



Business Plan for the North Garden Theater, LLC

Established in 2015 by Tina and Ryan North
929 Seventh Street West, Saint Paul, Minnesota 55102
Ownership: Tina North 51%, Ryan North 49%

EXECUTIVE SUMMARY

North Garden Theatre Mission Statement:

Our mission is to provide a dynamic venue where the arts and events can flourish, where creative individuals and groups feel empowered to utilize the space, and audiences are attracted by quality, professional, and profitable works.

Ryan and Tina North purchased the old Garden Theater located in the up and coming West 7th neighborhood in St. Paul, Minnesota. Having spent almost two decades working in the performing arts and the past ten years operating a successful retail business, the Norths are prepared to combine their passion with their business experience to develop and operate the *North Garden Theater*.

The NGT will be a for-profit producing house - meaning that the facility will be rented to other arts groups and interested parties that need a venue in which to gather and perform. Much like any other for profit business entity, we will be focused on quality, capacity, and diversification.

- **Quality products:** The Norths will develop and establish a process in which our presenting artists will be vetted - asking for a minimum track record of success led by a professional artistic team. This level of quality will help ensure a solid base of new and returning customers.
- **Maximizing capacity:** The building will be *available* for rent seven days a week during the morning and afternoon (6:00am to 5:00pm) and evening (5:00pm to 12am).
- **Diversifying our offerings:** The NGT will attract Twin Cities theater companies in need of a space, but will also be made available for music acts, dance companies, educational offerings, corporate events, lectures, weddings and private gatherings. This cross-marketing approach will create an exponentially large customer base.

The Norths are thrilled to become a part of St. Paul's burgeoning West 7th district. The recent development of 247 artists' lofts nearby and the upcoming renovation of the Schmidt Brewery Rathskeller and Keg House into retail, restaurants and marketplace will be a boon to the developing area. This (partially) city funded development is located across the street from the North Garden Theater and will help to create a center for arts, culture, and commerce.

MARKET ANALYSIS

MINNESOTANS ARE 29% MORE LIKELY THAN ALL OTHER AMERICANS TO HAVE ATTENDED A LIVE THEATER EVENT WITHIN THE PAST YEAR. - SCARBOROUGH.COM

THE TWIN CITIES HAS THE MOST THEATER SEATS PER CAPITA AFTER NEW YORK, ACCORDING TO THE MINNEAPOLIS CONVENTION AND VISITORS ASSOCIATION.

THE TWIN CITIES SELLS OVER 2,000,000 THEATER TICKETS EACH YEAR - GREATER MSP, REGIONAL ECONOMIC DEVELOPMENT PARTNERSHIP.

4.8% GROWTH RATE PER YEAR FOR PARTY AND EVENT PLANNING. - IBIS WORLD

Twin Cities Retail Market Analysis

The following Twin Cities retail market analysis provided by the January 2016 Cushman Wakefield Northmarq Compass Report.

Retail Market Fundamentals Continue to Improve; Grocers and Regional Malls Lead Activity
As the economy continues to strengthen, more retailers are expanding, which is driving down the vacancy rate and driving up both absorption and rental rates. At 6.69%, the market boasts the lowest vacancy rate since pre-recession levels of 2006. Led by activity at grocery-anchored centers and regional malls, the market reported 886,055 sf of absorption in 2015. Construction activity has picked up but remains well below pre-recession levels.

Rates: '\$40s Is the New \$30s' A lack of new construction has made it difficult for retailers to find quality space. Newer small-shop space in top-performing "A" centers is becoming scarce and rates are escalating. Landlords can draw rents in the \$40-per-square-foot (psf) range for the best locations in the top track areas—a new threshold. This is "pricing out" some retailers and forcing them to get creative with existing space that may need more tenant improvements or is in a secondary location. Meanwhile, landlords are getting creative themselves by renovating old, tired space or repurposing it for non-traditional tenants.

Grocery Turf War Underway Grocers are "front and center" as they compete in a very crowded Twin Cities market. Although Rainbow Foods pulled out in 2014, plenty of grocer concepts are fervently competing to snag their market share. Lunds & Byerly's and Cub Foods, among other grocers, are backfilling Rainbow space. More deals are in the works for the five remaining Rainbows that were not initially purchased.

Active grocers include Hy-Vee, Cub Foods, Fresh Thyme Farmers Market, Aldi, Jerry's Foods, Whole Foods, Trader Joe's and Kowalski's. Also, newcomers Lucky's Market, 365 by Whole Foods and Meijer's are reputed to be seeking sites.

Other Expanding Concepts In addition to grocers, other expanding retailers include Total Wine & More, Hobby Lobby, newcomer At Home and La-Z-Boy.

Mixed-Use In-Fill Hits Suburbs While mixed-use redevelopment has predominantly occurred in dense urban markets, it is now moving to the suburbs. Construction is underway or planned for prime in-fill redevelopment sites in sought-after suburbs like Edina, Eagan, Wayzata, Bloomington, Minnetonka and Woodbury. Cities are pushing developers toward density with a residential component. However, dense mixed-use is expensive to build and can be difficult to make work for retail.

Restaurants Are Busy Restaurants are active and many opening in Minneapolis' downtown and Uptown neighborhoods are chef-driven concepts like Eastside, which opened in the Latitude 45 apartment building in Downtown East. Other new restaurants include Giordano's, Salsa a La

Salsa Mexican Grill, Shake Shack and The Pint Public House.

However, the restaurant business is low margin and some restaurateurs are being “squeezed” by Minnesota’s scheduling and minimum wage issues. Several restaurants closed including La Belle Vie and Masa.

Regional Malls Reinvent Themselves Regional malls are “maximizing their sites” as they invest in makeovers/expansions and freshen up their tenant mix. Southdale Center welcomed Dave & Busters and Gordmans. Ridgedale Center underwent a renovation/expansion with a new Nordstrom store and small-shop space. Rosedale Center is planning a 140,000-sf expansion including space for a new anchor. The Mall of America is leasing 150,000 sf of expansion space to upscale retailers and restaurants.

Bricks-and-Mortar Stores Step It Up Recognizing the rapid growth in e-commerce, traditional retailers are beefing up their online operations to compete with powerhouses like Amazon, which began offering its Prime one-hour delivery service locally in October. Big-box retailers are converting some stores into distribution-type centers to help fill online orders efficiently and speed up delivery. Target has partnered with Instacart to compete with Amazon on groceries while Walmart is testing a free delivery service and grocery pick-up kiosks in several markets. Brick-and-mortar retailers understand that they will have stronger online leverage with the convergence of online and in-store sales.

Outlook Approximately 375,000 sf of positive absorption is anticipated for the first half of 2016. Rates should continue an upward trend.

Prime small-shop space will likely continue to be constrained, forcing retailers to think outside the box to get deals done. The market may need to see more recycling of older concepts to free up space for retailers wanting to expand or enter the market. Examples may be Sears, which is looking at right-sizing its stores, and Office Max, Office Depot and Kmart have closed locations that are being repurposed. Creativity is required on all facets of the business.

E-commerce will continue to be a growing component of bricks-and-mortar retailers’ profits, and they will continue to find ways to compete.

While Eagan and Woodbury have large developments slated to open in third-quarter 2016, the market is lacking the next big retail development.

North Garden Theater’s Neighborhood Analysis

North Garden Theater’s Neighborhood Boundaries

The property is located in the southeastern portion of St Paul in the West 7th Street Neighborhood. West 7th is a mixed use corridor that extends from Downtown St Paul to the Highland Park area of the city. This market area is generally delineated as follows:

North: I-35E

South: Mississippi River

East: Downtown St Paul

West: Snelling Avenue

Neighborhood Access and Linkages

Interstate 35 provides major transportation in the area and provides primary access to I-94 and other surrounding communities. Interstate Highways 94 and 35E are part of the Minneapolis/St. Paul freeway system and provide regional ingress and egress. Overall, vehicular access to the subject is average.

West 7th Avenue provides northeast/southwest access through the neighborhood. Land uses include a mix of commercial, industrial and residential uses. The corridor includes various commercial nodes with varying levels of commercial use concentration. Generally, the intensity of commercial increases with proximity to downtown.

Neighborhood Land Use

The subject is in a neighborhood commercial node near Randolph Avenue. Nearby uses include restaurants/bars (Shamrock's, Joe & Stan's), neighborhood retail uses (Best Pawn, Music Go Round, Bearded Mermaid Bazaar), and other secondary office and other commercial uses. Nearby to the east of the subject is the former Schmidt's Brewery, which has been converted to livable artist's lofts. The traffic along West 7th, the surrounding commercial uses, existing residential and nearby residential redevelopment support a variety of neighborhood commercial uses.

ORGANIZATION AND MANAGEMENT

Ryan North

Co-Owner, Artistic Director, North Garden Theater

Duties Include: Screening and hiring staff and other artistic positions, Implementing marketing strategies, Researching and implementing innovative technology solutions, Bookkeeping

Education: B.S. in Theater from Illinois State University

History: Ryan North has been involved in the many facets of theater since Junior High in 1988. He went on to be involved in High School, University, and Community Theater as a teen. Ryan attended Illinois State University and graduated with a bachelor's degree in Theater in 1996. Ryan moved to Minneapolis soon after to pursue a career in acting. Jobs ranged from stage, to screen, to voice overs along with behind the scenes work in directing, producing, and education. In 2000, Ryan started directing and teaching for Youth Performance Company and was promoted to Director of Education in 2002. He grew their education budget by 700%. A Youth Performance Company show that Ryan co-wrote and directed won a Ivey Award. In 2005, he was hired to develop and implement a new Art's Magnet Program for Buffalo High School. In 2006, Ryan and his wife opened ReGifts - an award winning eco friendly gift shop. ReGifts grew and expanded into Twin Cities Green and then rebranded into Moss Envy, their current storefront. Moss Envy is profitable and has annual sales in excess of 1.2 million.

Tina North

Co-Owner, Executive Director, North Garden Theater

Duties Include: Financial oversight, scheduling, interior design for lobby and offices, inventory management of concessions, Facility Rental Management, Design oversight during build

Education: Moorhead State University 1992 to 1994 Theater Major, Theater Dance Minor
University of Minnesota 1994 to 1995 Theater Major

*Did not acquire degree due to getting contracted professional work in her field. She worked on a major motion picture and was contracted to perform in the long running production of Tony n' Tina's Wedding as well as doing commercial and voiceover work at that time.

History: Tina North has spent over 20 years performing professionally and almost 10 years as a business owner. Please see attached resume for theater history. As for her profession in retail she began that very early on. She had over 7 years in the retail industry before starting her business "Regifts" with her husband Ryan. Previous retail experience included work with H2O Plus, Structure, Saks 5th Avenue and her stint at Patina to make sure she was ready to open her store front. The 1st store ReGifts had two rebrands landing at it's current incarnation Moss Envy. The shop posted significant growth, averaging 20% annually, currently landing at an average of \$1.2 million in sales. Through classes, networking opportunities and several consultants, Tina gained powerful knowledge she implements every day. In 2013, she won the "Nothing Ventured Nothing Gained" award from Women Venture for her consistent attention to growing her company. The shops also received "Best of" awards from City Pages, Minnesota Monthly, and Mpls/St Paul Magazine.

Ryan and Tina's background and skills in theater and business will combine to serve the success of the North Garden Theater.

The Norths hope to create a Board of Advisors made up of well known arts administrators and successful business owners and managers to aid in decision making, growth strategies, and operations.

SERVICES PROVIDED

The North Garden Theatre will, at its core, provide a 150 seat black box style venue with lights, sound, and rich media projection capabilities. The stage and audience area will be mobile - meaning the space will morph depending on the needs of the producer or event. The NGT will

The seats and risers will store away to open up the space to accommodate a banquet setup. The lobby will feature a bar / concessions area (where customers can order soft drinks, beer, wine, and liquor and pre-packaged snacks), three bathrooms, and a box office area. The backstage area will feature a shop/storage area, dressing rooms, bathroom, and a small catering service area to facilitate catered meals. The front mezzanine level will house offices and a technical control room. The rear mezzanine level will feature a secondary space suited for rehearsals, classes, and even intimate performances.

MARKETING AND SALES

The North Garden Theater will primarily penetrate its market by attracting quality theatrical producers / productions and arts experiences via the implementation of its vetting process. This perceived difference in quality when compared to other producing houses will set us apart from our competition. Audiences will know the North Garden Theater for their commitment to quality and be more likely to invest their theatrical entertainment dollar at the NGT. Promotional efforts to attract quality producers will be fueled by the North's many theater connections they have fostered over the past 20 years. Word of mouth coupled with a strong local push via real and social networks will provide exponential penetration. When it comes down to it, the local theater community is small and word travels fast.

Our growth plan would implement vertical and horizontal strategies on the producer and audience acquisition levels. We will grow our programming by diversifying our producers across the artistic spectrum drawing in not only theater, but music, dance, film, festivals, concerts, comedy, and more. This will allow us to reach out to a wider audience, diversify our attendance, and cross-promote over multiple audience channels.

Our channels of distribution will involve identifying, marketing to, and ultimately selling tickets across our multiple audience channels. This includes 1) individual ticket sales driven by advertising, word of mouth, and an integrated social networking plan and 2) corporate and group sales escalated via targeted and customized opportunities driven by the artistic staff and a dedicated part-time staff member. We will reach our customers through targeted promotions, advertising, public relations, internal selling, social networking and printed materials such as brochures, flyers, and postcards.

FUNDING

We are working with Sunrise Bank (St. Paul) to obtain an SBA loan to cover the construction costs of creating the theater.

We have secured a St. Paul Neighborhood STAR Grant of \$49,999 to help cover the expenses related to creating our marquee.

We also plan to run a crowdsourcing campaign via our website (www.northgardentheater.com) - tapping into both the local theater community and the West Seventh Community. A well run campaign should generate \$25,000 to \$50,000.