. The refrigeration equipment has been well maintained, including the tri annual rebuild of the three compressors, and recent replacement of a brine pump.

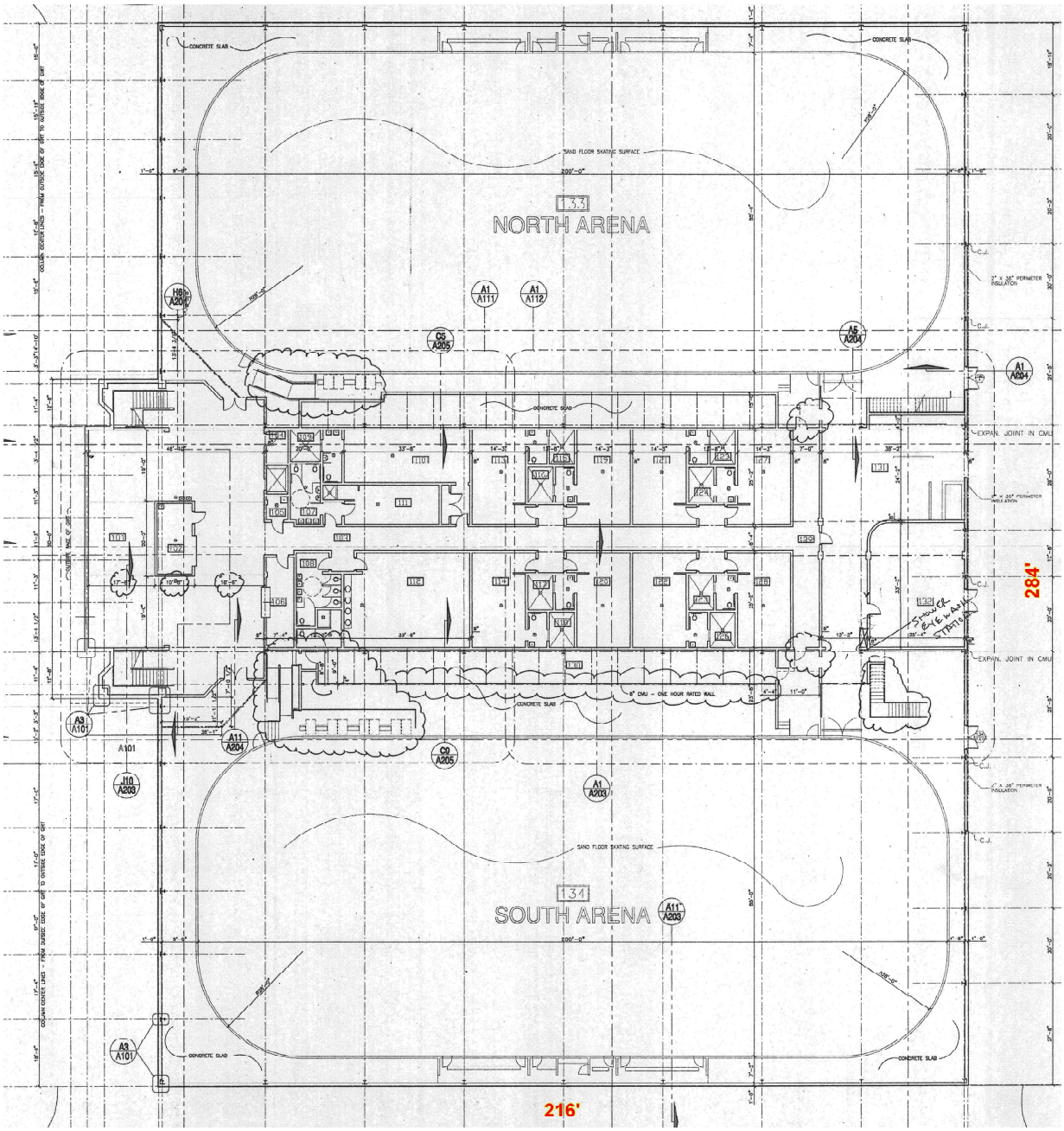
As indicated by the recent capital expenditures, replacements have been made on an ongoing basis, including a new roof cover in 2023, and a new air handling unit that incorporates a new fresh air system for locker rooms completed in August 2025. These replacements will allow the property to compete for the foreseeable future.

Perhaps the only large item imputing a future issue to be addressed is the parking lot, although it is currently functional.

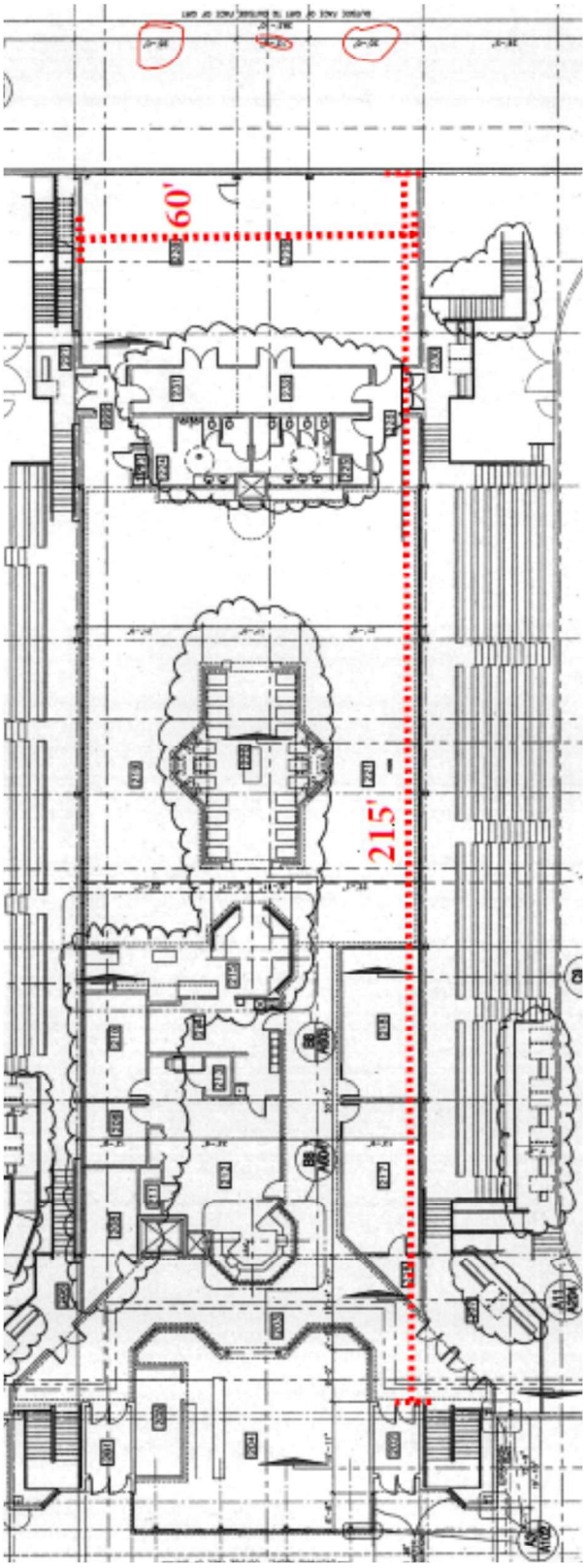
Overall, the quality and condition of the improvements are above average for their age and location.

Floor Plans


108.5'
58.0'
117.5'
1 STY SLAB
23240 sf
RED RINK
2 STY SLAB
28288 sf
1 STY SLAB
25179.5 sf
BLUE RINK
215.5'
198.5'
18.7'
18.7'
95.0'
104.0'
19.5'
19.5'
4.5'
8.0'
2.5'
9.5'
42.0'
9.5'
2.5'
8.0'
4.5'
6.0'
6.0'


NORTH ARENA
SOUTH ARENA
SAND FLOOR SKATING SURFACE
CONCRETE SLAB
EXPAN. JOINT IN CMU
284'
216'

Mezzanine Plan



Real Estate Taxes

In Michigan, three values are carried on the assessment roll for any property; i.e. a state equalized value, SEV; a capped valuation, CV; and a taxable value, TV, the latter being the lower of the first two values. The SEV for property tax purposes in any given year are not to exceed 50% of Market Value as of December 31 of the preceding year and are to be similar to assessments for similar property. The capped value, CV, is proprietary, and results from a constitutional provision for a cap on increases of assessments limiting any increase to the rate of inflation in any year, or an overall constitutional limit of 5% per year, whichever limitation results in the lowest assessment. This limitation continues until a property is sold or transferred as defined by assessment regulations whereupon the cap provision is suspended, thus is proprietary. Real estate taxes and assessments for the current tax year are shown in the following table.

Real estate taxes and assessments for the current tax year are shown in the following table; it is noted that as the subject is publicly owned and occupied, it is not subject to taxation.

Taxes and Assessments - 2025

	Assessed Value	Taxes and Assessments		
			Ad Valorem	
Tax ID	Total	Tax Rate	Taxes	Total
22-26-101-018 (part of)	$0	5.312740%	$0	$0

As indicated in the following section, the subject's highest and best use is for private ownership; as such, taxes will be applicable in the future. As such, a tax capitalization analysis will be applied, which is a common practice, often utilized in property tax appeals in Michigan. Further discussion is presented in the analysis of this expense in the Income Approach.

Highest and Best Use

Process

Before a property can be valued, an opinion of highest and best use must be developed for the subject site, both as if vacant, and as improved or proposed. By definition, the highest and best use must be:

- Physically possible.
- Legally permissible under the zoning regulations and other restrictions that apply to the site.
- Financially feasible.
- Maximally productive, i.e., capable of producing the highest value from among the permissible, possible, and financially feasible uses.

As If Vacant

Physically Possible

The physical characteristics of the site do not appear to impose any unusual restrictions on development. Overall, the physical characteristics of the site and the availability of utilities result in functional utility suitable for a variety of uses.

Legally Permissible

The site is zoned I-1, Light Industrial. Permitted uses include most light industrial uses.

"In the I-2 district, indoor tennis courts, roller skating rinks, and ice-skating rinks are a permitted use when, together with accessory uses such as offstreet parking, they are located at least one hundred (100) feet from any adjacent residential district."

To our knowledge, there are no legal restrictions such as easements or deed restrictions that would effectively limit the use of the property. Given prevailing land use patterns in the area, only industrial use is given further consideration in determining highest and best use of the site, as though vacant.

Financially Feasible

Based on our analysis of the market, there is limited demand for additional industrial development at the current time. It appears that a newly developed industrial use on the site would not have a value commensurate with its cost; therefore, industrial use is not considered to be financially feasible. Nevertheless, we expect an eventual recovery of the market accompanied by a rise in property values to a level that will justify the cost of new construction. Thus, it is anticipated that industrial development will become financially feasible in the future.

Maximally Productive

There does not appear to be any reasonably probable use of the site that would generate a higher residual land value than holding the property for future development of an industrial use. Accordingly, it is our opinion that holding the property for future industrial use, based on the normal market density level permitted by zoning, is the maximally productive use of the property.

Conclusion

Holding the property for future development of an industrial use is the only use that meets the four tests of highest and best use. Therefore, it is concluded to be the highest and best use of the property as if vacant.

As Improved

The subject site is developed with an ice sports arena, which is generally consistent with the zoning, but not with highest and best use of the site as if it were vacant. The existing improvements currently produce a significant positive cash flow that we expect will continue; however, the subject has been publicly owned, and as stated previously, municipal owners tend to view properties like this as a public amenity, and often do not try to maximize the income stream as a result. Therefore, a continuation of this use, as privately owned, is concluded to be financially feasible.

Based on our analysis, there does not appear to be any alternative use that could reasonably be expected to provide a higher present value than the current use, as privately owned and operated, and the value of the existing improved property exceeds the value of the site, as if vacant. For these reasons, privately owned ice arena use is concluded to be maximally productive and the highest and best use of the property as improved.

Most Probable Buyer

Taking into account the size and characteristics of the property and its occupancy, the likely buyer is an investor.

Valuation

Valuation Methodology

Appraisers usually consider three approaches to estimating the market value of real property. These are the cost approach, sales comparison approach and the income capitalization approach.

The **cost approach** assumes that the informed purchaser would pay no more than the cost of producing a substitute property with the same utility. This approach is particularly applicable when the improvements being appraised are relatively new and represent the highest and best use of the land or when the property has unique or specialized improvements for which there is little or no sales data from comparable properties.

The **sales comparison approach** assumes that an informed purchaser would pay no more for a property than the cost of acquiring another existing property with the same utility. This approach is especially appropriate when an active market provides sufficient reliable data. The sales comparison approach is less reliable in an inactive market or when estimating the value of properties for which no directly comparable sales data is available. The sales comparison approach is often relied upon for owner-user properties.

The **income capitalization approach** reflects the market's perception of a relationship between a property's potential income and its market value. This approach converts the anticipated net income from ownership of a property into a value indication through capitalization. The primary methods are direct capitalization and discounted cash flow analysis, with one or both methods applied, as appropriate. This approach is widely used in appraising income-producing properties.

Reconciliation of the various indications into a conclusion of value is based on an evaluation of the quantity and quality of available data in each approach and the applicability of each approach to the property type.

The methodology employed in this assignment is summarized as follows:

Approaches to Value

Approach	Applicability to Subject	Use in Assignment
Cost Approach	Not Applicable	Not Utilized
Sales Comparison Approach	Applicable	Utilized
Income Capitalization Approach	Applicable	Utilized

Sales Comparison Approach

The sales comparison approach develops an indication of value by comparing the subject to sales of similar properties. The steps taken to apply this approach are:

- Identify relevant property sales;
- Research, assemble, and verify pertinent data for the most relevant sales;
- Analyze the sales for material differences in comparison to the subject;
- Reconcile the analysis of the sales into a value indication for the subject.

To apply the sales comparison approach, we searched for sale transactions within the following parameters:

- Property Type: Ice Arena
- Location: Southeast Michigan
- Size: All
- Age/Quality: All/Similar
- Transaction Date: Since 2022

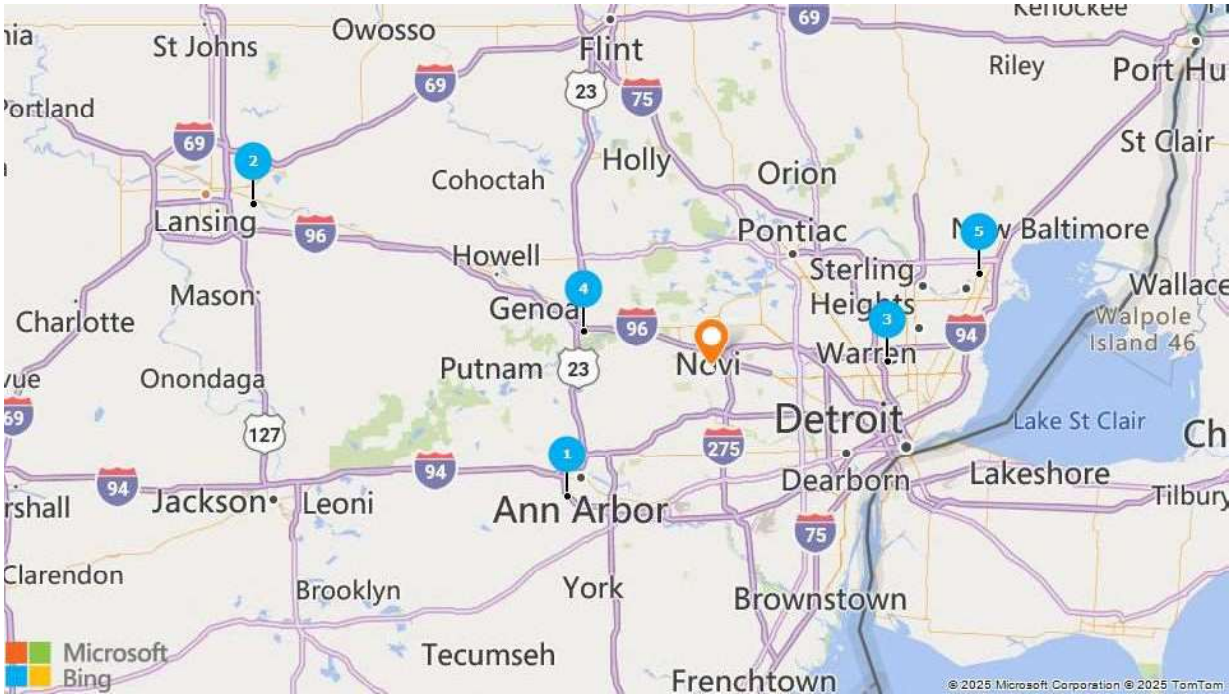
For this analysis, we use price per square foot of gross building area as the appropriate unit of comparison because market participants typically compare sale prices and property values on this basis. All the comparables were sold for continued ice arena use. As such, the sale prices reported reflected the going concern; e.g., real estate, personalty, and any applicable business value.

The most relevant sales are summarized in the following table.

Summary of Comparable Improved Sales

No.	Name/Address	Sale Date; Status	Yr. Blt.; # Stories; % Occ.	Acres; FAR; Parking Ratio	# Ice Sheets; Gross SF; Avg SF/Sheet	Effective Sale Price	$/Ice Sheet; $/SF	Gross SF	$/Gross SF
1	A2Ice3 (Ann Arbor Ice 2121 Oak Valley Dr Pittsfield Township (Ann Washtenaw County MI	Dec-22 Closed	1995 1 –	14.39 0.19 1.85/1,000	3 121,406 40,469	$8,375,000	$2,791,667 $68.98	121,406	$68.98
	Comments: A party familiar with the sale indicated that the seller was a partnership, and the managing partner moved forward with the sale, as there was intent to dispose of the property. The property reportedly sold at an actual price between $8.25MM and $8.5MM, but the recorded amount of $7,450,000 represents the real estate, without personal property or any going concern contribution. An additional offer that was reportedly submitted prior to the sale at $10MM and was turned down; the buyer is a national concern that had cash, and the managing partner was motivated to dispose of the property, hence, the lower price. Additionally, the property was not listed, only casually offered by the managing partner.								
2	Ice Arena 2810 Hannah East Lansing (Meridian Ingham County MI	May-23 Closed	1998 1 –	8.39 0.25 3.33/1,000	2 89,821 44,911	$7,500,000	$3,750,000 $83.50	89,821	$83.50
	Comments: Buyer approached seller unsolicited; buyer is a large concern that has been actively building a portfolio of rinks in a number of northern states. An allocation of $2MM to Goodwill was made for transactional purposes and was reported to be attributable to hockey contracts; however, there was limited managerial expertise for this property, as it is the only remaining operational rink in the greater Lansing area (excluding the MSU Munn Arena, which does not rent hourly ice to the general public and is targeted for student activities, including the D1 hockey program).								
3	Viking Arena 1555 E. Woodward Hazel Park Oakland County MI	Jun-23 Closed	1999 1 –	5.00 0.32 –	2 70,682 35,341	$2,900,000	$1,450,000 $41.03	70,682	$41.03
	Comments: Property had deferred maintenance, and had been a negative cash flow for the City. The purchaser was managing the facility for the City; an original offer was rejected, and the parties later came to terms.								
4	Biggby Coffee Ice Cube- 10540 Citation Dr. Brighton Livingston County MI	Feb-24 Closed	1999 1 –	6.12 0.37 2.66/1,000	3 99,850 33,283	$8,000,000	$2,666,667 $80.12	99,850	$80.12
	Comments: The Arena is home to the Kensington Valley Hockey Association, Brighton High School, South Lyon Unified, and various other local high schools, clubs and adult hockey leagues. The purchaser, Black Bear Sports Group, is the largest owner-operator of ice rinks in the U.S., and approached the buyer directly and paid cash.								
5	Mt Clemens Arena 300 N. Groesbeck Hwy. Mount Clemens Macomb County MI	Jan-25 Closed	1994 1 –	17.91 0.08 –	2 62,916 31,458	$4,000,000	$2,000,000 $63.58	62,916	$63.58
	Comments: City had passed a $3MM bond in 2020 for upgrades to compressors for the dual sheet arena, as well as a new parking lot and roof. The property was not listed, and was purchased by Black Bear Sports Group out of Bethesda, MD, which has been on a buying spree of arenas in the northeast and midwest.								
	Subject Novi Ice Arena Novi, MI		1998 Two stories NA	7.00 0.25 –	2 76,707 38,354			76,707	

Comparable Improved Sales Map





Sale 1
A2Ice3 (Ann Arbor Ice Cube)



Sale 2
Ice Arena



Sale 3
Viking Arena



Sale 4
Biggby Coffee Ice Cube- Brighton



Sale 5
Mt Clemens Arena

Analysis and Adjustment of Sales

The sales are compared to the subject and adjusted to account for material differences that affect value. Adjustments may be considered for the following factors, in the sequence shown below.

Adjustment Factors	
Effective Sale Price	Accounts for atypical economics of a transaction, such as excess land, non-realty components, expenditures by the buyer at time of purchase, or other similar factors. Usually applied directly to sale price on a lump sum basis.
Real Property Rights	Leased fee, fee simple, leasehold, partial interest, etc.
Financing Terms	Seller financing, or assumption of existing financing, at non-market terms.
Conditions of Sale	Extraordinary motivation of buyer or seller, such as 1031 exchange transaction, assemblage, or forced sale.
Market Conditions	Changes in the economic environment over time that affect the appreciation and depreciation of real estate.
Location	Market or submarket area influences on sale price; surrounding land use influences.
Access/Exposure	Convenience to transportation facilities; ease of site access; visibility from main thoroughfares; traffic counts.
Size	Inverse relationship that often exists between building size and unit value.
Parking	Ratio of parking spaces to building area.
Building to Land Ratio	Ratio of building area to land area; also known as floor area ratio (FAR).
Building Quality	Construction quality, amenities, market appeal, functional utility.
Age/Condition	Effective age; physical condition.
Economic Characteristics	Non-stabilized occupancy, above/below market rents, and other economic factors. Excludes differences in rent levels that are already considered in previous adjustments, such as for location or quality

The following table summarizes the adjustments we make to each sale.

Improved Sales Adjustment Grid

	Subject	Comparable 1	Comparable 2	Comparable 3	Comparable 4	Comparable 5
Property Name	Novi Ice Arena	A2Ice3 (Ann Arbor Ice Cube)	Ice Arena	Viking Arena	Biggby Coffee Ice Cube- Brighton	Mt Clemens Arena
Address	42400 Nick Lidstrom Dr.	2121 Oak Valley Dr	2810 Hannah	1555 E. Woodward Heights Blvd.	10540 Citation Dr.	300 N. Groesbeck Hwy.
City	Novi	Pittsfield Township (Ann Arbor)	East Lansing (Meridian Twp)	Hazel Park	Brighton	Mount Clemens
County	Oakland	Washtenaw	Ingham	Oakland	Livingston	Macomb
State	Michigan	MI	MI	MI	MI	MI
Sale Date		Dec-22	May-23	Jun-23	Feb-24	Jan-25
Sale Status		Closed	Closed	Closed	Closed	Closed
Conditions of Sale Adjustment		–	–	–	–	–
Other Adjustment		–	–	–	–	–
Description of Adjustment		Personalty, GC				
Effective Sale Price		$8,375,000	$7,500,000	$2,900,000	$8,000,000	$4,000,000
Gross Building Area	76,707	121,406	89,821	70,682	99,850	62,916
Rentable Area	76,707	121,406	89,821	70,682	99,850	62,916
Year Built	1998	1995	1998	1999	1999	1994
FAR	0.25	0.19	0.25	0.32	0.37	0.08
Number of Rinks	2	3	2	2	3	2
Database ID		2984663	3019614	3328752	3230921	3328656
Price per SF of Gross Building Area		**$68.98**	**$83.50**	**$41.03**	**$80.12**	**$63.58**
Property Rights		Fee Simple	Fee Simple	Fee Simple	Fee Simple	Fee Simple
% Adjustment		–	–	–	–	–
Financing Terms		All cash	All cash	Cash to seller	Cash to seller	Cash to seller
% Adjustment		–	–	–	–	–
Conditions of Sale		Not listed	Not listed	Not listed	Not listed	Distressed Seller
% Adjustment		5%	5%	5%	5%	10%
Market Conditions	8/15/2025	Dec-22	May-23	Jun-23	Feb-24	Jan-25
Annual % Adjustment	2%	5%	5%	4%	3%	1%
Cumulative Adjusted Price		**$76.05**	**$92.06**	**$44.80**	**$86.65**	**$70.63**
Location		–	–	–	–	–
Access/Exposure		-5%	-5%	-5%	–	-5%
Size		5%	–	–	5%	–
Parking/FAR		–	–	–	–	–
Age/Condition		–	–	15%	–	5%
Economic Characteristics (Market Competition)		-10%	-10%	–	-5%	–
Net $ Adjustment		-$7.61	-$13.81	$4.48	$0.00	$0.00
Net % Adjustment		-10%	-15%	10%	0%	0%
Final Adjusted Price		**$68.45**	**$78.25**	**$49.28**	**$86.65**	**$70.63**
Overall Adjustment		-1%	-6%	20%	8%	11%

Range of Adjusted Prices	**$49.28 - $86.65**
Average	**$70.65**
Indicated Value	**$65.00**

Value Indication

Prior to adjustment, the sales reflect a range of $41.03 - $83.50 per square foot. After adjustment, the range is narrowed to $49.28 - $86.65 per square foot, with an average of $70.65 per square foot.

Sales No. 2, 3 and 5 represent purchases of ice arenas by a single national buyer, Black Bear Sports Group, and none were listed for sale on the open market; as such, adjustments are made for conditions of sale. Further, No. 5, the Mt. Clemens arena had deferred maintenance, and the City wanted to get out from under the facility; the actual land area is not yet available to the public, as the land area cited included additional facilities the City retained; as such no adjustment was made for the indicated excess land. Sale No. 3 is the Viking Arena in Hazel Park, also in Oakland County, which also had some deferred maintenance.

It is noted that adjustments were made to some of the sales to account for their respective market position, attributable to a lack of competition, although in a viable market.

Our value conclusion is as follows:

Value Indication by Sales Comparison	
Indicated Value per SF	$65.00
Subject Square Feet	76,707
Indicated Value	$4,985,955
Rounded	$5,000,000

Income Capitalization Approach

The income capitalization approach converts anticipated economic benefits of owning real property into a value estimate through capitalization. The steps taken to apply the income capitalization approach are:

- Analyze the revenue potential of the property.
- Consider appropriate allowances for vacancy, collection loss, and operating expenses.
- Calculate net operating income by deducting vacancy, collection loss, and operating expenses from potential income.
- Apply the most appropriate capitalization method to convert anticipated net income to an indication of value.

The two most common capitalization methods are direct capitalization and discounted cash flow analysis. In direct capitalization, a single year's expected income is divided by an appropriate capitalization rate to arrive at a value indication. In discounted cash flow analysis, anticipated future net income streams and a future resale value are discounted to a present value at an appropriate yield rate.

As the subject is currently investor owned and the most probable purchaser is another investor, we test market rates, and project historical income as the basis of our projection and apply only the direct capitalization method. Our valuation assumes stabilized occupancy without a deduction for stabilization costs.

Following is a summary of the subject historical income production, by category, which are based on the 2023-2025 period.

Ice Rental/Hockey Income

This income source is attributable to a variety of factors, particularly considering the age and condition of the property, its location and proximity to a higher median income population, coupled with the success of arenas in the immediate market area, which influences overall demand, hence, hourly/participation rates.

As the income and expense reports indicate, roughly 65% of the revenue is derived from hockey ice rental and player fees, which are the primary sources of income from individual, and contract (albeit seasonal/periodic), clients. Ice sales (including hockey leagues and seasonal rental contracts) is the primary source of income for the subject, as it is for nearly all rinks.

Ice Rental/Hockey Income was growing from approximately $1.15MM in 2023 then to $1.25MM for 2024 and 2025. As such, $1,300,000 is projected for this source, allowing for some upside for the coming year.

Figure Skating Income

This is the second largest source of revenue for the subject's enterprise operation, and includes revenue from the various skating programs within the subject, including special events, freestyle figure skating, ice dancing, and the Learn to Skate program. Some of these events often use non-prime ice, which is the most difficult to sell.

This source of income has been increasing, indicating roughly $550K to $600K from 2023-25. Our projection is $600,000, which is similar to the prior levels.

Concession Income

Concession income has been analyzed net of its cost of goods sold, and has seen recent increases, from roughly $5K in 2023, to $20K in 2024, and $40K in 2025. Our projection is $40,000, which is similar to the recent year level.

Miscellaneous Income

This category includes public skating and skate rentals, the pro shop, drop In hockey, room rentals, and advertising.

Program income has been increasing from roughly $90K in 2023, to $160K in 2024, and $180K in 2025. Our projection is $180,000, which is similar to the recent year level.

Cost of Goods Sold

The Cost of Goods sold has been decreasing, from approximately $180K in 2023, to $170K in 2024 and again to $140K in 2025, primarily attributable to costs of operating hockey leagues; the current projection is $150,000, between the 2024 and 2025 levels.

Vacancy & Credit Loss:
As the income projection is based on historical revenue, no vacancy or credit loss is applied.

Effective Gross Income/Gross Profit

The total effective gross income for the subject was approximately $1.6MM for 2023, increasing to $1.85MM in 2024, and again to $1.9MM for 2025. As such, our total projection of $1,970,000 is deemed reasonable, and is slightly above the amount indicated for 2025 at the subject.

Operating Expenses

To develop projections of stabilized operating expenses, we analyze the subject's expenses, comparable data, and industry benchmarks. The following table summarizes our analysis. As appropriate, the owner's operating expenses are reclassified into standard categories and exclude items that do not reflect normal operating expenses for this type of property.

Operating History and Projections

	Actual 2023	Actual 2024	Actual 2025	IRR Projection
Income				
Hockey	$1,140,936	$1,254,047	$1,249,839	$1,300,000
Figure Skating/Learn to Skate	544,738	583,865	565,232	600,000
Misc	87,863	168,027	179,525	180,000
Concession (Net of COGS)	4,918	18,694	42,229	40,000
Program COGS	-179,597	-166,193	-136,356	-150,000
Effective Gross Income	$1,598,857	$1,858,439	$1,900,469	$1,970,000
Expenses				
Property Taxes	$0	$0	$0	$90,684
Insurance	12,867	13,412	14,135	15,000
Utilities	248,357	251,634	231,342	240,000
Repairs/Maintenance	263,709	262,922	220,790	260,000
Payroll/Benefits	719,663	847,643	891,977	900,000
General/Administrative	104,186	138,705	131,835	140,000
Management Fee	122,376	142,128	121,330	0
Total Expenses	$1,471,157	$1,656,444	$1,611,408	$1,645,684
Net Operating Income	**$127,700**	**$201,996**	**$289,061**	**$324,316**
Operating Expense Ratio	92.0%	89.1%	84.8%	83.5%

* Historical income is the actual income that has been collected by the property owner. The annualized amount for 2021 incorporates reduced income for the first quarter due to the pandemic.

Unit expense data for the subject, comparable properties, and industry benchmarks are summarized in the following tables.

Expense Analysis per Square Foot

	Comp Data*			Subject			
	Comp 1	Comp 2	Comp 3	Historical and Projected Expenses			
Year Built	1999	2005	1972; renov 1998	1998			
SF	115,996	70,239	65,631	76,707			
Prevailing Lease Type	–	–	–	Full Service			
Operating Data Type	–	–	–	Actual	Actual	Actual	
Year	2024	2024	2024	2023	2024	2025	IRR Projection
Property Taxes	$1.42	$1.01	$0.77	$0.00	$0.00	$0.00	$1.18
Insurance	$0.26	$0.24	$0.25	$0.17	$0.17	$0.18	$0.20
Utilities	$3.11	$2.25	$2.96	$3.24	$3.28	$3.02	$3.13
Repairs/Maintenance	$0.68	$0.84	$1.31	$3.44	$3.43	$2.88	$3.39
Payroll/Benefits	$4.95	$5.87	$7.72	$9.38	$11.05	$11.63	$11.73
General/Administrative	$1.06	$1.60	$1.69	$1.36	$1.81	$1.72	$1.83
Total	$11.47	$11.81	$14.70	$19.18	$21.59	$21.01	$21.45
Operating Expense Ratio	58.3%	64.1%	45.4%	92.0%	89.1%	84.8%	83.5%

Expense Analysis % EGI

	Comp 1	Comp 2	Comp 3	Subject			
Year Built	1999	2005	1972; renov	1998			
Operating Data Type	–	–	–	Actual	Actual	Actual	IRR Projection
Year	2024	2024	2024	2023	2024	2025	
Property Taxes	7.2%	5.5%	2.4%	0.0%	0.0%	0.0%	4.6%
Insurance	1.3%	1.3%	0.8%	0.8%	0.7%	0.7%	0.8%
Utilities	15.8%	12.2%	9.1%	15.5%	13.5%	12.2%	12.2%
Repairs/Maintenance	3.5%	4.5%	4.0%	16.5%	14.1%	11.6%	13.2%
Payroll/Benefits	25.1%	31.8%	23.8%	45.0%	45.6%	46.9%	45.7%
General/Administrative	5.4%	8.7%	5.2%	6.5%	7.5%	6.9%	7.1%
Management Fee	0.0%	0.0%	0.0%	7.7%	7.6%	6.4%	0.0%
Total	58.3%	64.1%	45.4%	92.0%	89.1%	84.8%	83.5%

Operating Expense Analysis by Category

Discussions of our operating expense projections are presented in the following paragraphs.

Real Estate Taxes

This expense category includes all local, county, and state property tax levies. As the valuation of the subject entails an enterprise valuation, personal property taxes are also included. It is noted that the proprietary cap value is the basis of the indicated expense for some of the comparable data, comparable data is less reliable.

Property Taxes Expense

	Comp 1	Comp 2	Comp 3	Actual	Actual	Actual	IRR
	2024	2024	2024	2023	2024	2025	Projection
Total	–	–	–	$0	$0	$0	$90,684
% of EGI	7.2%	5.5%	2.4%	–	–	–	4.6%
$/SF	$1.42	$1.01	$0.77	–	–	–	$1.18

As the subject is not taxed, a tax capitalization analysis is utilized wherein the net operating income is projected without taxes. The base capitalization rate concluded in the following section is then loaded (added to) with the local tax rate; the mil rate is converted to a percentage, then divided by 2, as Michigan taxes at 50% of assessed value. This is a common practice utilized in property tax appeals in Michigan.

The NOI without taxes is then capitalized by the loaded capitalization rate, resulting indicated tax amount appears in the projection; the tax indication is within the range of comparable data.

9.50%	Base Cap Rate
2.65637%	Mil Rate as %/2
12.15637%	Tax Cap Rate
$415,000	NOI w/o Taxes
$3,413,848	Indicated Value
$90,684	Indicated Taxes
$1.18	Per SF
4.60%	of Projected EGI

Insurance

Insurance expense includes property and casualty insurance for the subject. Our projection is above the subject's historical expenses, similar to the comparable data, as the historical level for the subject likely reflects a bulk rate.

Insurance Expense

	Comp 1 2024	Comp 2 2024	Comp 3 2024	Actual 2023	Actual 2024	Actual 2025	IRR Projection
Total	–	–	–	$12,867	$13,412	$14,135	$15,000
% of EGI	1.3%	1.3%	0.8%	0.8%	0.7%	0.9%	0.8%
$/SF	$0.26	$0.24	$0.25	$0.17	$0.17	$0.18	$0.20

Utilities

Utility charges include water, sewer, gas, and electricity expenses, all of which are centrally metered and billed to the owner. Electricity typically comprises one of the largest expenses for an ice arena, and the portion necessary for refrigeration is somewhat of a fixed expense. A prior conversation with DTE on electric charges, in a general sense, revealed that the reason for limited changes that is that total charges reflect both consumption, and grid capacity burden charges, which are based on the maximum consumption to an account; infrastructure billings were reported to typically approximate half the billing charges.

Our utilities projection is similar to the subject's historical expenses, similar to the comparable data unit rates and the % of total income range.

Utilities Expense	Comp 1 2024	Comp 2 2024	Comp 3 2024	Actual 2023	Actual 2024	Actual 2025	IRR Projection
Total	–	–	–	$248,357	$251,634	$231,342	$240,000
% of EGI	15.8%	12.2%	9.1%	15.5%	13.5%	14.5%	12.2%
$/SF	$3.11	$2.25	$2.96	$3.24	$3.28	$3.02	$3.13

Repairs/Maintenance

Repairs and maintenance includes expenditures to repair and maintain mechanical systems and structural components, encompassing payroll and contract costs, as appropriate. Also included are grounds maintenance, trash removal, and security expenses, if applicable. Excluded are alterations and major replacements, which are considered capital costs rather than periodic expenses, however, may appear as expenses. Our projection is similar to the subject's expenses for 2022-2023, and above the range of the comparable data, but below the 2024 level.

Repairs/Maintenance Expense	Comp 1 2024	Comp 2 2024	Comp 3 2024	Actual 2023	Actual 2024	Actual 2025	IRR Projection
Total	–	–	–	$263,709	$262,922	$220,790	$260,000
% of EGI	3.5%	4.5%	4.0%	16.5%	14.1%	13.8%	13.2%
$/SF	$0.68	$0.84	$1.31	$3.44	$3.43	$2.88	$3.39

Payroll/Benefits

Payroll and benefits expenses pertain to onsite personnel including managers, general public (front of house) rink employees, Zamboni drivers, figure skating instructors, and clerical staff.

According to the International Skating Institute (ISI). staffing and utilities are the two highest costs of operating an ice arena. The percentage of payroll to revenue varies depending on whether the arena:

- Operates the concessions and pro shop
- Pays hockey coaches and/or referees for arena-run programs
- Pays skating instructors as employees rather than independent contractors

Seasonal revenue fluctuations will significantly affect payroll percentages, but the average annual payroll expenditure - without any of the above-mentioned responsibilities - should be 30-33 percent of revenue. With some or all of the above-referenced payroll obligations, the average may increase to 35-38 percent.

This category consists all payroll costs, including base wages, benefits, and labor burden costs such as health insurance, FICA match, etc. As noted by the comparables, it is typically the largest expense category.

It is noted that the historic amounts include an additional charge back by the management firm, which accounts for administration costs that would be experienced above the level charged, for elements such as graphic design, publicity, and the other miscellaneous items that the management firm

provided over and above the actual wages incurred. The higher wage projection is made in lieu of additional administrative charges.

Payroll/Benefits Expense	Comp 1 2024	Comp 2 2024	Comp 3 2024	Actual 2023	Actual 2024	Actual 2025	IRR Projection
Total	–	–	–	$719,663	$847,643	$891,977	$900,000
% of EGI	25.1%	31.8%	23.8%	45.0%	45.6%	55.8%	45.7%
$/SF	$4.95	$5.87	$7.72	$9.38	$11.05	$11.63	$11.73

Our projection is consistent with the subject's recent expense for 2025, although well above the comparable data, recognizing the higher staffing need correlating with higher revenue levels, due to program expansion.

Further, it is again noted that there is an additional charge for miscellaneous administrative costs that would otherwise be applicable.

General/Administrative

General and administrative expenses consist of legal, accounting and other professional fees, office operational costs, license fees, and business taxes. Our projection is consistent with the subject's recent expense, which is similar to comparable data.

General/Administrative Expense	Comp 1 2024	Comp 2 2024	Comp 3 2024	Actual 2023	Actual 2024	Actual 2025	IRR Projection
Total	–	–	–	$104,186	$138,705	$131,835	$140,000
% of EGI	5.4%	8.7%	5.2%	6.5%	7.5%	8.2%	7.1%
$/SF	$1.06	$1.60	$1.69	$1.36	$1.81	$1.72	$1.83

Management

Management fees for properties of this type are typically not incorporated, as both the general manager's and assistant manager's salary are included in payroll costs. As indicated previously, the comparables do not include a line item for a management fee, but rather, the managers wages are incorporated in payroll costs.

Management Fee Expense	Comp 1 2024	Comp 2 2024	Comp 3 2024	Actual 2023	Actual 2024	Actual 2025	IRR Projection
Total	–	–	–	$122,376	$142,128	$121,330	$0
% of EGI	–	–	–	7.7%	7.6%	7.6%	–
$/SF	–	–	–	$1.60	$1.85	$1.58	–

It is noted that the subject has incurred a management fee, this is not a normal expense, as the typical privately owner rink is internally managed. As such, no management fee is incorporated in the projection.

Total Operating Expenses

Total operating expenses are projected at $1,645,684 overall, or $21.45 per square foot and 83.5% of EGI. These figures are above the total operating expenses at comparable properties, further noting that the management fee is excluded, and an appropriate tax burden is incorporated.

Net Operating Income

The projection of $324,316 is between the 2024 and 2025 levels, again considering that there was a management fee, but no tax burden. As such, the overall projection is considered reasonable; this factor is considered in the selection of the capitalization rate.

Capitalization Rate Selection

A capitalization rate is used to convert net income into an indication of value. Selection of an appropriate capitalization rate considers the future income pattern of the property and investment risk associated with ownership. We consider the following data in selecting a capitalization rate for the subject.

Capitalization Rate Comparables

No.	Property Name	State	Year Built	Sale Date	Cap Rate
1	Ice Arena	MI	1998	5/1/2023	8.76%
2	Beacon Hill & Brentwood Golf Clubs	MI	1995,	8/18/2023	11.52%
3	Bristol Oaks Golf Club	WI	1930	1/30/2025	12.00%
4	Prairie View Golf Club	IN	1996	2/1/2025	10.94%
5	Woodmont Golf & Country Club	GA	1999	4/11/2022	9.79%
6	Mark's Par Three Golf Course	IN	1963	6/30/2022	9.70%
	Average (Mean) Cap Rate:				10.45%

All the comparables represent sales of recreational facilities. No. 1, a skating rink in Michigan indicated 8.76%. No. 2 is a golf course in Michigan that indicated 11.52% . The golf courses tend to be in the upper end of the range, which is somewhat counterintuitive, as they generally have less improvements. The range is relatively wide, ranging from 8.76% for the skating rink, to 12.00% ; all the comparables except No. 5 are in the Midwest.

Following is a cap rate survey for Public Daily Fee Golf Courses, which are considered somewhat similar to skating rinks, as they represent recreational facilities that are a product of discretionary spending, although golf courses are somewhat riskier, as they are not as contract oriented as ice arenas, and dependent on weather:

Golf Courses & Country Clubs: Public Daily Fee Courses

Item	Input					OAR
Minimum						
Spread Over 10-Year Treasury	1.32%	DCR Technique	1.31	0.083362	0.65	7.11
Debt Coverage Ratio	1.31	Band of Investment Technique				
Interest Rate	5.62%	Mortgage	65%	0.083362	0.054185	
Amortization	20	Equity	35%	0.093480	0.032718	
Mortgage Constant	0.083362	OAR				8.69
Loan-to-Value Ratio	65%	Surveyed Rates				8.17
Equity Dividend Rate	9.35%					
Maximum						
Spread Over 10-Year Treasury	9.34%	DCR Technique	1.80	0.156917	0.50	14.12
Debt Coverage Ratio	1.80	Band of Investment Technique				
Interest Rate	13.64%	Mortgage	50%	0.156917	0.078459	
Amortization	15	Equity	50%	0.210890	0.105445	
Mortgage Constant	0.156917	OAR				18.39
Loan-to-Value Ratio	50%	Surveyed Rates				17.29
Equity Dividend Rate	21.09%					
Average						
Spread Over 10-Year Treasury	5.33%	DCR Technique	1.46	0.118399	0.58	9.91
Debt Coverage Ratio	1.46	Band of Investment Technique				
Interest Rate	9.63%	Mortgage	58%	0.118399	0.068079	
Amortization	18	Equity	43%	0.146315	0.062184	
Mortgage Constant	0.118399	OAR				13.03
Loan-to-Value Ratio	58%	Surveyed Rates				11.99
Equity Dividend Rate	14.63%					

*1st Quarter 2025 Data

Realty Rates Investor Survey 2025 Q2

Band of Investment Method					
Lender Survey					
Source	Date	LTV	Amort. (Years)		Interest Rate
Realty Rates (Average), Golf Courses	Q2 2025	67%	23		9.26%
Mortgage/Equity Assumptions					
Loan To Value Ratio	65%				
Interest Rate	7.50%				
Amortization (Years)	25				
Mortgage Constant	0.0887				
Equity Ratio	35%				
Equity Dividend Rate	12.00%				
Weighted Average of Mortgage and Equity Requirements					
Mortgage Requirement	65%	x	8.87%	=	5.76%
Equity Requirement	35%	x	12.00%	=	4.20%
Indicated Capitalization Rate					**9.96%**
Rounded					**10.00%**

Based on an analysis of the preceding data, a going-in capitalization rate for the subject is indicated within a range of 10.0% to 11.0%. To reach a capitalization rate conclusion, we consider each of the following investment risk factors to gauge its impact on the rate. The direction of each arrow in the following table indicates our judgment of an upward, downward, or neutral influence of each factor.

Risk Factor	Issues	Impact on Rate
Patron Appeal	Notoriety, facility success, curb appeal, consistency of income stream (relates to overall existing enterprise).	↓
Competitive Market Position	Construction quality, appeal, condition, effective age, functional utility, upside potential for additional income.	↓
Location	Market area demographics and life cycle trends; proximity issues; access and support services.	↔
Market	Vacancy rates and trends; rental rate trends; supply and demand.	↔
Highest & Best Use	Upside potential from redevelopment, adaptation, expansion.	↔
Overall Impact		↓

- The subject is located in Novi, a market that had suffered less than other markets due to the down economy, the risk is lower than indicated in past years, again as evidenced by the slight decline in USA Hockey enrollments in Michigan, hence, the current player/team utilization.
- The population continues to grow in in the market area, adding to the potential client base.
- The income is projected at a level between that for 2024 and 2025, and expenses similar to the recent indications (due to the exclusion of the historic management fee, and inclusion of property taxes), reducing the risk in attaining the projected net income.
- There is the potential for upside income, as the subject prime ice rate of $340 per hour is below some of the other privately operated rinks in the market area.
- The subject represents a contemporary arena, and is one of the newest in the market area.
- The cost of funds has recently increased over prior year levels.

Therefore, we conclude an enterprise capitalization rate as follows:

Capitalization Rate Conclusion	
Going-In Capitalization Rate	9.50%

Direct Capitalization Analysis

Net operating income is divided by the concluded capitalization rate to arrive at a value indication by the income capitalization approach as follows:

Direct Capitalization Analysis

	SF	% EGI	Annual	$/SF Bldg.
Income				
Base Rent	76,707			
Hockey		66.0%	$1,300,000	$16.95
Figure Skating/Learn to Skate		30.5%	$600,000	$7.82
Misc		9.1%	$180,000	$2.35
Concession (Net of COGS)		2.0%	$40,000	$0.52
Program COGS		-7.6%	-$150,000	-$1.96
Effective Gross Income		100.0%	$1,970,000	$25.68
Expenses				
Property Taxes		4.6%	$90,684	$1.18
Insurance		0.8%	$15,000	$0.20
Utilities		12.2%	$240,000	$3.13
Repairs/Maintenance		13.2%	$260,000	$3.39
Payroll/Benefits		45.7%	$900,000	$11.73
General/Administrative		7.1%	$140,000	$1.83
Total Expenses		83.5%	$1,645,684	$21.45
Net Operating Income			**$324,316**	**$4.23**
Capitalization Rate			9.50%	
Indicated Value			$3,413,848	
Rounded			**$3,400,000**	**$44.32**

Reconciliation and Conclusion of Value

The values indicated by our analyses are as follows.

Summary of Value Indications		Per SF
Cost Approach	Not Used	
Sales Comparison Approach	$5,000,000	$65.18
Income Capitalization Approach	$3,400,000	$44.32
Reconciled	$3,600,000	$46.93

The income capitalization approach is given the greatest weight because it is the most reliable valuation method for the subject. The sales comparison approach is given less weight because it does not directly consider the income characteristics of the property. The cost approach is not applicable to the subject and is not used. Accordingly, our value opinion follows.

Value Conclusion			
Appraisal Premise	Interest Appraised	Date of Value	Value Conclusion
Going Concern Value	Fee Simple	August 15, 2025	$3,600,000

The opinions of value expressed in this report are based on estimates and forecasts that are prospective in nature and subject to considerable risk and uncertainty. Events may occur that could cause the performance of the property to differ materially from our estimates, such as changes in the economy, interest rates, capitalization rates, financial strength of tenants, and behavior of investors, lenders, and consumers. Additionally, our opinions and forecasts are based partly on data obtained from interviews and third party sources, which are not always completely reliable. Although we are of the opinion that our findings are reasonable based on available evidence, we are not responsible for the effects of future occurrences that cannot be reasonably foreseen at this time.

Exposure Time

Exposure time is the length of time the subject property would have been exposed for sale in the market had it sold on the effective valuation date at the concluded market value. Based on the concluded market values stated previously, it is our opinion that the probable exposure time is 12 months.

Marketing Period

Marketing time is an estimate of the amount of time it might take to sell a property at the concluded market value immediately following the effective date of value. We estimate the subject's marketing period at 12 months.

Certification

We certify that, to the best of our knowledge and belief:

1. The statements of fact contained in this report are true and correct.
2. The reported analyses, opinions, and conclusions are limited only by the reported assumptions and limiting conditions, and are our personal, impartial, and unbiased professional analyses, opinions, and conclusions.
3. We have no present or prospective interest in the property that is the subject of this report and no personal interest with respect to the parties involved.
4. We have not performed any services, as an appraiser or in any other capacity, regarding the property that is the subject of this report within the three-year period immediately preceding acceptance of this assignment.
5. We have no bias with respect to the property that is the subject of this report or to the parties involved with this assignment.
6. Our engagement in this assignment was not contingent upon developing or reporting predetermined results.
7. Our compensation for completing this assignment is not contingent upon the development or reporting of a predetermined value or direction in value that favors the cause of the client, the amount of the value opinion, the attainment of a stipulated result, or the occurrence of a subsequent event directly related to the intended use of this appraisal.
8. Our analyses, opinions, and conclusions were developed, and this report has been prepared, in conformity with the Uniform Standards of Professional Appraisal Practice as well as applicable state appraisal regulations.
9. The reported analyses, opinions, and conclusions were developed, and this report has been prepared, in conformity with the Code of Professional Ethics and Standards of Professional Appraisal Practice of the Appraisal Institute.
10. The use of this report is subject to the requirements of the Appraisal Institute relating to review by its duly authorized representatives.
11. H. William Hansen, Jr., MAI, made a personal inspection of the property that is the subject of this report. Anthony Sanna, MAI, CRE, has not personally inspected the subject.
12. No one provided significant real property appraisal assistance to the person(s) signing this certification.
13. We have experience in appraising properties similar to the subject and are in compliance with the Competency Rule of USPAP.
14. As of the date of this report, H. William Hansen, Jr., MAI and Anthony Sanna, MAI, CRE have completed the continuing education program for Designated Members of the Appraisal Institute.

15. Appraisers in Michigan are required to be licensed by the Department of Licensing and Regulatory Affairs, P.O. Box 30004, Lansing, MI 48909.





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State Certified General Real Estate Appraiser
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Email: whansen@irr.com

Anthony Sanna, MAI, CRE
Certified General Real Estate Appraiser
Michigan Certificate # 1205001360
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Assumptions and Limiting Conditions

This appraisal and any other work product related to this engagement are limited by the following standard assumptions, except as otherwise noted in the report:

1. The title is marketable and free and clear of all liens, encumbrances, encroachments, easements and restrictions. The property is under responsible ownership and competent management and is available for its highest and best use.
2. There are no existing judgments or pending or threatened litigation that could affect the value of the property.
3. There are no hidden or undisclosed conditions of the land or of the improvements that would render the property more or less valuable. Furthermore, there is no asbestos in the property.
4. The revenue stamps placed on any deed referenced herein to indicate the sale price are in correct relation to the actual dollar amount of the transaction.
5. The property is in compliance with all applicable building, environmental, zoning, and other federal, state and local laws, regulations and codes.
6. The information furnished by others is believed to be reliable, but no warranty is given for its accuracy.

This appraisal and any other work product related to this engagement are subject to the following limiting conditions, except as otherwise noted in the report:

1. An appraisal is inherently subjective and represents our opinion as to the value of the property appraised.
2. The conclusions stated in our appraisal apply only as of the effective date of the appraisal, and no representation is made as to the effect of subsequent events.
3. No changes in any federal, state or local laws, regulations or codes (including, without limitation, the Internal Revenue Code) are anticipated.
4. No environmental impact studies were either requested or made in conjunction with this appraisal, and we reserve the right to revise or rescind any of the value opinions based upon any subsequent environmental impact studies. If any environmental impact statement is required by law, the appraisal assumes that such statement will be favorable and will be approved by the appropriate regulatory bodies.
5. Unless otherwise agreed to in writing, we are not required to give testimony, respond to any subpoena or attend any court, governmental or other hearing with reference to the property without compensation relative to such additional employment.

6. We have made no survey of the property and assume no responsibility in connection with such matters. Any sketch or survey of the property included in this report is for illustrative purposes only and should not be considered to be scaled accurately for size. The appraisal covers the property as described in this report, and the areas and dimensions set forth are assumed to be correct.
7. No opinion is expressed as to the value of subsurface oil, gas or mineral rights, if any, and we have assumed that the property is not subject to surface entry for the exploration or removal of such materials, unless otherwise noted in our appraisal.
8. We accept no responsibility for considerations requiring expertise in other fields. Such considerations include, but are not limited to, legal descriptions and other legal matters such as legal title, geologic considerations such as soils and seismic stability; and civil, mechanical, electrical, structural and other engineering and environmental matters. Such considerations may also include determinations of compliance with zoning and other federal, state, and local laws, regulations and codes.
9. The distribution of the total valuation in the report between land and improvements applies only under the reported highest and best use of the property. The allocations of value for land and improvements must not be used in conjunction with any other appraisal and are invalid if so used. The appraisal report shall be considered only in its entirety. No part of the appraisal report shall be utilized separately or out of context.
10. Neither all nor any part of the contents of this report (especially any conclusions as to value, the identity of the appraisers, or any reference to the Appraisal Institute) shall be disseminated through advertising media, public relations media, news media or any other means of communication (including without limitation prospectuses, private offering memoranda and other offering material provided to prospective investors) without the prior written consent of the persons signing the report.
11. Information, estimates and opinions contained in the report and obtained from third-party sources are assumed to be reliable and have not been independently verified.
12. Any income and expense estimates contained in the appraisal report are used only for the purpose of estimating value and do not constitute predictions of future operating results.
13. If the property is subject to one or more leases, any estimate of residual value contained in the appraisal may be particularly affected by significant changes in the condition of the economy, of the real estate industry, or of the appraised property at the time these leases expire or otherwise terminate.
14. Unless otherwise stated in the report, no consideration has been given to personal property located on the premises or to the cost of moving or relocating such personal property; only the real property has been considered.
15. The current purchasing power of the dollar is the basis for the values stated in the appraisal; we have assumed that no extreme fluctuations in economic cycles will occur.
16. The values found herein are subject to these and to any other assumptions or conditions set forth in the body of this report but which may have been omitted from this list of Assumptions and Limiting Conditions.

17. The analyses contained in the report necessarily incorporate numerous estimates and assumptions regarding property performance, general and local business and economic conditions, the absence of material changes in the competitive environment and other matters. Some estimates or assumptions, however, inevitably will not materialize, and unanticipated events and circumstances may occur; therefore, actual results achieved during the period covered by our analysis will vary from our estimates, and the variations may be material.

18. The Americans with Disabilities Act (ADA) became effective January 26, 1992. We have not made a specific survey or analysis of the property to determine whether the physical aspects of the improvements meet the ADA accessibility guidelines. We claim no expertise in ADA issues, and render no opinion regarding compliance of the subject with ADA regulations. Inasmuch as compliance matches each owner's financial ability with the cost to cure the non-conforming physical characteristics of a property, a specific study of both the owner's financial ability and the cost to cure any deficiencies would be needed for the Department of Justice to determine compliance.

19. The appraisal report is prepared for the exclusive benefit of the Client, its subsidiaries and/or affiliates. It may not be used or relied upon by any other party. All parties who use or rely upon any information in the report without our written consent do so at their own risk.

20. No studies have been provided to us indicating the presence or absence of hazardous materials on the subject property or in the improvements, and our valuation is predicated upon the assumption that the subject property is free and clear of any environment hazards including, without limitation, hazardous wastes, toxic substances and mold. No representations or warranties are made regarding the environmental condition of the subject property. Integra Realty Resources – Detroit, Integra Realty Resources, Inc., Integra Strategic Ventures, Inc. and/or any of their respective officers, owners, managers, directors, agents, subcontractors or employees (the "Integra Parties"), shall not be responsible for any such environmental conditions that do exist or for any engineering or testing that might be required to discover whether such conditions exist. Because we are not experts in the field of environmental conditions, the appraisal report cannot be considered as an environmental assessment of the subject property.

21. The persons signing the report may have reviewed available flood maps and may have noted in the appraisal report whether the subject property is located in an identified Special Flood Hazard Area. We are not qualified to detect such areas and therefore do not guarantee such determinations. The presence of flood plain areas and/or wetlands may affect the value of the property, and the value conclusion is predicated on the assumption that wetlands are non-existent or minimal.

22. Integra Realty Resources – Detroit is not a building or environmental inspector. Integra Detroit does not guarantee that the subject property is free of defects or environmental problems. Mold may be present in the subject property and a professional inspection is recommended.

23. The appraisal report and value conclusions for an appraisal assume the satisfactory completion of construction, repairs or alterations in a workmanlike manner.

24. It is expressly acknowledged that in any action which may be brought against any of the Integra Parties, arising out of, relating to, or in any way pertaining to this engagement, the appraisal reports, and/or any other related work product, the Integra Parties shall not be responsible or liable for any incidental or consequential damages or losses, unless the appraisal was fraudulent or prepared with intentional misconduct. It is further acknowledged that the collective liability of the Integra Parties in any such action shall not exceed the fees paid for the preparation of the appraisal report unless the appraisal was fraudulent or prepared with intentional misconduct. Finally, it is acknowledged that the fees charged herein are in reliance upon the foregoing limitations of liability.

25. Integra Realty Resources – Detroit, an independently owned and operated company, has prepared the appraisal for the specific intended use stated elsewhere in the report. The use of the appraisal report by anyone other than the Client is prohibited except as otherwise provided. Accordingly, the appraisal report is addressed to and shall be solely for the Client's use and benefit unless we provide our prior written consent. We expressly reserve the unrestricted right to withhold our consent to your disclosure of the appraisal report or any other work product related to the engagement (or any part thereof including, without limitation, conclusions of value and our identity), to any third parties. Stated again for clarification, unless our prior written consent is obtained, no third party may rely on the appraisal report (even if their reliance was foreseeable).

26. The conclusions of this report are estimates based on known current trends and reasonably foreseeable future occurrences. These estimates are based partly on property information, data obtained in public records, interviews, existing trends, buyer-seller decision criteria in the current market, and research conducted by third parties, and such data are not always completely reliable. The Integra Parties are not responsible for these and other future occurrences that could not have reasonably been foreseen on the effective date of this assignment. Furthermore, it is inevitable that some assumptions will not materialize and that unanticipated events may occur that will likely affect actual performance. While we are of the opinion that our findings are reasonable based on current market conditions, we do not represent that these estimates will actually be achieved, as they are subject to considerable risk and uncertainty. Moreover, we assume competent and effective management and marketing for the duration of the projected holding period of this property.

27. All prospective value opinions presented in this report are estimates and forecasts which are prospective in nature and are subject to considerable risk and uncertainty. In addition to the contingencies noted in the preceding paragraph, several events may occur that could substantially alter the outcome of our estimates such as, but not limited to changes in the economy, interest rates, and capitalization rates, behavior of consumers, investors and lenders, fire and other physical destruction, changes in title or conveyances of easements and deed restrictions, etc. It is assumed that conditions reasonably foreseeable at the present time are consistent or similar with the future.

Addendum A

Appraiser Qualifications

H. William Hansen, Jr., MAI



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Experience

A Senior Director of Integra Dean Appraisal – Detroit (formerly Dean Appraisal). Duties consist of preparing commercial real estate appraisals and market analyses. Employed as a full time commercial real estate appraiser since 1987.

Valuations have been performed on various properties including, but not limited to, marinas and marine terminals, schools, funeral homes, truck terminals and repair garages, parking garages, industrial buildings, office buildings, shopping centers, restaurants, apartments, subdivisions, condominiums, mini-storage facilities, cemeteries, casino, concrete batch plant, hotels, automobile factories, billboards, cellular tower, campgrounds, mixed used facilities, vacant land and various other commercial and industrial facilities.

Valuations have been performed for condemnation purposes, estates, financing, equity participation, litigation, ad valorem, and due diligence support. Valuations have been done on proposed, partially completed, renovated and existing structures.

Additional experience includes over ten years in construction and property management.

Professional Activities & Affiliations

MAI Designation, Appraisal Institute Appraisal Institute

Licenses

Michigan, Certified General Real Estate Appraiser, 1205001420, Expires July 2027

Education

Bachelor of Science, Management (Real Estate emphasis), Metropolitan State College, Denver, Colorado, 1983. Associate of Arts, Accounting, Oakland Community College Farmington Hills, Michigan, 1981.

Successfully completed numerous real estate related courses sponsored by the Appraisal Institute, including Courses 530, Advance Sales Comparison and Cost Approaches; 2-2, Report Writing; 2-1, Case Studies in Real Estate Valuation; 1B- A &B, Capitalization Theory Parts A & B; SPP, Standards of Professional Practice A, B & C; 1A-2, Basic Valuation Procedures; 1A-1, Real Estate Appraisal Principles

Appraisal Institute sponsored seminars include Highest & Best Use Applications, Analyzing Operating Expenses, Appraising Troubled Properties, Report Writing, Retail Properties, Separating Real and Personal Property from Intangible Business Assets, Special Purpose Properties

Other Real Estate Courses include Commercial & Investment Real Estate, Real Estate Law, Real Estate Finance, Principles of Real Estate, Broker's Preparation Course, Project Training Seminar, Argus Training Seminar, HUD Valuation Seminar.

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GRETCHEN WHITMER
GOVERNOR

STATE OF MICHIGAN
DEPARTMENT OF LICENSING AND REGULATORY AFFAIRS
BUREAU OF PROFESSIONAL LICENSING
CERTIFIED GENERAL REAL ESTATE APPRAISER LICENSE

H WILLIAM HANSEN, JR

LICENSE NO.
1205001420

EXPIRATION DATE
07/31/2027

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THIS DOCUMENT IS DULY ISSUED UNDER THE LAWS OF THE STATE OF MICHIGAN

Anthony Sanna, MAI, CRE



Integra Realty Resources - Detroit

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Birmingham, MI 48009

T 248.540.0040 Ext. 107
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irr.com

Experience

Mr. Sanna, Executive Director, has actively counseled and advised clients on issues relating to the sale, leasing, valuation, management, and development of commercial real estate assets since 1989. Mr. Sanna served as the Managing Director of IRR Detroit from 2003-2018.

He has a diversified background in real estate with primary emphasis in the areas of valuation for investment property, institutional assets, portfolio asset management and complex real estate issues. Conversely, Mr. Sanna continually manages a re-occurring volume of traditional mortgage loan appraisal work on all varieties of properties, large and small, focusing on core real estate assets including hotel, office, industrial, retail, and multifamily properties.

Mr. Sanna has extensive consulting and valuation experience relating to corporate and private clients on an array of issues pertaining to estate and property trust matters, partnership disputes, air rights, partial and fractional interests, contract disputes, and mediation/arbitration disputes. Mr. Sanna's experience in these matters provides clients with a well-rounded framework for valuation and consulting solutions.

Professional Activities & Affiliations

MAI Designation, Appraisal Institute
CRE Designation, Counselors of Real Estate
Board of Director: Integra Realty Resources - 2005-2008; 2012-2017 and 2019-Current
Board of Director: Commercial Board of Real Estate - Michigan Chapter

Licenses

Michigan, Certified General Real Estate Appraiser, 1205001324, Expires July 2027

Education

Bachelor of Science (Business Administration) Wayne State University, Detroit, MI

Appraisal Institute Courses:
- Principals of Real Estate Appraisal
- Procedures of Real Estate Appraisal
- Uniform Standards of Professional Practice
- Basic Income Capitalization
- Advanced Income Capitalization
- Report Writing
- Advanced Applications/Case Studies

Qualified Before Courts & Administrative Bodies

Qualified expert witness before the Michigan Tax Tribunal, various Circuit Courts, planning boards, commissioner hearings and County Tax Boards.

asanna@irr.com - 248.979.9663

GRETCHEN WHITMER
GOVERNOR

STATE OF MICHIGAN
DEPARTMENT OF LICENSING AND REGULATORY AFFAIRS
BUREAU OF PROFESSIONAL LICENSING
CERTIFIED GENERAL REAL ESTATE APPRAISER LICENSE

ANTHONY SANNA

LICENSE NO.
1205001324

EXPIRATION DATE
07/31/2027

2516915062l

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About IRR

Integra Realty Resources, Inc. (IRR) provides world-class commercial real estate valuation, counseling, and advisory services. Routinely ranked among leading property valuation and consulting firms, we are now the largest independent firm in our industry in the United States, with local offices coast to coast and in the Caribbean.

IRR offices are led by MAI-designated Senior Managing Directors, industry leaders who have over 25 years, on average, of commercial real estate experience in their local markets. This experience, coupled with our understanding of how national trends affect the local markets, empowers our clients with the unique knowledge, access, and historical perspective they need to make the most informed decisions.

Many of the nation's top financial institutions, developers, corporations, law firms, and government agencies rely on our professional real estate opinions to best understand the value, use, and feasibility of real estate in their market.

Local Expertise...Nationally!

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Addendum B

Financials and Property Information

08/06/2025	REVENUE AND EXPENDITURE REPORT FOR CITY OF NOVI				
	Month Ended: June				
					Unaudited
		BALANCE	BALANCE	BALANCE	BALANCE
		AS OF	AS OF	AS OF	AS OF
GL NUMBER	DESCRIPTION	06/30/2022	06/30/2023	06/30/2024	06/30/2025
Fund 570 - ICE ARENA FUND					
Revenues					
Dept 000.00 - TREASURY					
Program revenue					
570-000.00-653.801	Youth hockey & ice rentals	705,729.75	810,029.16	922,464.73	992,504.90
570-000.00-653.802	Concession sales	37,736.05	23,222.38	49,640.41	86,661.30
570-000.00-653.805	Learn to skate	239,548.83	248,502.52	280,506.77	286,926.66
570-000.00-653.806	Public skating/open skate	39,575.00	36,910.00	72,345.00	87,855.70
570-000.00-653.807	Figure skating	146,416.23	168,056.84	174,478.33	153,586.10
570-000.00-653.809	Skate rental	28,184.66	26,010.71	29,443.39	30,699.99
570-000.00-653.816	Room rental	2,662.50	8,910.00	4,850.00	6,960.00
570-000.00-653.818	Rink advertising	4,404.17	5,200.00	5,440.58	5,237.39
570-000.00-653.821	Individual ice rentals	545.00	4,132.50	6,800.00	2,413.75
570-000.00-653.822	Leagues (adult) & tournaments	360,505.95	330,906.59	331,582.25	257,334.31
570-000.00-653.823	Drop-in	17,150.00	7,385.00	22,055.00	30,022.50
570-000.00-653.824	Ice Dancing	107,019.00	128,178.20	128,880.00	124,719.00
570-000.00-653.829	Vending machine revenue	79.50	1,683.00	1,738.00	1,836.00
Program revenue		1,689,556.64	1,799,126.90	2,030,224.46	2,066,757.60
Interest income					
570-000.00-665.000	Interest in investments	20,744.71	35,508.70	31,465.91	26,273.25
570-000.00-665.010	Interest - Pro Shop Lease	0.00	1,668.23	1,256.02	0.00
570-000.00-665.100	Interest - Cell tower leases	0.00	96,385.97	96,191.99	95,992.18
570-000.00-669.500	Gain (loss) on investments	(55,940.86)	(613.19)	19,232.60	11,785.44
Interest income		(35,196.15)	132,949.71	148,146.52	134,050.87
Other revenue					
570-000.00-675.000	Miscellaneous income	0.00	0.00	9,555.00	0.00
570-000.00-675.590	Pro shop lease	0.00	(2,368.23)	15,800.33	14,500.00
570-000.00-675.592	Cell tower revenue	117,166.82	23,194.53	25,371.19	34,159.05
Other revenue		117,166.82	20,826.30	50,726.52	48,659.05
Total Dept 000.00 - TREASURY		1,771,527.31	1,952,902.91	2,229,097.50	2,249,467.52
TOTAL REVENUES		1,771,527.31	1,952,902.91	2,229,097.50	2,249,467.52

Expenditures					
Dept 000.00 - TREASURY					
Supplies					
570-000.00-726.400	Supplies - Cash over/short	16.50	2.86	(16.50)	(16.03)
570-000.00-727.000	Office supplies	5,513.57	4,130.40	11,718.60	11,044.66
570-000.00-728.000	Postage	0.00	462.01	202.41	530.40
570-000.00-740.000	Operating supplies	8,915.16	14,075.08	15,087.77	6,941.97
570-000.00-741.000	Supplies - Uniforms	3,604.82	5,778.84	4,044.57	2,940.83
Supplies		18,050.05	24,449.19	31,036.85	21,441.83
Other services and charges					
570-000.00-802.000	Data processing	19,681.03	26,766.80	49,628.70	42,327.85
570-000.00-802.100	Bank Service Charges	36,749.97	37,489.82	38,334.65	37,815.39
570-000.00-802.590	Data Processing - Ice Arena	0.00	0.00	0.00	3,945.84
570-000.00-803.000	Independent audit	2,335.00	2,260.00	2,000.00	2,195.00
570-000.00-809.000	Memberships and dues	2,076.17	2,195.94	1,190.00	1,219.15
570-000.00-816.000	Professional services	7,924.62	12,148.68	12,467.94	12,660.77
570-000.00-816.700	Management contract fees	122,376.00	122,376.00	142,128.00	121,330.00
570-000.00-817.100	Management contract-Staff costs	602,522.09	719,663.02	847,643.20	891,976.82
570-000.00-820.000	Property & liability insurance	12,401.98	12,867.18	13,411.61	14,135.26
570-000.00-850.000	Internal technology	0.00	0.00	3,902.73	196.78
570-000.00-851.000	Telephone	7,754.31	7,994.27	6,040.57	7,925.21
570-000.00-880.220	Advertising	6,369.76	12,933.79	14,409.35	13,192.79
570-000.00-921.000	Heat	49,838.10	56,192.16	44,423.57	51,861.72
570-000.00-922.000	Electricity	165,808.43	179,900.21	190,874.23	165,877.14
570-000.00-923.000	Water and sewer	23,953.04	12,264.19	16,336.15	13,602.67
570-000.00-930.100	Service agreements	4,538.92	3,500.59	4,929.16	4,790.97
570-000.00-930.130	Zamboni maintenance	17,505.33	35,369.28	29,909.44	13,419.32
570-000.00-934.000	Building maintenance	89,529.25	182,945.99	187,161.43	176,623.90
570-000.00-936.300	Grounds maintenance	22,401.94	22,038.72	21,789.57	16,073.00
570-000.00-956.000	Conferences and workshops	4,385.45	6,228.55	7,576.23	5,016.22
570-000.00-968.000	Depreciation	309,882.57	309,799.29	324,247.97	0.00
Other services and charges		1,508,033.96	1,764,934.48	1,958,404.50	1,596,185.80
Program expenditures					
570-000.00-960.802	Concessions cost of goods sold	28,332.86	18,304.70	30,946.75	44,432.44
570-000.00-960.805	Program costs	14,111.34	21,152.89	18,021.93	17,804.23
570-000.00-960.822	Adult league	139,077.79	146,436.57	136,550.66	110,594.61
Program expenditures		181,521.99	185,894.16	185,519.34	172,831.28
Capital outlay					
570-000.00-976.002	Capital Outlay	0.00	0.00	0.00	11,150.00
570-000.00-976.142	Zamboni Purchase	0.00	0.00	0.00	109,411.75
570-000.00-976.174	Gutters	25,580.00	0.00	0.00	0.00
570-000.00-976.221	HVAC Replacement	0.00	0.00	0.00	561,569.50
Capital outlay		25,580.00	0.00	0.00	682,131.25
Debt service					
570-000.00-994.000	Interest expense	35,120.00	23,150.00	11,440.00	0.00
Debt service		35,120.00	23,150.00	11,440.00	0.00
Total Dept 000.00 - TREASURY		1,768,306.00	1,998,427.83	2,186,400.69	2,472,590.16
TOTAL EXPENDITURES		1,768,306.00	1,998,427.83	2,186,400.69	2,472,590.16

Parcel Number: 50-22-26-101-018 Jurisdiction: CITY OF NOVI County: OAKLAND Printed on 08/06/2025

Grantor	Grantee	Sale Price	Sale Date	Inst. Type	Terms of Sale	Liber & Page	Verified By	Prcnt. Trans.

Property Address	Class: COMMERCIAL-IMPROV	Zoning: I-1	Building Permit(s)	Date	Number	Status
42400 NICK LIDSTROM DR	School: NOVI COMMUNITY SCHOOLS		Com Alteration	02/05/2025	PBC25-0004	CLOSED
	P.R.E. 0%		MISCELLANEOUS	08/19/2016	C16-0076	CLOSED
Owner's Name/Address	MAP #:		MISCELLANEOUS	09/15/2011	K11-0616	CLOSED
CITY OF NOVI 45175 W TEN MILE NOVI MI 48375	2026 Est TCV Tentative		NEW CONST	09/17/2001	J010803	CLOSED

X Improved | Vacant

Land Value Estimates for Land Table 3C100.INDUSTRIAL LAND

Description	Frontage	Depth	* Factors * Front	Depth	Rate	%Adj.	Reason	Value
INDUSTRIAL	INDUSTRIAL		353165 SqFt		3.75000	100		[redacted]
INDUSTRIAL	INDUSTRIAL		301100 SqFt		3.75000	80	Inf. Access / ~105,200 sf re	
			15.02 Total Acres				Total Est. Land Value =	[redacted]

Land Improvement Cost Estimates

Description	Rate	Size	% Good	Cash Value
D/W/P: Asphalt Paving	[redacted]	107296	73	[redacted]
D/W/P: 3.5 Concrete	[redacted]	10561	73	[redacted]
Total Estimated Land Improvements True Cash Value =				[redacted]

Public Improvements

- Dirt Road
- Gravel Road
- X Paved Road
- X Storm Sewer
- Sidewalk
- X Water
- X Sewer
- X Electric
- X Gas
- Curb
- Street Lights
- Standard Utilities
- Underground Utils.

Topography of Site

- X Level
- Rolling
- Low
- High
- X Landscaped
- Swamp
- Wooded
- Pond
- Waterfront
- Ravine
- Wetland
- Flood Plain

Tax Description

T1N, R8E, SEC 26 PART OF NW 1/4 BEG AT PT DIST N 86-27-27 E 1061.55 FT & S 02-47-25 E 1043.98 FT FROM NW SEC COR, TH N 86-27-27 E 80.24 FT, TH S 02-47-33 E 652.58 FT, TH ALG CURVE TO LEFT, RAD 250 FT, CHORD BEARS S 19-18-40 E 141.97 FT, DIST OF 143.95 FT, TH ALG CURVE TO RIGHT, RAD 280 FT, CHORD BEARS S 20-25-19 E 148.55 FT, DIST OF 150.35 FT, TH ALG CURVE TO LEFT, RAD 34 FT, CHORD BEARS S 30-16-27 E 29.02 FT, DIST OF 29.98 FT, TH ALG CURVE TO RIGHT, RAD 76 FT, CHORD BEARS S 29-17-48 E 67.20 FT, DIST OF



Work Description for Permit PBC25-0004, Issued 02/05/2025: AT & T antenna upgrade on existing cell tower
Work Description for Permit K11-0616, Issued 09/15/2011: REPLACE 3 EXISTING ANTENNAS AND RELATED EQUIPMENT ON EXISTING CELL TOWER BEHIND ICE ARENA
Work Description for Permit J010803, Issued 09/17/2001: CONCRETE SLAB FOR AT&T EQUIPMENT CABINETS & ANTENNAE ON EXISTING SPRINT ANTENNA AT THE NOVI ICE ARENA
Work Description for Permit J001079, Issued 07/19/2001: WIRELESS TOWER & CABINETS ON PLATFORM AT THE NOVI ICE ARENA. 150' TOWER WITH A 5' MAST. TOTAL HEIGHT IS 155': ORDINANCE VIOLATION.
Work Description for Permit J971264, Issued 11/05/1997: ICE ARENA - STEEL FRAME ONLY
Work Description for Permit J971096, Issued 09/25/1997: ICE ARENA - NEW BUILDING

Who	When	What
CW	08/01/2025	INSPECTED
CW	06/30/2025	INSPECTED

Year	Land Value	Building Value	Assessed Value	Board of Review	Tribunal/ Other	Taxable Value
2026	EXEMPT	EXEMPT	EXEMPT			EXEMPT
2025	EXEMPT	EXEMPT	EXEMPT			EXEMPT
2024	0	0	0			0
2023	0	0	0			0

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*** Information herein deemed reliable but not guaranteed***

Commercial/Industrial Building/Section 1 of 1 Parcel Number: 50-22-26-101-018 Printed on 08/06/2025

Desc. of Bldg/Section: Novi Ice Arena
Calculator Occupancy: Skating Rinks - Ice

Class: C
Floor Area: 76,707
Gross Bldg Area: 76,707
Stories Above Grd: 2
Average Sty Hght : 20
Bsmnt Wall Hght

Depr. Table : 2%
Effective Age : 27
Physical %Good: 58
Func. %Good : 100
Economic %Good: 100

1998 Year Built Remodeled

Overall Bldg Height

Comments:

Construction Cost

	High		Above Ave.		Ave.	X	Low

** ** Calculator Cost Data ** **
Quality: Average
Heat#1: Package Heating & Cooling 42%
Heat#2: Package Heating & Cooling 58%
Ave. SqFt/Story: 38354
Ave. Perimeter: 1000
Has Elevators: X

*** Basement Info ***
Area:
Perimeter:
Type:
Heat:

* Mezzanine Info *
Area #1:
Type #1:
Area #2:
Type #2:

* Sprinkler Info *
Area: 76707
Type: Average

<<<<< Calculator Cost Computations >>>>>
Class: C Quality: Average
Stories: 2 Story Height: 20 Perimeter: 1000

Base Rate for Upper Floors = [redacted]

(10) Heating system: Package Heating & Cooling Cost/SqFt: [redacted] 42%
(10) Heating system: Package Heating & Cooling Cost/SqFt: [redacted] 58%
Combined Heating System adjustment: [redacted] 100%
Adjusted Square Foot Cost for Upper Floors = [redacted]

Total Floor Area: 76,707 Base Cost New of Upper Floors = [redacted]

76,707 Sq.Ft. of Sprinklers @ [redacted] Cost New = [redacted]

Reproduction/Replacement Cost = [redacted]
Eff.Age:27 Phy.%Good/Abnr.Phy./Func./Econ./Overall %Good: 58 /100/100/100/58.0
Total Depreciated Cost = [redacted]

Unit in Place Items	Rate	Quantity	Arch	%Good	Depr.Cost
/CI8/ELEE/PASES/SMAE/SMAOAAEA	[redacted]	1	1.00	73	[redacted]

ECF (WAREHOUSE) [redacted] => TCV of Bldg: 1 = [redacted]
Replacement Cost/Floor Area= [redacted] Est. TCV/Floor Area= [redacted]

(1) Excavation/Site Prep:

(2) Foundation: Footings

X	Poured Conc		Brick/Stone		Block

(3) Frame:

(4) Floor Structure:

(5) Floor Cover:

(6) Ceiling:

(7) Interior:

(8) Plumbing:

	Many Above Ave.		Average Typical		Few None

	Total Fixtures		Urinals
	3-Piece Baths		Wash Bowls
	2-Piece Baths		Water Heaters
	Shower Stalls		Wash Fountains
	Toilets		Water Softeners

(9) Sprinklers:

(10) Heating and Cooling:

	Gas Oil		Coal Stoker		Hand Fired Boiler

(11) Electric and Lighting:

Outlets:		Fixtures:
Few		Few
Average		Average
Many		Many
Unfinished		Unfinished
Typical		Typical
Flex Conduit		Incandescent
Rigid Conduit		Fluorescent
Armored Cable		Mercury
Non-Metalic		Sodium Vapor
Bus Duct		Transformer

(13) Roof Structure: Slope=0

(14) Roof Cover:

(39) Miscellaneous:

(40) Exterior Wall:

	Thickness		Bsmnt Insul.

*** Information herein deemed reliable but not guaranteed***

Addendum C

Comparable Data

Improved Sales

Special Purpose Sale Profile

Sale No. 1

Location & Property Identification



Property Name:	A2Ice3 (Ann Arbor Ice Cube)
Sub-Property Type:	Sport & Entertainment, Skating Rink
Address:	2121 Oak Valley Dr
City/State/Zip:	Pittsfield Township (Ann Arbor), MI 48103-8901
County:	Washtenaw
Market Orientation:	Suburban
Property Location:	S of Scio Church, W of I-94
IRR Event ID:	2984663

Sale Information

Sale Price:	$7,450,000
Effective Sale Price:	$8,375,000
Sale Date:	12/19/2022
Recording Date:	01/04/2023
Sale Status:	Closed
$/SF GBA:	$68.98
$/SF NRA:	$68.98
Grantor/Seller:	Good Sports Limited Partnership
Grantee/Buyer:	Ann Arbor Holdings, Inc. (Black Bear Sports)
Assets Sold:	Going concern, total assets of the business
Property Rights:	Fee Simple
Exposure Time:	0 (months)
Financing:	All cash
Conditions of Sale:	Motivated Seller
Terms of Sale Comments:	Not listed
Document Type:	Deed
Recording No.:	5507-940
Verified By:	H. William Hansen, Jr., MAI
Verification Date:	03/14/2023
Verification Type:	Secondary Verification
Secondary Verific. Source:	CoStar

Sale Analysis

Adjustment Comments:	Personalty, GC

Occupancy

Occupancy Type Before Sale:	Owner Occupied
Occupancy Type After Sale:	Owner Occupied

Improvement and Site Data

MSA:	Ann Arbor
Legal/Tax/Parcel ID:	12-06-280-007
GBA-SF:	121,406
NRA-SF:	121,406
Acres(Gross):	14.39
Land-SF(Gross):	626,811
Year Built:	1995
Property Class:	B
M&S Class:	C
Improvements Cond.:	Average
Exterior Walls:	Block
Construction Desc.:	Face block, with EIFS at entryway
Multi-Tenant/Condo.:	No/No
Ceiling Height Minimum:	13.00
Ceiling Height Maximum:	28.00
Total Parking Spaces:	225

Improvement and Site Data (Cont'd)

Park. Ratio 1000 SF GLA:	1.85
Park. Ratio 1000 SF GBA:	1.85
Air-Conditioning Type:	Central
Bldg. to Land Ratio FAR:	0.19
Land to Building Ratio:	5.16
Zoning Code:	PUD
Bldg. Phy. Info. Source:	Public Records
Source of Land Info.:	Other

Comments

A party familiar with the sale indicated that the seller was a partnership, and the managing partner moved forward with the sale, as there was intent to dispose of the property. The property reportedly sold at an actual price between $8.25MM and $8.5MM, but the recorded amount of $7,450,000 represents the real estate, without personal property or any going concern contribution. An additional offer that was reportedly submitted prior to the sale at $10MM and was turned down; the buyer is a national concern that had cash, and the managing partner was motivated to dispose of the property, hence, the lower price. Additionally, the property was not listed, only casually offered by the managing partner.

Three-sheet arena with sixteen locker rooms, 820 seats on one rink, 720 on the second rink and none on the third rink. Includes a pro-shop, concessions, figure skating locker, wood floor ballet room, team room, medical room, day care, restaurant/ bar, and a sports injury rehabilitation clinic. Building includes a two story fitness area of 8,881 SF that was added in 1997.

Special Purpose Sale Profile

Sale No. 2

Location & Property Identification

Property Name:	Ice Arena
Sub-Property Type:	Sport & Entertainment, Skating Rink
Address:	2810 Hannah
City/State/Zip:	East Lansing (Meridian Twp), MI 48823
County:	Ingham
Market Orientation:	Suburban
Property Location:	West of Hagadorn
IRR Event ID:	3019614



Sale Information

Sale Price:	$7,500,000
Effective Sale Price:	$7,500,000
Sale Date:	05/01/2023
Sale Status:	Closed
$/SF GBA:	$83.50
$/SF NRA:	$83.50
$/Unit:	$3,750,000 /Unit
Grantor/Seller:	Suburban Properties
Grantee/Buyer:	Black Bear Sports Group
Property Rights:	Fee Simple
Exposure Time:	0 (months)
Financing:	All cash
Conditions of Sale:	Arm's-length
Verified By:	H. William Hansen, Jr., MAI
Verification Date:	06/19/2023
Confirmation Source:	Seller
Verification Type:	Confirmed-Seller

Operating Data and Key Indicators

Operating Data Type:	In Place
Net Operating Income:	$ 656,768
Reserves Included:	No
Cap Rate - Derived:	8.76%

Improvement and Site Data

MSA:	Lansing-East Lansing, MI
Legal/Tax/Parcel ID:	33-02-02-20-176-006 and 09-83-54755-1 (Personal Property) and 09-83-54755-1 (Personal Property)
GBA-SF:	89,821
NRA-SF:	89,821
Acres(Usable/Gross):	7.94/8.39
Land-SF(Usable/Gross):	345,866/365,468
Usable/Gross Ratio:	0.95
Year Built:	1998
Property Class:	A-
M&S Class:	S
Construction Quality:	Good
Improvements Cond.:	Good
Exterior Walls:	Metal
Construction Desc.:	Metal
No. of Buildings/Stories:	1/1
Ceiling Height Minimum:	25.00
Ceiling Height Maximum:	28.00
Clear Height(Feet):	16.00
Total Parking Spaces:	299
Park. Ratio 1000 SF GLA:	3.33
Park. Ratio 1000 SF GBA:	3.33

Improvement and Site Data (Cont'd)

Parking Ratio(/Unit):	149.50
Elevators/Count:	Yes/1
Fire Sprinkler Type:	Wet
Roof,Heating,AC Comm.:	Gable style metal roof
Shape:	Irregular
Topography:	Level
Corner Lot:	No
Frontage Feet:	375
Frontage Desc.:	Hannah
Density-Unit/Gross Acre:	0.24
Density-Unit/Usable Acre:	0.25
Bldg. to Land Ratio FAR:	0.25
Land to Building Ratio:	4.07
Zoning Code:	RP
Zoning Desc.:	Research Park and Office
Flood Plain:	No
Flood Zone Designation:	X
Comm. Panel No.:	26065C0152D
Date:	08/16/2011
Source of Land Info.:	Public Records

Comments

Buyer approached seller unsolicited; buyer is a large concern that has been actively building a portfolio of rinks in a number of northern states. An allocation of $2MM to Goodwill was made for transactional purposes and was reported to be attributable to hockey contracts; however, this is the only remaining operational rink in the greater Lansing area (excluding the MSU Munn Arena, which does not rent hourly ice to the general public and is targeted for student activities, including the D1 hockey program).

Two NHL size ice sheets, pro shop, concession stand, large fitness/dance area

Special Purpose Sale Profile

Sale No. 3

Location & Property Identification

Property Name:	Viking Arena
Sub-Property Type:	Sport & Entertainment, Skating Rink
Address:	1555 E. Woodward Heights Blvd.
City/State/Zip:	Hazel Park, MI 48030
County:	Oakland
Market Orientation:	Suburban
Property Location:	N side, E of Dequindre Rd
IRR Event ID:	3328752



Sale Information

Sale Price:	$2,900,000
Effective Sale Price:	$2,900,000
Sale Date:	06/26/2023
Recording Date:	06/29/2023
Sale Status:	Closed
$/SF GBA:	$41.03
$/SF NRA:	$41.03
$/Unit:	$1,450,000 /TBD
Grantor/Seller:	City of Hazel Park
Grantee/Buyer:	Black Bear Sports Group (Maryland)
Assets Sold:	Going concern, total assets of the business
Property Rights:	Fee Simple
Exposure Time:	0 (months)
Financing:	Cash to seller
Conditions of Sale:	Motivated Seller
Terms of Sale Comments:	Not Listed
Document Type:	Deed
Recording No.:	58795/583
Verified By:	H. William Hansen, Jr., MAI
Verification Date:	02/18/2025
Verification Type:	Secondary Verification

Improvement and Site Data

MSA:	Detroit-Warren-Dearborn, MI
Legal/Tax/Parcel ID:	25-25-253-047, 25-25-226-010
GBA-SF:	70,682
NRA-SF:	70,682
Acres(Gross):	5.00
Land-SF(Gross):	217,800
Year Built:	1999
M&S Class:	C
Construction Quality:	Average
Exterior Walls:	Concrete Precast
No. of Buildings/Stories:	1/1
No. of Units/Unit Type:	2/TBD
Multi-Tenant/Condo.:	No/No
Ceiling Height Minimum:	12.00
Ceiling Height Maximum:	24.00
Elevators/Count:	None
Air-Conditioning Type:	Central
Frontage Feet:	460
Frontage Desc.:	Woodward Hgts
Frontage Type:	2 way, 2 lanes each way
AccessibilityRating:	Average
Density-Unit/Gross Acre:	0.40
Bldg. to Land Ratio FAR:	0.32
Land to Building Ratio:	3.08
Bldg. Phy. Info. Source:	Public Records
Source of Land Info.:	Other

Comments

Property had deferred maintenance, and had been a negative cash flow for the City. The purchaser was managing the facility for the City; an original offer was rejected, and the parties later came to terms.

Building constructed of fluted and washed aggregate tilt up precast panels, with one NHL size sheet and one Olympic sized sheet; the common lobby, snack bar, pro shop is constructed of split face block. Property has over an acre of parking.

Special Purpose Sale Profile

Sale No. 4

Location & Property Identification

Property Name:	Biggby Coffee Ice Cube-Brighton
Sub-Property Type:	Sport & Entertainment, Skating Rink
Address:	10540 Citation Dr.
City/State/Zip:	Brighton, MI 48116
County:	Livingston
Market Orientation:	Suburban
Property Location:	South of Grand River
IRR Event ID:	3230921



Sale Information

Sale Price:	$8,000,000
Effective Sale Price:	$8,000,000
Sale Date:	02/01/2024
Sale Status:	Closed
$/SF GBA:	$80.12
$/SF NRA:	$80.12
$/Unit:	$2,666,667 /TBD
Grantee/Buyer:	Black Bear Sports Group
Assets Sold:	Going concern, total assets of the business
Property Rights:	Fee Simple
Exposure Time:	0 (months)
Financing:	Cash to seller
Conditions of Sale:	Motivated Seller
Terms of Sale Comments:	Not Listed
Verified By:	H. William Hansen, Jr., MAI
Verification Date:	04/25/2024
Confirmation Source:	Nearby Rink Owner
Verification Type:	Confirmed-Other

Improvement and Site Data

MSA:	Detroit-Warren-Dearborn, MI
Legal/Tax/Parcel ID:	4712-33-300-022
GBA-SF:	99,850
NRA-SF:	99,850
Acres(Gross):	6.12
Land-SF(Gross):	266,587
Year Built:	1999
M&S Class:	S
Construction Quality:	Average
Improvements Cond.:	Good
Exterior Walls:	Metal
No. of Buildings/Stories:	1/1
No. of Units/Unit Type:	3/TBD
Total Parking Spaces:	266
Park. Ratio 1000 SF GLA:	2.66
Park. Ratio 1000 SF GBA:	2.66
Parking Ratio(/Unit):	88.67
Elevators/Count:	Yes/1
Air-Conditioning Type:	Central
Shape:	Irregular
Topography:	Level
Corner Lot:	No
Frontage Feet:	583
Frontage Desc.:	S side Citation cul-de-sac
Frontage Type:	2 way, 1 lane each way
Density-Unit/Gross Acre:	0.49
Bldg. to Land Ratio FAR:	0.37
Land to Building Ratio:	2.67
Zoning Code:	B3
Zoning Desc.:	Special Business District
Flood Plain:	No

Improvement and Site Data (Cont'd)

Comm. Panel No.:	26093C0363 D
Date:	09/17/2008
Source of Land Info.:	Other

Comments

The Arena is home to the Kensington Valley Hockey Association, Brighton High School, South Lyon Unified, and various other local high schools, clubs and adult hockey leagues. The purchaser, Black Bear Sports Group, is the largest owner-operator of ice rinks in the U.S., and approached the buyer directly and paid cash.

3 sheet arena with pro shop, concession and typical rink amenities; there is a small training facility and restaurant/bar with viewing windows on a central mezzanine that is included in the GBA.

Special Purpose Sale Profile

Sale No. 5

Location & Property Identification

Property Name:	Mt Clemens Arena
Sub-Property Type:	Sport & Entertainment, Skating Rink
Address:	300 N. Groesbeck Hwy.
City/State/Zip:	Mount Clemens, MI 48043
County:	Macomb
Market Orientation:	Suburban
Property Location:	SEC Rose, between Elizabeth and Cass
IRR Event ID:	3328656



Sale Information

Sale Price:	$4,000,000
Effective Sale Price:	$4,000,000
Sale Date:	01/01/2025
Contract Date:	11/24/2024
Sale Status:	Closed
$/SF GBA:	$63.58
$/SF NRA:	$63.58
$/Unit:	$2,000,000 /TBD
Grantor/Seller:	City of Mount Clemens
Grantee/Buyer:	Black Bear Sports Group
Assets Sold:	Going concern, total assets of the business
Property Rights:	Fee Simple
Financing:	Cash to seller
Conditions of Sale:	Motivated Seller
Terms of Sale Comments:	Not listed
Verified By:	H. William Hansen, Jr., MAI
Verification Date:	02/17/2025
Verification Type:	Secondary Verification

Improvement and Site Data

MSA:	Detroit-Warren-Dearborn, MI
Legal/Tax/Parcel ID:	05-11-10-280-001 (Part of)
GBA-SF:	62,916
NRA-SF:	62,916
Acres(Gross):	17.91
Land-SF(Gross):	780,160
Year Built:	1994
Property Class:	A-
M&S Class:	C
Construction Quality:	Good
Exterior Walls:	Block
No. of Buildings/Stories:	1/1
No. of Units/Unit Type:	2/TBD
Air-Conditioning Type:	Central
Shape:	Very Irregular
Topography:	Level
Corner Lot:	Yes
Frontage Feet:	454
Frontage Desc.:	SE side Groesbeck
Frontage Type:	2 way, 3 lanes each way
Traffic Flow:	High
Density-Unit/Gross Acre:	0.11
Bldg. to Land Ratio FAR:	0.08
Land to Building Ratio:	12.40
Zoning Code:	MU
Bldg. Phy. Info. Source:	Public Records
Source of Land Info.:	Public Records

Comments

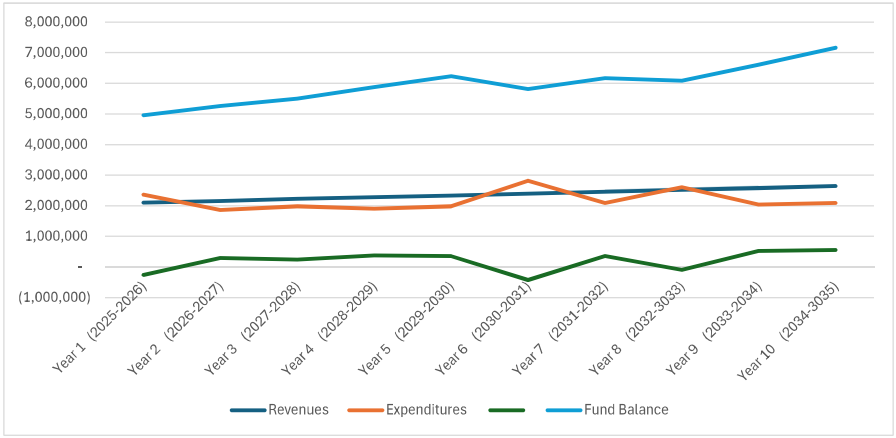
City had passed a $3MM bond in 2020 for upgrades to

Comments (Cont'd)

compressors for the dual sheet arena, as well as a new parking lot and roof. The property was not listed, and was purchased by Black Bear Sports Group out of Bethesda, MD, which has been on a buying spree of arenas in the northeast and midwest.

Two NHL-size ice surfaces linked by mezzanine seating and skyboxes, capacity to host over 1,000 spectators and features modern amenities, including locker rooms, concession stands, and a pro shop.

	Revenues	Expenditures		Fund Balance	CAPX (inflated)	Fund balance minus CAPX
Year 1 (2025-2026)	2,105,889	2,360,726	**(254,837)**	4,959,130	725,000	4,234,130
Year 2 (2026-2027)	2,158,839	1,862,389	**296,450**	5,255,580	88,200	5,167,380
Year 3 (2027-2028)	2,223,604	1,980,037	**243,567**	5,499,147	187,535	5,311,612
Year 4 (2028-2029)	2,279,194	1,899,398	**379,797**	5,878,944	54,698	5,824,246
Year 5 (2029-2030)	2,336,174	1,981,485	**354,689**	6,233,633	114,865	6,118,767
Year 6 (2030-2031)	2,394,578	2,819,315	**(424,737)**	5,808,896	1,192,685	4,616,211
Year 7 (2031-2032)	2,454,443	2,092,901	**361,541**	6,170,438	175,888	5,994,550
Year 8 (2032-3033)	2,515,804	2,607,260	**(91,455)**	6,078,982	886,473	5,192,509
Year 9 (2033-2034)	2,578,699	2,047,405	**531,294**	6,610,277	0	6,610,277
Year 10 (2034-3035)	2,643,167	2,088,353	**554,814**	7,165,090	0	7,165,090



	Revenues	NOI	TOTAL	CAPX	CAPX (inflated)	Expenses	CAPX Projects
Year 1 (2025-2026)	$2,105,889	$470,163 ($254,837)	**$2,360,726**	$725,000.00	$725,000.00	$1,635,726	Parking Lot- City to get quote Scoreboards- $24,000 quote being signe off on
Year 2 (2026-2027)	$2,158,839	$376,450 $296,450	**$1,862,389**	$80,000.00	$88,200.00	$1,782,389	Interior Painting – $35,000 Rubber flooring in rink- $20,000.00 (2) Hot Water Storage Tanks – $25,000-$30,000
Year 3 (2027-2028)	$2,223,604	$405,567 $243,567	**$1,980,037**	$162,000.00	$187,535.25	$1,818,037	Interior Doors Replacement – $17,000 Concrete Grinding (bleacher areas) – $15,000 Zamboni Purchase-$130,000
Year 4 (2028-2029)	$2,279,194	$424,797 $379,797	**$1,899,398**	$45,000.00	$54,697.78	$1,854,398	Office Refresh (carpet & cubicles) – $25,000–30,000 Spectator Heaters – $15,000 (assessment needed)
Year 5 (2029-2030)	$2,336,174	$444,689 $354,689	**$1,981,485**	$90,000.00	$114,865.34	$1,891,485	Exterior Doors (incl. bay door) – $45,000 Zamboni Room Floor – $25,000–30,000 Parking Lot Lights – @$10,000 (assessment needed)
Year 6 (2030-2031)	$2,394,578	$465,263 ($424,737)	**$2,819,315**	$890,000.00	$1,192,685.12	$1,929,315	Rink Floors (headers & piping) – ~$600,000 per rink ($1,200,000 for both) Lighting (rink, lobby, locker rooms) – ~$40,000 Rubber Flooring in Lower level- $250,000.00
Year 7 (2031-2032)	$2,454,443	$486,541 $361,541	**$2,092,901**	$125,000.00	$175,887.55	$1,967,901	Bleacher Replacement – $125,000
Year 8 (2032-3033)	$2,515,804	$508,545 ($91,455)	**$2,607,260**	$600,000.00	$886,473.27	$2,007,260	Dasher Boards – $300,000 per rink ($600,000 for both)
Year 9 (2033-2034)	$2,578,699	$531,294 $531,294	**$2,047,405**	$0	$0	$2,047,405	
Year 10 (2034-3035)	$2,643,167	$554,814 $554,814	**$2,088,353**		0	$2,088,353	

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‘Hockey is family’: Parents concerned by Wings West sale to Black Bear

by: Josh Sanchez
Posted: Dec 17, 2025 / 06:21 PM EST
Updated: Dec 18, 2025 / 11:14 AM EST



TEXAS TOWNSHIP, Mich. (WOOD) — Concerns over higher ice fees, equipment restrictions, and possible rebranding are worrying parents of Kalamazoo youth hockey players as Maryland-based Black Bear Sports Group takes ownership of Wings West.

The complex of two ice rinks closed in September after staff members said the ice plant suffered a severe failure. Maintenance was underway since the summer to try and fix the problem to no avail. Then Black Bear along in October.

New owners say Wings West ice rink complex will reopen for 2026-27 season

The private company founded by Murry Gunty in 2015 owns arenas in 11 states, including Michigan. The purchase came with commitments to renovate the facility, with up to $2 million allocated for the effort, including the overhaul of the refrigeration system.

But the news wasn’t the change some parents were hoping for.

“We’ve been to these Black Bear rinks. It’s not the saving grace that, you know, younger parents or parents of younger children like me might have thought it would be,” said Faye Davis, a Kalamazoo Optimist Hockey Association board member and the parent of two youth hockey players.

“When we’re not at the rink for their hockey, we are at Western Games. If we’re not at a Western game, we’re at a K-Wings game. If we’re not at a K-Wings game, we’re going to Red Wings games. Hockey is life for us, so it’s very important to keep it local, to keep it affordable,” she told News 8.

Wings West is home to KOHA and several other ice groups. While transition talks are between KOHA administrators and Black Bear, the board and parents are worried about what could come.

“Now as the plans start rolling out, there’s the talk of, no matter what happens, there’s going to be solid rates, like ice rate increases, which inevitably trickle down to the cost that parents pay for hockey,” said Davis.

Donor gives Kalamazoo County $23.3M to kickstart housing plan

She said ice rentals are being reduced from 60 to 50 minutes, while prices rise, along with the cost for group lockers. Davis said the change feels heavy-handed.

“The rates that we’ve seen have been inclusive of some sort of like force rebrand, which I think is corporate bullying because Black Bear bought a building, not a club,” she said.

Davis isn’t alone in those concerns. Hockey parent and KOHA Board VP, Chris Buckley, said the transition could end fundraising efforts, like a memorial golf outing dedicated to young players. He added that tournament opportunities may also be curbed under a new structure.

“USA Hockey and KOHA have a great relationship. Kalamazoo has hosted the 14 and under USA Nationals for twice. And with Black Bear here, that is in jeopardy,” he said.

The program previously said in April that **nearly $2 million was generated in the Kalamazoo area** as a result of this year’s tournament. Buckley worries a new Wings West ownership may also drive money away from local businesses.

“KOHA has always been community-first. Through hockey supply shops, through our apparel vendors, through even local photographers who come to tournaments and games and photograph games. All of that money would leave the community with Black Bear and they would be forced to use their own vendors,” he said.

Black Bear owns six other rinks in Michigan, four of which bear the Biggby Coffee branding. In a statement, a spokesperson says the group is in the preliminary stages of plans to reopen Wings West and no decisions have been made on ice time, fundraising or otherwise.

“We remain solely focused on revitalizing and reopening the rink which, without the partnership of Black Bear, would remain permanently closed,” they said.

They reiterated the investment commitments geared to reopen **Wings West by the 2026-2027 season**.

“Like many of our other Black Bear rinks, Wings West has long been a cornerstone for the local community, and we are so excited to save this vibrant sports hub,” Black Bear said. “Our partnership, commitment and work will ensure that local hockey players and figure skaters will continue to have a place on the ice to call home.”

As this transition takes place, KOHA and other ice user groups are part of a **feasibility study with Discover Kalamazoo** to learn more about the ice rink needs in the area and how to meet it.

“Hockey is family,” Buckley said. “I don’t want anyone coming in and messing with our family like this. And so I think it’s important to speak out against corporate bullying. A private equity firm out of Maryland bought a building. They didn’t buy an organization.”

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Private Equity Turns Youth Hockey Rinks into Profit Machines, Widening Inequality

Private equity firms are acquiring youth hockey rinks, turning community sports into profit-driven ventures. Black Bear Sports Group exemplifies this by banning personal recordings and mandating paid streaming subscriptions, escalating costs and reducing accessibility. Critics argue this commodifies childhood activities, widening inequality for families.



Written by Emma Rogers
Friday, November 21, 2025

In the icy arenas of suburban America, where young hockey players chase pucks and dreams of NHL glory, a new player has entered the game: private equity. Firms backed by Wall Street billions are snapping up youth sports facilities, transforming what was once a community-driven pastime into a profit-maximizing enterprise. Take Black Bear Sports Group, a company that has acquired dozens of ice rinks across the U.S. and Canada. Parents at these venues are now forbidden from recording their children's games with personal devices, forced instead to subscribe to the company's streaming service for $25 to $50 a month. This move, as detailed in a recent Jacobin article, exemplifies how private equity is reshaping youth sports, prioritizing revenue streams over accessibility.

Black Bear's strategy isn't isolated. Founded in 2015 and fueled by investments from firms like Silver Lake and Blackstone, the group controls over 30 rinks and has expanded into other sports like lacrosse and soccer. The ban on personal recordings, enforced with signs and staff interventions, directs families to "Bear TV," a proprietary platform that monetizes every goal and save. Parents report frustration, with one Connecticut senator, Chris Murphy, recounting his own experience of being barred from

from The New York Times, has become a magnet for investors seeking stable returns in a fragmented market. Hockey, with its high equipment costs and need for specialized venues, is particularly ripe for this trend. Participation in youth hockey has surged, with USA Hockey reporting over 550,000 registered players under 18 in 2024, up 10% from pre-pandemic levels. Yet, as private equity firms like Black Bear consolidate rinks, costs are skyrocketing—rink time that once cost $200 an hour can now exceed $500, pricing out lower-income families.

The Consolidation Wave Hits the Ice



Private equity's interest in youth sports extends beyond hockey, but the sport's infrastructure demands make it a prime target. Bloomberg reports that the sector's $30 billion to $40 billion revenue potential is drawing firms to acquire everything from baseball fields to volleyball courts. In hockey, companies like Black Bear are using mergers and acquisitions to build empires. A Bloomberg feature highlights how these investors promise efficiency and better experiences, but critics argue it's about "squeezing value" through fee hikes and ancillary services like mandatory apparel or coaching add-ons.

This trend is accelerating into 2025, with projections from investment firm Meketa indicating that private equity allocations to sports assets could grow at a 10% compound annual rate. Their report, available on Meketa's website, notes the allure of uncorrelated returns amid economic volatility. For hockey, this means more rinks under corporate ownership, often leading to standardized operations that prioritize profitability. Parents on platforms like X (formerly Twitter) express outrage, with posts lamenting how "Wall Street vampires are sucking the joy out of youth sports," echoing sentiments from users who see it as widening inequality.

The impact on families is profound. Average annual spending per child on a primary sport exceeds $1,000, per data from Empower, but in privatized facilities, that figure can double with added streaming fees and premium access. In regions like the Northeast, where hockey is king, Black Bear's dominance has sparked backlash. A Lever News investigation reveals how the firm, backed by $100 million from Silver Lake, enforces no-recording policies to funnel revenue to its ecosystem, including partnerships with tech firms for AI-highlight reels sold at a premium.

Investor Strategies and Market Dynamics

Drilling deeper, private equity firms are employing roll-up strategies, acquiring small, independent rinks and integrating them into larger networks. Sports Business Journal notes in a March 2025 piece that revenue estimates for youth sports range from $20 billion to $40 billion, with M&A activity consolidating the space. For hockey, this includes tech integrations like automated scoring systems and data analytics sold to scouts, turning youth games into data goldmines. Akin Gump's 2025 perspectives report, found on their site, emphasizes how evolving league rules allow PE investments, fostering growth in minority stakes and multi-sport conglomerates.

On X, industry observers like Joe Pompliano discuss how similar policies in professional leagues are trickling down to youth levels, with posts highlighting liquidity benefits for owners but warning of cost inflation. Recent threads criticize firms for "professionalizing" youth sports, making it resemble a high-stakes business rather than recreation. Bloomberg Law reported in October 2025 that PE is expanding into college recruiting platforms, linking youth hockey tournaments to scholarship pipelines, further entrenching the pay-to-play model.

Critics, including the American Economic Liberties Project, argue via X posts that this influx will "raise fees and push sports out of reach for everyday Americans." Their analysis ties it to broader PE trends in healthcare and housing, where consolidation harms consumers. In hockey, this manifests as fewer community-run programs, with private entities dominating scheduling and access, often favoring elite travel teams over recreational leagues.

Youth hockey growth, as per Nickel City Hockey's October 2025 insights on their blog, is booming in non-traditional markets like the Sun Belt, but privatization risks alienating diverse participants. Business Insider's June 2025 coverage warns of over-professionalization, where kids face burnout from intensified training regimes pushed by investor-backed clubs.

Regulatory scrutiny is emerging. Senator Murphy's anecdote in the Jacobin piece has fueled calls for antitrust reviews, with X users amplifying demands to curb PE's "monopolistic grip." Daily Caller reported in November 2025 on rising costs at hockey rinks, quoting parents paying up to $10,000 annually per child. Investors counter that their capital improves facilities, citing upgrades like better ice maintenance and digital tools.

Yet, as 2025 unfolds, the tension between profit and play persists. Private equity's playbook—consolidate, monetize, extract—threatens to commodify childhood joy. For industry insiders, the question is whether this model sustains long-term growth or sparks a backlash that reclaims youth sports for communities. With billions at stake, the ice is getting thinner for families caught in the crossfire.



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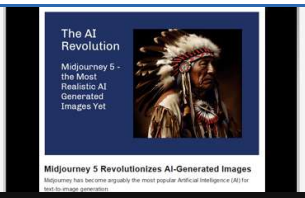
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Mount Clemens Ice Arena being sold to Maryland-based firm

Sale expected to close by 2025

By: Dean Vaglia (/reporterbio/Dean-Vaglia) **| Mount Clemens-Clinton-Harrison Journal (https://www.candgnews.com/newspaper/journal) | Published December 9, 2024**



(https://www.candgnews.com/admin/articles/temp-image/9e1ba9e017399df775d3a6990adec731.png)

The Mount Clemens Ice Arena is expected to be sold to Maryland-based Black Bear Sports Group by the end of 2024.
Photo by Dean Vaglia

MOUNT CLEMENS — After a procedural vote to become the owners of the Mount Clemens Ice Arena, the City of Mount Clemens is set to sell the arena to Maryland-based sports and entertainment firm Black Bear Sports Group by the end of December.

According to Shipman, the $4 million sale will see BBSG take over with plans of maintaining current operations while injecting capital to improve facilities.

“They’re going to keep the management company in place that was there,” Mount Clemens City Manager Gregg Shipman said. “Anything that’s there now, you’re going to see that exist, but what they’re going to do is come in and make this better because they have the means to do it. They own many other facilities, and they have these rights to these other leagues, so they’re going to increase the league presence and they’re even talking about expanding the arena, adding a sheet of ice in the future. They’re prepared to come in and make the capital improvements that the arena needs, and these are all things that we can’t afford to do.”

BBSG made its first offer to purchase the arena for $3.75 million sometime after the June 3 City Commission meeting where commissioners discussed and tabled the possibility of a year-long study about options surrounding the arena. Capital improvement and bond payment costs led to commissioners questioning whether to sell the arena or redevelop it into a different kind of recreation facility.

“For years it’s been a struggle to make the bond payment on the arena, and this is the second bond that the city has on it,” Shipman said. “There is the original bond to build it, and then they took out another bond to do improvements and the arena is not going to make enough money to make the bond payment, which will mean that the city would have to start making those payments out of the general fund. In essence, the ice arena would be losing money, and we have so many other capital improvements that need to be done to the ice arena in the next five to 10 years, and that would contribute more to the deficit each year.”

Various tasks and surveys are being performed before the sale closes. One of the city’s requirements to sell the building was to reclaim ownership of the arena from the Municipal Building Authority of Mount Clemens, the building financing authority that was created in the 1990s to build the arena. Such authorities were common before municipal capital improvement bonds were introduced in 2001. The procedural step was completed at the Nov. 18 City Commission meeting. Shipman says there are no other buildings in the city deeded to similar authorities.

Advertisement



(https://www.misd.net/index.html)

Representatives for BBSG did not respond to requests for comment by press time. BBSG operates four arenas in Michigan — Bigby Coffee Ice Cubes in Ann Arbor, Brighton and East Lansing along with the Hazel Park Ice Arena — as part of its 40 facilities across the Midwest and East Coast. BBSG operates 40 youth hockey clubs, four leagues, two tournament organizations, eight Junior “A” level hockey teams and Foundry Adult Hockey.

BBSG was founded in 2015 by CEO Murry Gunty and Blackstreet Capital Holdings, LLC. The firm focuses on purchasing underperforming ice rinks in National Hockey League markets with the goal of revitalizing them.

Justin Quenneville, general manager and head coach of the Metro Jets Hockey Club, has some experience with BBSG given the group’s presence in the industry and due to the P.A.L. Junior Islanders team playing in the United States Premier Hockey League alongside the Jets. Quenneville spoke highly of the arena’s current management and echoed that there were no planned changes to day-to-day operations.

“We’re excited to hear some of the ideas from Black Bear, whether it be the potential expansion of the facility or additions of any sort,” Quenneville said. “But realistically, from what we’ve been told and has been communicated with us, they don’t foresee there being any significant changes to an already well-run establishment.”

Shipman is positive about BBSG becoming the arena’s new owners. Along with the planned developments and improvements of the arena itself, private ownership means the arena will begin providing around $40,000 in annual tax revenue.

“I think it really is a win-win for everybody,” Shipman said. “For the people who use it, this is going to become a bigger, better arena than it was before. They are going to be able to do all these capital improvements that need to be done. The management team stays in place. And now we have a piece of property that comes back on the tax roll. It’s all positives.”



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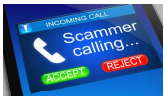
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Viking Ice Arena has been sold by the city of Hazel Park. A portion of the proceeds will pay off the final bonds. Officials say the ice arena will retain its staff and programming, and continue to operate as normal. Photo by Erin Sanchez

Hazel Park sells Viking Ice Arena

Buyer will continue Arena operations

By: Andy Kozlowski (/reporterbio/Andy-Kozlowski) | **Madison-Park News (https://www.candgnews.com/newspaper/madisonparknews) | Published July 20, 2023**

HAZEL PARK — An ice-skating rink that Hazel Park officials say has long been a strain on the city's finances has been sold to a private business.

Viking Ice Arena, located at 1555 E. Woodward Heights Blvd., was first opened by the city of Hazel Park in 1999. Several months ago, Black Bear — an ice arena operator that owns or manages 36 facilities across the U.S. — made an offer on the place.

The first offer was rejected, but a follow-up offer of $2.9 million was unanimously approved by both the Hazel Park City Council and the General Building Authority. The authority is a separate entity created by the city to hold property, and to finance acquisitions and improvements. The sale closed June 26.

Andy LeCureaux, a member of the Hazel Park City Council, said that the city had spent many years searching for a buyer.

"I don't believe that a city entity necessarily has the expertise to manage a facility like this," LeCureaux said. "We had been looking to sell this for a long time because of the bond payments, but we could never get enough of a sale price to cover what we owed on the bonds. So this will be a great financial help to us, and to the budget. It will take considerable strain off that."

Hazel Park City Manager Ed Klobucher described how the arena had been costly to the city.

“The ice arena has always been a financial drain on the city of Hazel Park,” he said via email. “The city has always had to subsidize the arena — sometimes over a half of a million dollars a year. In addition to the ongoing costs, there are possibly several million dollars of deferred maintenance costs for repairs that will need to be incurred in the next several years. Had the arena not been sold, those costs would have been borne by the Hazel Park taxpayers.”

He noted that about $700,000 of the proceeds will be used to pay off the final bond payment, while the rest will be allocated to the city’s capital improvement fund.

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“This sale represents the best of both worlds for the city of Hazel Park,” Klobucher continued. “Black Bear will continue to utilize the building as an ice arena, but now it will be privately owned and on the city’s tax rolls. Black Bear also agreed to give all city employees an opportunity for continued employment, and they promised to work with our recreation department to ensure Hazel Park residents continue to have access to the arena.”

Viking Ice Arena features two ice sheets, a gym and a concessions area. It is home to the Little Caesars Hockey Club, International Stars Youth Hockey, and various high school clubs. All existing programming will continue as planned, and all employees will be retained at the rink.

Black Bear itself is the largest owner-operator of ice rinks in the U.S. It was founded by CEO Murry Gunty in 2015.

“We are excited to announce Black Bear’s continued expansion in Detroit,” Gunty said in a statement. “The city of Hazel Park was fantastic to work with on this deal, and we are looking forward to expanding operations and programming so the rink continues to serve as an important resource for the community.”

LeCureaux said he anticipates great things from the arrangement with Black Bear.

“Community programming is what they do. They know how to manage the sites, the business,” LeCureaux said. “The city no longer has to cover the payments, the arena is now on the tax rolls, and the organization operating it will probably have more program offerings

than we did, since our Recreation Department was already so busy with other things. Really, this is a win-win for everyone."



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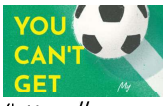

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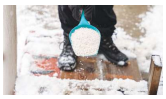
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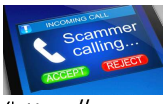
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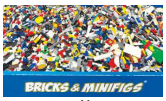
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