

SUMMARY OF RESPONSES OF BREWHALLA AND DOWNTOWN/CIVIC

DUE DILIGENCE QUESTIONS

[PHASE III – RFP FOR CONVENTION CENTER]

May 21, 2026

The City Attorney's Office has prepared the following summary of the responses provided by the Brewhalla proposal team and the Downtown/Civic proposal team to the City's due diligence questions. Anyone relying upon this summary is strongly encouraged to review the full and detailed written responses submitted by both proposal teams, which have been circulated to the City Commissioners for their review and consideration. This summary is intended only as a general overview of the responses provided by the two proposal teams.

1. Convention Center Construction Cost Risk.

Brewhalla: Brewhalla LLC and Mortenson Construction would provide a guaranteed maximum price ("GMP") for construction of the convention center. The City would not be responsible for construction cost overruns above the GMP except for approved changes in project scope. Brewhalla further states that the obligations associated with the project would be backed by the Brewhalla ownership/equity group through the Brewhalla LLC entity, including Kevin Bartram, Mark Bjornstad, Mike Bullinger, Nikki Nelson, Kelly McComb, and Toni Sandin. Brewhalla also states it would guarantee soft costs associated with the project [See 1.a, b, c & 9.a responses.]

Downtown/Civic: McGough Construction would provide the GMP for the convention center project upon completion of approximately 50% construction drawings, with Kilbourne Group providing a completion guarantee for the overall project. Downtown/Civic states Kilbourne Group would also bear responsibility for construction costs exceeding the GMP if the proposed \$2 million "City Convention Center Reserve Fund" is approved. The proposed GMP structure would contain certain exceptions, including owner-requested scope changes, unforeseen site/building conditions, force majeure events, and material changes in law or building codes.

2. Lodging Tax Revenues Risk.

Brewhalla: Brewhalla proposes restructuring the City's current lodging tax assumptions in order to increase the amount of bond proceeds available for convention center construction from approximately \$45.3 million to approximately \$58.5 million. Brewhalla's proposal assumes that long-term operating losses and annual capital reserve contributions can largely be replaced or offset through other funding mechanisms, including creation of a proposed "1st Avenue TIF District." The TIF district would be used to support future capital expenditures and/or provide support for debt-service reserve requirements. Brewhalla also incorporates projected lodging tax revenues generated by the proposed Marriott Tribute hotel and additional convention-center-related hotel activity into its financing assumptions.

Brewhalla further proposes multiple “layers” of protection against lodging tax shortfalls, including debt-service coverage reserves, internal bond reserves, TIF revenues, and finally a Brewhalla backstop. Brewhalla would cover remaining shortfalls in lodging tax revenues necessary to meet bond debt service obligations during the first three years of operations (2029–2031). Brewhalla also states that if the proposed TIF district is not approved, the project would likely need to be reduced in size and scope.

Downtown/Civic: Downtown/Civic proposes approximately \$45.3 million in City lodging-tax-backed bonds for convention center construction based upon projected revenues generated by the approved 3% lodging tax. Downtown/Civic proposes that approximately \$2 million of bond proceeds be placed into a “City Convention Center Reserve Fund” to provide protection against lodging tax revenue shortfalls and reduce the likelihood that City general funds would be required to support debt service obligations. If lodging tax revenues underperform, the reserve fund would initially be used to cover any shortfalls. However, if the reserve fund were depleted, the City, as issuer of the bonds, would ultimately remain responsible for any remaining lodging tax revenue deficiencies associated with the debt obligations. Downtown/Civic also references the potential use of existing Riverfront TIF funds for certain eligible project-related costs, including asbestos abatement, site work, demolition work, and/or exterior improvements

3. Convention Center Operational Loss Risk/Profit-Sharing.

As to the risk that the Convention Center will lose money in operations, it should be noted that before the RFP was released in June 2025, the City assumed there would be operating losses of perhaps \$500,000 in each of the first three years and \$350,000 per year thereafter with the plan to set aside said amounts from annual lodging tax collections before covering the debt service on the lodging tax bond issue. (The assumption also included a similar set-aside for annual capital expenditures at \$100,000 per year at the beginning and \$250,000 per year in later years.)

Brewhalla: Brewhalla asserts that the convention center would become profitable by approximately the third year of operations and states that it would cover operational losses during the initial years of operations and throughout the term of its operating agreement with the City. Brewhalla proposes a minimum ten-year operating agreement and states it would guarantee there will be no operational losses during the term of the agreement. Brewhalla further states that if operational losses are not otherwise covered through available project-related revenues and/or the proposed TIF structure, Brewhalla would serve as the final backstop for such losses. Brewhalla also states that if it advances funds to cover operational losses, it would seek reimbursement from future eligible funding sources, including future TIF revenues and/or future convention center operating profits. Accordingly, the proposal contemplates Brewhalla initially covering operational losses, if necessary, while also preserving the ability for Brewhalla to later recoup such amounts from future project-related revenues. Brewhalla also proposes annual profit-sharing with the City if convention center operations become profitable.

Downtown/Civic: Downtown/Civic's pro forma projections forecast approximately \$1.84 million in cumulative operational losses during the first three years of convention center operations, with projected losses declining over time but continuing thereafter at approximately \$150,000 annually following stabilization. Downtown/Civic proposes that the City's approved 3% lodging tax structure, together with the proposed \$2 million "City Convention Center Reserve Fund," would provide the primary funding source for operational losses.

Downtown/Civic also references a limited operational guarantee from VenuWorks, the proposed convention center operator. Under the proposed structure, after exhaustion of the reserve fund, VenuWorks would refund annual shortfalls in "net operating income" against the approved budget; however, the refund obligation would be capped at 35% of VenuWorks' variable management fees for the applicable year. Additionally, the calculation of "net operating income" excludes management fees and commissions owed to VenuWorks, and VenuWorks specifically states it would have no obligation to directly fund convention center operating expenses. Downtown/Civic further states that any positive operational cash flow would remain with the convention center enterprise.

4. **Hotel Construction Risk/Hotel Incentives.**

Brewhalla: Brewhalla guarantees construction and completion of the hotel adjacent to the convention center. Brewhalla says a Marriott Tribute Portfolio hotel will be owned, developed, constructed, financed, operated, and maintained by Brewhalla LLC. Brewhalla anticipates securing a hotel franchise agreement within approximately three to six months following project award, with financing commitments expected within the same general timeframe. Brewhalla states that the hotel component would be financed through private debt and equity, including land equity and privately financed debt, and that no Renaissance Zone incentives, TIF incentives, or other tax-related incentives are being requested for the hotel project.

Downtown/Civic: Downtown/Civic proposes that the hotel component would be developed, financed, and constructed by Zander Capital, with operations managed by a flag-approved hotel management company. Downtown/Civic states that Kilbourne Group would provide a completion guarantee for the convention center project and, if Zander Capital provides a hotel completion guarantee to Kilbourne Group, then Kilbourne Group would include the hotel component within its broader completion guarantee structure. Downtown/Civic anticipates obtaining hotel franchise approval within approximately four to six months following project award, with financing commitments anticipated during the same timeframe. Downtown/Civic further states that the hotel project would seek a five-year Renaissance Zone property tax exemption. The proposal contemplates that the City would undertake demolition, in whole or in part, of the former police headquarters building at City expense in order to prepare the hotel development site. Downtown/Civic also references the potential use of existing Riverfront TIF funds to offset certain demolition and site-preparation costs associated with the hotel project.

5. **Tax Increment Financing or Tax Exemptions or other Incentives.**

Brewhalla: Brewhalla states that it is not requesting Renaissance Zone benefits, direct TIF reimbursements, or other tax incentives to offset convention center or hotel construction costs. However, Brewhalla proposes creation of a "1st Avenue TIF District" to support the overall financing structure of the project. Brewhalla states the proposed TIF district could be used to provide support for debt-service reserves, capital reserve obligations, future capital improvements, and/or operational backstop protections associated with the convention center project. Brewhalla further states that incremental property tax revenues generated by the proposed Marriott Tribute hotel and surrounding development would fund the TIF structure. Brewhalla also states that if the proposed TIF structure is not approved, the convention center project would likely require a reduction in size and scope.

Downtown/Civic: Downtown/Civic states that the project is viable without funding from the existing Riverfront TIF district; however, Kilbourne Group recommends use of approximately \$2 million in Riverfront TIF funds for eligible project-related costs, including asbestos abatement, demolition, and site improvements. Downtown/Civic also references an optional additional \$2 million allocation for exterior plaza and parking lot improvements intended to benefit the convention center, library, and City Hall area. Downtown/Civic further states that the proposed hotel project would seek a five-year Renaissance Zone property tax exemption. According to Downtown/Civic, if TIF assistance is not approved, the convention center project itself would still proceed substantially as proposed, although certain exterior improvements and reserve-related components may be modified or eliminated.

6. **Land Cost – Convention Center/Hotel.**

Brewhalla: Brewhalla states there would be no land acquisition cost to the City associated with the convention center project. The convention center and associated parking facilities would be constructed on land that Brewhalla proposes to donate to the City upon completion of construction. Brewhalla further states that the hotel property would remain privately owned by Brewhalla LLC and related entities, with no land cost or acquisition obligation to the City.

Downtown/Civic: Downtown/Civic states there would be no land acquisition cost to the City for the convention center component because the project would be constructed on existing City-owned property. As to the hotel component, see Item 12 below for additional discussion regarding the former police headquarters property.

7a.-d. **Pro Forma Operating Projections—Apples to Apples.**

Both Brewhalla and Downtown/Civic teams provided a thorough response to the City's follow up due diligence inquiry as to the pro-forma operating projections and the City's desire to obtain more of an "apples to apples" comparison and your attention is called to each team's response to the City's questions 7a through 7d.

7e. **Comments on City Consultants' Analysis.**

We direct you to Brewhalla's and Downtown/Civic's respective Responses to Question 7.e. for their comments on HVS/Baker Tilly analysis.

8. **Convention Center Management/Hotel Management/Integrated Operations**

Brewhalla: Brewhalla proposes an integrated operational structure in which Brewhalla LLC would operate both the convention center and the adjacent hotel. Brewhalla states this integrated structure would allow for coordination of convention center operations, hotel operations, event booking, food and beverage services, and marketing efforts. Brewhalla also emphasizes coordination with Visit Fargo-Moorhead as part of its operational model.

Downtown/Civic: The convention center will be operated by VenuWorks management company. The hotel to be owned and operated by Zander Capital. Downtown/Civic states that VenuWorks, hotel management, and Visit Fargo-Moorhead would work collaboratively regarding event booking, room blocks, convention sales, and scheduling coordination. Downtown/Civic also states that the hotel and convention center operations would remain financially separate, with the City bearing no financial responsibility for hotel operations.

9. **Developer/Proposer Team Structure and Contracting Entities.**

Brewhalla: The City would enter into a single development agreement with Brewhalla LLC, which would be responsible for the convention center, hotel, parking, and related development obligations. As mentioned in Item 1 above, Brewhalla states that the obligations of Brewhalla LLC would be backed by the Brewhalla ownership and equity group, including the existing Brewhalla ownership group, CityScapes Development group, and Kevin Bartram, through the Brewhalla LLC entity. (See 1.a, b, c & 9.a responses)

Downtown/Civic: The City would enter into a single development agreement with Kilbourne Group, which would provide the overall project completion guarantee. As referenced in Item 1 above, Downtown/Civic states that Kilbourne Group would partner with McGough Construction regarding the convention center GMP and construction obligations and with Zander Capital regarding the hotel project. The responsibilities, guarantees, liabilities, and operational obligations would be allocated among the respective entities based upon their individual project roles and contractual relationships. (See also Item 1 above.)

10. **Long-Term Viability and Competitiveness of the Project.**

We direct you to Brewhalla's and Downtown/Civic's respective Responses to Question 10 for their comments on the long-term viability and competitiveness of the project.

11. **Civic Center Structural Feasibility and Reuse Risk (Downtown Proposal Only)**

Brewhalla: Not applicable to the Brewhalla proposal.

Downtown/Civic: Downtown/Civic provided a structural engineering report prepared by Heyer Engineering regarding the structural integrity and adaptive reuse feasibility of the existing Civic Center structure. Also, Downtown/Civic also references a "Limited-Destructive Asbestos and Regulated Material Survey Report" issued to the City by Wenck (now Stantec Consulting Services) in October 2020 with a cost opinion provided in April 2021. According to Downtown/Civic's response, Heyer Engineering identified four primary structural risk factors associated with the adaptive reuse concept, with three of the four identified factors ultimately deemed acceptable. The remaining issue relates to structural columns located along the south wall of the existing stage area, which Heyer Engineering concluded should remain in place. It is unclear from the response what impact, if any, retention of those columns may ultimately have on the final convention center design and/or adaptive reuse layout.

12. Former Police Headquarters Property (Downtown Proposal Only).

Brewhalla: Not applicable to the Brewhalla proposal.

Downtown/Civic: As referenced in Item 4 and Item 6 above, Zander Capital proposes to purchase the former police headquarters property from the City for approximately \$1 million for construction of the proposed hotel project. Downtown/Civic states the proposed purchase structure is dependent upon the City delivering the site following demolition of the existing police headquarters building, in whole or in part, depending upon the selected development option. The due diligence responses indicate that the originally proposed \$500,000 purchase price in the Phase II proposal may have assumed Zander Capital would undertake demolition and related site-preparation work at its own expense. Downtown/Civic also references the potential use of Riverfront TIF funds to offset demolition and related site-preparation costs associated with the property.

13. Future Area Development and Control of Adjacent Property (Brewhalla Proposal Only).

Brewhalla: Brewhalla LLC, and its affiliated entities state they currently own and control significant land in the vicinity of its proposed convention center project (a detailed map included with its response). Brewhalla identified the existing entertainment and hospitality ecosystem surrounding the proposed convention center/hotel site, including the existing Brewhalla campus and Drekker Brewing Company. Brewhalla also described a vision for future development of the surrounding area with, potentially, added hotel rooms, restaurants, a performing arts center, science museum or similar community facility. Brewhalla's Phase 2 submission included eleven pages of detailed site planning analysis, parking demand studies, ingress and egress diagrams, pedestrian circulation plans, wayfinding strategy, and loading dock specifications and provided a descriptive summary in its due diligence response addressing vehicular ingress, egress and traffic flow; parking availability and utilization; ground transportation, busing and

shuttle operations; pedestrian circulation and accessibility; connectivity to downtown and community hotels; and loading dock and service access for the proposed convention center/hotel project.

Downtown/Civic: This inquiry was to Brewhalla, only, and was not applicable to the Downtown Fargo proposal, but Downtown Civic referenced Section 10 of its response.

OFFICE OF THE CITY ATTORNEY-FARGO

DUE DILIGENCE QUESTIONS ON CONVENTION CENTER PROPOSAL

May 11, 2026

BREWHALLA LLC — WRITTEN RESPONSES

The purpose of these questions is to assist the City Commission in evaluating project feasibility, financial structure, operational sustainability, and allocation of project-related risks. Please provide written answers to these topics and questions.

1. Convention Center Construction Cost Risk

The City needs to understand the risk allocation for construction costs. The City anticipates that the Developer will be responsible for construction of the convention center.

1a. Will the Developer provide the City with a Guaranteed Maximum Price (GMP) for construction of the convention center?

BREWHALLA RESPONSE:

Yes, Brewhalla LLC, in conjunction with its construction manager, Mortenson, will provide the City with a Guaranteed Maximum Price for the construction of the Convention Center.

1b. If a GMP is provided, will the Developer bear the risk of any construction cost overruns above the GMP amount? Please explain any exceptions or limitations to such responsibility.

BREWHALLA RESPONSE:

Yes, Brewhalla LLC, in conjunction with its construction manager, Mortenson, will guarantee any construction cost overruns above the Guaranteed Maximum Price. The City will have no financial exposure for construction costs that exceed the GMP.

The only exception to this guarantee would be if the City requires a major change in the scope of work after the GMP has been established. Any such owner-directed scope change would be addressed through a formal change order process with transparent pricing and mutual agreement between the City and Brewhalla LLC before proceeding.

1c. Please identify the person(s) or entity(ies) that will provide the GMP and any guaranty or other assurance related to construction costs or overruns. Please identify the types of documents and financial assurances you are willing and able to provide to demonstrate the financial capacity to support and guaranty construction cost obligations. Such materials may include guaranties, proof of capitalization, parent-company support, letters of credit, financial statements, or other evidence of financial capacity supporting such obligations. The City may utilize outside financial consultants or advisors to evaluate the sufficiency of any proposed guaranty or financial backing.

BREWHALLA RESPONSE:

Brehalla LLC's construction manager, Mortenson, will provide the GMP for the construction work associated with the Convention Center and will provide the financial documentation necessary to demonstrate their capacity to guarantee those costs.

All other project costs beyond the construction GMP, including architectural and engineering services, other soft costs, furniture fixtures and equipment, legal, accounting, and any other project-related costs, will be guaranteed by Brewhalla LLC as the Developer. Brewhalla LLC will provide proof of its capacity to guarantee these costs, as well as its broader financial commitments associated with the Convention Center and the privately financed Marriott Tribute Portfolio hotel.

Brehwalla LLC and its ownership group are prepared to provide any supporting documentation the City or its financial advisors require to evaluate the sufficiency of the full guarantee structure. This may include proof of capitalization, personal and entity financial statements, letters of credit, or other evidence of financial capacity as requested. Brewhalla LLC welcomes the City's use of outside financial consultants or advisors in evaluating these materials and will cooperate fully with any such review.

2. Lodging Tax Proceeds and Project Funding

The City's current bonding analysis indicates that approximately \$41 million to \$45 million in lodging-tax-backed bond proceeds may be available for convention center project costs. The City seeks to better understand the allocation of risk associated with the availability of such bond proceeds and the overall funding of the project.

2a. If the lodging tax backed bond proceeds available to the City are less than currently projected or anticipated, who will bear responsibility for the resulting funding shortfall under your proposal?

BREWHALLA RESPONSE:

Brehwalla LLC's proposal is structured with multiple layers of protection to address any shortfall in lodging tax backed bond proceeds. Before addressing the waterfall of coverage, it is important to establish the context of Brewhalla's bonding assumptions relative to the City's current projections.

The City's current bonding projection of \$45 to \$46 million is based on the following key assumptions: a projected lodging tax of \$3,668,701, earmarks of \$350,000 for operating losses and \$250,000 for capital reserves reducing lodging taxes available for debt service to \$3,068,701, a debt service coverage ratio of 1.10, an interest rate of 5.50%, and lodging tax growth of 2.00% per year for years 1 through 10 and 1.00% per year for years 11 through 25, resulting in a proposed debt service capacity of \$45.3 million.

Brehwalla's proposal improves upon each of these assumptions in the following ways. First, Brewhalla projects a higher total lodging tax of \$3,830,000, reflecting the additional lodging tax revenue generated by the new Marriott Tribute Portfolio hotel at \$180,000 and incremental demand from existing hotels generated by convention center activity at \$75,000, neither of which is included in the City's current projection. Second, and most significantly, Brewhalla proposes eliminating the \$350,000 operating loss earmark and the \$250,000 capital reserve earmark from the bond structure entirely. These obligations are covered through the City-owned TIF District and Brewhalla LLC's operating guarantees, redirecting the full \$3,830,000 in projected lodging tax revenue to debt service. Third, Brewhalla's proposal assumes an interest rate of 5.00% compared to the City's assumption of 5.50%, reflecting current market conditions and Brewhalla's confidence in the financing structure. Together these assumptions support a proposed debt service capacity of \$58.5 million, a substantial increase from the City's current \$45.3 million projection from the same lodging tax revenue base.

The City's bonding structure includes a debt service coverage ratio of 1.10, which is required by the bond financing to cover any projected shortfalls. This DSCR results in an annual revenue surplus that

accumulates to approximately \$6.36 million over the life of the bond, averaging approximately \$250,000 per year through year 25. Brewhalla LLC believes this built-in surplus is more than adequate to absorb any reasonable lodging tax shortfall. Furthermore, the bonds can be refinanced in the future should interest rates become more favorable, which would provide an even greater reserve or the potential to retire the bonds more quickly.

In the event lodging tax proceeds fall below projections, the following waterfall of coverage is proposed. First, the debt service coverage surplus built into the bond structure would absorb any initial shortfall. Second, internal bond reserves would provide an additional layer of protection. Third, the City-owned TIF District would serve as the next source of coverage. Finally, Brewhalla LLC as the Developer is prepared to cover any remaining shortfalls for the first three full years of convention center operations, specifically years 2029, 2030, and 2031, in the event the City utilizes the bond advisor's recommended growth projections and a shortfall nonetheless occurs during that period.

The specific mechanisms, thresholds, and triggers for each layer of this waterfall will be defined in detail during developer agreement negotiations. Brewhalla LLC is committed to a structure that provides the City with comprehensive risk protection and will work collaboratively with the City and its advisors to finalize the terms.

2b. Please explain in detail how the Developer proposes to address any difference between the City's available bond proceeds and the total project cost.

BREWHALLA RESPONSE:

Brehalla LLC's proposal addresses the gap between available bond proceeds and total project cost through a fundamentally different and more efficient utilization of the same lodging tax revenue the City is already committed to deploying. Brewhalla has identified two specific mechanisms that free up lodging tax proceeds currently earmarked for other purposes and redirect them entirely to debt service, resulting in a significantly larger construction budget with no additional public funding required.

First, Brewhalla LLC has proposed to cover any and all operating losses for the Convention Center for the entire term of the Management Agreement. This means there is no risk of operating losses to the City under any circumstance. Because the City bears no operating loss exposure, there is no need to reserve any portion of the 3% lodging tax for this purpose. The \$350,000 annual operating loss earmark currently built into the City's bonding structure is eliminated entirely, and those funds are redirected to debt service.

Second, Brewhalla LLC has proposed that the City establish a 1st Avenue TIF District. If approved, the TIF District would serve as the dedicated funding source for long term capital expenditures, assuring the Convention Center's competitiveness and viability well into the future. Critically, the TIF District would generate substantially more funding for capital needs than the \$250,000 per year the City's current bonding structure earmarks from lodging tax proceeds for capital reserves. If the TIF District is approved, that \$250,000 annual earmark is no longer necessary, and those funds are also redirected to debt service.

The property taxes from the new Marriott Tribute Portfolio hotel, estimated at \$280,000 per year, would begin funding the TIF District immediately upon the hotel opening, providing a strong and immediate revenue base for the District from day one.

Together these two mechanisms, eliminating the operating loss earmark and replacing the capital reserve earmark with the TIF District, provide for the full \$3,830,000 in projected annual lodging tax revenue to be redirected to debt service, supporting a total construction budget of \$58.5 million from the same revenue base the City was already committing to the project.

If the 1st Avenue TIF District is not approved, the \$250,000 capital reserve earmark from the lodging tax would remain in place. In that scenario Brewhalla's proposed debt service capacity would be reduced to approximately \$52 to \$54 million, which would require a reduction in the size of the proposed Convention Center of approximately 8,000 square feet. The operating loss commitment and all other guarantees remain fully in place regardless of TIF District approval.

To summarize:

Same lodging tax revenue. Bigger building. Better long-term funding. No risk to the City.

2c. Please identify all anticipated funding sources beyond the City's bond proceeds, including any anticipated private debt, private equity, tax increment financing, deferred project scope, or other funding sources.

BREWHALLA RESPONSE:

The funding sources for the project are cleanly divided between the public and private components of the Public-Private Partnership.

For the convention center, the City's lodging tax backed bond proceeds and the City-owned TIF District are the only anticipated funding sources. No additional public funding is required, and Brewhalla LLC is not requesting any tax increment financing, tax abatements, or incentives of any kind for the convention center component.

For the private component of the Public-Private Partnership, Brewhalla LLC will fund the Marriott Tribute Portfolio hotel through a combination of cash equity, hard asset equity in the form of land, and privately financed debt. Bell Bank has expressed strong interest in financing the hotel and the ownership group has a long-standing banking relationship with Bell Bank. No public incentives, tax abatements, or tax increment financing are being requested for the private hotel development.

The structure is intentionally clean. The City funds the convention center through its own lodging tax revenue. Brewhalla funds the hotel entirely through private means. Neither component requires or requests public subsidy beyond the bond proceeds and TIF District already identified.

2d. To the extent the project may be modified to align with available funding, please explain how the project design, scope, or programming may change. Please include, if possible, an explanation of how any changes may affect exhibit space, meeting room space, ballroom space, pre-function space, parking, hotel components, or other significant project features. Please explain whether the project is capable of being designed and bid with additive or deductive alternates, phased components, or other flexible design features that would allow the project scope to be adjusted based upon available funding.

BREWHALLA RESPONSE:

1. Any modifications to the project scope resulting from changes in available bond financing will affect only the Convention Center. The privately financed Marriott Tribute Portfolio hotel is entirely independent of the public bond structure and will not be impacted by any reduction in lodging tax bond proceeds.
2. In the event that a reduction in the Convention Center construction budget is required, Brewhalla LLC's approach would be to reduce square footage proportionally across multiple

areas of the facility rather than eliminating any single programmatic component entirely. This preserves the functional balance and operational logic of the building across all event types. Brewhalla LLC would not reduce the main Banquet Hall and Ballroom below 50,000 square feet, as this threshold is essential to the facility's competitiveness for the regional and national convention market the City is seeking to attract.

3. Brewhalla LLC proposes to structure the construction bid with a series of Alternate Bids. This approach allows the project to be competitively bid at full scope while providing the City and the development team with clearly defined, priced options to add or deduct specific components based on actual bids received and available funding. This is a standard and well-established methodology in public facility construction that provides maximum flexibility and cost certainty at the time of award.
 4. Certain amenity and enhancement components, such as expandable bleachers in the Exhibit Hall and other non-essential features, may be deferred, deleted, or phased into a future project if funding constraints require it. These components are identified and managed separately from the core building program so that any reductions do not compromise the fundamental functionality and competitiveness of the facility.
 5. Brewhalla LLC and the project team, including Mortenson, MBA Architects, and JLG Architects, have already completed Value Engineering reviews of the project and will continue to evaluate alternative structural, mechanical, and electrical systems throughout the design and bidding process. This ongoing Value Engineering effort is designed to identify cost savings opportunities that preserve program and quality while ensuring the project is delivered within available funding parameters.
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2e. If lodging tax revenues are insufficient in any year to satisfy projected debt service, reserve requirements, capital obligations (escrow set aside), operating obligations, or other project-related costs, who would bear responsibility for such shortfall?

Please explain any proposed mechanism, guaranty, reserve, reimbursement obligation, developer contribution, restructuring proposal, or other arrangement intended to address any such shortfall.

Please identify any assumptions regarding lodging tax growth, occupancy, tourism activity, interest rates, refinancing, restructuring, or other factors that are material to your response.

BREWHALLA RESPONSE:

As addressed in the responses to Questions 2a and 2b above, Brewhalla LLC has structured a comprehensive waterfall of protection to ensure that lodging tax revenue shortfalls in any given year do not create risk for the City. To restate clearly and address each element of this question directly:

The proposed mechanism for addressing any shortfall operates in the following order. First, the debt service coverage ratio of 1.10 built into the City's bonding structure provides a built-in surplus in each year of the bond period, serving as the first line of protection against any revenue shortfall. Second, internal bond reserves provide an additional layer of coverage. Third, the City-owned TIF District, funded by incremental tax revenue generated by the development, serves as the next source of coverage for any remaining shortfall in debt service, capital obligations, or operating costs. Fourth and finally, Brewhalla LLC as the Developer guarantees coverage of any shortfall not addressed by the preceding layers. The City's General Fund is never at risk under any circumstance.

The key assumptions material to this structure include lodging tax revenue growth consistent with the projections in the City's bonding analysis, hotel occupancy levels supported by the attached Marriott Tribute Portfolio headquarters hotel, and interest rates consistent with current market conditions. Any material changes to these assumptions will be addressed through the waterfall structure described above, with Brewhalla LLC serving as the ultimate backstop in all scenarios.

The specific triggers, thresholds, and guarantee mechanisms for each layer of this structure will be fully defined and documented in the development agreement.

3. Convention Center Operational Loss Risk and Profit-Sharing

The City seeks to better understand the allocation of operational risk associated with the convention center, including responsibility for operating losses, any anticipated operational subsidies, and any proposed profit-sharing arrangements.

3a. Please identify whether the Developer anticipates that the convention center will require any annual operational subsidy, support payment, reimbursement, or other financial contribution from the City. If so, please explain how such amount would be calculated and funded.

BREWHALLA RESPONSE:

Brewhalla LLC's operating pro forma projects a modest net operating loss of \$93,084 in Year One, improving to near breakeven in Year Two, turning profitable in Year Three at \$138,498, and reaching \$234,872 in net income by Year Five. The City's General Fund will not be called upon to subsidize convention center operations at any point.

In the event the convention center requires operational support in the early years, the City-owned TIF District serves as the designated funding source. The TIF District captures incremental tax revenue generated by the development itself, revenue that would not exist without the project, and deploys those funds at the sole discretion of the City. This mechanism ensures that any operational support is self-funded by the development rather than drawn from existing City resources.

Beyond the TIF District, no financial contribution from the City is anticipated or requested.

Brewhalla LLC does propose one reimbursement mechanism as part of a fair and balanced partnership structure. In any scenario where Brewhalla LLC is called upon as the final backstop to cover an operating shortfall not addressed by the TIF District, Brewhalla LLC would seek reimbursement of those actual costs incurred. This reimbursement would be funded through either the City-owned TIF District as it builds reserves over time, or through Convention Center operating profits once the facility reaches stabilized performance. The specific triggers, thresholds, and reimbursement terms will be negotiated and clearly defined in the development agreement.

3b. Please identify the person(s) or entity(ies) that would guaranty or otherwise bear responsibility for operating losses associated with the convention center and describe the nature and duration of such guaranty or assumption of losses.

BREWHALLA RESPONSE:

Brewhalla LLC will provide an entity-level guaranty of convention center operating losses. Personal guarantees will be provided by the following members of the Brewhalla LLC ownership group: Mark Bjornstad, Kevin Bartram, Mike Bullinger, Nikki Nelson, Kelly McComb, and Toni Sandin.

A critical distinction of the Brewhalla proposal is that the individuals providing these personal guarantees are the same individuals who will own the attached Marriott Tribute Portfolio hotel and operate the convention center. This is not a passive financial commitment. These are invested owners with significant private capital deployed on the same site, creating a level of alignment and

accountability that a third-party operator or management company cannot replicate. The City's partner in this Public-Private Partnership has real skin in the game at every level.

Brewhalla LLC proposes a minimum operating agreement of ten years, with the option to extend beyond that term. The operating loss guarantee would remain in effect for the full duration of Brewhalla LLC's management of the convention center. The specific terms, duration, and conditions of the guarantee will be clearly defined and executed as part of the development agreement.

3c. Please identify any limitations, caps, exclusions, offsets, or conditions associated with any proposed assumption or guaranty of operating losses.

BREWHALLA RESPONSE:

Brewhalla LLC does not anticipate any limitations, caps, exclusions, offsets, or conditions on the operating loss guarantees described in this proposal. It is our intent to provide the City with a clean, unambiguous commitment that operating losses will be covered without carve-outs or exceptions that would shift risk back to the City.

The specific terms and conditions of the guarantee will be further negotiated and clearly defined during the developer agreement process. Brewhalla LLC is committed to working in good faith to create an agreement that is fair, transparent, and clearly delineates the obligations and guarantees of both the private and public partners in this Public-Private Partnership.

3d. If the Developer proposes any operational profit-sharing arrangement with the City, please explain how "profit" would be calculated, including any management fees, reserves, or other deductions that would be included or excluded in such calculation.

BREWHALLA RESPONSE:

Brewhalla LLC has proposed a profit sharing arrangement as part of its commitment to a true and transparent Public-Private Partnership with the City. However, Brewhalla LLC is fully open to working within any profit sharing or revenue sharing model the City prefers, and views the final structure as a collaborative outcome of the developer agreement negotiation process.

Brewhalla LLC believes that clearly defined accounting practices and transparent financial reporting are essential to any profit sharing arrangement. The definition of "profit," including which revenues are included, which expenses and deductions are applied, and how management fees, reserves, and capital contributions are treated, must be agreed upon, documented, and consistently applied. Brewhalla LLC is committed to working with the City to reach a mutually agreeable accounting framework that leaves no ambiguity in how financial results are calculated and reported.

As a starting point for establishing those accounting practices, Brewhalla LLC proposes using the FargoDome's accounting and reporting structure as a model. The FargoDome represents a well-understood and locally familiar framework for public venue financial reporting, and building from that foundation provides both parties with a credible and transparent baseline.

The final profit sharing definition, accounting methodology, and reporting requirements will be fully negotiated and documented in the development agreement.

3e. Please explain how operational revenues, expenses, staffing costs, management fees, maintenance costs, and other operating obligations would be allocated between:

- Convention center operations,
- Hotel operations, and
- Event Booking and/or Sales and Marketing
- Any related or integrated facilities or operations.

BREWHALLA RESPONSE:

Brewhalla LLC is committed to maintaining completely separate books, financial reporting, and accounting records for each component of this project. There will be no commingling of revenues, expenses, or financial obligations between the convention center, the hotel, or any related private facilities or operations. Each entity will stand on its own financial reporting, and no costs or expenses from private components will be offset against or allocated to the convention center.

The allocation structure is organized as follows:

Convention center operations will maintain a fully independent profit and loss statement. All revenues generated by the convention center, including facility rental, food and beverage commission, ancillary services, and advertising, will be recorded on the convention center's books. All operating expenses, including staffing, management fees, utilities, maintenance, and insurance, will be allocated solely to the convention center and will not be shared with or subsidized by any private component of the project.

Hotel operations will maintain a fully independent profit and loss statement. Hotel revenues and expenses, including room revenue, hotel food and beverage, and all hotel operating costs, are entirely private and will be accounted for separately from the convention center at all times.

Event booking and sales and marketing represent the one area of intentional operational integration. The convention center operations team, the hotel management team, and Visit Fargo-Moorhead will function as a unified booking and sales effort focused on the shared goal of maximizing convention center utilization and economic impact for the community. While the operational coordination is joint, each organization will maintain its own separate financial reporting to ensure full transparency and accountability. The CVB's sales and marketing costs are funded entirely from the CVB's own budget and will not appear as an expense on the convention center's books.

The development agreement will define the cost allocation methodology, reporting requirements, and oversight structure for all components in full detail.

3f. Please explain the anticipated duration of any proposed operational arrangements, including any proposed assumption of operating losses, operational subsidies, or profit-sharing obligations.

BREWHALLA RESPONSE:

Brewhalla LLC is not simply a developer that will build the convention center and hand it off. As owners of the adjacent hotel and operators of the convention center, Brewhalla LLC and its ownership group will remain committed and invested partners with the City for the long term. This is one of the most significant structural advantages of the Brewhalla proposal. The same individuals who are guaranteeing construction and financing are the same individuals who will be operating the facility and living with the results every day.

Brewhalla LLC proposes a minimum operating agreement of ten years, with openness to a longer term at the City's preference. All operating loss guarantees, profit sharing obligations, and any other financial commitments made as part of this proposal will remain in full effect for the entire duration of the operating agreement.

Brewhalla LLC views this not as a contractual obligation to be minimized but as a long term partnership built around a shared goal of delivering meaningful economic impact for the Fargo community and protecting the City from downside risk at every stage of the project.

4. Hotel Construction Risk

The City seeks to better understand the allocation of risk associated with the proposed convention center hotel, including hotel financing, construction, ownership, operation, and long-term maintenance.

4a. Please identify the person(s) or entity(ies) that will own, develop, construct, finance, operate, and maintain the proposed hotel.

BREWHALLA RESPONSE:

The Marriott Tribute Portfolio hotel will be owned, developed, constructed, financed, operated, and maintained by Brewhalla LLC and its ownership group, the same entity and individuals who are building the convention center, operating the convention center, and guaranteeing all associated financial obligations of this proposal.

That alignment is not incidental. It is a deliberate and defining feature of the Brewhalla proposal. The City's partner in this Public-Private Partnership is not a separate hotel developer with independent interests, a passive equity investor, or a third-party management company with no stake in the convention center's success. It is the same committed ownership group with private capital invested on the same site, operating both assets under a unified vision, and personally guaranteeing the financial obligations of both.

Coury Hospitality has been selected as the preferred hotel management operator and will be responsible for day to day hotel operations and long-term maintenance under the direction of Brewhalla LLC as the hotel owner. Formal management agreements will be executed following project award.

This structure gives the City something no other proposal can offer: a single, unified, financially committed partner whose success is inseparable from the success of the convention center.

4b. Please explain if you are seeking any incentive for the proposed hotel. If so, please explain the type(s) of incentives being sought.

BREWHALLA RESPONSE:

Brewhalla LLC is not requesting any incentives, tax abatements, tax increment financing, subsidies, or public assistance of any kind for the proposed Marriott Tribute Portfolio hotel or for any future private development on the greater complex.

The hotel will pay its full property taxes from day one of operations. Those tax payments will actively support and fund the City-owned TIF District, contributing to the fund that benefits the broader convention center complex and surrounding area for the community's benefit.

This is a 100% private investment. The City gets a branded headquarters hotel with no public cost, no incentive obligation, and a new property tax revenue stream that strengthens the very fund designed to protect the City's long term interests in this project.

4c. Will the Developer guaranty construction and completion of the hotel regardless of the hotel brand ultimately selected by the Developer?

BREWHALLA RESPONSE:

Yes. Brewhalla LLC guarantees construction and completion of the hotel regardless of the hotel brand ultimately selected. While Brewhalla LLC has identified the Marriott Tribute Portfolio as its preferred flag, the completion guarantee is not contingent on any specific brand being secured. The City can be assured that a fully operational headquarters hotel will be delivered as part of this project.

4d. Please describe the anticipated timeline for:

- Securing a hotel flag/brand (i.e., franchise agreement),
- Obtaining financing commitments,
- Commencing construction, and
- Completion/opening of the hotel (specifically, whether the hotel will be open by the time the convention center is completed)

BREWHALLA RESPONSE:

Securing a hotel flag/brand: Brewhalla LLC has identified the Marriott Tribute Portfolio as its preferred flag and is prepared to move forward immediately upon project award. Brewhalla LLC anticipates completing the franchise agreement within 3 to 6 months of award.

Obtaining financing commitments: Brewhalla LLC has an established banking relationship with Bell Bank, which has expressed strong interest in financing the hotel. Formal financing commitments will be secured within 3 to 6 months of project award, consistent with the timeline for lender underwriting and commitment processes following award confirmation.

Commencing construction: Brewhalla LLC's convention center and hotel plans are significantly developed and ready for bidding. A GMP will be established and construction commenced within 3 to 9 months of project award.

Completion and opening of the hotel: Brewhalla LLC anticipates that the hotel and convention center will be completed on a parallel timeline and open simultaneously. Based on our current understanding of the City's intended process and schedule, it is our goal to have both the hotel and the convention center fully operational at the same time, providing the City and the community with a complete and fully integrated destination from day one.

4e. Please explain how hotel operations will be integrated with convention center operations, including any proposed room-blocking arrangements, operational agreements, or coordination with Visit Fargo-Moorhead and other hotels in the community.

BREWHALLA RESPONSE:

The Marriott Tribute Portfolio hotel is physically attached to the convention center and purpose-built to serve as its headquarters hotel, in true Public-Private-Partnership fashion. This is not a nearby hotel

with a coordination agreement. It is the same ownership group, on the same site, operating under a unified vision with a single overriding priority: to serve the convention center and deliver the most seamless and hospitable experience possible for every organization and guest booking the facility.

Room blocking, booking priorities, and operational coordination between the hotel and the convention center will be fully aligned from day one. Convention center events will always be the highest priority in hotel booking decisions. The specifics of those arrangements will be formalized in the development agreement and operating agreements, but the underlying commitment is structural, not just contractual. When the same ownership group owns both assets, alignment is not something that needs to be negotiated. It is inherent.

The hotel's role extends beyond serving convention center guests directly. Through Brewhalla LLC's integrated partnership with Visit Fargo-Moorhead and the CVB's Housing Bureau, the hotel booking strategy will actively work to fill all hotels in the greater Fargo area. The CVB's Housing Bureau is specifically designed to manage room blocks across multiple properties, ensuring that large conventions and events that exceed the headquarters hotel's capacity are seamlessly accommodated throughout the community's hotel inventory.

No other proposal in this process has created this level of structural alignment between the convention center, the headquarters hotel, and Visit Fargo-Moorhead. The Brewhalla model does not require coordination agreements to achieve integration. The integration is built into the ownership structure itself.

5. Tax Increment Financing, Tax Exemptions, or Other Incentives

The City seeks to better understand the extent to which the proposed project depends upon tax increment financing ("TIF"), tax exemptions, or other public incentives.

5a. Please identify all tax increment financing, tax exemptions, public subsidies, reimbursements, or other incentives that the Developer is requesting, anticipating, or proposing in connection with the project.

BREWHALLA RESPONSE:

Brewhalla LLC is not requesting any tax increment financing, tax exemptions, public subsidies, reimbursements, or other incentives of any kind for the private hotel development or any other private component of this project. The Marriott Tribute Portfolio hotel will be privately financed and will pay full property taxes from day one of operations.

With respect to the convention center, Brewhalla LLC has proposed that the City consider establishing a 1st Avenue TIF District as a financial tool for the City's own benefit. This is not a developer incentive. It is a City-controlled mechanism that provides the City with a dedicated funding source to cover capital maintenance reserves, future convention center improvements, and other investments within the district at the City's sole discretion.

The proposed TIF District captures incremental tax revenue generated by the new development, revenue that would not exist without the project, and makes those funds available to the City without requiring special assessments, increased property taxes on existing district properties, or appropriations from the City's General Fund. Brewhalla LLC as the private developer has no access to and derives no financial benefit from these funds. The TIF District is a tool for the City, structured to

ensure the long term financial health and competitiveness of the convention center and surrounding district remains in the City's hands and is funded by the growth the development creates.

5b. Please explain how any requested or anticipated incentives would be utilized, including the specific project costs, infrastructure, capital expenditures, operating expenses, or other obligations such incentives are intended to fund or offset.

BREWHALLA RESPONSE:

No incentives of any kind are being requested for the hotel. The hotel is entirely privately financed and funded.

With respect to the proposed 1st Avenue TIF District, the funds generated would be utilized exclusively for the City's benefit in two primary ways:

First, the TIF District would allow the City to build a substantial Capital Reserve Fund dedicated to the long term maintenance, improvement, and competitiveness of the convention center. Funding capital reserves through the TIF District removes this obligation from the lodging tax bond structure entirely, freeing those previously earmarked lodging tax proceeds to be redirected toward debt service on the convention center construction.

Second, and critically, redirecting lodging tax proceeds from capital reserves to debt service allows the City to support a significantly larger construction budget without increasing the total public financial commitment. The result is a bigger, more competitive, and better capitalized convention center funded by the same lodging tax revenue base the City was already committing to the project. The City receives more facility, stronger long term capital protection, and greater community impact from the same dollar.

Beyond capital reserves, the TIF District provides the City with a flexible and growing funding source that can be deployed at its sole discretion for future convention center improvements, infrastructure investments, and other community priorities within the district as they arise over time.

5c. Please explain whether the project would remain financially feasible and operationally sustainable if some or all the requested incentives were not approved.

BREWHALLA RESPONSE:

Brewhalla LLC is not requesting any private developer incentives. No funds from the proposed 1st Avenue TIF District flow to Brewhalla LLC or any affiliated private entity at any point. To the contrary, Brewhalla LLC and the Marriott Tribute Portfolio hotel will pay full property taxes from day one, and those tax payments are among the incremental revenues that fund the TIF District itself. The TIF District is a City-controlled public tool, not a developer incentive, and should not be evaluated as such.

With that clarification stated, the direct answer to this question is yes. The project remains entirely financially feasible and operationally sustainable if the 1st Avenue TIF District is not approved. The convention center, the headquarters hotel, and Brewhalla LLC's operating and financial commitments to the City are not contingent on TIF District approval.

The practical impact of the TIF District not being approved is straightforward. Without the ability to redirect capital reserve obligations from the bond structure to the TIF District, a portion of the lodging tax bond proceeds that would otherwise support construction debt service must instead be reserved for

capital maintenance. The result is a modestly smaller construction budget and therefore a slightly smaller convention center. The project is still viable, still competitive, and still fully backed by the same financial guarantees and commitments described throughout this response. The TIF District simply allows the City to build a larger, better capitalized, and more competitive facility from the same revenue base it is already committing to the project.

5d. To the extent the project would be modified if such incentives were unavailable or reduced, please explain how the project design, scope, timeline, hotel component, parking, or other significant project features may change.

BREWHALLA RESPONSE:

1. There is no impact on the hotel project.
 2. With respect to the convention center, please refer to the response to Question 2d above.
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5e. Please identify any additional forms of financial participation, assistance, subsidy, reimbursement, land contribution, tax treatment, or other economic support the Developer anticipates requesting from the City now or in the future.

BREWHALLA RESPONSE:

Brewhalla LLC does not anticipate requesting any additional forms of financial participation, assistance, subsidy, reimbursement, land contribution, preferential tax treatment, or other economic support from the City now or in the future.

The one request Brewhalla LLC does make is not a financial incentive. It is a structural change to how the City deploys its own lodging tax revenue. Specifically, Brewhalla LLC requests that the City remove the lodging tax earmarks currently designated for operating losses and capital reserves, so that the full lodging tax proceeds can be directed entirely toward debt service on the convention center construction. The operating loss backstop and capital reserve obligations would instead be covered through the City-owned TIF District and Brewhalla LLC's own guarantees as described throughout this response.

The City commits the same lodging tax revenue it was already planning to commit. It simply deploys it more efficiently, resulting in a larger and more competitive convention center with stronger long term financial protection and no additional public cost.

6. Land Acquisition, Ownership, and Property Interests

The City seeks to better understand the proposed ownership structure of the convention center project and any anticipated land acquisition, land contribution, or transfer of property interests involving the City.

6a. Please identify all real property anticipated to be utilized for the convention center, the hotel, parking facilities, and any related project infrastructure or supporting development.

BREWHALLA RESPONSE:

The total development site encompasses slightly larger than 8 acres. The real property anticipated to be utilized for the project is organized as follows:

The convention center building and the adjacent parking lot to the west of the convention center will be donated to the City of Fargo at no cost. The City will own the convention center building and this parking infrastructure outright, with no purchase price or land cost obligation.

The remainder of the site will be retained by Brewhalla LLC and will serve as the location for the Marriott Tribute Portfolio hotel and the adjacent parking lot to the east of the hotel. This portion of the site remains entirely private and is developed at no cost or obligation to the City.

6b. Please identify which person(s) or entity(ies) currently own such property and which person(s) or entity(ies) are anticipated to own such property following completion of the project. If any property is not currently owned by the Developer or affiliated entities, please describe the nature of any purchase option, purchase agreement, letter of intent, development agreement, or other site-control arrangement relating to such property.

BREWHALLA RESPONSE:

The entire development site is currently owned by Bullinger Enterprises, L.L.P (Bullinger Enterprises). Upon project commencement, Bullinger Enterprises will contribute the land into Brewhalla LLC as part of the ownership group's equity contribution to the project.

Ownership of the real property will be divided as follows: The convention center building and the adjacent western parking lot will be donated to the City of Fargo at no cost. The Marriott Tribute Portfolio hotel and the adjacent eastern parking lot will be retained by Brewhalla LLC as private property.

All real property required for the project is currently under the control of the development group. There are no outstanding purchase options, letters of intent, or third-party site control arrangements required to assemble the development site.

6c. Please explain whether the City would be expected to acquire, convey or lease land for the project.

BREWHALLA RESPONSE:

No. The City is not expected to acquire, convey, or lease any land for this project. The entire development site is owned and controlled by the Brewhalla LLC ownership group. The convention center land and western parking lot will be donated to the City at no cost. No land acquisition, conveyance, or lease obligation of any kind is required from the City.

6d. To the extent your proposal involves the City conveying and/or selling land for purposes of the convention center and/or hotel, describe in detail the proposed purchase price and how said purchase price was calculated.

BREWHALLA RESPONSE:

This question is not applicable to the Brewhalla proposal. The City is not conveying or selling any land in connection with this project. To the contrary, Brewhalla LLC is donating the convention center land and adjacent western parking lot to the City at no cost. No purchase price calculation is required or relevant under this proposal structure.

6e. Please explain any proposed shared-use arrangements, ownership structures, or long-term operational arrangements involving parking facilities, access areas, plazas, infrastructure, or other integrated project components. Please also identify any assumptions regarding public parking availability, parking fee structures, parking validation, reserved parking, or future parking infrastructure. For purposes of responding to this request, the City does not presently anticipate waiving parking fees associated with downtown parking facilities or providing financial assistance for additional parking structures.

BREWHALLA RESPONSE:

The Brewhalla proposal does not require any shared-use parking arrangements, public parking facilities, or financial assistance from the City for parking infrastructure. This question is largely not applicable to our proposal structure, but we welcome the opportunity to address parking comprehensively as it represents a significant advantage of the Brewhalla site.

Parking for the convention center and hotel will be provided on site at no cost to attendees. The dedicated convention center parking lot to the west of the convention center will be donated to the City along with the convention center building and will offer free parking for all convention center guests and events. The hotel parking lot to the east of the hotel will remain privately owned by Brewhalla LLC and will also offer free parking. The existing Brewhalla campus currently provides free parking and that will remain unchanged. No parking fees, validation programs, reserved parking structures, or public parking subsidies are anticipated or requested under this proposal.

Looking beyond the immediate site, the Brewhalla proposal is uniquely positioned to accommodate future parking expansion. Across 1st Avenue from the convention center, additional land presents a significant opportunity for future parking infrastructure, whether in support of a convention center expansion, additional private development, or a combination of both. This is not a constraint of our proposal. It is an opportunity that other sites in this process cannot offer.

This future parking expansion opportunity connects directly to the broader value of the City-owned TIF District. As the TIF District builds reserves over time, the City retains full discretion to deploy those funds toward a convention center expansion, additional parking structures, or any other community priority it chooses to pursue in the surrounding area. The site is designed with the long term in mind, and the City-owned TIF District is the financial engine that makes that long term vision achievable without additional public burden.

7. Pro Forma Operating Projections — Apples to Apples

The City seeks to better understand the assumptions, methodologies, and allocation of revenues and expenses reflected in the Developer's pro forma operating projections. During Phase II of this RFP process, you and the other three proposers provided pro forma operating projections and HVS attempted to convert each of them into a "stabilized year" comparison, as reflected on page 6 of their April 20, 2026 revised report.

7a. To the extent possible, please provide an updated "apples-to-apples" comparison of the proposed convention center operations utilizing, to the extent reasonably possible, the line items and categories identified in the HVS analysis.

BREWHALLA RESPONSE:

Brewhalla LLC has restated its stabilized year operating pro forma to align with the HVS uniform system of accounts to the greatest extent possible. The restated comparison is provided as an attachment to this response.

The original Brewhalla submission and the HVS restated comparison are substantially identical. The sole adjustment required to conform Brewhalla's pro forma to the HVS format is the reclassification of \$48,000 in Advertising and Sponsorship revenue from Operating Revenue to Non-Operating Revenue, consistent with the HVS reporting structure. This is a presentation adjustment only. It does not reflect any change in projected revenue, any change in assumptions, or any revision to the underlying operating model. Net Income remains unchanged at \$232,474 in both the original and restated presentations.

In an effort to completely align with the HVS assumptions and demand projections, Brewhalla LLC has also prepared a third scenario that applies the HVS baseline Naming Rights assumption of \$96,000 to the restated pro forma. Naming Rights were intentionally excluded from Brewhalla's original submission as a conservative modeling choice, preserving full flexibility for the City to structure any naming rights arrangement as it sees fit. However, if the City were to pursue naming rights consistent with the HVS baseline assumption, Brewhalla's restated pro forma produces a Net Income of \$328,474 in the stabilized year, a further improvement of \$96,000 over the already strong restated baseline. All other line items remain identical to the restated column.

The restated pro forma confirms that Brewhalla's operating projections closely align with the HVS baseline assumptions, a conclusion independently reached by HVS in its April 20, 2026 evaluation report. HVS noted that Brewhalla generates the strongest operating performance of all four proposals, with total operating revenue of approximately \$5.74 million and the highest net operating income of any proposal at \$675,075 in the stabilized year. Brewhalla's revenue assumptions track the HVS baseline more closely than any other proposer, reflecting the fact that Brewhalla's original pro forma was built directly from HVS benchmarks and demand assumptions.

Three additional items warrant brief explanation in the context of the apples-to-apples comparison. First, Brewhalla's Capital Maintenance Reserve is \$0 as an operating line item because capital maintenance is funded through the City-owned TIF District, not through the operating budget. This is a structural advantage, not an omission. Second, Naming Rights revenue is \$0 in the original and restated submissions as a deliberate and conservative modeling choice, preserving full flexibility for the City to structure naming rights as it sees fit. HVS noted this may understate Brewhalla's potential upside, as illustrated by the third scenario. Third, Transfers In is \$0 because Brewhalla's structure requires no public subsidy from the City's General Fund. Any operating shortfall is backstopped first by the City-owned TIF District and ultimately by Brewhalla LLC, as described in detail throughout this response.

Please refer to the attached updated apples-to-apples pro forma for the full restated comparison across all three scenarios.

7b. Please explain any material differences between: the Developer's original operating projections, the HVS assumptions or adjustments, and any updated projections or assumptions now being proposed by the Developer.

BREWHALLA RESPONSE:

The material differences between Brewhalla LLC's original operating projections, the HVS assumptions, and the updated restated projections are addressed in detail in the response to Question 7a above. To summarize and supplement that response:

As between Brewhalla's original submission and the HVS restated comparison, the only material difference is the reclassification of \$48,000 in Advertising and Sponsorship revenue from Operating Revenue to Non-Operating Revenue to conform to the HVS reporting format. No assumptions, revenue projections, or expense figures were changed. Net Income is identical at \$232,474 in both presentations.

As between Brewhalla's original submission and the HVS baseline projections, the differences are minimal and reflect Brewhalla's deliberate conservative modeling choices. Naming Rights and Transfers In are \$0 in Brewhalla's submission, while the HVS baseline includes \$96,000 and \$345,000 respectively. As illustrated in the third scenario provided in the attached pro forma, applying the HVS Naming Rights assumption to Brewhalla's restated pro forma produces a Net Income of \$328,474. Brewhalla is not proposing any new revenue assumptions beyond what is reflected in the attached pro forma.

Brehwalla LLC is not proposing any new or revised operating assumptions beyond the restatement and naming rights scenario described in Question 7a and reflected in the attached pro forma.

7c. Please identify and explain all material assumptions utilized in preparing the operating projections, including assumptions regarding: Occupancy, event volume (per type of event: # events, # days per event), event rent and other event charges, hotel room nights, gross food and beverage revenue (daily per cap per event), food and beverage expense, sponsorship revenue, management fees, staffing costs and rationale, operational efficiencies, integrated/shared operations, and anticipated public subsidies or support payments.

BREWHALLA RESPONSE:

Brehwalla LLC's operating pro forma was built directly from the assumptions and demand projections established in the HVS Convention Center Market Study (April 2025). The following identifies each material assumption and its source:

Event Volume and Occupancy. Brehwalla adopted the HVS five-year demand projections in full. At stabilization (Year 4), the HVS study projects 205 total events annually, including 10 Conventions, 5 Tradeshows, 15 Consumer Shows, 20 Conferences, 100 Meetings, 40 Banquets, 5 Assemblies, and 10 Sports and Competition events, with total attendance of approximately 88,800 attendees per year. These figures were adopted without modification.

Event Days Per Event. Event day assumptions by event type were adopted directly from the HVS study and applied consistently across all five years of the pro forma.

Facility Rental Rates. Rental rates were adopted directly from the HVS revenue parameters. The HVS stabilized year rates are as follows: Conventions and Tradeshows at \$7,500 per event day, Consumer Shows at \$10,000 per event day, Conferences at \$5,000 per event day, Banquets at \$3,000 per event day, Assemblies at \$2,500 per event day, and Meetings at \$1,000 per event day. These rates were held constant between the opening and stabilized year as specified by HVS.

Hotel Room Nights. The HVS study projects approximately 31,200 occupied room nights generated by the convention center in the stabilized year. This demand projection directly supports the rationale for the attached Marriott Tribute Portfolio headquarters hotel and informed the hotel sizing at 148 rooms.

Gross Food and Beverage Revenue. Per attendee food and beverage spending rates were adopted directly from the HVS study. The following per attendee, per date rates are: Conventions \$40.00, Tradeshows \$30.00, Consumer Shows \$7.00, Conferences \$40.00, Meetings \$25.00, Banquets \$60.00, and Assemblies \$5.00. Gross food and beverage revenue is projected at \$4,016,000 in the stabilized year, consistent with the HVS baseline.

Food and Beverage Expense. The HVS study assumes food and beverage costs at 45% of gross food and beverage sales in both the opening and stabilized years. Brewhalla's exclusive catering structure remits 75% of gross food and beverage sales to the caterer and 25% to the convention center as net commission. The 75% caterer retention is reflected as the Cost of Goods Sold line in Brewhalla's pro forma and produces a cost ratio consistent with the HVS assumption when viewed on a gross basis.

Sponsorship Revenue. Advertising and Sponsorship revenue of \$48,000 in the stabilized year was included in Brewhalla's original pro forma within Operating Revenue and has been reclassified to Non-Operating Revenue in the restated version to align with HVS format. This figure is consistent with the HVS baseline assumption of \$48,000 in the stabilized year.

Management Fees. Brewhalla's management fee structure consists of a base fee of 4% of gross revenue and a performance incentive fee of 15% of Net Operating Income, producing a total management fee of \$270,601 in the stabilized year. The HVS baseline assumes a management fee of 3% of total operating revenue at stabilization. Brewhalla's fee is modestly higher, reflecting the two-part performance-based structure and the additional operational risk Brewhalla is absorbing as both owner and operator.

Staffing Costs and Rationale. Brewhalla's Salaries and Wages are projected at \$902,325 in the stabilized year, significantly below the HVS baseline of \$2,262,000. This reflects two distinct and deliberate structural advantages of the Brewhalla proposal that reduce staffing costs and operating risk for the convention center:

First, the fully integrated partnership with Visit Fargo-Moorhead eliminates sales and marketing staffing costs from the convention center budget entirely. Visit Fargo-Moorhead assumes full fiscal responsibility for all sales and marketing staffing and functions from its own budget, with no cost allocated to the convention center. The CVB's existing sales team, booking infrastructure, housing bureau, and marketing resources are deployed on behalf of the convention center at no operating cost to the facility. This is a direct and material reduction in staffing expenses that no other proposal in this process can replicate.

Second, all food and beverage staffing costs are absorbed by Brewhalla's exclusive catering partner. The HVS baseline staffing assumption includes the significant labor cost associated with in-house catering and food and beverage operations. Under Brewhalla's model, those costs are entirely the responsibility of the exclusive caterer, not the convention center. The convention center receives 25% of gross food and beverage sales as net commission with zero staffing burden, zero food and beverage labor risk, and zero cost of goods exposure.

Together these two strategic partnerships with Visit Fargo-Moorhead and the exclusive catering partner create a staffing model that is structurally leaner, lower risk, and more financially resilient than a traditional standalone convention center operating model. Convention center staffing covers operations, event execution, and facility management only, with both sales and marketing and food and beverage staffing costs fully transferred to dedicated partners.

Operational Efficiencies and Integrated Operations. Operations and Maintenance, Utilities, and Supplies and Equipment assumptions were benchmarked against HVS industry estimates and cross-referenced against actual Brewhalla facility operating data to ensure reasonableness. All convention center revenues and expenses are maintained on fully independent books and financial reporting separate from any private Brewhalla operations or the hotel. There is no commingling of financial records between the convention center and any related private entity.

Anticipated Public Subsidies. Brewhalla's pro forma includes zero Transfers In across all five years. No public subsidy from the City's General Fund is anticipated or required. Any operating shortfall in the early years is backstopped first by the City-owned TIF District and ultimately by Brewhalla LLC as described throughout this response.

7d. Please explain how revenues, costs, staffing, management fees, maintenance obligations, and other operational expenses are allocated between: Convention center operations, Hotel operations, and any related or integrated facilities or operations.

BREWHALLA RESPONSE:

Brehalla LLC is committed to maintaining fully independent and transparent financial records for each component of this project. The convention center, the hotel, and any related private facilities or operations will each maintain separate books, separate profit and loss statements, and separate financial reporting. There will be no cross-allocation, commingling, or transfer of revenues or expenses between the convention center and any privately owned entity under any circumstance.

To address the question directly and specifically:

Convention center revenues are generated by and recorded solely to the convention center. No revenue from the hotel, Brewhalla campus, or any other private operation will be recorded on the convention center's books, and no convention center revenue will be diverted to any private entity.

Convention center expenses are allocated solely to the convention center. No costs, expenses, staffing obligations, maintenance costs, or management fees from any private entity will be allocated to or offset against the convention center's operating budget. The convention center bears only its own clearly defined and independently documented operating costs.

Hotel operations are entirely private and financially independent. Hotel revenues, expenses, staffing, and all other financial obligations are recorded exclusively on the hotel's own books and have no financial relationship with the convention center's operating results.

The only area of intentional operational coordination between the convention center and the hotel is event booking and room block management, which is handled through the integrated partnership with Visit Fargo-Moorhead. This coordination is operational in nature and does not involve any cross-allocation of financial obligations between the two entities.

Brehalla LLC welcomes and fully supports any audit, oversight, or financial review process the City wishes to implement to verify the integrity of these separate financial structures. Full transparency in financial reporting is not just a commitment of this proposal, it is a condition Brewhalla LLC affirmatively invites.

7e. Please identify any assumptions or conclusions in the HVS or Baker Tilly analyses which you disagree with and explain the basis for said disagreement.

BREWHALLA RESPONSE:

Brewhalla LLC has identified several assumptions and conclusions in the HVS April 20, 2026 evaluation report that we believe warrant correction or further consideration by the City Commission. We raised a number of these concerns directly with the committee following the report's distribution and reiterate them here for the record.

Scoring Calculation Errors. The HVS report contains arithmetic errors in the proposal scoring summary. The corrected scores are as follows: Kilbourne/EAPC/Civic Center 82 (listed as 81), Enclave/Scheels 65 (listed as 67), Brewhalla 70 (listed as 66), and FARGODOME 45 (correct). We respectfully request that the committee acknowledge and correct these errors, as they affect the accuracy of the comparative record.

Hotel Plan Scoring — Kilbourne/EAPC/Civic Center Perfect Score. Brewhalla's most significant disagreement with the HVS evaluation concerns the perfect score of 15 out of 15 awarded to Kilbourne/EAPC/Civic Center for its Hotel Plan. The RFP explicitly requested that proposers include a new hotel as part of the Public-Private Partnership. The City's own bonding projections assume a new hotel will be constructed. Kilbourne/EAPC/Civic Center proposes no new hotel construction, instead relying on two existing, separately owned downtown hotels each with separate ownership, separate management, and no binding alignment with the convention center.

Awarding a perfect hotel score to a proposal that does not build a hotel is internally inconsistent with the RFP's stated requirements and the City's financial assumptions. Furthermore, the arrangement Kilbourne/EAPC/Civic Center proposes carries a fundamental operational flaw that the HVS evaluation does not appear to have adequately considered. The HVS report characterizes the Kilbourne/EAPC/Civic Center proposal as offering 275 hotel rooms in support of the convention center. However, these are not 275 rooms purpose-built and dedicated to the convention center. They are rooms in two independently owned and operated hotels that currently serve the broader downtown Fargo market at high occupancy levels.

Hotels operating at high occupancy do not have 275 rooms freely available to a convention center. They have existing corporate clients, longstanding contracted room block agreements, and deep institutional relationships with major corporate headquarters located in downtown Fargo. Those corporate relationships and contracted obligations do not disappear when a convention center opens a couple blocks away. They represent competing priorities that will directly conflict with the convention center's need to block rooms for convention groups. A convention planner attempting to secure a room block at one of these hotels may find that a significant portion of their target inventory is already committed to a corporate client under a long-term agreement, leaving the convention center unable to deliver on its room block commitments to event organizers.

This is precisely the conflict of interest and booking priority misalignment that was flagged as problematic by several of the convention centers the committee visited during its research process. Those site visits directly informed the committee's preference for a unified management model with a purpose-built headquarters hotel dedicated to the convention center. That preference should have been reflected in HVS's hotel scoring, not rewarded with a perfect score for the proposal least aligned with it. Brewhalla proposes a fully committed, privately financed, physically attached 148-room Marriott Tribute Portfolio headquarters hotel with unified ownership and management, plus the existing 43-room Brewhalla Hotel adjacent to the site, and received only 10 out of 15 for its Hotel Plan. That scoring disparity is not defensible given the RFP requirements, the City's financial assumptions, and the committee's stated objectives.

Site Location — Adjacent Amenities. HVS identified as a con the "lack of adjacent restaurant and retail amenities" for the Brewhalla site. This conclusion is factually inaccurate. There are 14 local businesses offering a mix of retail and restaurant options adjacent to the proposed site within the Brewhalla campus

and surrounding area. Furthermore, Brewhalla welcomes over 550,000 annual guests, making it one of the most visited destinations in Fargo. This existing draw represents a significant and demonstrable amenity to the convention center that was not accurately reflected in the HVS evaluation.

Site Location — Expansion Capacity. HVS identified as a con "no capacity for expansion." This conclusion is also inaccurate. The convention center building plan was specifically designed with the ability to expand intuitively. The current site plan identifies available land within the development envelope to accommodate building expansion. Additionally, Brewhalla has identified surrounding properties that it either owns or is in active discussions to acquire, providing significant additional area for future convention center campus expansion.

Concept Plan — Meeting Space Integration. HVS identified as a con that "meeting spaces in Brewhalla are not well integrated with the convention center." The convention center itself includes meeting space that meets or exceeds the program requirements established by the RFP. The Brewhalla meeting spaces referenced by HVS are adjacent to the convention center and were presented as over and above opportunities available to convention center users, not as a substitute for the convention center's own meeting space. This distinction was not accurately reflected in the HVS evaluation.

Hotel Plan — Financing Information. HVS identified as a con "little information on the ability to finance new hotel development." Brewhalla provided a letter from Bell Bank in its proposal submission confirming the ownership group's ability to obtain financing, along with an explanation of the group's commitment to guarantee such financing. This documentation was included in the proposal and should have been reflected in the HVS evaluation.

Schedule Scoring. All four proposals received identical scores of 8 out of 10 for Schedule despite vastly different completion dates and levels of development readiness. HVS identified Brewhalla's schedule as having the con of being "aggressive." Brewhalla's April 2028 completion target reflects the ready-to-build nature of the site, the development and construction expertise of the Mortenson-led team, and the significant preparatory work already completed to bring building plans to a state of readiness for immediate construction commencement upon award. A faster, better-prepared schedule should be recognized as a competitive strength, not penalized as a liability. Scoring all four proposals identically despite these meaningful differences does not accurately reflect the relative development readiness of each site.

8. Convention Center Management / Hotel Management / Integrated Operations

The City seeks to better understand the proposed management structure for the convention center and convention center hotel, including event booking, operations, maintenance responsibilities, and coordination between project components and community stakeholders.

8a. Please identify the person(s) or entity(ies) that will be responsible for: Convention center management, Convention center operations and maintenance, Hotel management, and Hotel operations and maintenance.

BREWHALLA RESPONSE:

Convention Center Management. Brewhalla LLC will serve as the convention center manager, responsible for all aspects of convention center operations, event execution, and facility oversight. Visit Fargo-Moorhead will serve as the full operating partner responsible for all event booking, sales, and marketing from its own budget, fully integrated with Brewhalla LLC's operations team.

Convention Center Operations and Maintenance. Brewhalla LLC will be responsible for all convention center operations and maintenance, including day to day facility management, event setup and execution, housekeeping, and long-term capital maintenance planning. Capital maintenance reserves are funded through the City-owned TIF District.

Hotel Management. The Marriott Tribute Portfolio hotel will be owned by Brewhalla LLC. Coury Hospitality has been selected as the preferred hotel management company and will be contracted by and report directly to Brewhalla LLC as the hotel owner. Coury Hospitality will be responsible for all hotel management functions including reservations, guest services, revenue management, and brand compliance under the Marriott Tribute Portfolio franchise agreement.

Hotel Operations and Maintenance. Day to day hotel operations and long-term maintenance will be the responsibility of Coury Hospitality under its management agreement with Brewhalla LLC. Brewhalla LLC retains corporate oversight of the hotel as owner and will ensure that hotel operations remain fully aligned with the priorities of the convention center.

8b. Please describe the proposed management structure for the convention center, including responsibility for: Event booking, Marketing and sales, Operations, Maintenance, Food and beverage operations, and Financial management.

BREWHALLA RESPONSE:

Event Booking. Visit Fargo-Moorhead serves as the full operating partner responsible for all event booking on behalf of the convention center. The CVB's existing sales team, booking infrastructure, and housing bureau are deployed in this role from the CVB's own budget at no cost to the convention center. Scheduling and booking decisions are made mutually between Brewhalla LLC and Visit Fargo-Moorhead with the shared goal of maximizing convention center utilization and economic impact for the community.

Marketing and Sales. Visit Fargo-Moorhead and Brewhalla LLC will work jointly to budget for and execute all convention center marketing and sales efforts. Visit Fargo-Moorhead brings its full organizational capabilities to this partnership, including regional and national convention sales, digital and traditional marketing, trade show representation, and destination marketing expertise. Brewhalla LLC as the convention center operator contributes direct sales and marketing support as part of its operating role. Together the two partners present a unified and fully resourced marketing and sales effort on behalf of the convention center, coordinated through a shared booking and sales strategy aligned with the goals of the City and the broader Fargo hospitality community.

Operations. Brewhalla LLC is responsible for all convention center operations, including event setup and execution, staffing of operational roles, vendor coordination, security, housekeeping, and all day to day facility functions necessary to deliver a high quality guest and client experience.

Maintenance. Brewhalla LLC is responsible for all routine and preventive maintenance of the convention center facility. Long-term capital maintenance and major repairs are funded through the City-owned TIF District, ensuring the facility's long-term functionality and competitiveness without reliance on the convention center's operating budget or the City's General Fund.

Food and Beverage Operations. All food and beverage operations are managed exclusively by Brewhalla LLC's exclusive catering partner under a contracted arrangement. The catering partner assumes full responsibility for all food and beverage staffing, cost of goods, preparation, service, and quality control. The convention center receives 25% of gross food and beverage sales as net commission with no food and beverage staffing burden, no labor risk, and no cost of goods exposure.

Financial Management. The convention center will maintain fully independent books and financial reporting separate from all private entities including the hotel and any other related operations. Brewhalla LLC is responsible for all financial management of the convention center, including budgeting, accounting, reporting, and audit compliance. Financial reporting will be transparent, auditable, and structured to provide the City with full visibility into convention center financial performance at all times.

8c. If you are proposing an exclusive private caterer, please explain the rationale for such arrangement and the anticipated financial impact on the convention center operational model, event operations, and the broader local hospitality community.

BREWHALLA RESPONSE:

Brewhalla LLC proposes an exclusive catering partner arrangement for all food and beverage operations at the convention center. The rationale for this structure is grounded in risk reduction, operational efficiency, and financial clarity for the convention center.

From a financial standpoint, the exclusive catering model eliminates food and beverage staffing costs, cost of goods exposure, and labor risk from the convention center's operating budget entirely. The catering partner assumes full responsibility for all food and beverage operations and remits 25% of gross food and beverage sales to the convention center as net commission. This produces a clean, predictable revenue stream with no operational downside risk to the convention center or the City. The HVS study projects gross food and beverage revenue of \$4,016,000 in the stabilized year, generating approximately \$1,004,000 in net commission revenue to the convention center under this model.

From an operational standpoint, the exclusive catering arrangement provides event planners and convention clients with a seamless, professionally managed food and beverage experience under a single accountable partner. This simplifies event planning, ensures consistent quality standards, and reduces the coordination complexity associated with managing multiple catering vendors across a high-volume convention calendar.

From a community standpoint, Brewhalla LLC is committed to working with local Fargo food and beverage suppliers and vendors as part of the catering model. The exclusive catering partner will be directed to incorporate local businesses, local ingredients, and locally distinctive culinary experiences wherever possible. This approach delivers an authentically Fargo hospitality experience for convention guests while supporting the broader local business community. The exclusive catering arrangement does not preclude local participation. It provides a structured and professionally managed platform through which local vendors can participate and thrive.

8d. Please describe the proposed management structure of the convention center hotel, including responsibility for hotel operations, room inventory management, and coordination with convention center activities and events.

BREWHALLA RESPONSE:

The Marriott Tribute Portfolio hotel is owned by Brewhalla LLC and managed by Coury Hospitality under a management agreement contracted by and reporting directly to Brewhalla LLC as the hotel owner. Brewhalla LLC retains corporate oversight of all hotel operations as owner and ensures that hotel management decisions remain fully aligned with the priorities of the convention center.

Hotel Operations. Coury Hospitality is responsible for all day to day hotel operations including guest services, reservations, housekeeping, revenue management, brand compliance under the Marriott Tribute Portfolio franchise agreement, and long-term facility maintenance. Coury Hospitality brings extensive experience managing hotels associated with convention centers and is well positioned to deliver a headquarters hotel experience consistent with the expectations of convention planners and attendees.

Room Inventory Management. Convention center events are the highest priority in all room inventory and booking decisions. Room blocks for convention center events will be managed through the integrated partnership between Brewhalla LLC, Coury Hospitality, and Visit Fargo-Moorhead's housing bureau. The housing bureau will coordinate room blocks across the headquarters hotel and the broader Fargo hotel community to ensure that conventions and events of all sizes are fully accommodated. The structural alignment between the convention center operator and the hotel owner eliminates the conflicts of interest and booking priority disputes that arise when convention centers rely on separately owned hotels for headquarters hotel functions.

Coordination with Convention Center Activities and Events. The convention center building and land are owned by the City of Fargo, with Brewhalla LLC serving as the operator under the development agreement. Brewhalla LLC also owns the adjacent Marriott Tribute Portfolio hotel. This structure creates a uniquely aligned partnership in which the same ownership group is both operating the City's convention center and owning the headquarters hotel, ensuring that hotel scheduling, group sales, and operational planning are fully integrated with the convention center booking calendar managed jointly by Brewhalla LLC and Visit Fargo-Moorhead. This unified approach ensures that the hotel and convention center function as a single seamless destination for every event booked at the facility.

8e. Please explain how event booking, scheduling, operations, and customer coordination will be integrated between the convention center, convention center hotel, and any related integrated facilities or operations.

BREWHALLA RESPONSE:

Brehalla LLC has designed an integrated operational model that brings together three highly capable and aligned partners to deliver a seamless experience for every event planner, organization, and attendee that chooses the Fargo Convention Center.

Event Booking and Scheduling. Visit Fargo-Moorhead leads all convention sales and event booking efforts, bringing the full resources of one of the region's most capable destination marketing organizations to bear on filling the convention center calendar. Booking decisions are made in close coordination with Brewhalla LLC as the convention center operator, ensuring that scheduling, pricing, and event sequencing are managed with a unified strategy. Hotel room block availability through Coury Hospitality is integrated into the booking process from the first point of contact with a prospective event planner, presenting a complete and compelling package that includes the facility, the headquarters hotel, and the full destination experience in a single coordinated conversation.

Operations and Event Execution. Once an event is booked, Brewhalla LLC's operations team takes ownership of every aspect of event execution. From initial site visits and event planning through setup, execution, and post-event wrap, the Brewhalla operations team serves as the single point of accountability for the convention center client. The exclusive catering partner is fully integrated into this operational model, coordinating food and beverage planning directly with the Brewhalla operations team to ensure a seamless culinary experience that reflects the unique character and quality of the Fargo community.

Customer Coordination and Guest Experience. Coury Hospitality's hotel management team operates in close coordination with the Brewhalla convention center operations team to ensure that the guest experience is seamless from arrival to departure. Convention attendees move between the headquarters hotel and the convention center with ease, supported by a team that is aligned at the ownership level and communicating in real time at the operational level. Room blocks are managed proactively, check-in and check-out are coordinated around event schedules, and the overall guest experience is designed to exceed the expectations of even the most experienced convention attendees.

What Brewhalla LLC has built is not simply a management structure. It is a purpose-built partnership of three organizations, each exceptional in its own right, unified around a single mission: to make every event at the Fargo Convention Center a defining success for the organizations that choose it and the community that hosts it.

8f. Please explain any proposed room-blocking agreements, booking priorities, coordination agreements, or operational arrangements involving the convention center hotel and/or other hotels within the community.

BREWHALLA RESPONSE:

Brehalla LLC's approach to room blocking and hotel coordination begins with a structural advantage that no other proposal in this process can offer. The Marriott Tribute Portfolio headquarters hotel is physically attached to the convention center, owned by the same entity that operates the convention center, and purpose-built with a single primary mission: to supply dedicated room inventory to the convention center. This is not a coordination agreement between separate and independently motivated parties. It is a unified ownership and operational model where the interests of the hotel and the convention center are identical by design.

Room blocking for convention center events will be the highest priority in all hotel booking and inventory management decisions. Coury Hospitality, operating under the direction of Brewhalla LLC as the hotel owner, will manage room inventory with the convention center calendar as the primary driver of all group sales and booking decisions. Formal room blocking agreements, booking priority policies, and operational coordination protocols will be fully defined and documented in the development agreement and hotel management agreement.

For conventions and events that exceed the capacity of the 148-room headquarters hotel, Visit Fargo-Moorhead's Housing Bureau will coordinate room blocks across the broader Fargo hotel community. The Housing Bureau is specifically designed and staffed to manage multi-property room block coordination for large conventions, ensuring that event planners have access to a seamless, single-point-of-contact room block solution that draws on the full hotel inventory of the market. This capability transforms the Fargo Convention Center from a 148-room headquarters hotel destination into a full market destination capable of accommodating conventions of any size.

The combination of a purpose-built headquarters hotel under unified ownership and the CVB's Housing Bureau managing broader market room blocks represents the most complete and operationally sound hotel coordination model of any proposal presented in this process.

8g. Please explain the anticipated role, if any, of Visit Fargo-Moorhead with respect to event booking, marketing, convention sales, operations, and coordination with the convention center hotel.

BREWHALLA RESPONSE:

Visit Fargo-Moorhead plays a central and fully integrated role in the Brewhalla proposal, functioning as a true operating partner rather than a passive referral source or advisory relationship. This partnership is one of the most significant structural differentiators of the Brewhalla proposal and is confirmed and committed at the organizational level by Visit Fargo-Moorhead's leadership.

Event Booking and Convention Sales. Visit Fargo-Moorhead leads all convention sales and event booking efforts on behalf of the convention center, deploying its existing sales team, national association relationships, trade show presence, and booking infrastructure in this role. The CVB's sales efforts are funded from its own budget with no cost allocated to the convention center operating budget. Booking decisions are made in close coordination with Brewhalla LLC to ensure that scheduling, pricing, and event sequencing reflect a unified strategy aligned with the goals of the City and the community.

Marketing. Visit Fargo-Moorhead and Brewhalla LLC work jointly to budget for and execute all convention center marketing efforts. Visit Fargo-Moorhead brings its full destination marketing capabilities to this partnership, including digital and traditional marketing, brand positioning, and regional and national outreach. Brewhalla LLC contributes direct marketing support as the convention center operator, including its existing event production experience and the established Brewhalla brand.

Operations. While Visit Fargo-Moorhead's primary role is sales and marketing, its operational integration with Brewhalla LLC extends to event planning support, client coordination, and the seamless handoff between the booking process and event execution. The two organizations operate as a unified team from the first point of contact with a prospective client through the conclusion of every event.

Coordination with the Convention Center Hotel. Visit Fargo-Moorhead's Housing Bureau serves as the coordination mechanism for room blocking across both the Marriott Tribute Portfolio headquarters hotel and the broader Fargo hotel community. For conventions that exceed the capacity of the headquarters hotel, the Housing Bureau manages multi-property room block coordination through its established relationships with area hotels, presenting event planners with a single point of contact for all lodging needs regardless of group size.

8h. If your proposal contemplates convention center operational management having a financial interest in related entities or operations (including an adjacent hotel, exclusive catering operations, parking operations, or adjacent development), please explain how you propose to avoid actual or perceived conflicts of interest. For example, please explain how operational decisions involving convention center rental rates, booking priorities, discounts, fee structures, or other convention center revenues would be managed to avoid improperly favoring affiliated or related business interests.

BREWHALLA RESPONSE:

Brehalla LLC welcomes this question and addresses it directly and confidently. The unified ownership and management model proposed by Brewhalla LLC is not a source of conflict of interest. It is the solution to it. This is not a novel or untested structure. It is the model that was specifically recommended by several of the convention centers the committee visited during its research process, and it is a model with a well-established and proven track record of success in public-private convention center partnerships across the country. The committee's own research led them to express a preference for this model. Brewhalla LLC was the only proposer that answered that call.

It is worth noting the alternative. A convention center that relies on separately owned and independently motivated hotels, caterers, and operators does not eliminate conflicts of interest. It institutionalizes them. A separately owned hotel has every financial incentive to prioritize its own occupancy and revenue over the convention center's booking needs. A separately owned catering operation has every incentive to maximize its own margins regardless of the impact on event costs and client satisfaction. An independent third-party operator has every incentive to manage to its own contract metrics rather than to the broader success of the facility and the community. The unified model does not create these misalignments. It eliminates them by ensuring that every decision maker at the table has the same definition of success.

With respect to the specific concern about rental rates, booking priorities, discounts, and fee structures, Brewhalla LLC has a built-in and independent safeguard that no other proposal can point to: Visit Fargo-Moorhead. The CVB is a fully integrated operating partner in this proposal with no financial interest in Brewhalla LLC, no ownership stake in the hotel, and no relationship with the exclusive catering partner. Visit Fargo-Moorhead's sole interest is the success of the convention center and the economic benefit it generates for the Fargo community. Rate schedules, booking priorities, and discount policies will be developed collaboratively with Visit Fargo-Moorhead, providing an independent and community-aligned check on all operational decisions that could otherwise give rise to a conflict of interest concern.

Beyond the CVB partnership, the convention center industry has developed well-established governance frameworks for managing unified ownership models, including independent financial auditing, open-book accounting requirements, transparent rate-setting policies, and City oversight provisions in management agreements. Brewhalla LLC is fully committed to working with the City to implement whatever governance structure provides the highest level of transparency and accountability. A specific structure will be proposed and negotiated during the development agreement process, drawing on the best practices of successful public-private convention center partnerships that have operated under this model for decades.

Brehalla LLC's interest is simple and fully aligned with the City's: a convention center that is full, financially successful, and delivering meaningful economic impact for Fargo for generations to come. That alignment of interest is not a conflict. It is the foundation of a great partnership.

9. Development Team Structure and Contracting Entities

The City seeks to better understand the legal structure of the proposed development team and the entities that would be responsible for performance of the project obligations. Specifically, whether the City is contracting with a single integrated development entity or separate affiliated and/or non-affiliated entities.

9a. With respect to the convention center, hotel, parking and other project components, please explain whether the City would be contracting with: A single integrated development entity, Separate affiliated entities, or Separate non-affiliated entities.

BREWHALLA RESPONSE:

The City would be contracting with a single integrated development entity: Brewhalla LLC. All components of this project, including the convention center, the hotel, parking, and any related development obligations, are the responsibility of Brewhalla LLC. All partners and ownership group members, including the existing Brewhalla ownership, the Cityscapes Development group, and Kevin Bartram, are joined under the Brewhalla LLC entity. There are no separate affiliated entities, no non-affiliated entities, and no division of contractual responsibility across multiple parties. The City has

one counterparty, one development agreement, and one entity standing behind every obligation of this proposal.

9b. To the extent different entities would be responsible for different project components, please explain how responsibilities, obligations, liabilities, operational coordination, and risk allocation would be divided among such entities.

BREWHALLA RESPONSE:

This question is not applicable to the Brewhalla proposal. As described in the response to Question 9a above, the City is contracting with a single integrated development entity, Brewhalla LLC. All responsibilities, obligations, liabilities, operational coordination, and risk allocation flow through Brewhalla LLC. There is no division of contractual responsibility among separate entities that would require the allocation framework described in this question.

10. Long-Term Viability and Competitiveness of the Project

The City seeks to better understand why the proposed project is anticipated to remain an attractive, competitive, and sustainable convention center venue for the Fargo community and hospitality industry over the long term.

10a. Please explain the factors that support the long-term viability and competitiveness of the proposed project over the next 20-30 years, including how the project is anticipated to adapt to future convention, hospitality, entertainment, tourism, and community needs.

BREWHALLA RESPONSE:

Brehalla LLC is confident that the proposed Fargo Convention Center is positioned for long term viability and competitiveness for the following reasons:

1. **A Facility Built for the Future.** The convention center is designed from the ground up for flexibility, adaptability, and expansion. The building program meets and exceeds the RFP requirements today while incorporating design features that allow for intuitive expansion and reconfiguration as the market evolves over the next 20 to 30 years. The facility is substantially larger than competing proposals, extending the window of competitiveness before any significant expansion or renovation would be required. When that time comes, the City-owned TIF District provides a dedicated and self-sustaining funding source for capital improvements, expansions, and renovations without any reliance on the City's General Fund or taxpayer appropriations. No other proposal in this process has created this mechanism. The current reality facing several City-owned venues that have reached the end of their useful life with no dedicated funding source for improvement is a cautionary tale that the Brewhalla financing structure is specifically designed to prevent from ever applying to this convention center.
2. **A Functionally Flexible Building Designed for the Full Spectrum of Use.** The long term competitiveness of any convention center depends on its ability to serve a wide and evolving range of events, not just traditional conventions and tradeshow. The Brewhalla convention center is designed with this reality at its core. The exhibit hall, ballroom, and meeting room spaces are fully divisible, allowing the facility to simultaneously host multiple independent events of varying sizes and configurations. A national tradeshow can occupy the full exhibit hall while a corporate conference runs in the ballroom and a series of association meetings fill the breakout meeting rooms, all operating independently with dedicated service access and

prefunction areas. This level of operational flexibility maximizes revenue potential, minimizes dark days on the calendar, and ensures the facility can respond to the full diversity of demand in the market. Beyond traditional convention programming, the building is equally well suited for consumer shows, entertainment events, sporting competitions, community gatherings, galas, and large-scale productions. This breadth of functional use is not an afterthought. It is a deliberate design priority that ensures the convention center remains relevant, competitive, and fully utilized across the full 20 to 30 year horizon the City is planning for.

3. A Strategic Partner with a Proven Track Record and the Ability to Create Demand. The long term success of any convention center depends not just on the quality of the facility but on the quality of the organization running it. Brewhalla LLC brings a hospitality track record that speaks for itself. Drekker Brewing Company is one of the top ten highest rated breweries in the world. Brewhalla welcomes over 550,000 guests annually, making it one of the most visited destinations in the region. The Brewhalla Hotel is one of the highest rated hotels in the area. Brewhalla was named the FMWF Chamber's Emerging Business of the Year and most recently its Business of the Year. These are not credentials of an organization learning the hospitality business. They are the credentials of an organization that has mastered it. Critically, Brewhalla is the only operator in this process that already creates original events and produces proven demand. DrekkerFest, Hotdish Fest, Hels Fury Tattoo Convention, Unglued Craft Markets, Foolers' Ball, Melt Cheese Rave, Adult Prom, and other signature Brewhalla productions are established demand generators with regional and national followings that will fill the convention center calendar from day one and continue to grow alongside regional and national convention bookings. This ability to create demand, not just respond to it, is a long term competitive advantage that no third party operator or government authority can replicate. The City is not just hiring an operator. It is partnering with an organization that will actively drive the success of the convention center through entrepreneurial vision, creative leadership, and a relentless commitment to delivering exceptional experiences.
 4. A Destination Marketing Partner at the Forefront of the Industry. Visit Fargo-Moorhead brings the full capabilities of the region's destination marketing organization to the long term positioning and competitiveness of the convention center. As the area DMO, Visit Fargo-Moorhead understands both the Fargo community and the convention industry at a level that no other partner in this process can match. They know where the convention industry is heading, how regional and national booking patterns are evolving, and how to position Fargo most effectively to compete for the events that will define the convention center's success over the next two to three decades. Their integration into the day to day operation of the convention center ensures that the facility's long term strategy is continuously informed by the best available market intelligence and industry expertise.
 5. A Self-Sustaining Financial Structure Built for the Long Term. The Brewhalla proposal has created a financial structure that grows with the development and protects the City's investment for the full life of the partnership. The City-owned TIF District generates incremental tax revenue from the development itself, building a reserve that funds capital maintenance, future expansions, and community priorities without returning to the General Fund or the taxpayers. Brewhalla LLC's operating loss backstop ensures that the City bears no financial risk in any operating scenario. Together these mechanisms create a convention center that is financially protected on both the upside and the downside, with a dedicated and growing funding source for its future that no other proposal has created.
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10b. Please explain any anticipated opportunities for future expansion, redevelopment, renovation, operational flexibility, integration with surrounding development, or other long-term project enhancements.

BREWHALLA RESPONSE:

Future Expansion. The Brewhalla convention center proposal is the largest and most generously budgeted facility of any proposal in this process, which meaningfully reduces the near-term need for

expansion compared to competing sites. That said, when expansion does become desirable, no other proposal is better positioned to accommodate it.

The convention center is designed with intuitive, logical expansion in mind. The building's core functional elements, including prefunction space, exhibit hall, and back of house service corridors, run parallel to one another along a continuous axis through the building. This layout allows all three elements to be extended seamlessly to the west, maintaining the same operational logic, guest flow, and service efficiency in the expanded facility as in the original. Critically, this expansion could be executed while the convention center remains fully operational. Continued operations during a construction expansion would be extremely difficult or impossible at other proposed sites, where expansion capability is either absent or severely constrained by the existing building footprint and site conditions.

The funding mechanism for any future expansion is already formulated in our proposal. The City-owned TIF District builds reserves over time that the City can deploy at its sole discretion for convention center capital improvements and expansion. No additional public debt, no General Fund appropriation, and no request to the taxpayers would be required. This is the same structural advantage that protects the City from the deferred maintenance and funding gaps that have challenged other City-owned venues, and it applies equally to future expansion needs.

Renovation. The same funding mechanism and the same operational flexibility apply to any future renovation of the convention center. The City-owned TIF District provides a dedicated and growing reserve for renovation projects, and the building's design allows for renovation work to be phased and executed without shutting down the full facility.

Operational Flexibility. The universal management model proposed by Brewhalla LLC provides a level of operational flexibility that no other proposal can match. Because Brewhalla LLC owns the hotel, operates the convention center, and partners with Visit Fargo-Moorhead on sales and marketing, the entire operation can adapt quickly and decisively to changes in market conditions, event demand, booking patterns, and community priorities. There are no competing institutional interests, no contract renegotiations required to change direction, and no bureaucratic layers between decision and execution. Brewhalla's track record as an entrepreneurial, creative, and operationally decisive organization means the convention center will be managed with the same energy and responsiveness that has made the Brewhalla campus one of the most successful hospitality destinations in the region.

Integration with Surrounding Development. The convention center is not an island. From day one it is surrounded by an active and thriving hospitality and entertainment ecosystem. The Brewhalla campus, Drekker Brewing Company, and the attached Marriott Tribute Portfolio hotel together create an arts and entertainment district that is already among the most dynamic destinations in the region, welcoming over 550,000 guests annually. Convention attendees have immediate access to award winning food, beverage, and entertainment experiences steps from the convention center entrance. The site's location also provides direct connectivity to downtown Fargo and convenient access to Interstate 29 and Interstate 94, making it an exceptional launching point for guests to explore the broader community.

Looking further ahead, the surrounding area presents significant opportunities for additional privately developed amenities and attractions including additional hotels, restaurants, retail, an indoor waterpark, a performing arts center, and cultural institutions such as a museum. These developments will further strengthen the convention center's competitive position and community impact over time. The full vision for the surrounding area and its long term development potential is addressed in detail in the response to Question 13.

11. Civic Center Structural Feasibility and Reuse Risk (Downtown Proposal Only)

Not applicable to the Brewhalla proposal.

12. Former Police Headquarters Property (Downtown Proposal Only)

Not applicable to the Brewhalla proposal.

13. Future Area Development and Control of Adjacent Property (Brewhalla Proposal Only)

The City seeks to better understand the anticipated long-term development of the surrounding area associated with the proposed convention center site and the extent to which such future development is dependent upon property ownership, acquisition, or control by the Developer or affiliated entities.

13a. Please identify all real property currently owned, controlled, under option, or otherwise anticipated to be acquired by the Developer or affiliated entities in the vicinity of the proposed convention center project.

BREWHALLA RESPONSE:

Brewhalla LLC and its affiliated entities currently own and control significant real property in the vicinity of the proposed convention center project. A detailed map identifying all relevant parcels, their current ownership status, and their anticipated role in the broader development vision is attached to this response as an exhibit.

13b. Please describe the Developer's anticipated long-term vision for future development within the surrounding area, including any anticipated hotels, restaurants, entertainment venues, water parks, retail uses, residential uses, parking facilities, or other related development.

BREWHALLA RESPONSE:

Brewhalla LLC's long term vision for the surrounding area is the development of a vibrant arts and entertainment district that complements and amplifies the convention center's impact on the community. The convention center is the anchor and catalyst for this vision, but it is only the beginning of what Brewhalla LLC anticipates for this part of Fargo.

In the immediate vicinity of the convention center, Brewhalla LLC is actively exploring the development of additional hotel rooms to supplement the headquarters hotel and expand the market's capacity to accommodate larger conventions and events. Additional restaurant and retail development is also being actively explored to create a walkable, destination-quality environment for convention attendees, hotel guests, and the broader community. An indoor waterpark is among the developments under active consideration, representing a significant amenity that would further strengthen the site's appeal as a year-round destination for visitors and residents alike.

Looking further into the surrounding area, Brewhalla LLC believes this district has the potential to attract and support significant civic and cultural development that would generate powerful synergies with the convention center. A performing arts center would be a natural complement to the convention center, sharing infrastructure, audiences, and event calendars in ways that benefit both facilities and the community they serve. A science museum, children's museum, or similar cultural institution would

further establish this district as a true community destination with broad appeal across demographics and age groups. Brewhalla LLC has had exploratory conversations with interested groups regarding these possibilities and views them as realistic long term components of the broader development vision.

The City-owned TIF District plays a critical role in making this vision achievable. As the district develops and the TIF District builds reserves, the City retains full discretion to deploy those funds toward public infrastructure, civic facilities, parking, and other community priorities that support and accelerate the broader development of the surrounding area.

13c. Please explain the extent to which the anticipated success, competitiveness, or long-term viability of the proposed convention center project depends upon future acquisition, control, or development of adjacent or nearby properties.

BREWHALLA RESPONSE:

The proposed Fargo Convention Center does not depend on future adjacent development to be successful, competitive, or financially viable. On day one of operations, the convention center will be surrounded by an existing entertainment and hospitality ecosystem that no other regionally competing venue can match. The Brewhalla campus, Drekker Brewing Company, and the attached Marriott Tribute Portfolio headquarters hotel already constitute an arts and entertainment district unlike anything available at any competing convention center in the region. Convention planners choosing Fargo will have immediate access to a world class brewery and entertainment destination, a highly rated headquarters hotel, and a purpose-built convention facility, all under unified ownership and management on a single connected campus. That is a compelling and fully realized destination from the moment the doors open.

Future development of the surrounding area is not a prerequisite for the convention center's success. It is the opportunity that the convention center's success will create. As the convention center establishes itself as the premier event destination in the region, the surrounding development vision, including additional hotels, restaurants, retail, an indoor waterpark, a performing arts center, and cultural institutions, will follow as a natural consequence of the economic activity and community momentum the convention center generates. The City-owned TIF District ensures that the public infrastructure and community facilities needed to support that growth are funded by the development itself rather than by the taxpayer.

The honest answer to this question is straightforward. No future development is required for this convention center to be the most competitive and attractive convention facility in the region on day one. Every development that follows only extends that advantage further and makes an already exceptional destination truly iconic.

13d. Please identify any anticipated future public participation, incentives, infrastructure improvements, parking arrangements, roadway improvements, utility improvements, or other City involvement that may be requested in connection with future development of the surrounding area.

BREWHALLA RESPONSE:

The proposed convention center site is an infill development area with substantial existing infrastructure already in place. No significant public participation, incentives, infrastructure improvements, roadway

improvements, or utility improvements are anticipated in connection with the convention center project or the immediate surrounding private development.

To the extent that future civic and cultural development such as a performing arts center, science museum, or similar community facility is pursued in the surrounding area, those projects would by their nature involve the City as a participant and decision maker. As the master developer of the surrounding area, Brewhalla LLC may from time to time bring opportunities and proposals to the City's attention for its consideration. However, all decisions regarding public participation, funding, and prioritization of any such projects rest solely with the City. The City-owned TIF District would be a natural and appropriate funding mechanism for any City-initiated projects in the surrounding area, deploying reserves generated by the development for community benefit at the City's sole discretion.

All other anticipated future development in the surrounding area, including additional hotels, restaurants, retail, and entertainment venues, is expected to be entirely privately funded with no public participation, incentives, or financial assistance requested from the City.

13e. Please provide your plans and supporting analysis regarding attendee vehicle ingress and egress to and from the site, connectivity to major thoroughfares, parking availability and utilization, and the anticipated movement of convention center attendees between the site and downtown, including anticipated vehicle traffic, pedestrian circulation, accessibility, and connectivity to downtown businesses, hotels, restaurants, and entertainment venues. Please also address loading dock and service access.

BREWHALLA RESPONSE:

The Brewhalla proposal submission includes detailed site planning analysis, parking demand studies, ingress and egress diagrams, pedestrian circulation plans, wayfinding strategy, and loading dock specifications prepared by MBA Architects and JLG Architects. Please refer to pages 11 through 15 and 30 through 35 of the Brewhalla Phase 2 proposal submission for the full detail on each of these items. The following summarizes the key points and provides supplemental context:

Vehicle Ingress, Egress, and Traffic Flow. The site is served by a well-established arterial road network with direct connectivity to Interstate 29 and Interstate 94, providing efficient regional access for convention attendees arriving by personal vehicle or charter transportation. Primary on-site vehicle circulation has been designed to accommodate high-volume event traffic with clearly defined and separated entry and exit routes that minimize conflict points and support efficient queuing during peak arrival and departure periods. Importantly, City of Fargo traffic engineering staff has already analyzed the anticipated traffic volumes and circulation patterns associated with convention center operations at this location and identified no areas of concern. The site and the surrounding street network, including 1st Avenue, have been confirmed to handle the projected traffic demands of the convention center without significant impact to the surrounding roadway system.

Parking Availability and Utilization. The convention center site provides dedicated on-site surface parking for both the convention center and the headquarters hotel at no cost to attendees. Parking is organized to serve distinct user groups with clear wayfinding and circulation routes that prevent conflicts between convention attendees, hotel guests, and service vehicles. Additional parking expansion opportunities exist across 1st Avenue from the convention center, providing a natural area for future structured parking development as event volume and surrounding development grow over time.

Ground Transportation, Busing, and Shuttle Operations. The site has been specifically designed to accommodate off-street bus and shuttle staging, providing a safe, organized, and efficient ground transportation hub for convention groups. This infrastructure will be actively employed to organize and facilitate guest movement between the convention center campus and downtown Fargo, area hotels, restaurants, entertainment venues, and other community destinations. A coordinated shuttle program connecting the convention center to downtown Fargo ensures that convention attendees can comfortably and conveniently access the full breadth of the community's hospitality offerings throughout their stay.

Pedestrian Circulation and Accessibility. Pedestrian circulation connects the convention center, the headquarters hotel, and the existing Brewhalla campus through a safe, accessible, and activated campus environment designed for high-volume pedestrian flow. All pedestrian routes are ADA compliant and integrated with the broader campus wayfinding system. As future development projects are realized across the street from the convention center, including a potential performing arts center, skyway connections would be incorporated to provide comfortable, safe, and weather-protected pedestrian flow across the campus and between facilities. This approach is consistent with best practices in convention center district planning and ensures that the campus remains accessible and connected regardless of weather conditions, which is a particularly important consideration in the Fargo climate.

Connectivity to Downtown and Community Hotels. The Brewhalla campus and convention center site are located in a growing district that is actively closing the gap between the site and downtown Fargo. The existing Brewhalla campus, the convention center, and the headquarters hotel together create a self-contained destination that provides convention attendees with immediate access to exceptional hospitality experiences without requiring downtown connectivity for every need. At the same time, downtown Fargo hotels are well positioned to serve as the secondary room block hotels for the convention center, and they are expected to be the first properties to fill after the headquarters hotel reaches capacity. This is an ideal arrangement for both the convention center and the downtown hospitality community. Convention activity will drive meaningful room night demand and economic impact to downtown Fargo's hotel and restaurant community. At the same time, the independently owned and operated nature of downtown hotels, combined with their already high occupancy levels, makes them well suited as secondary overflow properties rather than primary headquarters hotels, where unified management and booking priority alignment are essential. The shuttle and ground transportation program described above will ensure that convention attendees staying in downtown hotels can move efficiently and comfortably between their accommodations and the convention center throughout their stay.

Loading Dock and Service Access. Loading dock and service access is fully separated from all public arrival areas and pedestrian circulation zones. The convention center's service infrastructure includes multiple covered dock bays at varying clearance heights designed to accommodate simultaneous move-in and move-out operations for large conventions and tradeshow. A dedicated perimeter service drive routes trucks and vendor vehicles around the building without intersecting public drop-off areas, parking circulation, or pedestrian zones, preserving both safety and the guest arrival experience. The service yard is sized to allow multiple trucks to stage concurrently without spilling onto public streets or interfering with campus traffic flow. Additionally, direct access to the main exhibit hall is also available through a large garage door. This allows for expedited loading and unloading for events and delivery of large or complicated display items directly to the exhibit hall.

Brewhalla LLC, Kevin Bartram of MBA Architects, and Rob Remark of JLG Architects are available to provide any additional detail, supplemental analysis, or site visits the City Commission requires to fully evaluate the site plan and circulation strategy.

STABILIZED YEAR COMPARISON — APPLES TO APPLES

Brewhalla LLC — Updated Pro Forma Restated to HVS Format | Stabilized Year (Year 4)

	HVS Baseline	Brewhalla (Original Submission)	Brewhalla (Restated to HVS Format)**	Brewhalla (Restated + HVS Naming Rights)***
OPERATING REVENUE				
Facility Rental	\$1,380,000	\$1,290,000	\$1,290,000	\$1,290,000
Food & Beverage (Gross)	\$4,061,000	\$4,016,000	\$4,016,000	\$4,016,000
Events Services	\$436,000	\$433,400	\$385,400	\$385,400
↳ \$48,000 Advertising & Sponsorship reclassified from Events Services to Non-Operating Revenue in restated columns				
Total Operating Revenue	\$5,877,000	\$5,739,400	\$5,691,400	\$5,691,400
OPERATING EXPENSE				
Salaries & Benefits	\$2,262,000	\$902,325	\$902,325	\$902,325
Food & Beverage Costs	\$1,827,000	\$3,012,000	\$3,012,000	\$3,012,000
Event Services Costs	\$218,000	-	-	-
Administrative & General	\$353,000	\$350,000	\$350,000	\$350,000
Operations & Maintenance	\$411,000	\$401,000	\$401,000	\$401,000
Supplies & Equipment	\$118,000	\$114,000	\$114,000	\$114,000
Utilities	\$294,000	\$285,000	\$285,000	\$285,000
Total Operating Expense	\$5,483,000	\$5,064,325	\$5,064,325	\$5,064,325
Net Operating Income (Loss)	\$394,000	\$675,075	\$627,075	\$627,075
NON-OPERATING REVENUE				
Naming Rights	\$96,000	-	-	\$96,000
Advertising & Sponsorships	\$48,000	-	\$48,000	\$48,000
Transfers In	\$345,000	-	-	-
Total Non-Operating Revenue	\$489,000	-	\$48,000	\$144,000
NON-OPERATING EXPENSE				
Management Fees	\$176,000	\$270,601	\$270,601	\$270,601
Capital Maintenance Reserve	\$529,000	-	-	-
Insurance	\$176,000	\$172,000	\$172,000	\$172,000
Total Non-Operating Expense	\$881,000	\$442,601	\$442,601	\$442,601
NET INCOME (LOSS)	\$2,000	\$232,474	\$232,474	\$328,474

** Brewhalla (Restated): The sole adjustment is the reclassification of \$48,000 Advertising & Sponsorship revenue from Operating Revenue to Non-Operating Revenue to

*** Brewhalla (Restated + HVS Naming Rights): Applies the HVS baseline Naming Rights assumption of \$96,000 to the restated Brewhalla pro forma. All other line items

Naming Rights were excluded from the original Brewhalla submission as a conservative modeling choice, preserving full flexibility for the City to structure naming rights

Capital Maintenance Reserve is \$0 in all Brewhalla scenarios — funded through the City-owned TIF District, not as an operating line item.

Transfers In is \$0 in all Brewhalla scenarios — no public subsidy required. Any operating shortfall is backstopped by the City-owned TIF District and ultimately by

Brewhalla LLC

LODGING TAX PROCEEDS AND PROJECT FUNDING

Bonding Assumptions Comparison: City Projections vs. Brewhalla Proposal

Description	City Assumptions	Brewhalla Proposal
LODGING TAXES		
3% Conv. Center Lodging Tax	\$3,610,977	\$3,575,000
3% Additional Tax — New Hotel	\$57,724	\$180,000
3% Tax — New Demand Existing Hotels	—	\$75,000
Projected Lodging Tax	\$3,668,701	\$3,830,000
EARMARK FOR OPERATING LOSSES	(350,000)	—
EARMARK FOR OPERATING RESERVES	(250,000)	—
Lodging Taxes for Debt Service	\$3,068,701	\$3,830,000
DEBT SERVICE COVERAGE RATIO	1.10	1.10
INTEREST RATE	5.50%	5.00%
PROJECTED LODGING TAX GROWTH		
Low Growth — Years 1 to 10	2.00%/yr	2.00%/yr
Low Growth — Years 11 to 25	1.00%/yr	1.00%/yr
High Growth — Years 1 to 10	3.00%/yr	2.75%/yr
High Growth — Years 11 to 25	1.00%/yr	2.00%/yr
PROPOSED DEBT SERVICE	\$45.3M	\$58.5M
<i>Note: Brewhalla's proposal eliminates the \$350,000 operating loss earmark and \$250,000 capital reserve earmark from the bond structure. These obligations are covered through the City-owned TIF District and Brewhalla LLC's operating guarantees, redirecting the full projected lodging tax revenue to debt service.</i> <i>The result is a proposed debt service capacity of \$58.5M vs. the City's current \$45.3M projection — a \$13.2M increase from the same lodging tax revenue base.</i> <i>Debt Service Coverage Ratio of 1.10 results in an annual revenue surplus accumulating to approximately \$6.36M over the life of the bond (avg. ~\$250,000/yr through Year 25).</i>		

Future Area Development



- A - Brewhalla Market/Hotel/Events : Currently owned by Brewhalla LLC
- B - Convention Center and Hotel Site : Currently owned by Bullinger Enterprises. Convention Center land will be gifted to the City. Hotel land will be contributed into Brewhalla LLC as a part of Bullinger Enterprise's equity contributions.
- C - 2001 1st Ave N : Owned by Bullinger Enterprises and will be contributed into Brewhalla LLC at the time of redevelopment as a part of Bullinger Enterprise's equity contributions.
- D - Anticipated to be acquired by Brewhalla LLC
- E - Anticipated to be acquired by Brewhalla LLC
- F - Anticipated to be acquired by Brewhalla LLC

DUE DILIGENCE QUESTIONS ON CONVENTION CENTER PROPOSAL

May 18, 2026

Responses to Due Diligence Questions from the City of Fargo

Prepared by:

- Kilbourne Group (Lead Developer)
- McGough Construction (Construction Manager)
- EAPC Architects and Engineers (Architect of Record)
- Heyer Engineering (Structural Engineer)
- Gensler (Convention Center Design Consultant)
- VenuWorks (Proposed Convention Center Operator)
- Zander Capital (Hotel Development Partner)

Executive Summary

The downtown Convention Center team appreciates the opportunity to respond to the City of Fargo's due diligence questions regarding the Downtown Fargo Convention Center proposal. Kilbourne Group is the Developer of the project and will provide the project's completion guarantee for the Convention Center and the Hotel. Kilbourne Group will contract with McGough Construction for the Convention Center GMP, with EAPC for the Architecture contract, and for the Convention Center operating agreement.

Our recommendation outlined in 2(b) proposes that the City of Fargo will issue bonds totaling ~\$45,307,000 for the construction of the Convention Center. This bond is paid by the ~\$3.9 million annual revenue from the approved 3% Lodging Tax. We recommend that \$2 million of the Lodging Tax bond be put into a **"City Convention Center Reserve Fund"** to ensure **no general fund money** will be required to build or operate the Convention Center. In addition, per our original proposal, we recommend that the city approve \$2 million from the existing Riverfront TIF to cover the partial demo and site utility costs for the new Convention Center.

Annual Bond Uses	
Operational Subsidy	
Years 1 - 3:	\$ 500,000
Years 4 - 20:	\$ 350,000
CAPEX Reserve	
Years 1 - 2:	\$ 100,000
Years 3 - 20:	\$ 250,000
Annual Debt Service	
Total	\$ 3,300,000

Sources and Uses			
Source of Funds	Base Case		Reserve Fund Case
Bond Revenue	\$	45,300,000	\$ 45,300,000
Riverfront TIF	\$	-	\$ 2,000,000
Total Sources	\$	45,300,000	\$ 47,300,000

Use of Funds			
Bond Revenue	\$	45,300,000	\$43,300,000
Riverfront TIF	\$	-	\$2,000,000
Construction	\$	45,300,000	\$ 45,300,000
City Reserve Fund	\$	-	\$ 2,000,000
Total Uses	\$	45,300,000	\$ 47,300,000

This Reserve Fund provides the City of Fargo, which is responsible for the bond debt, with cash available rather than requiring guarantees.

Our team believes the downtown location provides the strongest long-term economic and community benefit to Fargo by:

- Leveraging existing public parking infrastructure and generating **\$500,000 to \$700,000/ year** in new parking revenue for the City of Fargo general fund.
- Reusing and modernizing the existing Civic Center which is currently costing the City between **\$250k and \$500k in annual** operating expenses and is forecasted to need \$2M+ in HVAC upgrades
- Preserving and enhancing the value of the public and private investments made in downtown Fargo over the past 25 years, which includes **600+ different landowners and 200+ businesses** in the ½ mile radius of the proposed Convention Center.
- Utilization of the existing **BID** in downtown Fargo to enhance district maintenance and safety.
- Creating a catalyst for over **\$200 million of future private investment** on surrounding surface parking lots.
- Further enhances the City's long-standing commitment to bringing the downtown community closer to the amenities of the Red River, along with the proposed Mid-America site development
- Supporting existing downtown businesses and hotels.
- Utilizing the previous Commission-approved Riverfront Tax Increment Financing (TIF) District.

The proposal is structured to allocate construction, hotel development, and operational responsibilities to parties with demonstrated expertise and financial capacity, while providing the City with significant flexibility to adjust project scope to align with available funding.

1. Convention Center Construction Cost Risk

1(a). Will the Developer provide the City with a guaranteed maximum price ("GMP") for construction of the convention center?

Yes. Kilbourne Group provides the Completion Guarantee, and McGough Construction will provide a Guaranteed Maximum Price (GMP) to Kilbourne Group for the construction of the convention center upon completion of 50% of the Construction Documents.

Providing one full project GMP is essential for the City to manage risks. In all other circumstances, the City faces the possibility of commencing construction without successfully achieving the program objectives and budget requirements for the second project GMP.

We have updated our timeline to reflect the current schedule for delivering one complete project GMP by March 24th, 2027.

- City approves Concept Design by June 22nd
- City representative and Visit Fargo Moorhead participate in the design process
- Developer delivers design and budget to meet the full project program and finishes for the best-in-class convention center.

1(b). If a GMP is provided, will the Developer bear the risk of any construction cost overrun above the GMP amount? Please explain any exceptions or limitations to such responsibility.

Yes. Kilbourne Group will bear responsibility for construction costs exceeding the GMP if the \$2 million **“City Convention Center Reserve Fund”** is approved. If the City wants to increase this Reserve Fund for operations and capital costs, it can be increased to manage the risks.

Typical exceptions include:

- Owner-requested scope changes.
- Unforeseen site or building conditions not reasonably discoverable during due diligence.
- Force majeure or pandemic events.
- Material changes in laws or building code requirements after GMP issuance.

1(c). Who provides the GMP, guarantees, and financial assurances?

Entities Responsible:

- Kilbourne Group: Provide Completion Guarantee
 - McGough Construction: GMP provider to Kilbourne Group
 - Zander Capital: Hotel Completion Guarantee between Zander and Kilbourne Group

Financial Assurances Available:

- Executed GMP contract.
- Performance and payment bonds.
- Corporate financial statements.
- Subcontractor Default Insurance

The City may retain independent financial consultants to review these materials.

2. Lodging Tax Proceeds and Project Funding

2(a). Responsibility if lodging-tax bond proceeds are lower than projected?

The City would **not be required to provide additional general fund support** for construction. We have multiple construction bonds and contingency funds to manage a lodging tax shortfall.

2(b). How the funding gap would be addressed

City Convention Center Reserve Fund Proposal: In our proposal, the City of Fargo will Bond ~\$45,307,000 for construction of the Convention Center. This is based on ~\$3.9 million in revenue from the approved 3% Lodging Tax. If the Lodging Tax underperforms, our proposed \$2 million **“City Convention Center Reserve Fund”** and/or implementation of the at-risk operator to ensure the project is on budget, and **no General Fund money** will be utilized.

Baker Tilly forecast a \$45.3 million bond to be paid with \$3.3 million in Bond Debt Service in 2030, based on \$3.9 million in annual revenue from the 3% Hotel Tax. For example, if hotel tax revenues are 10% below projections, the \$390,000 would be funded by the Reserve Fund.

For the construction budget and process, we will also incorporate these best practices into our GMP process.

1. Value engineering.
2. Deductive alternates.
3. Phased improvements.
4. Reduced pre-function or meeting room enhancements.

2(c). Anticipated funding sources beyond City bond proceeds

No additional funding sources are required for our team to design, build, and operate the project to meet the required Convention Center program. In our public presentation, the project can be built to meet the Convention Center Budget with no additional funding sources. As noted above, we are requesting that the City approve \$2 million one-time for the City Convention Center Reserve Fund.

2(d). Scope modifications if funding is reduced or increased

The project can be bid with additive and deductive alternatives. Potential modifications include.

- Reduction in pre-function finishes.
- Renovation of existing meeting rooms rather than constructing new meeting spaces.
- Reduction with simplification or elimination of plaza features.
- Determination of interior finish quality levels for Exhibit Hall and Ballroom interior finishes
- Add Airwalls for more flexibility to use space
- Add significant Convention Center Space to the SE
- Secure additional off-street parking on lot to the South of First Ave

2(e). Responsibility if lodging-tax revenues are insufficient for debt service or reserves

Baker Tilly forecast a \$45.3 million bond to be paid with \$3.3 million in Bond Debt Service in 2030, based on \$3.9 million in annual revenue from the 3% Hotel Tax. For example, if hotel tax revenues are 10% below projections, the \$390,000 would be funded by the Reserve Fund. To note history, during COVID, the annual hotel tax in the FM area was reduced by \$1 million. If the reserve fund is depleted, the City, as issuer of the lodging-tax-backed bonds, would be responsible for any shortfalls in lodging tax collections. Because this location is within the existing River Front TIF, the city can allocate dollars temporarily and long-term to eliminate the use of general funds for the Convention Center.

3. Convention Center Operational Loss Risk and Profit-Sharing

3(a). Please identify whether the Developer anticipates that the convention center will require any annual operational subsidy, support payment, reimbursement, or other financial contribution from the City. If so, please explain how such amount would be calculated and funded.

No. No money will be required from the City of Fargo. As forecasted by the HVS Study, the convention center is expected to require an annual operating subsidy, which is in the approved 3% Lodging Tax—budgeted Operating Subsidy. We have used the City of Fargo’s Bond Proforma and the “Operating Subsidy” to the operating budget. This outlines how our proposal achieves the budget and does not utilize General Fund dollars.

Our projected operating support:

- Year 1: approximately \$470,000
- Year 5: approximately \$150,000

These projections are lower than the HVS study.

3(b). Please identify the person(s) or entity(ies) that would guarantee or otherwise bear responsibility for operating losses associated with the convention center and describe the nature and duration of such guaranty or assumption of losses.

We are proposing three significant strategies to reduce the risk for the City of Fargo operational risk. First, the current 3% Hotel Tax budgets for an annual subsidy; Second, we are proposing an easy and viable way to create an Owners Reserve Fund; and Third, VenuWorks provides a limited guarantee outlined below.

This strategy provides cash ready reserves vs pursuing personal guarantees that can take very long to collect. This structure is owned by the City of Fargo, as the owner we are creating multiple sources for the City to manage Reserve Funding, with approvals required by the City of Fargo.

- *(from VenuWorks) VenuWorks financial guarantee will be applied after the \$2M owners reserve fund is exhausted. VenuWorks will provide a limited guarantee for the annual net operating income against the Approved Budget for each fiscal year. The net operating income is defined as the difference between total revenues and total expenses prior to management fees/commissions, and prior to any non-operating expenses not previously listed in the Annual Budget assigned by the CLIENT. In the event the net operating income fails to achieve the budgeted amount for a given fiscal year, VenuWorks will refund 100% of the shortfall, not to exceed 35% of the total variable management fees accrued for the year. VENUWORKS shall have no obligation to fund operating expenses.*

3(c). Limitations on operating-loss assumptions

Note VenuWorks limited guarantee as outlined above.

3(d). Profit-sharing

No developer profit-sharing is proposed from convention center operations. Any future positive cash flow would remain with the City and the Convention Center.

3(e). Please explain how operational revenues, expenses, staffing costs, management fees, maintenance costs, and other operating obligations would be allocated between:

- ***Convention center operations,***
- ***Hotel operations, and***
- ***Event Booking and/or Sales and Marketing***
- ***Any related or integrated facilities or operations.***

- **Convention center operations**

All revenues, expenses, staffing costs, management fees, and other operating obligations for the convention center operations will be between the City of Fargo and VenuWorks. VenuWorks will keep all revenues, expenses, staffing costs, maintenance costs, and other operating obligations within the budget for the venue. All costs will be borne by the venue and all revenue will feed back into the venue. The management fee (\$10,000 per month + 5% of total revenue of concessions and catering sales + 8% of total revenue from new sponsorship and display advertising sales) will be paid directly to VenuWorks Inc.
- **Hotel operations**

The advantage of our Hotel Operations is that it collaborative with the Convention Center, but the City of Fargo Convention Center has no financial risks on the financial performance of the hotel. In a worse case scenario, the Hotel is 100% independent financially and operationally from the City of Fargo's convention Center.
- **Event Booking and/or Sales and Marketing**

Event booking and Sales and Marketing will be the responsibility of the VenuWorks Staff at the Fargo Convention Center. VenuWorks will partner with Visit Fargo Moorhead to bring in a number of events, but Visit Fargo Moorhead will not be responsible for the sales and marketing of the venue.
- **We are not proposing any additional related or integrated facilities or operations.**

3(f). Please explain the anticipated duration of any proposed operational arrangements, including any proposed assumption of operating losses, operational subsidies, or profit-sharing obligations.

- The anticipated duration of the proposed operational arrangement with VenuWorks will be for a term of five years, with the option for two five-year renewal terms.

4. Hotel Construction Risk

4(a). Hotel ownership and development

- Developer: Zander Capital.
- Construction: To be determined by Zander Capital.
- Financing: Private debt and equity.
- Operations: Flag-approved hotel management company.
- Maintenance: Hotel ownership entity.

4(b). Incentives sought for the hotel

- Five-year property tax exemption under North Dakota Renaissance Zone.
- No TIF will be requested

4(c). Guarantee of hotel completion

Kilbourne Group will be a guarantor to complete the hotel project, and we expect to have a JV with Zander Capital to provide customary completion guarantees subject to financing and franchise commitments on or before December 15th.

4(d). Hotel timeline

- Franchise approval: 4-6 months.
 - See letter of interest from Marriott Corporation.
- Financing commitments: Concurrent with franchise approval.
 - Western Bank letter in the Exhibit.
 - Zander Capital equity sources has been/ will be sent to Baker Tilly for review.
- Construction start: Target 2027.
- Opening: Coordinated to open with or before the convention center.

4(e). Integration with convention center operations

The hotel will work closely with the convention center and Visit Fargo-Moorhead to establish best practices for the Convention Center to compete for business opportunities.

- Provide room blocks.
- Coordinate event scheduling.
- Support convention sales.

5. Tax Increment Financing, Tax Exemptions, and Other Incentives

5(a). Requested incentives

- Our project is viable with no funding from the Riverfront TIF.
- We are recommending Limited Use of existing Riverfront TIF district for eligible convention center costs such as asbestos abatement, site work, and limited demolition work.
- Renaissance Zone benefits for the hotel.

5(b). Uses of incentives

Two optional Use of TIF Incentives:

- We recommend a \$2 million allocation from the existing Riverfront TIF for Construction Cost:
 - Asbestos Abatement.
 - Limited/ partial Civic Center Demolition.
 - Site Work and Public Infrastructure
- An optional \$2 million allocation can be made for Exterior Plaza and Parking lot improvements to benefit the Convention Center, Library, and the City Hall.

5(c). Feasibility without incentives

The full project program with Exhibit space and new meeting rooms can be guaranteed to be built on budget with the 3% hotel tax proceeds; however, supplemental incentives improve quality and reduce long-term operating risk.

5(d). Project modifications if incentives are unavailable

There are no building or program modification changes if incentives are not available. If no TIF allocation is provided, the parking lot remains the same, we will have lawn area and forego a \$2 million City Convention Center Reserve Fund controlled by the City of Fargo. Very important note---We would maintain the \$500,000 budgeted operating loss of \$500,000/ year regardless of incentive approval.

5(e). Additional anticipated requests

No street improvements, parking, skyway or City subsidy or assistance is required.

6. Land Acquisition, Ownership, and Property Interests

6(a). Properties utilized

Our proposal is a very simple solution because the Convention Center is built on existing City of Fargo land. All decisions for building improvements, expansions, and long-term use are made by the City of Fargo. The city controls the buildings and land use for short- and long-term decisions to manage property.

Second, Zander Capital will buy the Police Station property for \$1 million to build the Hotel. This establishes clear ownership and operational responsibilities between the Hotel and the Convention Center, both short-term and long-term. The new hotel will be connected by the Skyway to easily separate the ownership, and still have high collaboration and connectivity.

6(b). Ownership after completion

- Convention Center Building: City of Fargo.
- Parking facilities: City of Fargo.
- Hotel: Zander Capital ownership entity.

6(c). City acquisition or conveyance

The City would continue to own the convention center site and land in the Civic Quad. The Police Station site would be sold for the Hotel Development.

6(d). Police Headquarters valuation

The Police Station site will be purchased by Zander Capital for \$1 million and Zander Capital will purchase as one of these two options.

1. The City of Fargo will deliver the site as a clean site, meaning no building, no foundations and soil contamination being eliminated.
2. The City will deliver the building with existing structure as core and shell only. Meaning, the City will demolish the interior electrical, mechanical, and all interior finishes.

6(e). Shared-use arrangements

No new public-private easements or long-term operational contracts are needed to manage the Convention Center, Hotel, and Parking. Our proposal includes all land owned by the City of Fargo; any shared use agreements will be within the City of Fargo.

Parking users will pay prevailing public parking rates to the City of Fargo, and no new parking facilities are required.

7. Pro Forma Operating Projections – Apples to Apples

7(a). Updated comparison using HVS “Stabilized Year Comparison”

The attached chart compares VenuWorks to HVS Stabilized Budget

Operating ProForma

Prepared by VenuWorks

Consolidated P&L Proposal

	per VenuWorks	per HVS	Variance
Annual Number of Events	219	205	14
Estimated Attendance	104,448	88,800	15,648
	STABILIZED YEAR FOUR	STABILIZED YEAR FOUR	STABILIZED YEAR FOUR
Revenue	ANNUAL	ANNUAL	ANNUAL
Building Rent	744,175	1,156,000	(411,825)
Concessions and Catering	2,835,590	3,401,000	(565,410)
Ticketing Fees	14,420	0	14,420
Reimbursed Event Services	190,550	365,000	(174,450)
Total Operating Revenue	3,784,735	4,922,000	(1,137,265)
Personnel Services Expense	1,632,341	1,895,000	(262,659)
Cost of Goods/Labor - F&B	1,404,480	1,530,000	(125,520)
Event Expense	38,110	183,000	(144,890)
General & Administrative Expense	115,198	295,000	(179,802)
Operations & Maintenance	183,862	345,000	(161,138)
Supplies & Equipment	92,085	98,000	(5,915)
Utilities	267,903	246,000	21,903
Total Operating Expense	3,733,980	4,592,000	(858,020)
Net Operating Income/(Loss)	50,755	330,000	(279,245)
Naming Rights	109,273	80,000	29,273
Contractually Obligated Income	49,173	40,000	9,173
TRANSFERS IN	159,068	289,000	(129,932)
Total Non-Operating Revenue	317,514	409,000	(91,486)
Management Fees	131,127	148,000	(16,873)
Commissions (5% F&B; 8% COI)	145,713	0	145,713
Capital Maintenance Reserve (1%)	37,847	443,000	(405,153)
Insurance - General Liability	53,581	148,000	(94,419)
Total Non-Operating Expense	368,269	739,000	(370,731)
Net Operating Income / (Loss)	0	0	0

7(b). Material differences from HVS

Our projections differ from HVS primarily because of:

- With the experience of VenuWorks, they completed a conservative budget that outlines variances on the previous page. From reading HVS Market Report from April 2025, there are no material changes in the type of events and the need for a convention center in Fargo.

7(c). Key assumptions

MAJOR ASSUMPTIONS

General:

1. This is a projected Profit & Loss (P&L) based on multiple significant variables. It is for discussion purposes and is not a guarantee of actual results.
2. Attendance figures estimated based on VenuWorks industry experience, and market history provided by RFP materials. City meetings with minimal rental revenue included in event mix.
3. The overall staffing mix based on "stand-alone" third-party operating model.
4. Food and Beverage revenues based on all concessions and catering services provided by VenuWorks. Third party catering may still be accepted with appropriate service charges depending on client demand and market politics
5. Concert, comedian and family show events projected based upon typical staging, rigging and show production capability.

Revenues:

1. Building (Event) Rent for new events is based upon industry standards, and VenuWorks' experience in similar facilities.
2. Gross Ticket Sales on events are **NOT** reported as income as these funds are held in escrow and paid to promoters upon final settlement.
3. Facility Fees range of \$0 - \$3 per ticket have been included based on type of event.
4. Ticket Rebates and Order Fees estimated based upon existing ticketing contracts with other managed facilities.
5. Merchandise income is assumed to net the complex a return of 20% of Gross Sales.
6. Food & Beverage Income from events and catering is included as revenue and no third parties have been contracted.
8. Reimbursed Event Expenses based upon VenuWorks' experience in similar facilities:
9. Proposal includes Contractually Obligated Income (COI) for Sponsorship Sales in allowable spaces.
10. Proposal assumes available advertising inventory consistent with similar sized facilities.

Expenses:

1. Personnel Services based upon typical Full-Time staffing in VenuWorks facilities and overall Employer Paid Taxes & Benefits of 26%.
Proposal assumes existing food and beverage, catering, operations and security staff will transfer to operating payroll of VenuWorks
2. Support and Part-Time Labor includes all Employer Paid Taxes & Benefits
3. Promoter rebate, event expenses based upon market and industry conditions and VenuWorks' experience in similar facilities.
4. General & Administrative, Occupancy, and Other Indirect Expenses estimated based on VenuWorks' experience
5. Insurance Cost based upon VenuWorks' experience at similar facilities:
General Liability, Auto, Inland Marine, Crime, and Umbrella coverage are included.
Property Insurance, Property Taxes and property debt service have NOT been included in proposed budget based because they would remain the responsibility of the municipal owner and not included in an operating budget unless at the request of owner.
6. Most additional operating expenses (excluding one time start-up costs) are projected to increase at a rate of 3% per year.
7. Capital Equipment Expenditures, Depreciation, Amortization are **NOT** included in operating expenses.
8. Proposal includes expense for all Utilities including Pest Control, Snow Removal, and Grounds Maintenance

7(d). Allocation of costs

Our proposal is very clearly separated in operations. There is no risk of City subsidizing private development of the hotel, parking, or other operations. Each operating entity will bear its own direct expenses, with shared costs allocated based on contractual arrangements.

7(e). HVS/Baker Tilly assumptions we disagree with

See answer 7(b)

8. Convention Center Management / Hotel Management / Integrated Operations

8(a). Responsible entities

Convention center management: VenuWorks.

- Convention center operations and maintenance: VenuWorks.
- Hotel management: Flag-approved hotel operator.
- Hotel maintenance: Hotel ownership and operator.

8(b). Convention center management structure

VenuWorks would oversee:

- Event booking.
- Marketing and sales.
- Operations.
- Maintenance.
- Food and beverage.
- Financial reporting.

8(c). Exclusive catering

VenuWorks will provide exclusive culinary services in the convention center, with all gross revenues flowing to the venue operating fund. VenuWorks may utilize an exclusive catering arrangement if it improves quality and profitability. Local catering participation can be incorporated where appropriate.

8(d). Hotel management structure

The hotel will be managed by an experienced operator under the selected brand. Because the Hotel is connected by skyway only, there are no complicated easements, shared cost or operating arrangements with the Convention Center.

8(e). Integration of event coordination

VenuWorks, hotel management, and Visit Fargo-Moorhead will coordinate event scheduling and customer service for the events. Because the downtown Fargo market does not need another hotel at this time without a Convention Center, the new hotel will be very motivated to work with the VFM and event planners to attract the business.

8(f). Room-block agreements

The new convention hotel will provide primary room blocks using best practices to coordinate long-term room blocks and win the events for Fargo Convention Center.

8(g). Role of Visit Fargo-Moorhead

Visit Fargo-Moorhead (VFM) will remain a critical partner in convention sales, destination marketing, and hotel coordination. VFM will lead the sales business for regional and national events to sell hotel rooms in Fargo, and VenuWorks will focus on the local events. All three groups are motivated to collaborate and provide a high level of customer service, which is the best marketing for new business.

8(h). Avoiding conflicts of interest

There are no conflicts with VenuWorks managing the Convention Center. Similar to the three successful public-private partnerships between the City of Fargo and Kilbourne Group, VenuWorks will be contracted with Kilbourne Group as the Convention Center manager. The management agreement will include transparent reporting, with approval from the City on rental prices. Because VenuWorks fee is at risk, they 100% aligned with financial success for the operations.

9. Development Team Structure and Contracting Entities

9(a). Contracting structure

Kilbourne Group is the “Single Integrated Developer” and will provide the project’s completion guarantee for the Convention Center and the Hotel. Kilbourne Group will contract the Convention Center construction GMP with McGough, the Architecture contract with EAPC, and the operating agreement for the Convention Center.

The City will have one Developer Agreement between the City of Fargo and Kilbourne Group. Kilbourne Group may assign the agreement from Kilbourne Group to a dedicated convention center development entity led by Kilbourne Group, and approved by the City with guarantees.

9(b). To the extent different entities would be responsible for different project components, please explain how responsibilities, obligations, liabilities, operational coordination, and risk allocation would be divided among such entities.

Kilbourne Group is the Single Integrated Developer and will be contractually responsible for its respective obligations, guarantees, and liabilities. We have partnered with reputable and experienced companies to manage our risks.

- Development—Kilbourne Group will provide the completion guarantee for the Convention Center and the Hotel
- Construction—A GMP will be between Kilbourne Group and McGough
- Architecture and Design—The architecture firm EAPC has professional liability insurance and Errors and Omissions in their contract to assure limited change orders.
- Hotel—An agreement to complete the Hotel will be between Kilbourne Group and Zander Capital.
- Operations—An at risk (see 3b and 3C) operation contract will occur with City of Fargo's review and approval for an Independent management agreement.

10. Long-Term Viability and Competitiveness

10(a). Please explain the factors that support the long-term viability and competitiveness of the proposed project over the next 20–30 years, including how the project is anticipated to adapt to future convention, hospitality, entertainment, tourism, and community needs.

There are three primary factors that support the long-term viability and competitiveness of the Downtown Fargo Convention Center over the next 20 to 30 years:

- 1. An Established Walkable Amenity Base & Business Improvement District**
- 2. A Diverse Ownership Structure That Ensures Continuous Evolution of the District**
- 3. Existing Structured Parking That Supports a future infill and a Walkable District**

These three characteristics are the foundation of successful convention center districts and were central to the City selection committee ranking the downtown proposal as the number one site.

The City's consultant, HVS, identified surrounding amenities as the leading factor influencing convention center bookings. Event planners consistently prioritize venues where attendees can walk to hotels, restaurants, entertainment, and cultural attractions. The downtown location delivers this competitive advantage immediately.

Within a 10-minute walk of the Civic Center are more than 600 property owners and over 1,000 individual properties, including existing hotels, restaurants, bars, coffee shops, retail, offices, multifamily housing, and entertainment venues. This established ecosystem ensures that convention attendees will always have a diverse set of businesses serving them, while also allowing the district to evolve organically as market conditions change.

1. Established Walkable Amenity Base & Business Improvement District (BID)

The downtown district already contains the region's strongest concentration of hospitality and entertainment amenities. Attendees can walk to the Jasper Hotel, Radisson Blu Fargo, Hotel Donaldson, dozens of restaurants and bars, Broadway Square, the Fargo Theatre, and other arts and cultural venues.

The convention center can also support district-wide events with the Fargo Theatre, FMCT, Broadway Square, and other cultural institutions, creating a destination experience that extends beyond the convention center itself.

A Business Improvement District (BID) can be one of the most valuable partners in the success of a downtown convention center because it directly enhances the visitor experience outside the building. Convention attendees evaluate not only the facility itself, but also the quality, cleanliness, safety, and vibrancy of the surrounding district.

This location will promote the activation and development of the Red River Trail. This can now be developed for recreational use with diversion plans in place

2. Diverse Property Ownership and Business Operations

More than 600 property owners and business operators are located within a 10-minute walk of the Civic Center. This broad ownership base is a major long-term advantage because it ensures that downtown will continue to evolve as properties are renovated, repositioned, and redeveloped.

With this significant diversity in property ownership, over time, this leads to a constantly refreshed mix of hotels, restaurants, retail, entertainment, and residential uses that will strengthen the convention center's competitiveness.

3. Existing Structured Parking Supports a Walkable District

Structured parking is essential to creating and sustaining a walkable downtown district. By placing parking vertically in ramps rather than horizontally in surface lots, more land is available for hotels, restaurants, housing, and entertainment uses.

Downtown Fargo already has this infrastructure in place.

Within a five-minute walk from the Civic Center, there are more than 2,000 parking spaces in existing city-owned ramps and lots, including the Civic Center Ramp, Roberts Ramp, Mercantile Ramp, and Avery Ramp.

Because the parking infrastructure already exists, the convention center can leverage these assets immediately, and future surface parking lots can be redeveloped into additional hotels, mixed-use buildings, and amenities that further enhance the convention district.

Using the City's current daily maximum parking rate of \$8, 2–4 hours at \$3, 4–6 hours at \$5, and daily max at \$8, and assuming 90% of convention center vehicle visits park in city-owned parking, the annual revenue estimate is:

Annual vehicle visits 90% in city parking Revenue at \$8/day

100,000	90,000	\$720,000
110,000	99,000	\$792,000
125,000	112,500	\$900,000

More conservative note: if some events are under 6 hours, the actual average could be closer to \$5–\$7 per vehicle, or about \$495,000 to \$693,000 annually at the midpoint

Long-term viability conclusion

The Downtown Fargo Convention Center is uniquely positioned to remain competitive for decades because it is embedded within the region's strongest walkable district, supported by hundreds of independent property owners, and served by an existing structured parking system that allows continued infill development. These attributes were central to the selection committee's ranking of the downtown site as the number one location and provide Fargo with a convention center that can adapt and remain competitive over the next 20 to 30 years.

10(b). Please explain any anticipated opportunities for future expansion, redevelopment, renovation, operational flexibility, integration with surrounding development, or other long-term project enhancements.

The Downtown Fargo Convention Center offers significant opportunities for both on-site expansion and continued surrounding neighborhood redevelopment.

Convention Center Expansion Opportunities

The EAPC concept plans demonstrate multiple expansion options that can be accommodated on the Civic Quad site.

- The current site configuration allows for an immediate southeast expansion of approximately **40,000 square feet**, including up to **20,000 square feet of additional event hall space**, meeting rooms, and back-of-house support.
- A second concept illustrates a future connected expansion to the southeast corner of the site via skyway, tunnel, or covered walkway, supporting an overall building footprint of approximately **60,000 square feet**.

These expansion opportunities provide the City with a clear path to increase capacity if market demand grows over time.

Operational Flexibility and Integration

The convention center is designed to accommodate a wide range of uses, including:

- Conventions and trade shows.
- Banquets and weddings.
- Community events.
- Arts and cultural programming.
- District-wide festivals and public events.

Surrounding Neighborhood Redevelopment

We estimate that more than **\$200 million of additional private investment** could occur within two blocks of the convention center on existing surface parking lots. In addition, the city would tax tremendous growth in the downtown district. The key project sites include a development opportunity of \$20-\$40 Million project.

1. Police Station
2. Civic Quad for Convention Center Expansion
3. Mid American Steel Riverfront Land
4. Midstate Wireless parking lot
5. Civic Garage Parking
6. The American Federal Lot
7. Cass County Health Building
8. Loudon Parking Lot

These nearby surface parking lots have the potential to and underutilized properties are expected to transition to higher and better uses over the next 20 to 30 years, including:

- Additional meeting
- Ballroom expansion.
- Adjacent hotel and mixed-use development.
- Additional Parking
- Additional entertainment and public spaces.
- Additional hotel rooms.
- Restaurants and retail.
- Mixed-use buildings.

11. Civic Center Structural Feasibility and Reuse Risk

11(a). Please provide all structural analyses, engineering evaluations, architectural studies, inspections, reports, or other materials prepared or relied upon regarding the structural integrity, condition, adaptability, and long-term suitability of the existing Civic Center structure for the proposed convention center project.

See the attachment with Structural Engineering report

11(b). Please identify any known or anticipated structural, environmental, mechanical, electrical, plumbing, code compliance, site condition, hazardous material, deferred maintenance, or other risks associated with repurposing the existing Civic Center structure.

Potential risks include:

- Hazardous materials
 - The City of Fargo has a “Limited-Destructive Asbestos and Regulated Material Survey Report” for the Civic Center issued to the City of Fargo by Wenck (now Stantec Consulting Services) in October 2020. The cost opinion from this report was provided by Stantec Consulting Services in April 2021. The information provided in these reports were referenced ~~in~~for the Convention Center planning and cost estimation
- Deferred maintenance—We have inspected the facility and have planned for these costs in the budget.
- MEP upgrades. Refer to the attached MEP Narrative for the Convention Center.
- Code compliance—The project will meet current code requirements.

11(c). Please explain which person(s) or entity(ies) would bear responsibility for any increased costs, delays, redesign, remediation, repairs, or other impacts arising from unknown or unforeseen conditions associated with the existing Civic Center structure or site. The EAPC Design team, McGough and Kilbourne Group have extensive experience of renovating historic structures. Our design strategy utilizes the Core and Shell components of the existing Civic Center, which currently provides a significant value to meet the project budget. The project will have a GMP with McGough. We have appropriate contingencies to manage existing conditions, along with the proposed City Convention Center Reserve Fund.

11(d). Please explain whether the proposed project schedule, budget, contingency assumptions, or guaranteed maximum price assumptions account for risks associated with adaptive reuse of the existing Civic Center structure and site.

Yes. The budget includes contingencies specifically addressing adaptive reuse risks.

11(e). Please include in your response any other favorable or unfavorable information known to the Developer regarding the structural feasibility, long-term viability, or adaptability of the existing Civic Center structure for the proposed project.

The Civic Center offers substantial value through:

- Reuse of existing core and shell structure.
- Reduced demolition costs and reduced new core and shell cost.

11(f). Please provide your plans and supporting analysis regarding attendee vehicle ingress and egress to and from downtown, parking availability and utilization, pedestrian circulation to and from the convention center, loading dock and service access (particularly in light of the adjacent City Hall operations), and the long-term capacity of the site for future expansion or project growth.

The attached Exhibit shows the updated plans for the points in this question.

- Multiple existing public parking garages.
- Skyway connectivity.
- Walkable access to hotels and restaurants.
- Dedicated loading and service access.
- Existing roadway capacity.

Vehicular Circulation

Four vehicular circulation zones are identified to serve each type of use:

1, Taxi and Rideshare Services: Drop-off area located at the southwest corner of the building. The drop-off is accessed via 4th Street and includes a driveway loop to allow drop-off to occur separate from the street.

2. Vendor Services: Located along the northwest portion of the building, this area supplements the loading and unloading for vendors. The existing on-street parking is replaced with the short-term use by vendors or exhibitors. It's location allows for access to the exhibit hall without affecting activities within the ballroom, meeting rooms, or large prefunction spaces.

3. Bus Drop-off: The bus drop-off is separate from any street traffic and is located at the southeast corner of the building. Attendees and guests would then access an entrance at the southeast corner of the building or at the entrance opposite City Hall.

4. Large vehicle Loading and Unloading: Located on the north side of the building, an additional loading bay with a large overhead door can be added to increase the total number to 4 loading bays. The building can accommodate a large overhead door (up to 20'-0" x 16'-0" overhead door size). The area north of the building will provide the turning radius needed for a 53'-0" semi-trailer. It will require simple realignment of the vehicular approach to the surface parking lot at City Hall.

12. Former Police Headquarters Property

1. *To the extent not already addressed above, please explain the proposed purchase price or valuation associated with the former Fargo Police Headquarters property and the basis for such valuation.*

We propose and are offering \$1 million to purchase the former Police Headquarters as the preferred location for the headquarters hotel.

We propose that the City either:

1. Demolish and market the property as a development-ready site; or
2. Sell or ground lease the site to the hotel developer.

13. Future Area Development and Control of Adjacent Property for Brewhalla Proposal

Not applicable to the Downtown Fargo proposal, but note that Downtown Fargo and the InFocus plan outline a vision for Downtown Fargo that is not completed. Section 10 in our response highlights these potential projects in downtown Fargo.

Closing Statement

Kilbourne Group and our partners believe the Downtown Fargo Convention Center represents a transformational public investment that builds upon decades of community planning and public-private collaboration.

In summary, we have heard and addressed the two primary issues the City Commission shared about the Downtown location.

First, the operations plan. The Commission wants confidence that the convention center will be professionally managed, that VenueWorks, Visit Fargo-Moorhead, and the Zander Capital will work together to maximize bookings and room nights, and that there is a clear strategy to operate the facility successfully from day one.

Second, the reserve plan. The Commission wants assurance that any operating shortfalls are addressed through a defined reserve structure and not through unexpected requests for additional City funding.

We believe these two issues can be addressed directly in the Development Agreement framework. By establishing the operating structure and reserve plan upfront, the Commission can make its decision on May 26th with confidence that the core business terms are defined and that the remaining legal documentation can be finalized by June 22nd.

We appreciate the opportunity to continue working with the City Commission, City staff, and the community as this important decision moves forward.

EXHIBITS

- A. EAPC-Downtown Fargo Response to Questions
- B. Heyer Engineering Structural Review of Civic Center (Page 2 of EAPC Response)
- C. Western Bank Letter
- D. Marriott support of Moxy franchise application

DOWNTOWN FARGO CONVENTION CENTER

Response to City of Fargo Questions



CITY QUESTIONS FOR CIVIC CENTER PROPOSAL



EXISTING STRUCTURE

QUESTION: Existing Civic Auditorium: structure of existing Civic Aud-- feasibility and risks (structural engineer or other assessment/opinion?)

RESPONSE:



Fargo Office | **Sioux Falls Office**
4180 24th Avenue S | 435 E 14th Street
Fargo, ND 58104 | Sioux Falls, SD 57103
(701) 280-0949 | (605) 370-6139

05/07/2026

Rodney Bischof, AIA, NCARB
EAPC Architects Engineers
112 Roberts St N Suite 109
Fargo, ND 58102

RE: Fargo Convention Center Downtown Location – Existing Civic Center Structural Reuse

Fargo, ND

Mr. Bischof:

As part of the Fargo Convention Center Downtown Location proposal, Hoyer Engineering was asked to review the feasibility of reusing the existing Civic Center structure. To accommodate the program requirements, the design team is proposing several areas where the structure will be required to be modified as part of the final proposal. The specific items related to the existing structure that we were asked to review to determine feasibility are as follows:

- Demolition and removal of the elevated stadia seating.
- Removal of the existing structure along the south wall of the main arena.
- Removal of several columns at the south side/front of the stage.
- Removal of a portion of the north receiving/loading dock area.

Each item will be discussed in further detail below.

As part of the review, Hoyer Engineering visited the facility in November of 2025 to view the existing structure firsthand where possible. Drawings from the original construction in 1958 as well as the 2001 addition were available for review as well. Using the information contained in the existing drawings, some limited structural analysis was completed where necessary to determine the feasibility of each of the items noted above. Since this is a major renovation, in addition to the items noted above, the existing roof structure was analyzed and found to have adequate capacity based on current code required snow loading.

Removal of Elevated Stadia Seating

Removal of the elevated stadia seating is required to create the necessary wide-open space in the main arena area to allow the area to function as needed for a convention center. After reviewing the existing drawings and completing some limited structural analysis, it was concluded that some additional column

Thursday, May 07, 2026
EAPC Architects Engineers
Fargo Convention Center Downtown Location – Existing Civic Center Structural Reuse
RE: Fargo, ND

reinforcing may be required, but removal of the stadia seating structure framing does not adversely affect the overall structure of the building.

Removal of Existing Structure at South Wall

Removal of the existing structure at the south wall of the existing arena is required to create a column free or nearly column free opening and allow the main arena area to expand to the south. Two different options were investigated to allow for the removal of the existing end wall structure. Both options were found to be feasible with one of those options being preferred.

Removal of Several Columns at the South Side of Stage

To further open up the north end of the arena area in the existing Civic Center, the removal of several building columns was investigated at the south side/front of the stage. After reviewing the existing drawings, it was concluded that this was not a feasible option as it would have required additional demolition of several elevated structural floors that are located between the north exterior wall and the south side of the stage. This is due to those floors being supported by the columns that were potentially being removed.

Removal of a portion of the North Receiving/Loading Dock

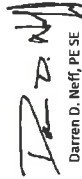
Removal of a portion of the existing structure at the east of the north receiving/loading dock area was investigated to allow for the addition of a fourth loading bay at the north side of the facility. Based on the direction the structure is spanning, partial demolition of the east end will be very feasible to allow for the additional loading bay.

As with most reuse projects, modifications to the existing structure are to be expected to allow the existing structure to truly function with the new use. We reviewed the four major changes noted above. Three of those options were found to be feasible to allow the existing Civic Center structure to be adapted for reuse as the new Fargo Convention Center. All three will require some level of modification to the existing structure, but none of the required overall modifications are beyond the scale of the project making them infeasible.

Should you have any questions, please don't hesitate to contact us.

Sincerely,

Hoyer Engineering


Darren D. Neff, PE SE
Principal

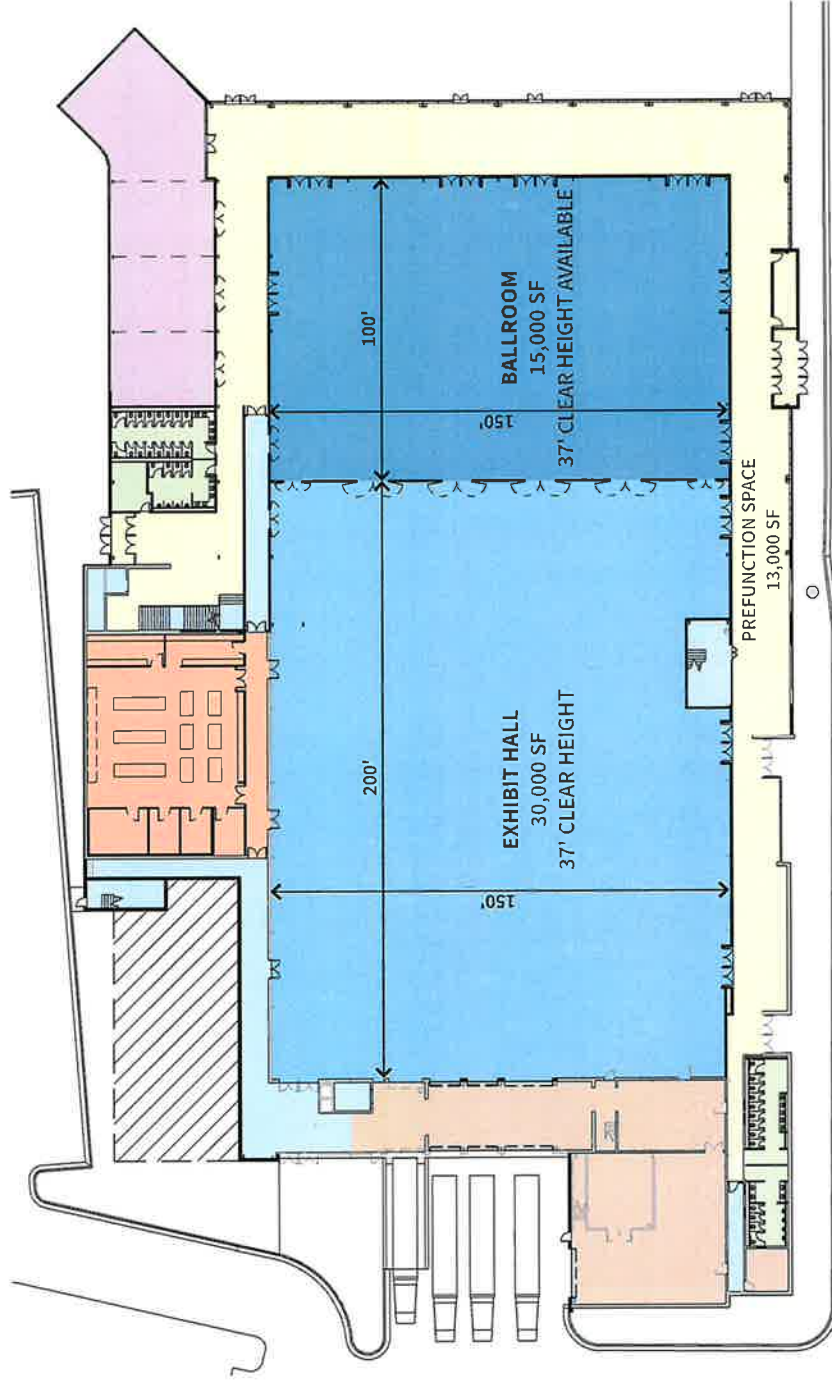
BALLROOM + EXHIBIT HALL

QUESTION: Conceptual Plan and size of ballroom/exhibit space.

RESPONSE: The plan considers a 30,000 SF Exhibit Hall and a 15,000 SF Ballroom. Additional space is available to function as Exhibit Space in the Prefunction space to EXCEED the requested 50,000 SF program. Space is available on the site to expand the Exhibit Hall by 5,000 SF if it is desired by the city with additional funds. The clear height in these rooms is consistent at 37', providing maximum flexibility.

The development team has proposed this arrangement for a few reasons:

- Defining the program as two distinct (but connected) rooms allows for a control of finishes more directly associated with their program. The Ballroom maintains a higher finish to allow for elevated events, while the Exhibit Hall is a bit more raw, providing more flexibility for the range of anticipated needs.
- Both spaces have direct access to BOH corridors connecting to the kitchen, storage and Loading Bays. The Exhibit Hall is directly connected to the Loading Dock with the ability to drive directly onto the floor as needed.
- The wall between is currently conceived as a solid wall with large openings to connect the rooms, but could also be realized with an operable wall that completely connects the rooms, again it was planned this way to separate finishes and allow for a wider variety of users.



Representative renderings of the concept of different finishes between the two rooms (concept only)



Exhibit Hall



Exhibit Hall

CITY QUESTIONS FOR CIVIC CENTER PROPOSAL

BALLROOM + EXHIBIT HALL

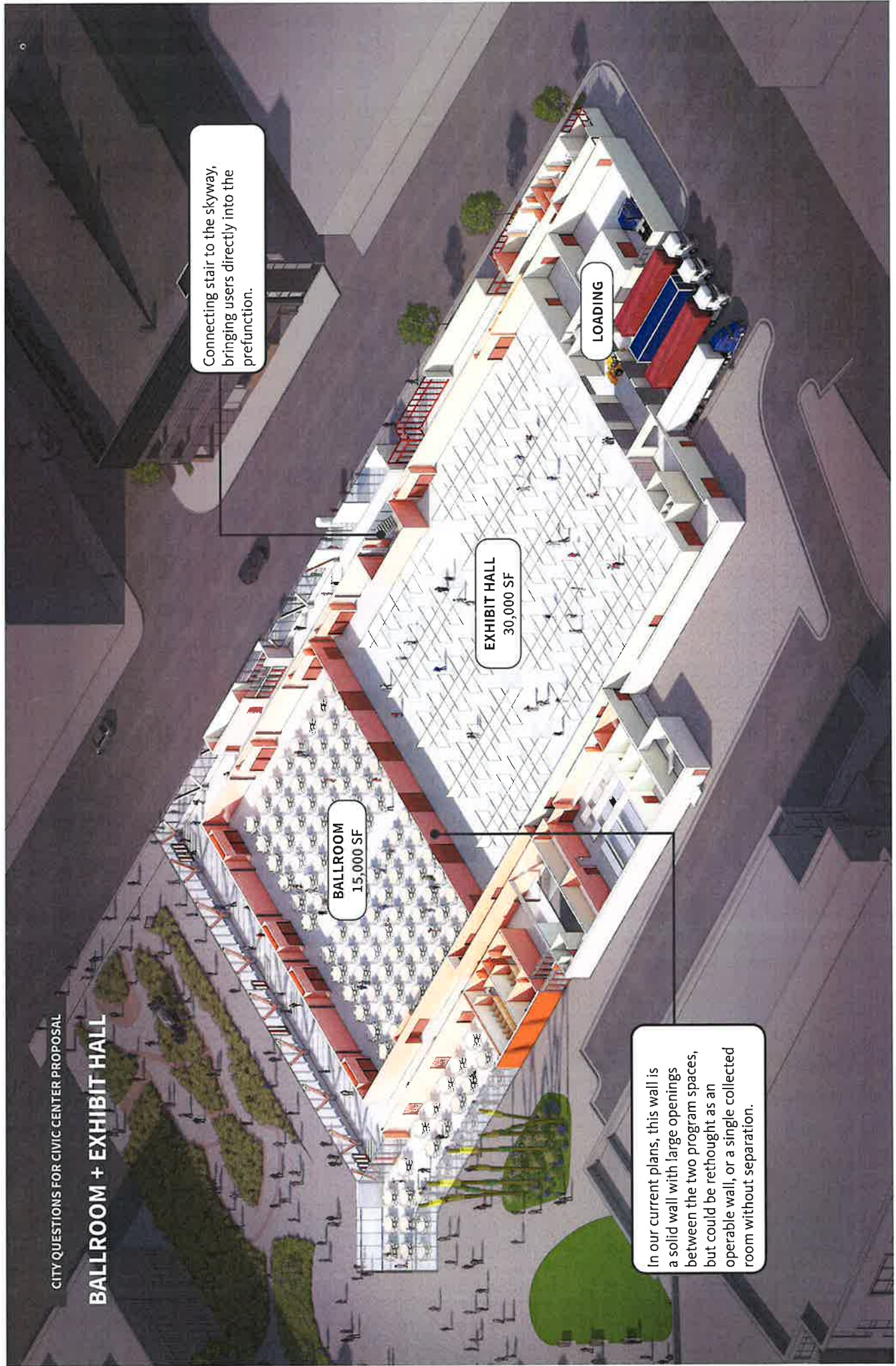
Connecting stair to the skyway, bringing users directly into the prefunction.

BALLROOM
15,000 SF

EXHIBIT HALL
30,000 SF

LOADING

In our current plans, this wall is a solid wall with large openings between the two program spaces, but could be rethought as an operable wall, or a single collected room without separation.

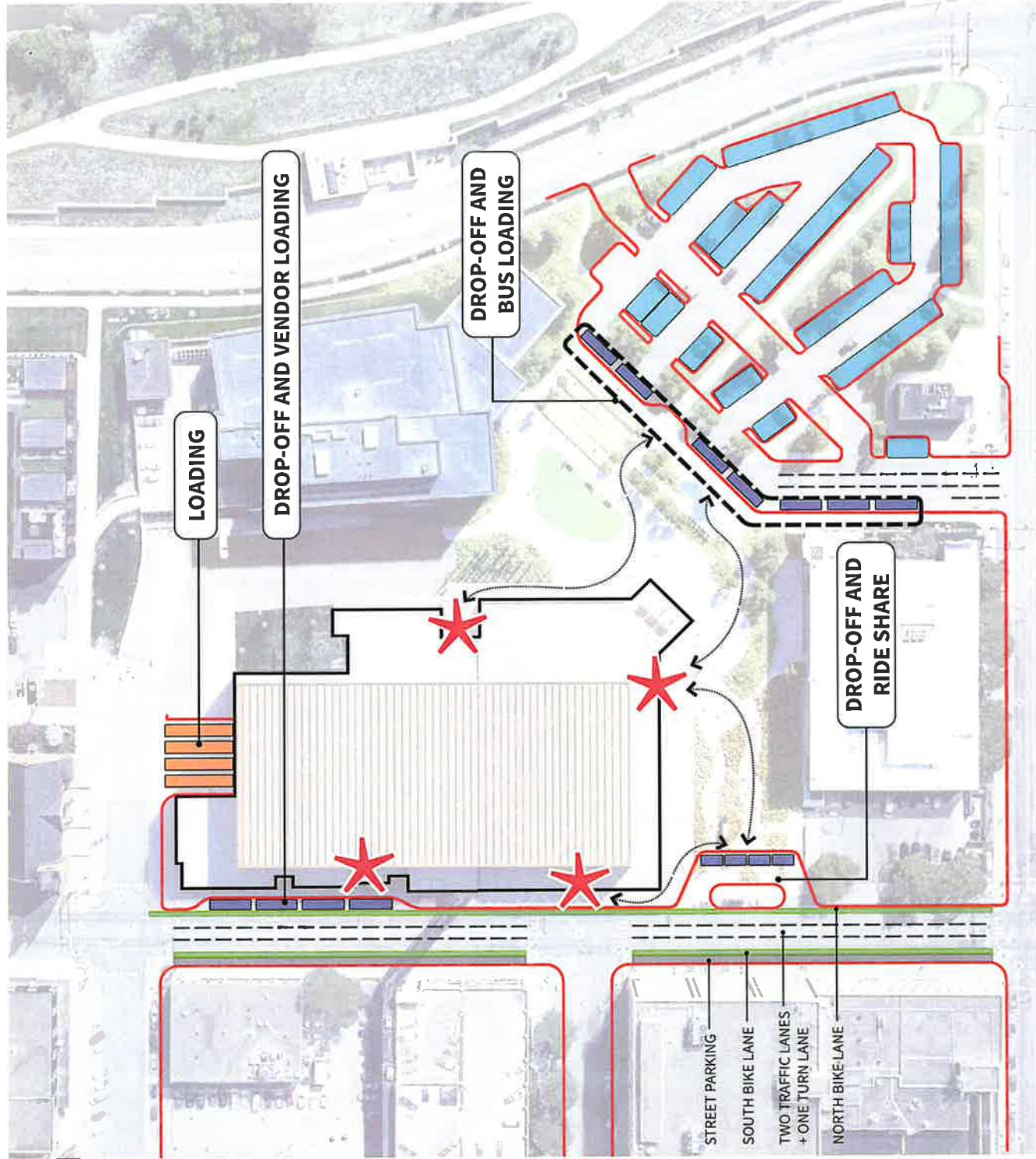


PICK-UP AND DROP OFF

QUESTION: Drop off and pick up areas

RESPONSE: The EAPC team has reviewed the project concept with City Engineering about infrastructure concepts for both 4th Street and the loading condition at the North end of the proposal, with positive feedback from them.

City Engineering is planning for future infrastructure work on 4th Street both adjacent to the Civic Center and to its north and south. There is a great opportunity to incorporate both the needs of the Convention Center with the street and utility improvements providing a broader, shared vision for the 4th Street corridor.



★ Convention Center Entry

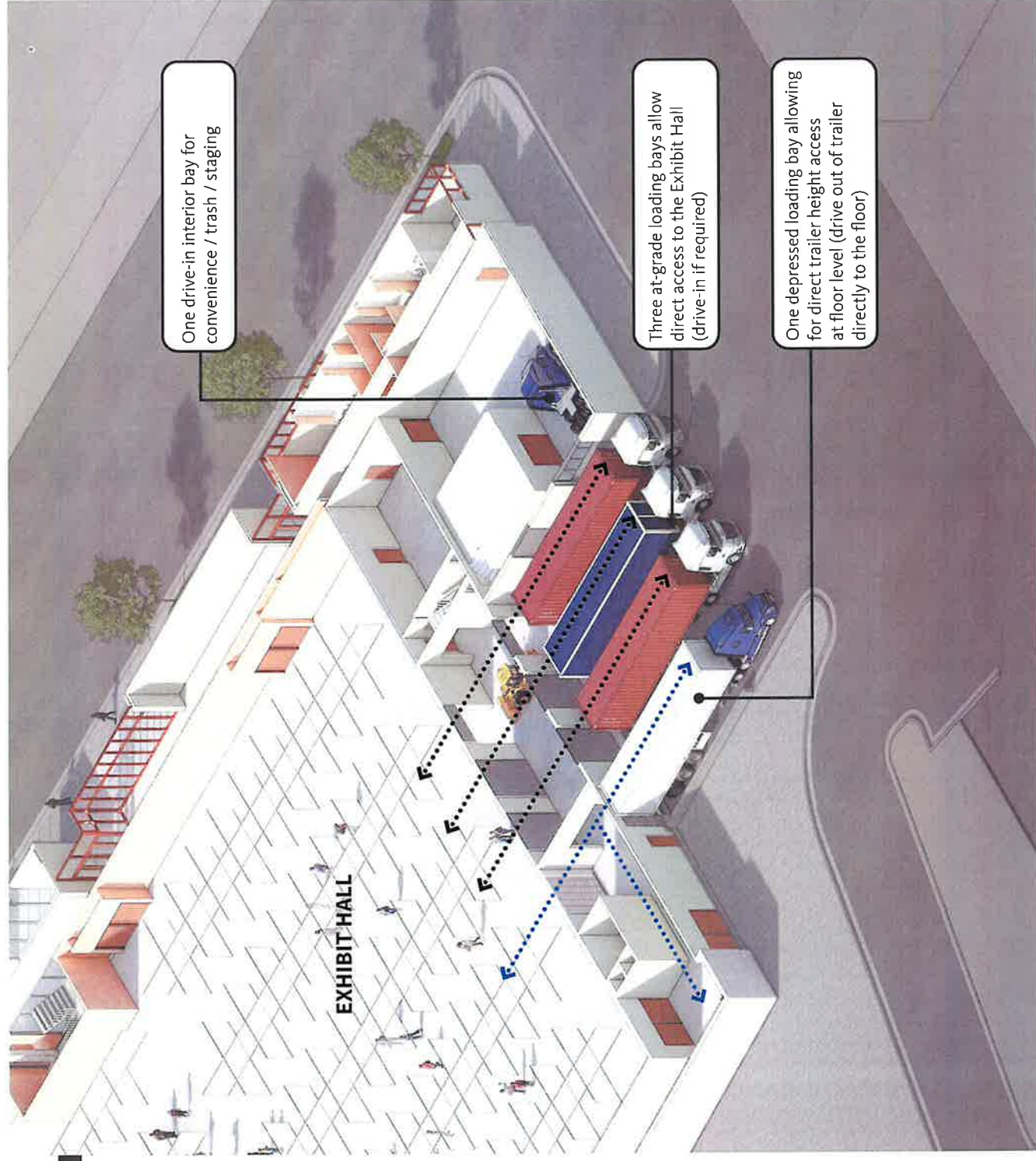
CITY QUESTIONS FOR CIVIC CENTER PROPOSAL

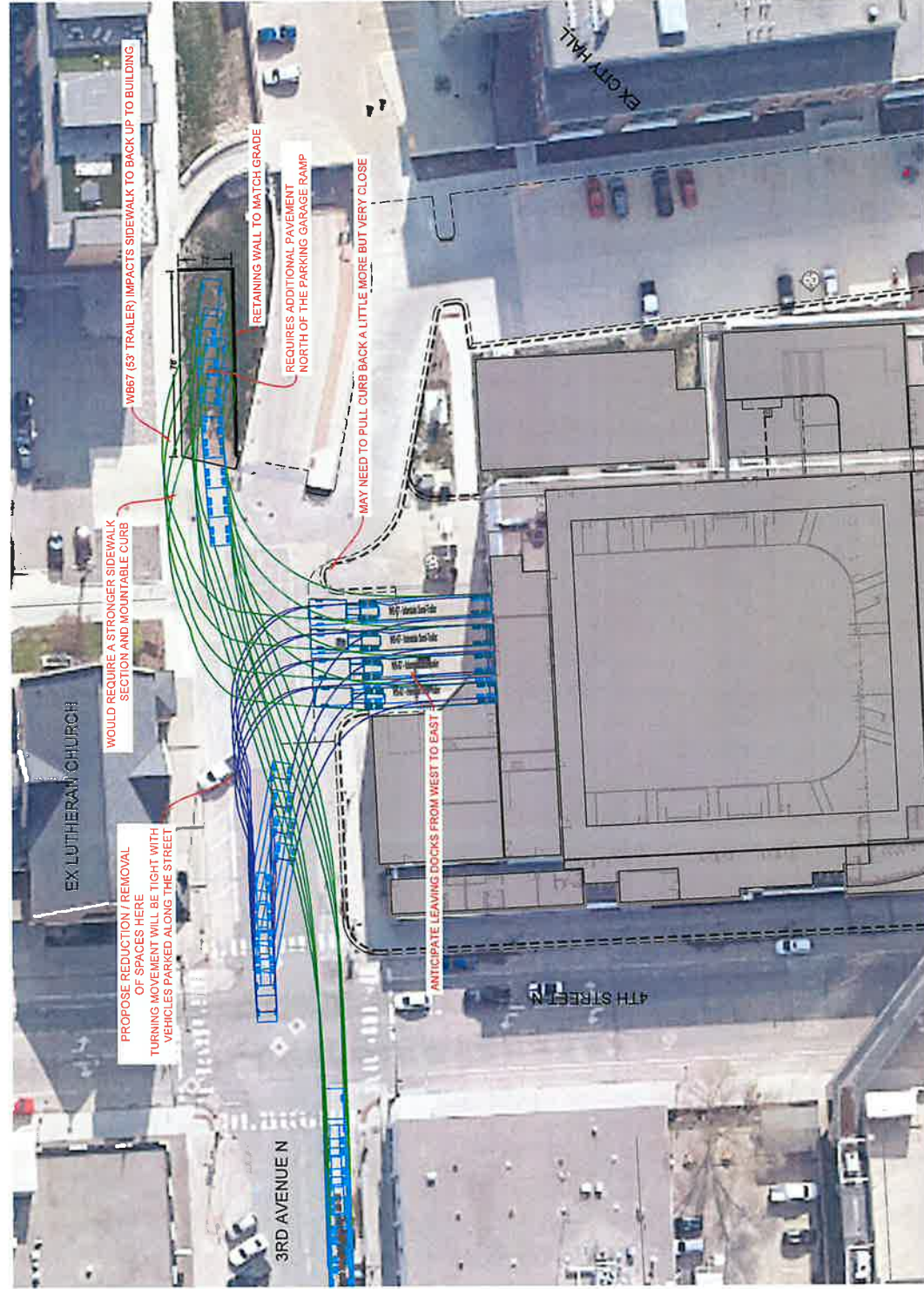
LOADING

RESPONSE: Loading dock maneuvering and access has been discussed with City Engineering with general agreement on the concept.

The design provides FOUR full-size loading bays, along with an additional interior parking berth for convenience. A larger overhead door (16'x16") can also be provided to allow direct access to the Exhibit Hall for larger vehicles. All have direct access to the Exhibit Hall and Ballroom, and provide both recessed and at-grade stalls.

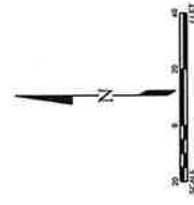
We are confident that this satisfies the needs of the Convention Center.





1. MULTIPLE SEMIS CAN BACK UP TO LOADING DOCK BUT WOULD LIKELY NEED TO STAGE FROM WEST TO EAST IF NOT UNHOOKING THE SEMI TRUCK

TRUCK/TRAILER OUTLINE WHEN ENTERING THE SITE



PRELIMINARY - NOT FOR CONSTRUCTION

[illegible]

CITY QUESTIONS FOR CIVIC CENTER PROPOSAL

EXPANSION

QUESTION: Expansion Options

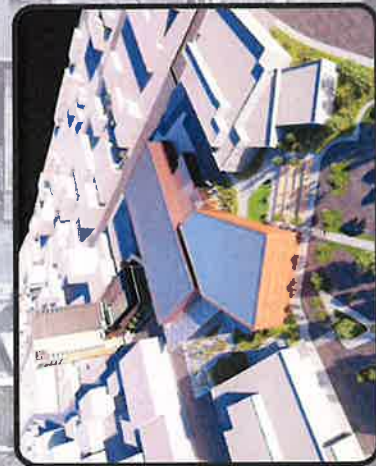
RESPONSE: There are several options for expansion, including adding on directly to the existing building or by adding on directly to the adjacent building.



Expanding the existing building footprint provides a **40,000 SF Addition** (20,000 SF Event Hall) increasing event space, adding meeting space, and additional services to support the expanded program.

PARKING RAMP

Proximity to serve former Mid-America Steel Site



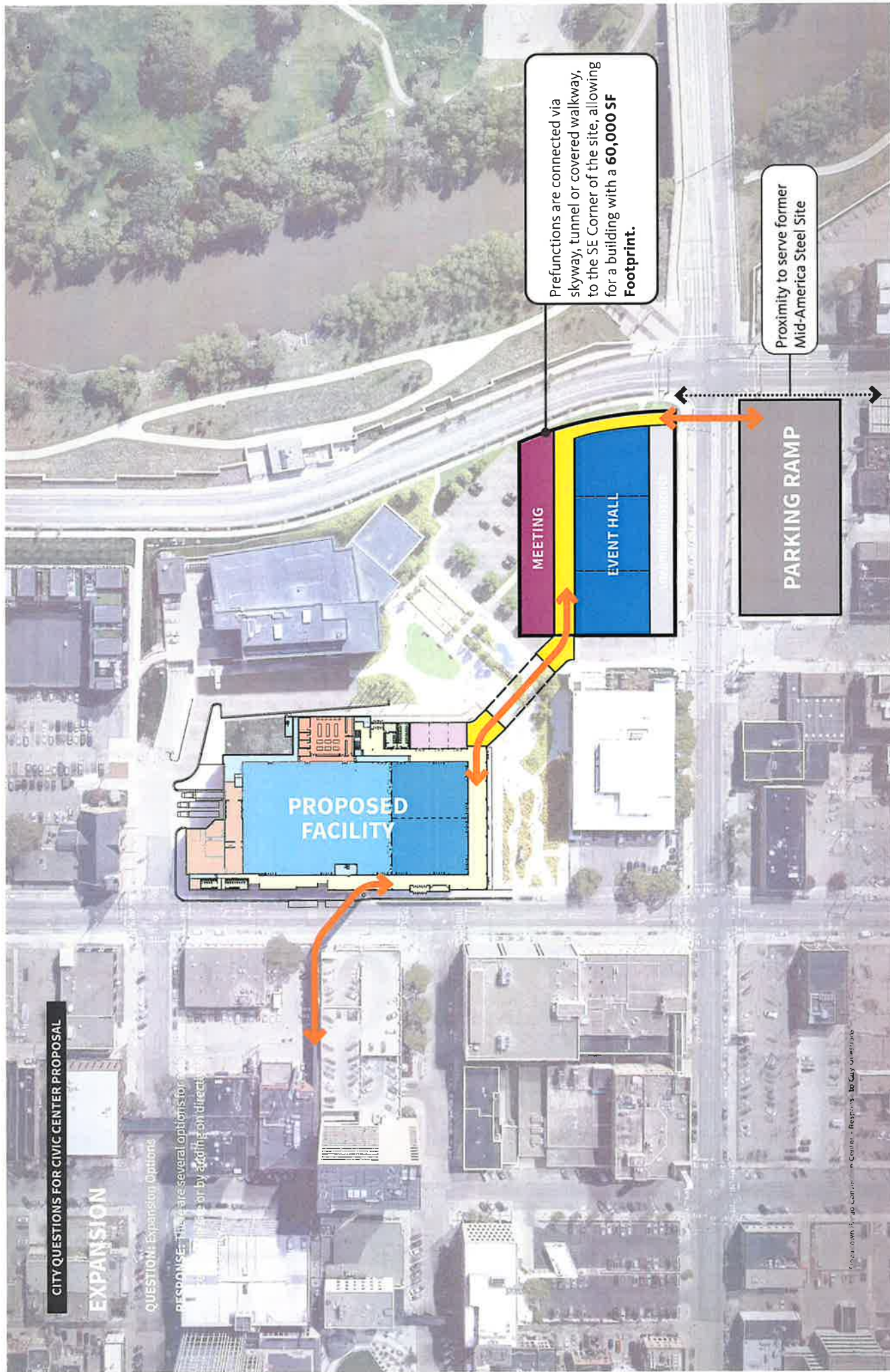
Mid-America Steel Center - Response to City Questions

CITY QUESTIONS FOR CIVIC CENTER PROPOSAL

EXPANSION

QUESTION: Expansion Options

RESPONSE: There are several options for expansion, including adding on directly to the existing building or by adding on directly to the adjacent building.

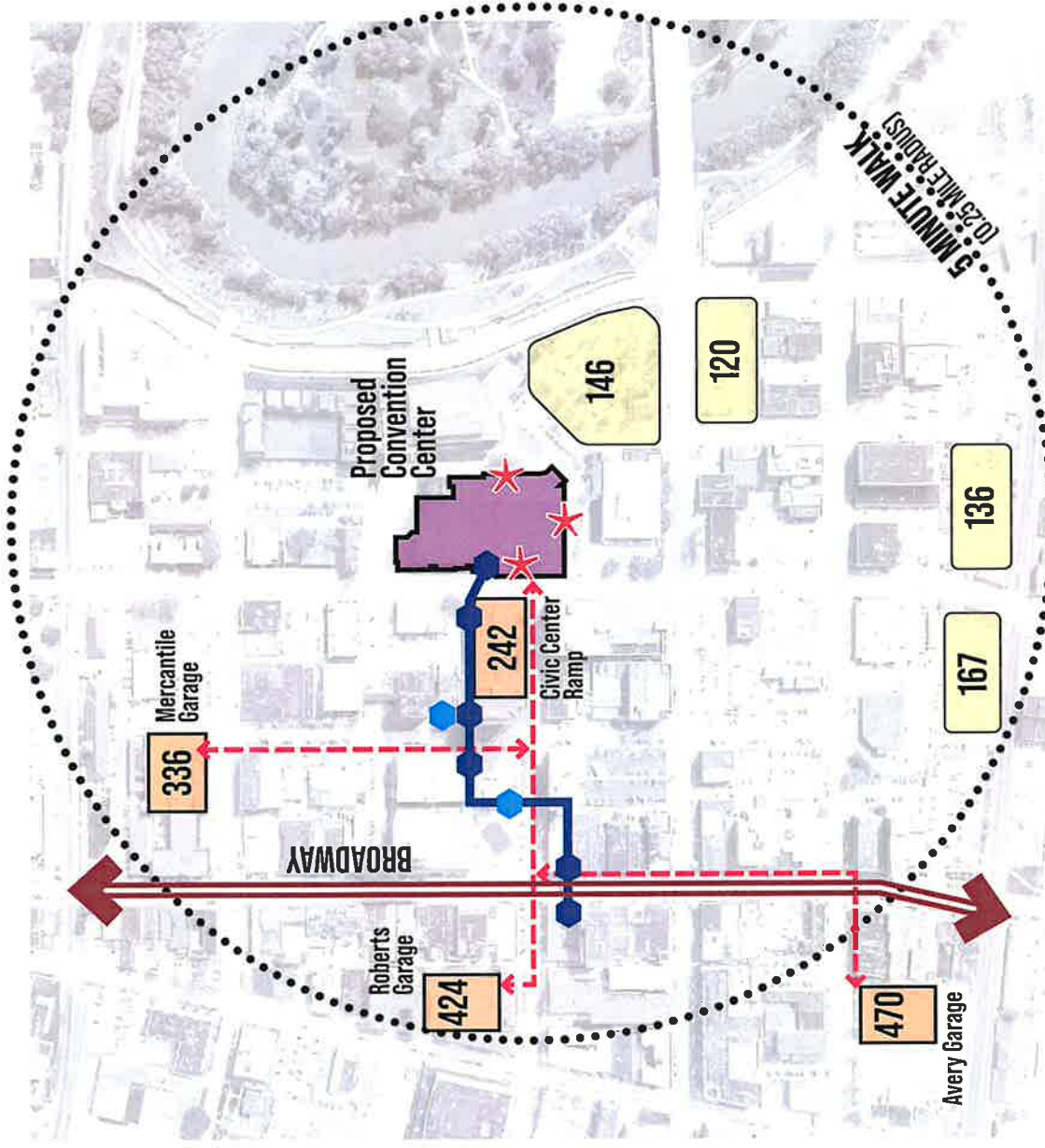


PARKING

QUESTION: Available parking, cost for parking

RESPONSE: Parking Options are identified in the diagram here, primarily utilizing city-owned garages that exist currently in downtown. Our proposal didn't include the parking revenue in our pro-forma, the City owned parking structures will have significantly increased revenue with sky way access.

2,041 parking spaces exist in nearby parking ramps and lots. Visitors will be able to check parking availability in the ramps by downloading an app on their phone.



LEGEND

- Skyway & Public Entry Points
- Skyway Access Opportunity
(US Bank & American Federal. Existing connections but not publicly accessible)
- - - Walk Route from Parking Ramp
- ★ Convention Center Entry

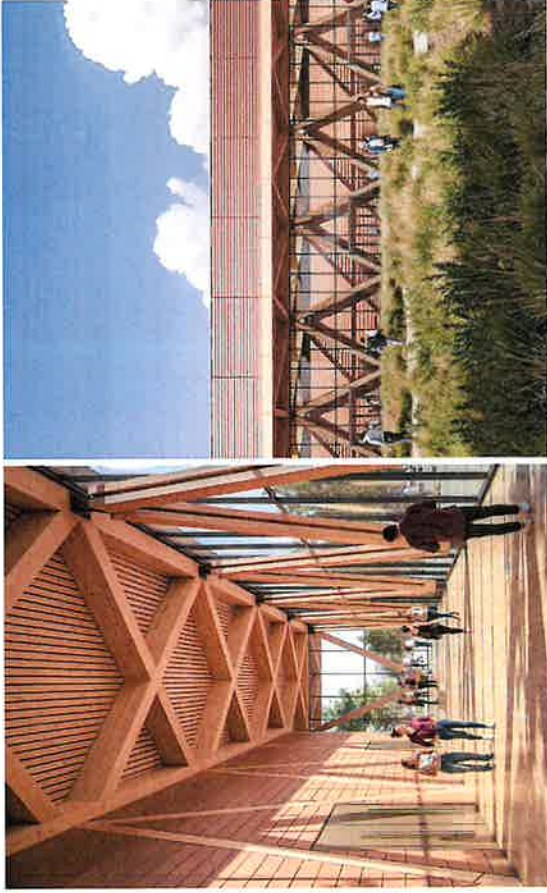
BUILDING DESIGN OVERVIEW



Images courtesy of Clay County Historical Society and NDSU Archives

The location of Fargo was established with the construction of the first railroad bridge spanning the Red River in 1871-72. Since then, the railroad crossing has seen several iterations of bridge structures, changing with the needs of a growing city.

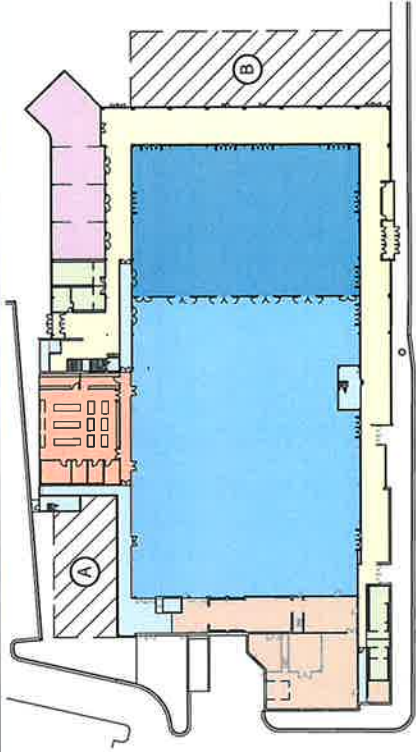
The design of the Convention Center connects to the past by borrowing structural patterns and materiality from those early railroad bridges and the x-bracing structure within the existing Civic Center - using wood and steel to create a welcoming space for both guests and residents. The Convention Center will serve as the bridge between the urban environment of Downtown and the natural environments of the Red River - providing that link for all to enjoy two of the most recognizable and defining areas of Fargo.



OVERALL BUILDING FLOOR AREA

	LOWER LEVEL	FIRST LEVEL	SECOND LEVEL
EXHIBIT & BALLROOM SPACE TOTAL	--	45,000 SF	--
PREFUNCTION SPACE TOTAL	2,960 SF	13,180 SF	1,600 SF
MEETING ROOM TOTAL	--	4,200 SF	3,800 SF
KITCHEN	--	4,400 SF	--
CIRCULATION	1,300 SF	3,750 SF	1,200 SF
BACK-OFF-HOUSE	9,800 SF	6,225 SF	370 SF
BUILDING SYSTEMS	2,000 SF	--	360 SF
RESTROOMS & BUILDING SERVICES	1,325 SF	2,085 SF	--
SUBTOTAL	17,385 SF	78,840 SF	7,330 SF
PROPOSED BUILDING AREA	86,170 SF		
PROPOSED BUILDING AREA WITH LOWER LEVEL	103,555 SF		

EXPANSION OPPORTUNITIES



POTENTIAL EXPANSION

LONG-TERM PLANNING EXPANSION

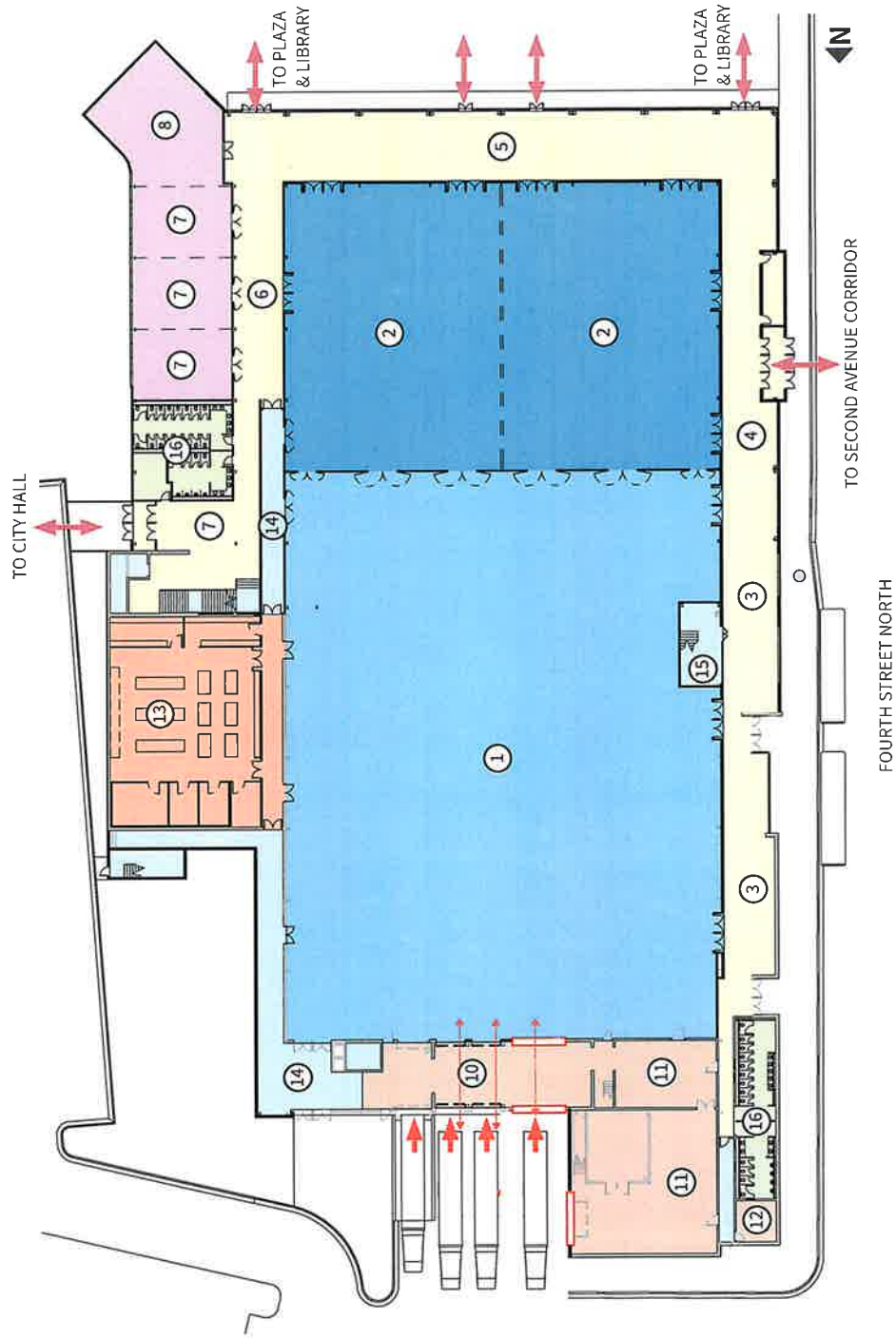
ADDITION FOOTPRINT 3,700 SF SOUTHEAST EXPANSION SITE FOOTPRINT 50,000 - 80,000 SF

ADDITION FOOTPRINT 8,650 SF FORMER POLICE STATION SITE FOOTPRINT 24,500 SF

FIRST LEVEL OVERALL FLOOR PLAN

LEGEND

	EXHIBIT SPACE TOTAL	45,000 SF
	1 EXHIBIT HALL 200'-0" x 150'-0"	30,000 SF
	2 BALLROOM 100'-0" x 150'-0" BALLROOM A (100'-0" x 75'-0") BALLROOM B (100'-0" x 75'-0")	15,000 SF
	PREFUNCTION SPACE TOTAL	13,180 SF
	3 CITY VIEW PREFUNCTION	
	4 CITY VIEW ENTRANCE	
	5 PLAZA VIEW PREFUNCTION	
	6 RIVERSIDE PREFUNCTION	
	7 RIVERSIDE ENTRANCE	
	MEETING ROOM TOTAL	4,200 SF
	7 MEETING ROOMS 75'-0" x 35'-0" MEETING ROOM A, B, & C (25'-0" x 35'-0")	2,625 SF
	8 LARGE MEETING ROOM	1,575 SF
	BACK-OF-HOUSE TOTAL	6,225 SF
	10 LOADING & RECEIVING	1,770 SF
	11 STAGING & STORAGE	4,225 SF
	12 GREEN ROOM OR STAFF SUITE	200 SF
	13 KITCHEN	4,400 SF
	14 SERVICE CORRIDOR	
	15 STAIR TO SKYWAY	
	16 RESTROOMS & BUILDING SERVICES	
	GUEST CIRCULATION	
	LOADING & RECEIVING ACCESS	



FIRST LEVEL OVERALL FLOOR PLAN - CONVENTION LAYOUT

LEGEND

- **EXHIBIT SPACE TOTAL** 45,000 SF
 300'-0" x 150'-0"
 234 BOOTHS (10'-0" x 10'-0") SHOWN
- ① **EXHIBIT HALL** 30,000 SF
 200'-0" x 150'-0"
 154 BOOTHS (10'-0" x 10'-0") SHOWN
 ALSO PROVIDES FOR 5 COMPETITION VOLLEYBALL COURTS
- ② **BALL ROOM** 15,000 SF
 100'-0" x 150'-0"
 80 BOOTHS (10'-0" x 10'-0") SHOWN
- **PREFUNCTION SPACE TOTAL** 13,180 SF
 - ③ CITY VIEW PREFUNCTION
 - ④ CITY VIEW ENTRANCE
 - ⑤ PLAZA VIEW PREFUNCTION
 - ⑥ RIVERSIDE PREFUNCTION
 - ⑦ RIVERSIDE ENTRANCE

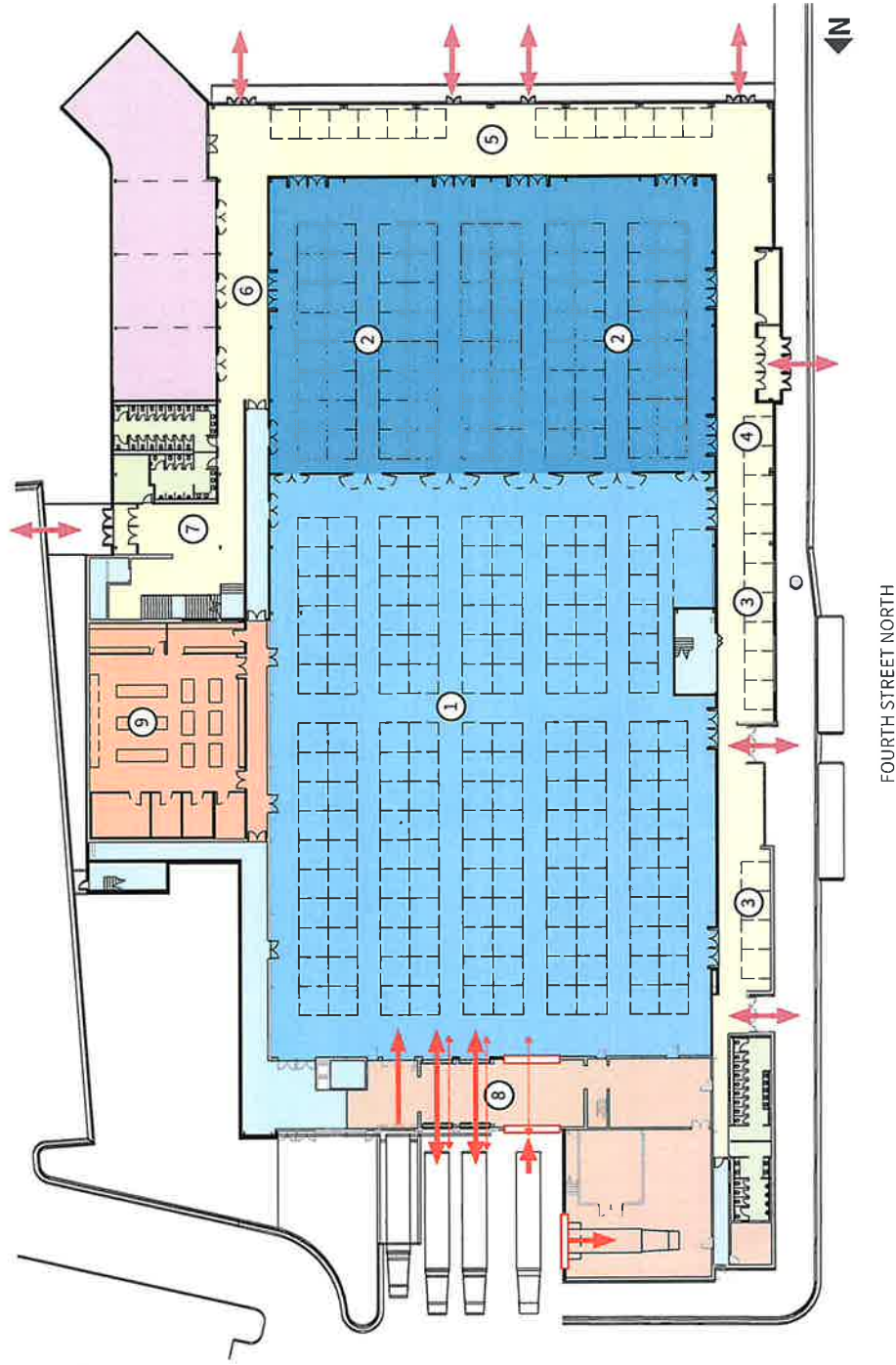
THE MAJOR PREFUNCTION SPACES CAN SERVE A SUPPORTING ROLE TO A CONVENTION OR SERVE AS THEIR OWN SEPARATE EVENT SPACE. THEY ARE DEFINED SPACES FROM ONE ANOTHER AND COULD HOST MULTIPLE CLIENTS AND EVENTS SIMULTANEOUSLY.
- ⑧ **LOADING & RECEIVING**

DIRECT ACCESS FROM LOADING & RECEIVING TO THE EXHIBIT FLOOR IS PROVIDED - ALL ON THE CONVENTION FLOOR LEVEL. OVERHEAD DOORS WILL BE SIZED TO ALLOW SO DELIVERY TRUCKS CAN ENTER THE EXHIBIT HALL FLOOR. DRAINAGE WOULD BE STORED WITHIN ONE OF THE BAYS IN THE LOADING AREA.
- ⑨ **KITCHEN**

THE CENTRALLY LOCATED KITCHEN IS POSITIONED TO EASILY SERVE THE EXHIBIT HALL, BALLROOM, AND MEETING ROOMS.

THE KITCHEN PLAN INCLUDES SPACE FOR FOOD PRODUCTION AND MEAL SERVICE, MULTIPLE FOOD STORAGE COOLERS AND FREEZERS, DRY STORAGE, DISHWASHING, & ADMINISTRATIVE SPACE.

OPPORTUNITY TO STEP OUTSIDE
 THE DESIGN PROVIDES GUESTS OPPORTUNITIES TO STEP OUTSIDE AND RELAX.



FIRST LEVEL OVERALL FLOOR PLAN - BANQUET LAYOUT

LEGEND

- EXHIBIT SPACE TOTAL 45,000 SF
- 1 EXHIBIT HALL 30,000 SF
200'-0" x 150'-0"
154 BOOTHS (10'-0" x 10'-0") SHOWN
- 2 BALLROOM 15,000 SF
100'-0" x 150'-0"

LAYOUT SHOWN:
- 6'-0" ROUND TABLES; 96 SHOWN
- 8 SEATS PER TABLE; 768 SEATS SHOWN
TABLE AND SEATING LAYOUTS WILL VARY.
THE BALLROOM COULD HOST BANQUET OR GALA EVENTS
WITH 1,000-1,500 ATTENDEES.

ACOUSTIC SEPARATION & NOISE CONTROL

Ballroom, meeting rooms, and exhibit spaces are designed with enhanced acoustic separation to support concurrent events. Full-height operable partitions, acoustically rated wall assemblies, and isolated mechanical systems minimize sound transfer between divisible spaces. The layout supports simultaneous banquets, keynote sessions, breakouts, and exhibitions without operational interference.

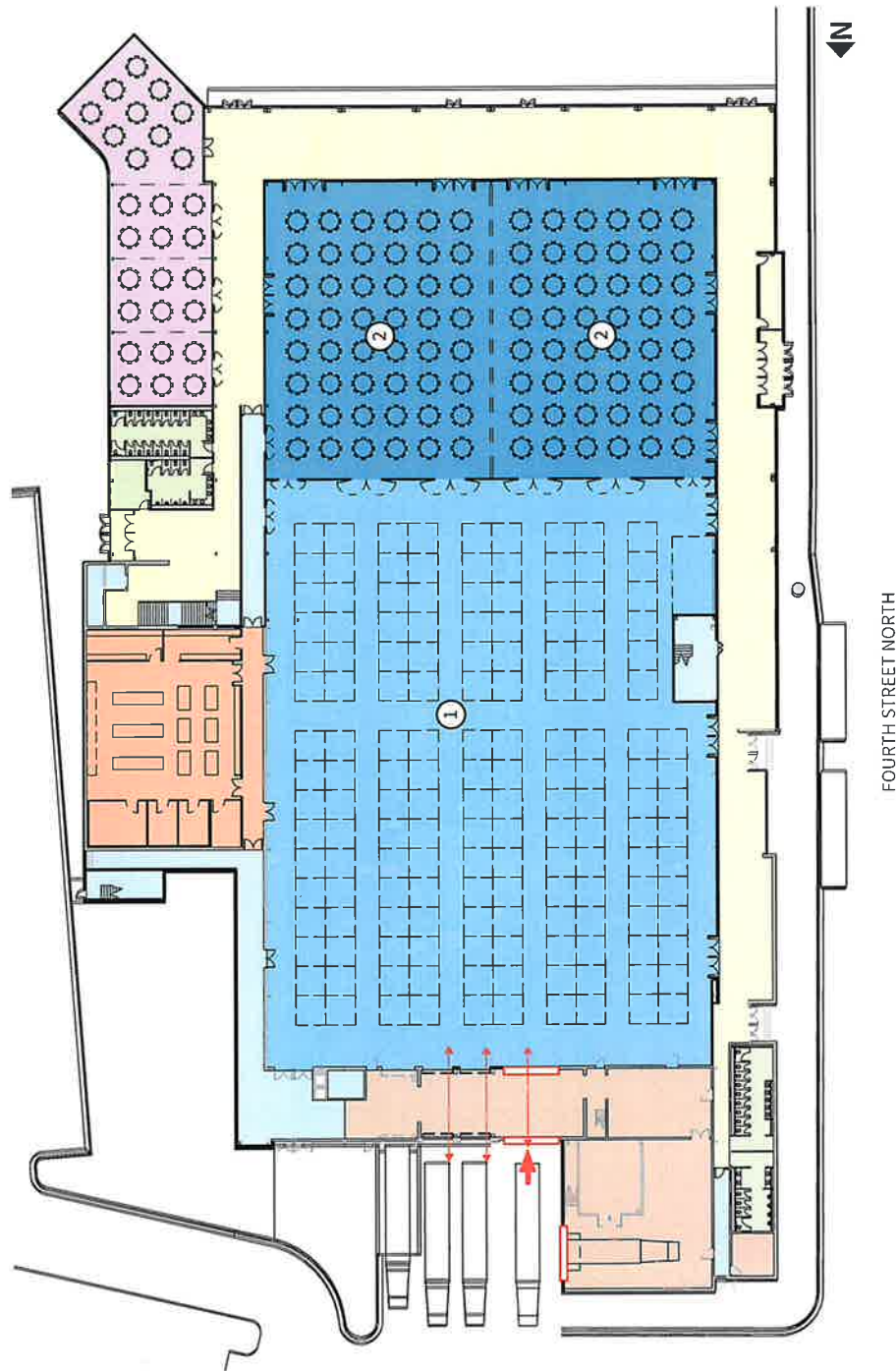
AV / TECHNOLOGY INFRASTRUCTURE

The facility is designed with fully integrated, high-capacity broadband and distributed AV infrastructure to support hybrid meetings, live streaming, e-sports, broadcast events, and multi-room conferencing. Dedicated telecom rooms, robust fiber backbone, redundant service pathways, and ceiling-integrated rigging grids ensure maximum flexibility for evolving event technology. All meeting spaces, ballroom configurations, and exhibit areas are designed to accommodate seamless digital connectivity and hybrid event production.

ROOM DIVISIBILITY & FLEXIBILITY

The ballroom and meeting rooms are fully divisible with operable partition systems to allow multiple concurrent events, scalable breakout configurations, and flexible banquet layouts. This design maximizes booking versatility and revenue potential across varying event sizes.

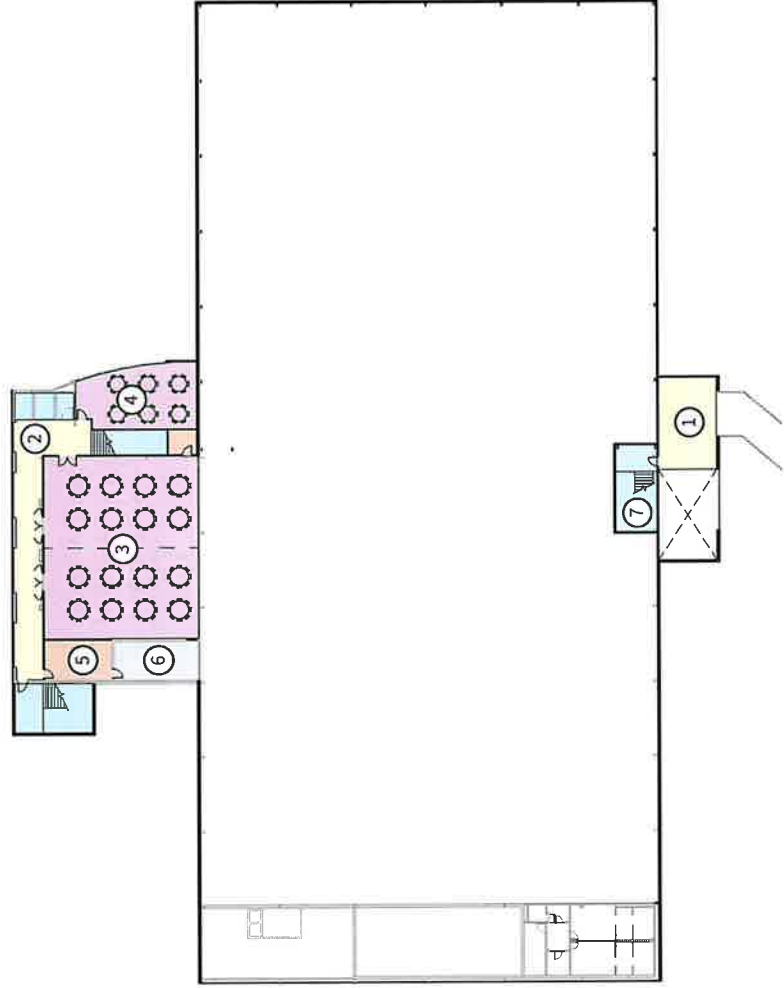
The Exhibit Hall is designed with structural and mechanical infrastructure to allow future subdivision through operable partitions. Final implementation of full-height divisibility will align with available project funding and market demand, ensuring long-term flexibility without compromising initial operational performance.



SECOND LEVEL OVERALL FLOOR PLAN

LEGEND

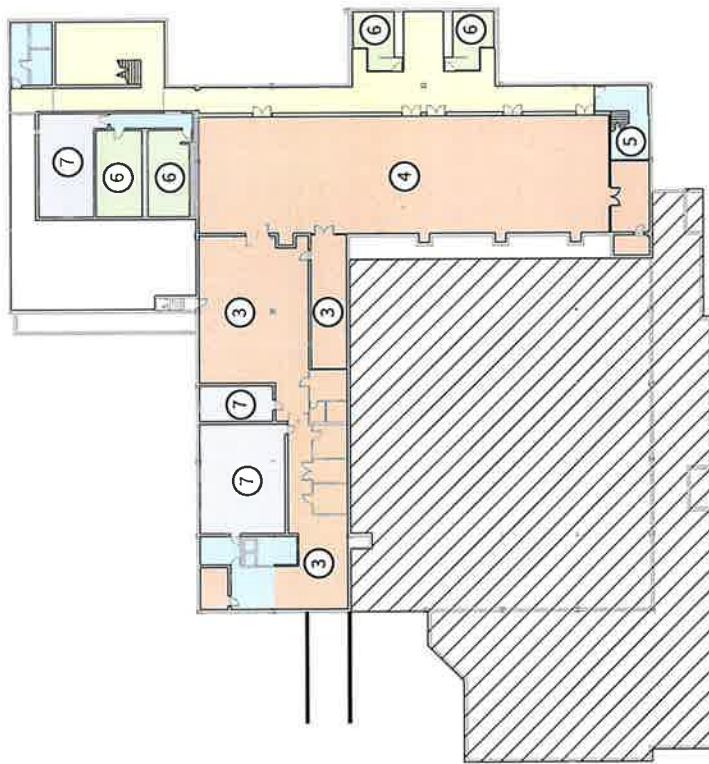
- PREFUNCTION SPACE TOTAL 1,600 SF
- ① SKYWAY LOBBY
- ② SECOND LEVEL PREFUNCTION
THE FORMER COMMISSION ROOM IS TRANSFORMED INTO NEW MEETING AND PREFUNCTION SPACES.
PROPOSED WINDOWS AT THIS LEVEL WILL ALLOW NATURAL LIGHT IN THE PREFUNCTION SPACE.
- MEETING ROOM TOTAL 3,800 SF
- ③ MEETING ROOMS 3,000 SF
60'-0" x 50'-0"
MEETING ROOM E & F (30'-0" x 50'-0")
THE FORMER COMMISSION ROOM IS TRANSFORMED INTO NEW MEETING AND PREFUNCTION SPACES.
- ④ BOARD ROOM 800 SF
THE CLOSE PROXIMITY TO CITY HALL COULD MAKE IT A GREAT OPTION FOR STAFF TRAINING OR SEMINARS.
THIS EXISTING PREFUNCTION SPACE IS CAPTURED TO CREATE A FORMAL BOARD ROOM FOR THE FIRGO CONVENTION CENTER.
- BUILDING SERVICES
- ⑤ STORAGE - OR - RESTROOMS
THIS EXISTING SPACE SERVES AS A STORAGE ROOM, BUT COULD BE RENOVATED TO BE INDIVIDUAL OCCUPANCY RESTROOMS TO PROVIDE A CONVENIENT OPTION FOR GUESTS.
- ⑥ BUILDING SYSTEMS SPACE
- ⑦ STAIR TO SKYWAY



LOWER LEVEL FLOOR PLAN

LEGEND

- PREFUNCTION SPACE TOTAL 2,960 SF
- ① PREFUNCTION
- ③ RIVERSIDE ENTRANCE LOBBY
- BACK-OF-HOUSE TOTAL 9,790 SF
- ③ STAGING, STORAGE, & BUILDING SUPPORT
- ④ BONUS SPACE 5,345 SF
THIS EXISTING SPACE SERVED AS MEETING ROOMS FOR THE CIVIC CENTER. IT IS SHOWN IN THIS PLAN AS ADDITIONAL STORAGE SPACE, BUT THERE ARE OTHER USES THAT COULD BE FURTHER EXPLORED, SUCH AS SUPPLEMENTAL MEETING OR TRAINING ROOMS.
- CIRCULATION
- ⑤ STAIR TO SKYWAY
- ⑥ RESTROOMS & BUILDING SERVICES
- ⑦ BUILDING SYSTEMS SPACE





Fargo Office	Sioux Falls Office
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Fargo, ND 58104	Sioux Falls, SD 57103
(701) 280-0949	(605) 370-6139

05/07/2026

Rodney Bischof, AIA, NCARB
EAPC Architects Engineers
112 Roberts St N Suite 109
Fargo, ND 58102

RE: Fargo Convention Center Downtown Location – Existing Civic Center Structural Reuse
Fargo, ND

Mr. Bischof:

As part of the Fargo Convention Center Downtown Location proposal, Heyer Engineering was asked to review the feasibility of reusing the existing Civic Center structure. To accommodate the program requirements, the design team is proposing several areas where the structure will be required to be modified as part of the final proposal. The specific items related to the existing structure that we were asked to review to determine feasibility are as follows:

- Demolition and removal of the elevated stadia seating.
- Removal of the existing structure along the south wall of the main arena.
- Removal of several columns at the south side/front of the stage.
- Removal of a portion of the north receiving/loading dock area.

Each item will be discussed in further detail below.

As part of the review, Heyer Engineering visited the facility in November of 2025 to view the existing structure firsthand where possible. Drawings from the original construction in 1958 as well as the 2001 addition were available for review as well. Using the information contained in the existing drawings, some limited structural analysis was completed where necessary to determine the feasibility of each of the items noted above. Since this is a major renovation, in addition to the items noted above, the existing roof structure was analyzed and found to have adequate capacity based on current code required snow loading.

Removal of Elevated Stadia Seating

Removal of the elevated stadia seating is required to create the necessary wide-open space in the main arena area to allow the area to function as needed for a convention center. After reviewing the existing drawings and completing some limited structural analysis, it was concluded that some additional column

Thursday, May 07, 2026

EAPC Architects Engineers

RE: Fargo Convention Center Downtown Location – Existing Civic Center Structural Reuse
Fargo, ND

reinforcing may be required, but removal of the stadia seating structure framing does not adversely affect the overall structure of the building.

Removal of Existing Structure at South Wall

Removal of the existing structure at the south wall of the existing arena is required to create a column free or nearly column free opening and allow the main arena area to expand to the south. Two different options were investigated to allow for the removal of the existing end wall structure. Both options were found to be feasible with one of those options being preferred.

Removal of Several Columns at the South Side of Stage

To further open up the north end of the arena area in the existing Civic Center, the removal of several building columns was investigated at the south side/front of the stage. After reviewing the existing drawings, it was concluded that this was not a feasible option as it would have required additional demolition of several elevated structural floors that are located between the north exterior wall and the south side of the stage. This is due to those floors being supported by the columns that were potentially being removed.

Removal of a portion of the North Receiving/Loading Dock

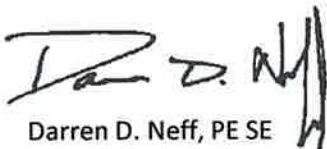
Removal of a portion of the existing structure at the east of the north receiving/loading dock area was investigated to allow for the addition of a fourth loading bay at the north side of the facility. Based on the direction the structure is spanning, partial demolition of the east end will be very feasible to allow for the additional loading bay.

As with most reuse projects, modifications to the existing structure are to be expected to allow the existing structure to truly function with the new use. We reviewed the four major changes noted above. Three of those options were found to be feasible to allow the existing Civic Center structure to be adapted for reuse as the new Fargo Convention Center. All three will require some level of modification to the existing structure, but none of the required overall modifications are beyond the scale of the project making them infeasible.

Should you have any questions, please don't hesitate to contact us.

Sincerely,

Heyer Engineering



Darren D. Neff, PE SE
Principal

Mechanical & Electrical Narrative

Convention Center

EAPC Architects Engineers

Tyler Coulombe, PE (Mechanical)

Brian Wentland, PE (Electrical)

January 14, 2026

1) Project Design Criteria

Codes & Standards (assumed):

- IMC, IBC, IECC (2021 or current adopted); local amendments as applicable.
- ASHRAE 62.1 (Ventilation for Acceptable IAQ)
- ASHRAE 55 (Thermal Comfort)
- ASHRAE 90.1 (Energy).
- NFPA (as applicable to smoke control and fire protection interfacing)
- SMACNA (duct construction)
- AMCA (fan ratings)
- AHRI (equipment ratings).
- Noise Criteria: NC-35 (meeting/ballrooms), NC-40 (exhibit halls/lobbies), NC-30 (administrative/support).
- Outdoor Design Conditions (Fargo, ND)
- ASHRAE Heating (99.6%): -17.6°F DB. Design will be to -30°F DB.
- ASHRAE Cooling (0.4%): 90.4°F DB / 72.5°F WB
- Ventilation dehumidification sized for high-occupancy events and latent loads.
- Wind/infiltration: tight envelope assumed; vestibules at major entrances.
- Indoor Design Setpoints
- Cooling: 74°F ±2°F; RH target: 50% max (exhibit/meeting areas).
- Heating: 72°F ±2°F; RH minimum: 25–30% winter (no active humidification unless noted).
- Back-of-house: 68–75°F depending on function.
- Energy & Controls
- DDC/BAS with sequences for air-side economizer, demand-controlled ventilation (DCV), optimal start/stop, supply air reset, hydronic ΔT optimization, fault detection/diagnostics (FDD), and event-mode scheduling.
- Heat recovery on all OA systems via energy/enthalpy wheels ($\geq 70\%$ effectiveness) or sensible plate exchangers where contamination risk exists.
- N+1 redundancy for major plant components serving assembly occupancies.

2) Existing Building

1958 Original Building:

- Steam boilers provide heating to existing event space AHUs and perimeter heating devices.
- (2) 44,000 CFM AHUs located in the upper level.
- No chilled water system.
- Domestic water heater via steam boiler system and large storage tank.

1988 Exhibition Center Addition:

- Addition utilized original building steam for heating air handling equipment.
- 200-ton centrifugal water chiller with remote sump and cooling tower added.
- Cooling provided to new AHU equipment of this addition.
- Gas-fired radiant heaters used for open areas.

2001 Civic Center Addition:

- Addition utilized original building steam to heat new addition AHUs, VAVs, and perimeter heating devices through a shell and tube heat exchanger.
- Chilled water was tapped off the 1988 addition to supply cooling to the new AHUs.

2018/19 Chiller Upgrade:

- Replace the 200-ton water cooled chiller and cooling tower with a 225 nominal ton air cooled chiller and (2) chilled water pumps

Possible equipment to be reused:

- Reuse and relocate existing 225 ton air cooled chiller and pumps
- Reuse existing chilled water piping where possible.
- All steam and condensate piping removed; new hydronic hot water piping installed.

3) New & Remodeled Convention Center – Mechanical Narrative

Program & Occupancy Assumptions:

- Ventilation basis (ASHRAE 62.1) uses $R_p + R_a$ with DCV enabled in assembly spaces. Coincident peak diversity of 0.7 applied for plant sizing due to staggered event schedules.

System Selection Rationale:

- Custom DOAS AHUs provide 100% conditioned outdoor air with energy recovery, desiccant option, and cold climate preheat.
- Space AHUs (supply/return) in exhibit & ballroom zones to handle sensible loads and air distribution; VAV terminal units with hot water reheat in meeting and support spaces.

- Hydronic plant: water-cooled chiller plant with cooling towers for efficiency and acoustics (set back from public elevations), plus air-side economizer priority during shoulder seasons.
- Heating plant: condensing hot-water boilers (primary/variable secondary) sized for OA preheat + reheat + perimeter heating.

Chilled Water Plant:

- Cooling Capacity: ~600 tons (N+1).
- Basis: envelope/internal loads + people (latent & sensible) with DCV + diversity; includes growth/contingency (~10%).
- Chillers: 2× 300-ton air-cooled chillers. Re-use existing 225 Ton chiller for one of the two chillers required.
- CHW Pumps: variable primary, base mounted pumps, ~1,200 gpm total ($\Delta T = 14^{\circ}\text{F}$), N+1; differential pressure control via BAS.
- Piping: Schedule 40 steel piping, grooved/welded joints, copper after shutoff valves to equipment. Insulated with fiberglass insulation. Exterior chilled water piping will be welded Sched 40 piping with polyisocyanurate pipe insulation.

Heating Hot Water Plant:

- Boilers: 2× 2 MMBtu/hr condensing (N+1), 140°F supply / 110°F return (reset on OA temp).
- HW Pumps: variable primary, base mounted pumps, ~600 gpm total ($\Delta T = 30^{\circ}\text{F}$), N+1; differential pressure control via BAS.
- Perimeter emitters: low-profile fin-tube or radiant panels along envelope-exposed boundaries.
- Piping: Schedule 40 steel piping, grooved/welded joints, copper after shutoff valves to equipment. Insulated with fiberglass insulation.

Air Handling & Distribution

- Exhibit Hall AHUs: 3× 40,000 cfm supply/return VAV AHUs (total ~120,000 cfm), MERV-13 filtration, low sound power; ceiling distribution with low return to mitigate thermal stratification during heat/cool.
- Ballroom AHUs: 2× 25,000 cfm (total ~50,000 cfm), MERV-13 filtration, VAV, quiet operation (NC-35 targets).
- Meeting/Support AHUs: 2× 15,000 cfm (total ~30,000 cfm), MERV-13 filtration, serving VAV zones with reheat.
- Kitchen AHU: 1 x 5,000 cfm, MERV-13 filtration

DOAS Units (OA):

- Exhibit Hall DOAS: ~25,000 cfm OA
- Ballroom DOAS: ~10,000 cfm OA.
- Meeting/Support DOAS: ~8,000 cfm OA.
- All with enthalpy wheels ($\geq 70\%$), preheat coils, modulating OA dampers, and bypass for economizer.
- Terminal Units: VAV with hot water reheat (meeting rooms, perimeter zones)

- Design Static: supply ~4.0 in. wg (large spaces), return ~2.0 in. wg; duct materials per SMACNA.

Exhaust Systems:

- Toilet exhaust: code minimum, ~10–12 ACH equivalent, demand-based via occupancy. Exhaust through energy recovery DOAS units.
- Back-of-house exhaust: janitor, storage, electrical; dedicated EF with interlocks.
- Commercial kitchen: grease hoods per NFPA 96 (final CFM per hood type).

Kitchen Systems:

- Type I stainless steel kitchen exhaust hood installed over all grease producing appliances (size determined by appliance sizes and quantities). Hood provided with Ansul fire suppression system with all HVAC interlocks and emergency shutdowns.
- Type II stainless steel exhaust hood installed over dishwashers (size determined by dishwasher size and type).
- Roof mounted exhaust fan(s) for Type I kitchen hood with grease trap, welded or manufactured ductwork with Fyre wrap for 0" clearance to combustibles.
- Roof mounted exhaust fan for Type II hood. Ductwork to be aluminum from hood to exhaust fan.
- Dedicated make up air unit (MAU) to provide make up air for kitchen hood exhaust. Direct fired gas unit interlocked to kitchen exhaust hood(s).
- Gas piping to all gas fired appliances.

Humidity & Economizer:

- Dehumidification by cooling coil + reheat (DOAS) with supply air dewpoint control; event latent loads considered.
- Air-side economizer: priority cooling in shoulder seasons; BAS locks out based on OA enthalpy and occupied schedules.

Acoustics & Vibration:

- AHU discharge/return silencers in ballroom/meeting zones; isolators on pumps/fans; duct liner or acoustic panels in select locations.

Controls & Sequences:

- Event mode (high occupancy): DCV limits disabled or elevated minimum OA; supply temps reset down, static reset up.
- Low-occupancy mode: DCV active; increased ΔT on chilled/hot water; static reset down; optimal start/stop.
- Fault detection: filter ΔP , coil approach, tower basin temperature alarms, valve/actuator fail.

Electrical & Integration:

- MCCs/VFDs at mechanical rooms; emergency power for critical fans serving smoke purge (if required by AHJ), freeze protection, and BAS.

Fire/Life Safety Interface:

- Smoke purge capability in exhibit hall if required (coordinate with fire protection engineer and AHJ); automatic shutdown/interlock logic as per IMC/NFPA.

Commissioning, TAB, and O&M:

- Cx for all sequences, trend reviews, seasonal performance checks.
- TAB of air/water systems; hydronic ΔT acceptance criteria; AHU/DOAS psychrometric validation.
- Access & maintenance clearances per manufacturer; roof safety (anchors, davits) for towers and intakes.

4) Ventilation & Psychrometrics

- Supply air dewpoint selected to meet sensible + latent simultaneously; typical SA 52–55°F for event cooling with reheat via terminal coils to maintain room neutral temperatures.
- Humidity control focuses on latent loads from occupants; DOAS coils sized with coil face velocities ≤ 500 fpm to improve moisture removal.
- 62.1 multi-zone procedure used to determine system OA fraction (Xsys); Evz for worst-case zones sets DOAS minimum; DCV trims OA during partial occupancy.

5) Filtration & IAQ

- MERV-13 minimum on all supply; MERV-14 optional in meeting/ballroom AHUs for enhanced IAQ.
- UV-C (coil irradiation) optional on DOAS to manage biofilm and coil fouling.
- Differential pressure sensors across filters; BAS alarms and runtime-based maintenance.

6) Freeze Protection & Cold-Climate Details

- Glycol: 35% ethylene glycol on coils exposed to OA with low-leak OA dampers and unit mounted freezestats.
- Unit heaters in back of house spaces, mechanical rooms, and vestibules.

7) Controls Sequences

- Supply Air Temperature Reset: based on zone demand (max damper position) and OA conditions.
- Static Pressure Reset: maintain at lowest value meeting critical VAV demand.
- Hydronic ΔT Optimization: modulate coil valves to maintain design ΔT , limit low ΔT penalties.

- Economizer Logic: enable when OA enthalpy < return enthalpy and humidity is acceptable; lockout at low OA temps to avoid freeze risk.
- DCV: CO₂-based setpoints (e.g., 900–1,000 ppm) with minimum OA floor.
- Event Scheduling: pre-cool/pre-heat, OA minimum override, extended occupied schedules.
- FDD: alarm on filter ΔP high, tower basin < setpoint, unexpected valve/fan behavior.

8) Commissioning & Deliverables

- Pre-functional checklists, functional performance tests, seasonal testing, TAB reports, and O&M training.
- Provide as-built sequences, trend logs (30-day minimum), and owner training tailored to event operations.

9) Plumbing & Fire Protection

- Domestic Hot Water: central condensing water heaters sized for event restrooms and concessions (typ. 1.0–1.5 gph per fixture diversity; final sizing by fixture count). Master mixing valve to provide 120 degree distributed hot water with elevated storage temps.
- Piping: Underground sanitary will be solid core PVC, Venting will be solid core PVC, and domestic water piping will be insulated copper. Any storm drainage piping within the building will be insulated solid core PVC.
- Natural Gas: sized for boilers, kitchen loads (if any), and emergency generators (coordinate utility pressure).
- Fire Protection: Ordinary Hazard Group 1/Light Hazard (depending on area); wet systems with dry/pre-action in unheated zones; fire pump only if city pressure/flow insufficient.

Kitchen Systems:

- Kitchen fixtures by kitchen consultant and plumbed by plumbing contractor.
- Cast iron sanitary piping from any high temp water discharges back to a common PVC main.
- Floor sinks and drains per kitchen consultant recommendations.
- Grease interceptor for all grease producing fixtures.

10) Electrical

- The existing panelboards, switchboards, and generator were installed in 2002. Due to the age of the equipment, we would recommend it be replaced with new equipment.
- The existing service is a 4000A 208V 3PH system. Recommend upgrading the service to 2500A 480V 3PH. The 2500A would feed a 500KVA step down transformer to a 1800A (2000A frame size) 208V 3PH distribution panelboard.
 - This 1800A 208V 3PH distribution panelboard would feed any existing mechanical equipment, new receptacle loads, and new equipment loads.

- 200A minimum power access required in Exhibit Hall; power to be available a minimum of every 20'-0". (requirement from the RFP)
- The existing generator does partial backup of the lighting and some mechanical equipment. Due to the age of the equipment, recommend replacing it with an outdoor unit. The existing generator is 125KVA 208V 3PH feeding two transfer switches. Recommend a new 200KVA for partial backup of the building.
 - Recommended items of the generator would be egress lighting, the fire alarm panel, sump pumps, and other equipment deemed necessary
- The existing fire alarm panels are Simplex 4100U, Mircom FX-2000, and a Gamewell FCI Honeywell. These panels are outdated and would be problematic getting parts for in the future. Recommend one new fire alarm panel to control the entire facility
- New LED lighting and lighting control for the building.
- A/V systems for Exhibit Hall and Meeting Rooms. Need further consultation with operations consultant.



May 15, 2026

Fargo City Commission

225 4th St N
Fargo, ND 58102

Re: Letter of Interest – Marriott Moxy Hotel

To Whom it May Concern,

On behalf of First Western Bank, I am pleased to submit this Letter of Interest in connection with providing a financing facility for the proposed development of a Marriott Moxy branded hotel in conjunction with the Fargo Convention Center site selection.

We have an established relationship with Mr. Zander and prior experience financing hospitality projects of this nature and size. Based on that experience, we have confidence in Mr. Zander and Brandt Hospitality Group's ability to execute on a project of this scope, and look forward to the opportunity to partner with him on this proposed hotel development.

Subject to satisfactory completion of our underwriting process, First Western would provide a credit facility for construction and permanent financing, with terms consistent with current market interest rates and conditions at time of funding.

This Letter of Interest is non-binding and does not constitute a loan commitment or agreement of any kind. Any financing is subject to the Bank's formal credit approval, including review of appraisal, title work, environmental assessment, and execution of loan documents.

We appreciate the opportunity to express our interest and look forward to discussing further.

Sincerely,

First Western Bank

A handwritten signature in dark ink, appearing to read 'Gerald A. Brossart', written over a horizontal line.

Gerald Brossart
Market President

A handwritten signature in dark ink, appearing to read 'Thomas Stromme', written over a horizontal line.

Thomas Stromme
SVP, Commercial Banker

May 18, 2026

To Whom It May Concern:

I am writing to express Marriott International's support for the submission of a franchise application for a proposed Moxy hotel at 222 4th St N, Fargo, ND 58102, adjacent to the new convention center site in downtown Fargo. The project is being developed by Kelly Zander and will be managed by Brandt Hospitality Group.

Marriott has reviewed the proposed site and is supportive of receiving an application for a franchise agreement for this location. We believe the proposed roughly 100-key new-build Moxy hotel is well suited for this site given its proximity to the convention center, its connection via skyway to structured parking and everything downtown Fargo has to offer, and the continued growth and momentum in the surrounding area.

The Moxy brand is designed to deliver a vibrant, energetic guest experience, and we believe its signature food and beverage offerings will create a fun and welcoming atmosphere for both hotel guests and conference attendees. Importantly, a Moxy hotel at this location would expand the range of accommodations and experiences available to convention center visitors, offering something distinctly different from the hotels already serving downtown Fargo.

Marriott enjoys an outstanding relationship with Brandt Hospitality Group. Brandt continues to be one of the highest-ranking management companies in our system for guest service scores, and we are proud to recognize them once again this month with our Partnership Circle Award. In addition, Brandt currently has two other Marriott-branded hotels under construction that are expected to open this year. Their proven track record gives us great confidence in the success of this proposed development.

Our support at this stage reflects a preliminary review of the site. Any decision regarding approval of a franchise will be made following Marriott's review of the complete application materials and applicable diligence. We are encouraged by the prospect of reviewing an application for the Moxy brand at this location and look forward to working with the development team and city officials as the process moves forward.

Sincerely,



Billy Quaranto
Senior Director, Lodging Development
Marriott Select Brands – CO, NE, IA, MN, ND, SD



