



June 1, 2021

Mr. Patrick Rice
Executive Director
Boise Centre
850 West Front Street
Boise, Idaho 83702

Dear Mr. Rice:

The purpose of this letter is to outline the findings of a review by Conventions, Sports & Leisure International (CSL) of the proposal and projections prepared by Idaho Competitive Aquatics, LLC (ICA) relative to a new Aquatic Center proposed for southeast Boise.

1. Background & Objectives

At the request of the Greater Boise Auditorium District (District), CSL conducted a limited review of the project concept, proposal terms, projections and related documents associated with ICA's proposal for a new Aquatic Center in southeast Boise. The review did not include primary market research (i.e., user group interviews) specific to Boise area market demand and the potential base of users associated with the proposed Aquatic Center. Rather, the intent was to provide reaction and opinion concerning the reasonableness of key assumptions, projections, and public/private partnership (P3) terms outlined in the ICA proposal and documents, largely based on CSL's extensive experience with comparable facility projects and insight into industry best practices. The contents of this letter outline our key findings. Additional detail concerning the limitations associated with this type of review is provided at the conclusion of this letter.

Relying partially on our past project involvement in Boise related to other sports, recreation and convention facility planning projects, CSL also leveraged its experience with conducting other comparable aquatic facility feasibility studies and planning projects throughout the country, as well as industry information contained within our extensive database. If the District wishes to explore the project in more detail, at its request, we could conduct a more comprehensive feasibility study, involving a full analysis of market demand, financial operations, and economic impacts.

The review outlined herein involved the following project documents and information provided by the District and ICA:

1. ICA Proposal Presentation to the District dated February 18, 2021.
2. ICA Proposal Presentation to the District dated March 23, 2021.
3. Exterior Elevations and Perspectives Update dated May 3, 2021.
4. ICA Operating Projections dated April 17, 2021.

Additionally, telephone meetings to discuss the project were conducted with leadership of the District, ICA and the Treasure Valley Family YMCA.

A summary of review findings, including discussion, observations, relevant data, and opinions organized by topic area, is provided on the pages that follow.

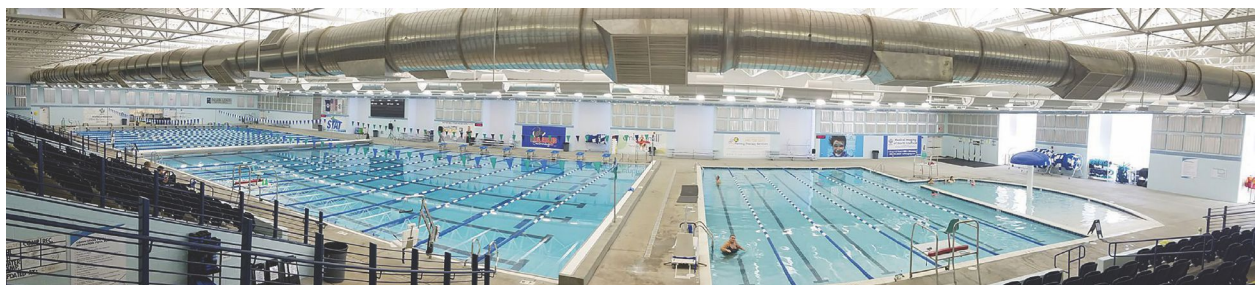
2. Market & Economic Opportunity

While this specific review engagement did not include a detailed market analysis or feasibility study, there are a number of indications that the greater Boise area is presently underserved in terms of quality aquatic facility product and peak period availability for both competitive and recreational swimming. Relative to its population, Boise's supply of pools is lower than found in typical markets its size throughout the country.

The National Recreation and Park Association (NRPA) has a long-established recommendation for communities to have one pool per 20,000 residents. Further, NRPA's recommendation establishes a baseline that community swimming pools should accommodate three to five percent of the total population at one time. Based on the estimated population of Boise (approximately 240,000), the NRPA's guidelines would recommend at least 12 pools. In recent years, there has been discussion within the industry concerning an updated ratio approximating one pool per 50,000 residents; however, these simplified "rules-of-thumb" ratios do not consider the complexity and uniqueness of user group demand and localized participation rates. As such, a ratio of this nature should be viewed as one of a number of metrics and data points to be considered when evaluating supply and demand issues in individual markets.

While there are a number of public and private pools serving the Boise marketplace (including outdoor City pools and YMCA pools), the Treasure Valley Family YMCA's Boise City Aquatic Center is currently the only indoor facility in Boise offering a 50-meter competitive pool. In fact, the Boise City Aquatic Center is one of only a few 50-meter pool facilities in the state of Idaho. Importantly, however, like many YMCA facilities, it is believed that certain design and programming aspects of the facility—decisions that were made to align with the YMCA's mission to serve youth development, healthy living and social responsibility—partially limit the attraction of economic impact-generating meets and the full realization of the competitive swimming demand sectors. It is believed the proposed ICA Aquatic Center would fill a gap in the marketplace for key underserved competitive and recreational swimming demand—particularly in southeast Boise area, where no pool facilities presently exist.

The proposed ICA Aquatic Center would offer the "lanes and deck space" of a state-of-the-industry aquatic center (or natatorium), which is critical for attracting competitive meets and delivering competitive swimming development opportunities and programming. "Lanes" refers to a modern 50-meter by 25-yard competitive pool with bulkhead plus 25-yard warm-up/therapy pool. "Deck space" refers to the square footage area of the pool deck (specifically, the width) that serves to stage all swimmers, coaches, timers and officials (not including spectator seating), while also providing for safe and efficient deck circulation. Deck space surrounding modern competitive pools have a minimum width of 20 feet. The ICA Aquatic Center, if built, would be the only facility in the Boise area that would meet these two requirements. In addition to providing new capacity to grow local swimming development and training programs, this should allow for growth in the number of competitive meets attracted to Boise. Meets tend to be significant generators of tourism and related hotel room nights and economic impact in host communities.



In general, higher altitude communities (such as Boise) can be attractive for elite swimming training; however, many meet organizers tend to prefer lower altitude host destinations for high-profile championship meets. For instance, USA Swimming prefers championship sites with elevations less than 3,000 feet. Both

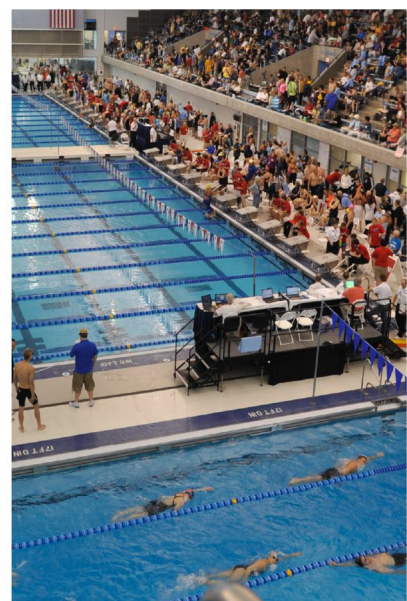
USA Swimming and the NCAA have rules that adjust meet result times for host sites greater than 3,000 feet. While Boise's altitude is slightly lower at approximately 2,730 feet, its elevation may reduce the attractiveness of the destination for certain high profile national/regional championship and invitational meets (relative to other destinations within the greater target geographic region). Nevertheless, this was accounted for in the ICA proposal and business plan, and attracting top tier championship meets was never intended to be a primary focus of the facility.

The public and private sector investment in typical new aquatic center projects tends to provide substantial quantifiable benefits to host communities. These quantifiable benefits often serve as the return-on-investment (ROI) of public dollars that are contributed to develop the facility project and site. Quantifiable measurements of the effects that facility project could have on the local economy are characterized in terms of economic impacts. In addition to quantifiable benefits, there are a number of potential benefits that cannot be quantified. In fact, these qualitative benefits tend to be a critical factor in the consideration of public and private investment in facilities of this nature. These include issues pertaining to quality of life and wellness, ancillary economic development facilitation, employment opportunities, community pride, and other such items.

Based on a number of aquatic facility studies that CSL has performed in recent years, upon stabilization, typical state-of-the-industry aquatic center (or natatorium) projects often generate the following estimated annual economic impacts within their respective host communities:

- Hotel Room Nights: **12,000 to 20,000**
- Direct Spending: **\$7.0 million to \$15.0 million**
- Economic Output (Direct + Indirect + Induced Spending): **\$10.0 million to \$25.0 million**
- Personal Income: **\$5.0 million to \$10.0 million**
- Employment (Full- & Part-Time Jobs): **150 to 300**

Based on the facility product and activity projections presented in ICA's proposal, a new Boise Aquatic Center would be expected to generate similar economic impacts within Boise—albeit on the lower end of the above ranges. This is not to imply a pessimistic market outlook for Boise; rather, it is reflective of the lower than typical capital investment expected (relative to other aquatic center projects studied, most of which were public sector-led aquatic centers or natatoriums) and the relatively conservative use projections generated by ICA.



3. Proposed Site

As important as size and configuration, the location and site of aquatic centers can have a significant impact on the operational success of the facilities and their ability to generate utilization and attendance (local and nonlocal). A large number of characteristics and factors are typically important when evaluating the attractiveness of a site. These include, but are not limited to, the following factors:

1. Size, cost, and ownership complexity of site.
2. Nearby accessibility to major interstates/roadways.
3. Driving proximity to primary population concentrations.
4. Ability to leverage existing infrastructure/prior investment.
5. Requirements/preferences of a private partner.
6. Proximity to quality hotel inventory.
7. Proximity to restaurants, retail, nightlife, and entertainment.
8. Parking availability.
9. Ingress/egress.
10. Site visibility.
11. Synergy with other public sector initiatives/master plans.
12. Compatibility with surroundings.

The site for the proposed ICA project is located at 3575 South Findley Avenue in southeast Boise, as shown in the ICA-provided site maps below.

Proposed Boise Aquatic Center Site and Layout Concept (3575 South Findley Avenue)



In general, it appears that the targeted parcel represents a strong site, particularly with respect to many of the aforementioned factors. Specifically, the site has strong visibility and roadway accessibility, including direct access from South Federal Way and an I-84 interchange. It is also situated in the midst of a cluster of retail and restaurant amenities, while also having the benefit of plentiful nearby parking. The site is located approximately five minutes' drive from downtown Boise (and downtown hotels) and the same approximate distance to Boise Airport. Presently, there is a lack of any other pool facility options in southeast Boise, which is another important advantage of the site. Based on CSL's cursory review, the targeted site does not appear to possess any fatal flaws or significant relevant weaknesses.

4. Proposed Facility Concept, Program & Cost

Modern, state-of-the-industry aquatic centers (or natatoriums) include a 50-meter by 25-yard competition pool (with bulkhead, allowing for long-course, short-course, and cross-course swimming), plus a 25-yard warm-up/therapy pool, in addition to other fitness/wellness amenities and support spaces. Specifically, a typical state-of-the-industry aquatic center would include the following programmatic characteristics and key components:

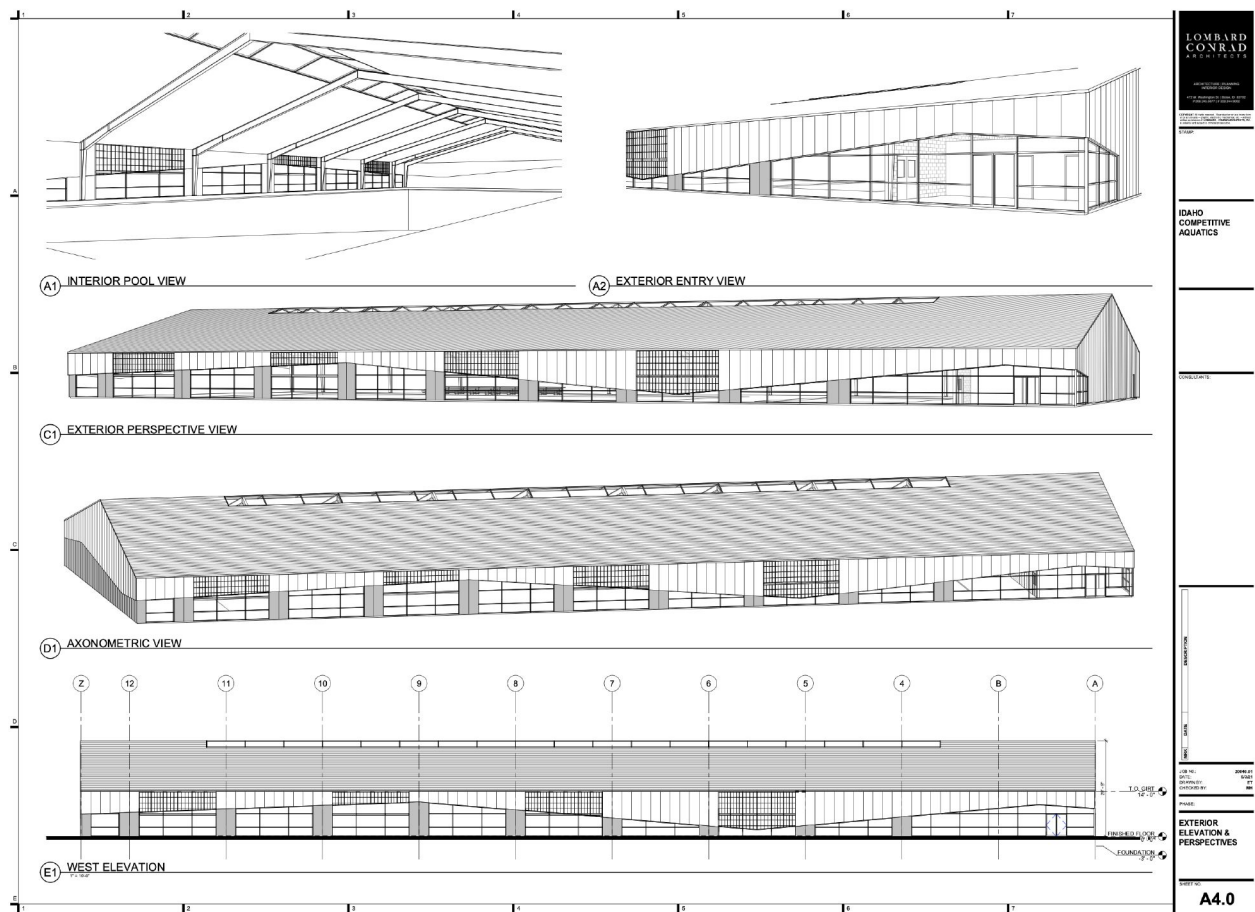
- Competition Pool:
 - 50M x 25yd, 8 to 10 lanes.
 - Moveable bulkhead.
 - Minimum pool deck width of 20 feet.
 - Pool depth of 6'7" to 13'0" depth (to allow for springboard diving).
 - Spectator seating (fixed and retractable on one side) for 1,000 or more.
 - 1M and 3M springboard diving.
- Warmup/Therapy Pool:
 - 25yd, 3'0" to 5'0" depth.
- Leisure Pool:
 - Size varies.
 - Often includes zero-depth entry access and waterpark features.
- Dedicated Diving Well (offered by only a portion of facilities, if diving demand warrants):
 - 1M and 3M springboard.
 - 5M, 7.5M and 10M platform.
 - Minimum depth of 5M.
- Other components, including fitness spaces, gym space, party rooms, locker rooms, food & beverage areas, storage, circulation, back-of-house, etc.
- 75,000 to 100,000 GSF (gross square feet) of facility space.
- Minimum of 300 dedicated parking spaces.
- Minimum site of 6 acres.

The vast majority of facilities throughout the country possessing these characteristics are either university-related or public sector-led projects (i.e., capital and operational support funding provided by cities, counties or other public sector entities). Private sector-led projects (like the ICA project proposal) tend to be more focused in terms of target markets and programming, and have more space-efficient design with fewer amenities and ancillary spaces.

Based on our review of the ICA proposal, it is understood that the original concept was intended as an outdoor aquatic center (with a state-of-the-industry configuration of outdoor pools and deck space, plus indoor headhouse, accommodating locker rooms and front-of-house operations). To lengthen the utilization to year-round and to make it more attractive for meets and programming, the potential for adding an enclosure for the pools was subsequently proposed. Originally, the type and nature of the enclosure structure was undefined—with a variety of options possible, such as an air-supported bubble structure, a metal frame and insulated fabric "sprung structure", or some type of metal roof and wall structure. Overall, the ICA proposal indicates an aquatic center footprint of approximately 40,000 square feet, consisting of 315' by 120' design, plus some additional square footage to accommodate bump-outs on the headhouse building.

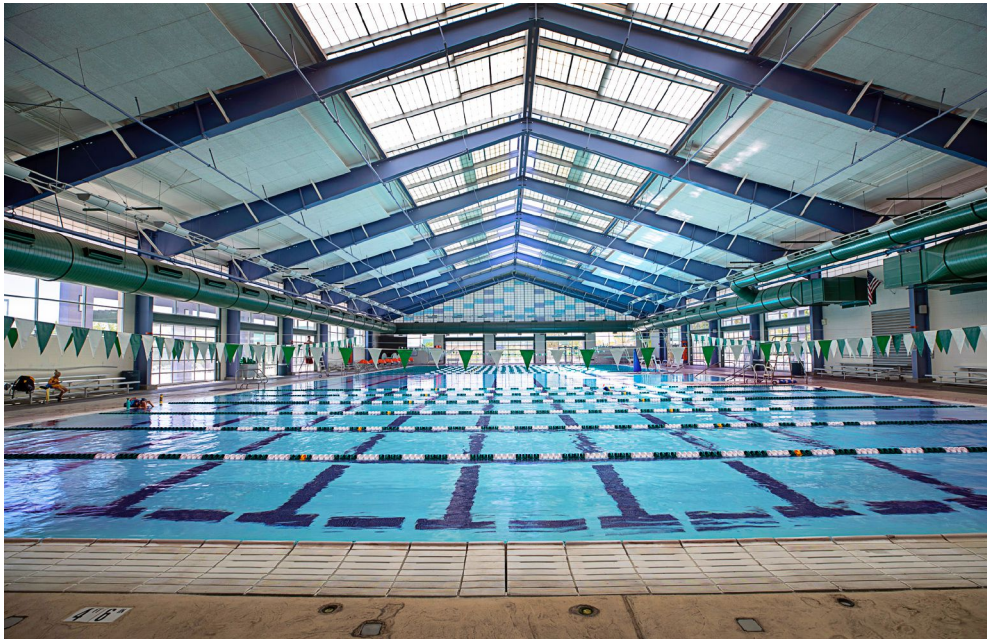
Presently, the ICA proposed facility concept now involves a fully-enclosed, energy-efficient metal building structure that covers both the competition pool and the warm-up/therapy pool. The proposed metal building would include roll-up hanger-type doors with plentiful glass and a Kalwall skylight roof. Kalwall is one of the most highly-insulating diffuse light transmitting systems available. Kalwall translucent panels are a composite of fiberglass face sheets permanently bonded to an aluminum or thermally-broken interlocked grid core. Kalwall typically performs well in locations possessing more extreme climate conditions. These glass elements would provide extensive natural light illumination inside the facility and, during a portion of the year, the large installation of roll-up doors around the perimeter of the facility could be opened, allowing for outdoor air circulation and a sense of an outdoor environment.

The following presents a set of exterior elevations and perspectives, developed by Lombard Conrad Architects, associated with the current ICA proposed concept for the new Boise Aquatic Center.



One existing facility that was identified by ICA as an example utilizing a similar roof with Kalwall skylights is the Pavilion Center Pool in Las Vegas, Nevada, as shown in the precedent image on the following page.

Kalwall Skylight Roof Concept – (Pavilion Center Pool, Las Vegas, Nevada)



In terms of some potential limitations of the ICA facility concept, the pools and deck space would be state-of-the-industry, as previously mentioned; however, the program would lack certain amenities and characteristics of more expensive aquatic centers located throughout the country. The ICA project is contemplated to have a focused, space-efficient design with a limited set of amenities and ancillary functional elements. Additionally, relative to typical modern public-sector-led aquatic facilities, the ICA project is not expected to possess: (1) a high flat roof; (2) fixed and retractable spectator seating nearing 1,000 seats; (3) ancillary fitness/wellness/gym space and amenities, (4) an outdoor leisure pool or waterpark features; (5) robust food & beverage and pro shop facilities; and (6) other such spaces and amenities. Both the physical facility and the expected programming of ICA's proposed Aquatic Center would be expected to be efficient and focused. Targeted activity is expected to primarily consist of third party rentals (i.e., meets, high school usage, local swim club usage, etc.) and lessons. Unlike many public sector-owned aquatic centers and YMCA pool facilities, the proposed ICA Boise Aquatic Center will not attempt be "everything to everybody". Its financial viability rightly depends on a more focused and efficient approach. The ICA Aquatic Center would essentially function as a quality, affordable rental and daily use facility that also provides in-house lessons and training. The business plan does not anticipate in-house swim teams or leagues. It is believed that ICA's success in terms of growing its in-house lessons over time will be critical to its long-term financial viability.

In terms of potential project risks, the most prominent relates to construction costs—specifically, the extreme volatility in construction costs at the present time, largely due to global supply chain bottlenecks and pent-up demand resulting as the world exits the COVID-19 pandemic. At the current time, it is still unclear how construction markets and costs will ultimately settle and stabilize. Steel and lumber costs are currently at unprecedented highs due to extreme unbalance in supply versus demand issues. Based on conversations with ICA leadership, the last construction bids for the steel structure building was received approximately six months ago, and will need to be updated to refresh costs estimates. There is a risk that the District's contemplated investment would be insufficient to cover the capital costs that were originally envisioned to effectively cover both the site purchase and the enclosure (allowing for year-round operations). In such an event, the project may require (1) an enhancement to the original capital funding plan, (2) a delay to the project allowing for construction markets to stabilize, and/or (3) a reduction or value engineering of the design and program to lower construction costs (which would be the least desirable of the three potential adjustments).

5. Utilization Assumptions & Projections

Utilization and attendance projections generated by ICA were reviewed. Specifically, the review focused on, but was not limited to, the following assumptions, inputs and projections:

- Assumed tenants and user groups.
- Assumed use mix (meets, practices, training, lessons, camps, clinics, open swim, other).
- Projected annual, monthly and weekly utilization in terms of lane hours.
- Projected number of meets, daily users, lessons, and events.
- Projected attendance (swimmers, spectators, coaches/officials).
- Projected local versus non-local utilization.

The following chart provides a comparison of key utilization metrics associated with ICA projections and those collected from a selected set of comparable aquatic centers or natatoriums located elsewhere throughout the country. The 10 comparable facilities considered all include, at a minimum, one 50-meter competition pool plus one 25-yard warm-up pool. For context, most of the comparable facilities have several swim tenants, while just over half of the comparable facilities have at least one university or college tenant, which typically benefits the attraction of potential added meet activity (through NCAA meets).

**Comparison of Annual Utilization Levels –
 Boise Aquatic Center Projections (ICA) vs. Comparable Aquatic Centers**

	Comparable Aquatic Centers (1)			ICA Projections (2)
	Low	Median	High	
Annual Meets (number):				
Meets (local, high school & dual)	10	16	28	8
Meets (regional, zone, national)	4	9	12	7
Total	14	25	40	15
Annual Programming (lane hours):				
Tenant User Groups	22,000	35,000	47,000	31,296
Lessons & Daily Users	12,000	20,000	30,000	10,824
Total	34,000	55,000	77,000	42,120

(1) Data set includes 10 comparable aquatic center and natatorium facilities with at least 1 @ 50M competition pool + 1 @ warm-up/therapy pool. More than half of the facilities have at least one university/college swim tenant.

(2) Represents the 5th year in ICA-provided projections for the proposed Boise Aquatic Center in southeast Boise.

Overall, based on the review conducted for this engagement, key utilization assumptions and projections provided by ICA for the proposed Boise Aquatic Center project appear to be reasonable and sufficiently conservative.

6. Financial Assumptions & Projections

Financial operating assumptions and projections generated by ICA were reviewed. Specifically, the review focused on, but was not limited to, the following assumptions, inputs and projections:

- Assumptions related to projection period, stabilized year, and annual inflation.
- Assumed rates and fees.
- Staffing levels.
- Projected operating revenues:
 - Lane rental income.
 - Daily user income.
 - Lesson program income.
 - Event income.
 - Sponsorship and other income.
- Projected operating expenses:
 - Staffing.
 - Utilities.
 - Repair & maintenance.
 - General & administrative.
 - Other expenses.
- Assumed capital repair & replacement reserve.

The following chart provides a comparison of operating revenues, operating expenses, and operating income associated with the ICA projections and those collected from a selected set of comparable aquatic centers or natatoriums located elsewhere throughout the country (grouped by public sector-owned versus private sector-owned facilities).

**Comparison of Annual Financial Operations (1) –
 Boise Aquatic Center Projections (ICA) vs. Comparable Aquatic Centers**

	Comparable Aquatic Centers (2)		ICA Projections (3)
	Typical Public	Typical Private	
Annual Financial Operations:			
Operating Revenues	\$1,800,000	\$1,500,000	\$999,247
Operating Expenses	\$2,200,000	\$1,000,000	\$838,563
Net Operating Income/(Loss)	(\$400,000)	\$500,000	\$160,684
Operating Results Per Gross Square Foot:			
Estimated Facility Gross Square Feet	75,000	50,000	40,000
Operating Revenues Per GSF	\$24.00	\$30.00	\$24.98
Operating Expenses Per GSF	\$29.33	\$20.00	\$20.96
Net Op. Income/(Loss) Per GSF	(\$5.33)	\$10.00	\$4.02

- (1) Data only includes revenues and expenses from operations. Figures do not include any non-operating items, such as tax revenue support, debt service, depreciation, or capital repair/replacement funding. Figures shown in terms of 2021 dollars.
- (2) Based on a review of historical financial operating performance from a mix of publicly-owned and privately-owned aquatic center and natatorium facilities with at least 1 @ 50M competition pool + 1 @ warm-up/therapy pool. More than half of the facilities have at least one university/college swim tenant.
- (3) Represents the 5th year in ICA-provided projections for the proposed Boise Aquatic Center in southeast Boise.

The majority of comparable natatorium and aquatic center facilities with a 50-meter competitive pool involve public sector funding participation (both in terms of construction and operations). Most comparable aquatic centers throughout the country operate at an annual financial deficit. Non-operating direct support tends to come from a variety of sources including public sector funding (i.e., general funds, dedicated tax proceeds, etc.), grants, philanthropy and other such sources. A typical cost recovery for comparable natatorium and indoor aquatic center facilities ranges between 50 to 70 percent of total operating costs.

Those natatoriums and aquatic centers that are privately-owned and operated throughout the country typically employ unique programming, booking and operating strategies that maximize operating revenue and minimize operating expenses. For instance, most privately-owned facilities offer significant in-house lessons, clinics, training, development and other such activities. Some private facilities can be less inclusive and accommodating of affordable community and civic activities and programs (such as recreational swim, learn-to-swim classes, and fitness/wellness activities), in addition to being more selective in pursuing and booking significant non-local meets and other sports tourism events. Conversely, the ICA proposal and business plan suggests that it will, in fact, be focused in terms of lessons and competitive swimming development, but it will also expect to attract a significant slate of competitive meets (due to unmet demand in the Boise market) and provide access for pool and lane rentals at market-competitive rates and fees (membership & daily use).

Overall, based on the review conducted for this engagement, key financial operating assumptions and projections provided by ICA for the proposed Boise Aquatic Center project appear to be reasonable and sufficiently conservative. In general, the components and structure of ICA's financial model is also appropriate and inclusive of all relevant operating revenues and expenses. The assumptions and calculations on the revenue side are set-up well and provide good detail. The assumptions and calculations on the operating expense side are less defined; however, they appear reasonable relative to comparable facilities and CSL's understanding of the proposed physical product and business plan.

7. Overall Conclusions & Observations

Overall, the limited review conducted by CSL of the project concept, proposal terms, projections and related documents associated with ICA's proposal for a new Aquatic Center in southeast Boise suggests that the project has (1) market merit; (2) the concept, program, and site are sound; and (3) the assumptions and projections generated by ICA appear reasonable and conservative.

Key overall conclusions and observations include:

- There are a number of indications that the greater Boise area is presently underserved in terms of quality aquatic facility product and peak-period availability for both competitive and recreational swimming.
- It is believed the proposed ICA Aquatic Center would fill a gap in the marketplace for key underserved competitive and recreational swimming demand—particularly in southeast Boise area, where no pool facilities presently exist.
- In general, it appears that the targeted site at South Findley Avenue in southeast Boise represents a strong site. Based on CSL's cursory review, the site does not appear to possess any fatal flaws or significant relevant weaknesses.
- The subject facility concept now involves a fully-enclosed, energy-efficient metal building structure that covers both the competition pool and the warm-up/therapy pool. The metal building and roof structure will include glass elements that would provide natural light illumination inside the facility and, during a portion of the year, the large installation of roll-up doors around the perimeter of the facility could be opened, allowing for outdoor air circulation and a sense of an outdoor environment.
- The ICA project is contemplated to have a focused, space-efficient design with a limited set of amenities and ancillary functional elements.

- Targeted activity is expected to primarily consist of third party rentals (i.e., meets, high school usage, local swim club usage, etc.) and lessons. Unlike many public sector-owned aquatic centers and YMCA pool facilities, the proposed ICA Boise Aquatic Center will not attempt be “everything to everybody”. Its financial viability rightly depends on a more focused and efficient approach. The ICA Aquatic Center would essentially function as a quality, affordable rental and daily use facility that also provides in-house lessons and training.
- In terms of potential project risks, the most prominent relates to construction costs—specifically, the extreme volatility in construction costs at the present time, largely due to global supply chain bottlenecks and pent-up demand resulting as the world exits the COVID-19 pandemic. At the current time, it is still unclear how construction markets and costs will ultimately settle and stabilize.
- Key utilization and financial operating assumptions and projections provided by ICA for the proposed Boise Aquatic Center project appear to be reasonable and sufficiently conservative.
- The majority of comparable natatorium and aquatic center facilities with a 50-meter competitive pool involve public sector funding participation (both in terms of construction and operations). Most comparable aquatic centers throughout the country operate at an annual financial deficit. Given the relatively modest “ask” of the public sector (i.e., the District’s contribution of a site purchase and capital funding to cover an appropriate building enclosure) compared to the private capital investment planned by ICA and its sole responsibility to assume ongoing operating costs and risks, the District’s return-on-investment (ROI) is believed to be high and its risk is believed to be low.

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The review discussed herein did not include primary market research specific to Boise or the potential base of users associated with the proposed Aquatic Center. Rather, the intent of the limited review exercise was to provide reaction and opinion concerning the apparent reasonableness of key assumptions, projections, and public/private partnership terms outlined in the ICA proposal and documents. Information presented and opinions discussed are largely based on CSL’s extensive experience with comparable facility projects and insight into industry best practices.

As the review contained herein contains limited independent market research, and as the review occurred significantly prior to any potential future Aquatic Center development, CSL will make no representation or warranty as to the findings contained within any of our analyses, including any estimates, and shall have no liability for any representations (expressed or implied) contained in, or for any omissions from, such information. CSL cannot be held responsible for any future marketing efforts and/or other management actions on which the future performance of the proposed Aquatic Center will depend. This summary report has been prepared expressly for the District and should not be relied on by any other party.

We’ve appreciated the opportunity to assist the District with its evaluation of this project opportunity. Upon your review of this document and the information contained within, please do not hesitate to contact me if you would like to discuss or receive any clarification.

Sincerely,



Bill Krueger
Principal
CSL International