

## Palenick, James

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**From:** Tim Sullivan <tsullivan@venuworks.com>  
**Sent:** Thursday, August 17, 2017 4:41 PM  
**To:** Palenick, James  
**Cc:** Steve Peters; Joseph Romano; John Siehl; Gain, Amanda  
**Subject:** RE: VenuWorks Proposal

Jim, to follow up on your question to John Siehl... Yes, I can confirm that we are offering to sell the naming rights for no additional fees or commissions. We would be performing these services in order to demonstrate our long-term commitment to the City of Racine. As one of our oldest clients we value this partnership very much and want to see it continue for many years into the future. Thanks and let us know if you have any other questions.



Tim Sullivan | S.V.P. & Chief Financial Officer  
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**From:** Tim Sullivan  
**Sent:** Thursday, August 17, 2017 3:05 PM  
**To:** 'james.palenick@cityofracine.org' <james.palenick@cityofracine.org>  
**Cc:** Steve Peters <speters@venuworks.com>; Joseph Romano <jromano@venuworks.com>; John Siehl <jsiehl@venuworks.com>; Amanda Gain (amanda.gain@cityofracine.org) <Amanda.Gain@cityofracine.org>  
**Subject:** VenuWorks Proposal

Mr. Palenick, good afternoon. Please see the attached proposal from Steve Peters and VenuWorks regarding services we could provide for the new Racine Event Center, as well as, a draft addendum to our current management agreement. Thanks in advance for your consideration and we look forward to your response.



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## PROPOSAL

August 17, 2017

TO: Mr. James Palenick, City Administrator, City of Racine

FR: Steve Peters, VenuWorks President & CEO

RE: Proposal for Pre-Opening Services for Racine Event Center

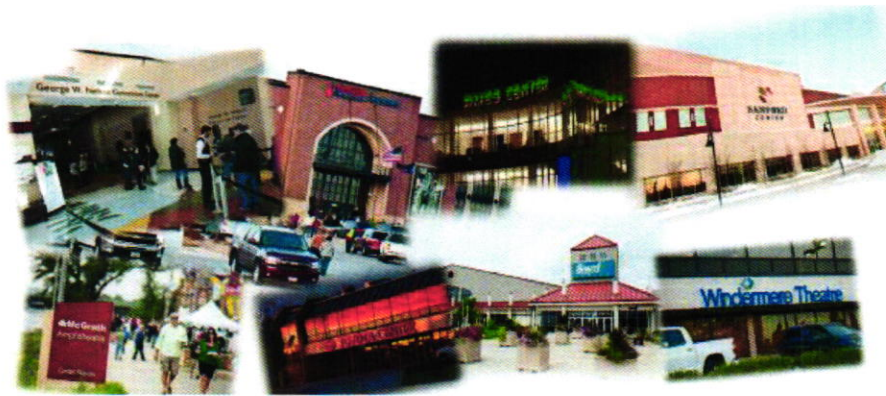
As long time partners of the City of Racine, we have been very excited to see the development of the Racine Event Center and Hotel project. It would no doubt bring unprecedented economic growth downtown and improve the quality of life for all citizens from miles around. As managers of the Racine Civic Centre and Memorial Hall, we are in a unique position to offer certain professional services which will ensure success during this critical time leading up to the grand opening of the new venues.

In conjunction with our local staff in Racine, and our entire network of VenuWorks managed venues, we are proposing to offer the following services:

- Secure a Naming Rights sponsor for the new arena
- Support negotiation of deal points for a USHL hockey franchise

Below is a summary of the work we are proposing to perform on behalf of the City and specific examples from our company's history that demonstrate our ability to be successful in these endeavors.

## Background & Success



The VenuWorks team generates millions of dollars in revenues annually for clients through naming rights, sponsorships, pouring rights, and display advertising. A quick look at just some of the names of VenuWorks managed venues demonstrates our ability to contract for naming rights sponsorships:

- Toyota Center, Kennewick, WA
- Sanford Center, Bemidji, MN
- Swiftel Center, Brookings, SD
- Ames Center, Burnsville, MN
- US Cellular Center, Cedar Rapids, IA
- Ford Center, Evansville, IN
- McGrath Amphitheater, Cedar Rapids, IA
- Grossinger Motors Arena, Bloomington, IL

We are also experienced in selling naming rights for interior portions of venues. Just some of those partnerships include:

- Daktronics Lobby in the Swiftel Center
- Ford Pick-Up Window in the Sanford Center box office
- Old National Bank Level in the Ford Center
- Dodge Pick-Up Window in the Ames Center box office

In addition to Naming Rights, other Contractually Obligated Income (COI) sources typically include Display Advertising, Marquees, Pouring Rights, and Sponsorships.

VenuWorks has had tremendous success in securing COI's to help fund new arenas. Some pre-opening examples include:



- \$28 Million for the Ford Center in Evansville, IN
- \$11 Million for U.S. Cellular Center in Cedar Rapids, IA
- \$9.5 Million for the Alerus Center in Grand Forks, ND

### Naming Rights Valuation

Last year, a media exposure analysis was conducted by Joyce Julius & Associates to determine the exposure a naming rights sponsor could receive annually from a 5,000 seat arena in Racine, WI. Impressions and exposure values stemming from television news coverage, print media, internet news coverage, on-site impact, and advertising/promotions were all researched. The overall findings concluded an annual exposure value of nearly \$9.6 Million.

Exposure Source	Mentions/Articles	Impressions	Exposure Value
On-Site Impact	N/A	16,852,561	\$425,696
Advertising & Promotions	N/A	158,061,696	\$3,992,638
Television News Programming	521	5,890,663	\$154,276
Print Media	750	39,941,863	\$1,046,077
Internet Media	5,475	151,997,589	\$3,980,817
<b>Total</b>	<b>6,746</b>	<b>372,744,372</b>	<b>\$9,599,505</b>

In selling naming rights, we typically try to deliver a value to price ratio of at least 5 to 1. Using that formula, one could justify an annual naming rights fee as high as \$1.9 Million. However, based on our experience in mid-sized markets in the upper

Midwest, the actual fee might more likely be in the range of \$250,000 to \$400,000 annually.

Armed with the findings of the report above, VenuWorks will identify realistic prospects and approach them with options for becoming the primary naming sponsor of the new Racine Event Center. Once compatible partners are identified, we would provide presentations and sales pitches, and finally negotiate deal points with each on behalf of the City. We would then bring a recommendation to the City, along with various alternatives regarding financing (up-front investment vs. annually) so that ultimately a deal would be secured with the naming sponsor who provides the best fit for the new venue.

### Hockey Experience



We are fortunate to host hockey franchises from many different leagues in the arenas we manage. From the Bemidji State Beavers of the Western Collegiate Hockey Association (WCHA) to the Tri-City Americans of the Western Hockey League (WHL), we understand the important needs of the teams that call our venues home. In fact, we know firsthand the challenges our franchises face because we actually own a franchise in the Southern Professional Hockey League (SPHL) – The Thunderbolts! They play in the Ford Center in Evansville, IN.

The success of our client venues is dependent in no small measure on the success of our prime tenants. Therefore, we work to forge a partnership with each franchise, working together on facility access, schedule management, ticketing, marketing and promotions. Two of our venues' prime tenants hail from the United States Hockey League (USHL); The Thunder who play at Grossinger Motors Arena in Bloomington, IL and the Rough Riders who call the Cedar Rapids Ice Arena home in Cedar Rapids, IA.

VenuWorks' firsthand knowledge in negotiating contracts with prime tenants and in forging mutually beneficial relationships would allow the City of Racine to take a step back from the negotiation process, while providing ultimate approval of the contract deal points. In our experience, this model leads to favorable results for venue owners, while preserving owner/tenant relations.

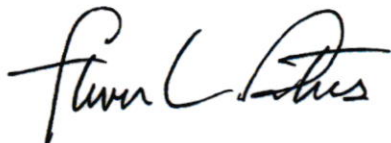
Using our inside knowledge of contract structures with various prime tenants, particularly within the USHL, VenuWorks will negotiate all contract deal points, including, but not limited to; Term, Rent, Office Space, Food & Beverage, Merchandise, Reimbursed Expenses, Practice Time, and Scheduling. We will then bring a recommendation to the City for final review and approval.

### Summary

We will provide all of the services above for no additional management fee, and would seek only to be reimbursed nominal travel and out-of-pocket expenses. In the event that another professional management firm is selected to manage the new venues upon opening, we would seek a one-time retroactive payment of \$25,000. We would also ask that our current management agreement be extended to June 30<sup>th</sup>, 2019 to provide stability during the pre-opening period.

I truly appreciate the opportunity to submit this proposal and look forward to discussing how VenuWorks can be of service in realizing Racine's vision of developing downtown. I would welcome the opportunity to visit with the Mayor, Common Council, and City Staff regarding this proposal.

Sincerely,

A handwritten signature in black ink, appearing to read "Steven L. Peters". The signature is fluid and cursive, with the first name "Steven" being the most prominent part.

Steven L. Peters, President & CEO  
VenuWorks, Inc.