

Partnership Discussion: SnowGlobe x City of South Lake Tahoe



February 2018

Agenda & Purpose

- For the past eight years, SnowGlobe has been fortunate to have a tight partnership with the City of South Lake Tahoe
- This deck provides a summary of SG17 across all key metrics, highlights important areas of mutual benefit for SG and CSLT and discusses areas of improvement focus for the future
- We understand that large events like SnowGlobe, while they are important cultural and economic pillars of communities, also take a toll. This deck endeavors to present the facts related to the SG event, identify improvement areas and propose solutions and, most of all, demonstrate our desire to always listen and improve.
- We understand the City Council's role is to take all community voices into account and make decisions that weigh benefit against cost. We strongly believe SG is a significant net benefit to CSLT and we propose in this deck specific mitigation plans to key community concerns, including field conditions and sound.
- We deeply care about this community and consider SnowGlobe a key part of the CSLT family
- We are entering the final year (SG18) of our existing three year agreement. In August 2017, CSLT City Counsel unanimously approved a 10 year deal extension for SG, subject to contracting the deal. We proceeded with SG18 planning on this basis and now find our company, team and community partners in a deeply uncomfortable position with no certainty in our host town.
- **We want SnowGlobe to stay in CSLT for the next decade, but we must have reciprocal commitment from CSLT to do so. We have numerous options for new host towns and are actively considering next steps. 18 months of planning foresight is mission critical in the events business and permit timing is therefore critical for SG to remain in CSLT.**

A Strong Basis for Partnership!

- SnowGlobe and CSLT have been partners for almost a decade!
- SnowGlobe is a part of the SLT community, having generated an estimated \$50,000,000 in economic impact since inception, donating significantly to local Tahoe non-profits (~\$80,000 in 2016-17 alone) and providing a safe, world class, anchor event in the middle of a key tourism period for SLT
 - 2016-17 non-profit donations of ~\$80,000 to LTCC, Boys & Girls Club Of Lake Tahoe, Christmas Cheer, League to Save Lake Tahoe, SLT SWAT, School Boosters and others
- SnowGlobe is a very important driver of economic activity for the City of South Lake Tahoe
 - SnowGlobe introduces >20,000 out-of-town attendees to the City of South Lake Tahoe each festival, which we believe seeds thousands of future visits to the beautiful Lake Tahoe region (*based on our survey data, see slide #4*)
 - SnowGlobe acts as an economic hedge against variable winter weather, as the festival is a draw regardless of snow conditions, providing SLT with >\$14,000,000 in annual net economic impact and ~60,000 hotel room nights annually (*see slide #15-16 for detail*)
- SnowGlobe has built a passionate base of fans and press who interact daily with our brand through social media, including >125,000 Facebook fans, many of whom have learned about the beauty of Lake Tahoe through our dozens of brand videos
- SnowGlobe is a fantastic brand ambassador for the South Lake Tahoe region:
- 96% of SnowGlobe annual survey respondents would recommend SnowGlobe! 91% state they will return for the next year!

SnowGlobe 2017 Summary Report (1)



The Numbers:

- 20,000 || Number Of Daily Attendees
- 48 || Number Of Countries In Attendance
- 374,315,239 || Number Of Cumulative Digital Impressions
- 96% || Percentage Of Attendees Who Would Recommend SnowGlobe To Friends And Family
- 95% || Percentage Of Attendees Who Feel That SG17 Is A Good Value
- **91%** || Percentage Of Attendees Who Plan On Attending SG18

Key Success Metric: Safety

With the continued support of SLTPD, SLTFD and Rock Med, we believe that **SnowGlobe 2017 was the safest SG event to date**. Closing Al Tahoe proved to be an positive element on the overall safety of the event.

“Considering the number of people we had, arrests were low. Closing Al Tahoe was a huge benefit. I think we’re getting better at it, it went really well.”

– SLTPD Lt. Shannon Laney

	2014	2015	2016	2017
Total Arrests	84	157	131	49
% Change		87%	(17%)	(63%)

Additionally, South Lake Tahoe Fire Chief Jeff Meston, whose team works collaboratively with Rock Med to facilitate medical transports, reported a decrease in medical transports from 2016 to 2017.

We and SLTPD believe that SnowGlobe helps create a safer, more controlled NYE experience at Stateline; one of the primary reasons CSLT was interested in hosting SnowGlobe in the first place seven years ago. According to The Douglas County Sheriff’s Office (DSCO) the number of attendees at Stateline was approximately 5,000, down from the estimated 50,000 in the decade prior to SnowGlobe’s establishment¹.



¹ [‘Busy New Year’s Eve Weekend In South Tahoe and Stateline’ South Tahoe Now 1/2/18](#)

SnowGlobe 2017 Summary Report (2)



Key Success Metric: Visibility for CSLT

SnowGlobe has already established itself as the premier winter music festival in the world and has gained recognition as the top New Year's Eve event for millennials.

This matters for CSLT's future: millennials will be the largest single buying group in the US by 2025.

SnowGlobe's importance to millennials can be easily seen in the example of our SG17 Snapchat story, which made CSLT worldwide feature Snapchat's homepage on 12/29/17:

The story was viewed **19,000,000** times by **1,000,000** unique viewers — with peak engagement (outside of the US) from Mexico, Canada, Saudi Arabia, United Kingdom and Australia.

One of the LTVA's primary goals in supporting SnowGlobe is to help establish South Lake Tahoe as a long-term vacation destination for millennials so they'll continue to return with their families as they transition into parenthood.

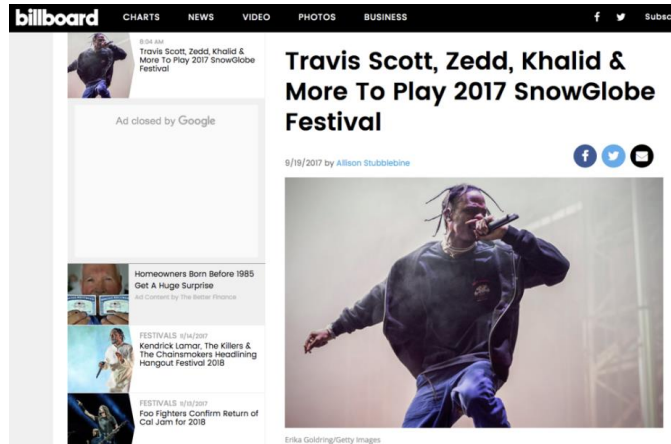
Michael Reitzell, President of The California Ski Industry Association, believes strongly that millennials are the key to the near future of California's ski industry¹. The vast majority of SnowGlobe's attendees (**86% in 2017**) are millennials, which greatly increases that chances that they will choose South Lake Tahoe as their vacation destination of choice in the future.

In the just-completed SG17 recap survey (conducted using third party web software), **94%** of respondents reported coming from outside South Lake Tahoe for the specific reason of attending the festival. **95%** responded "yes" to the question: "Would you re-visit South Lake Tahoe for a trip unrelated to SnowGlobe in the future?"

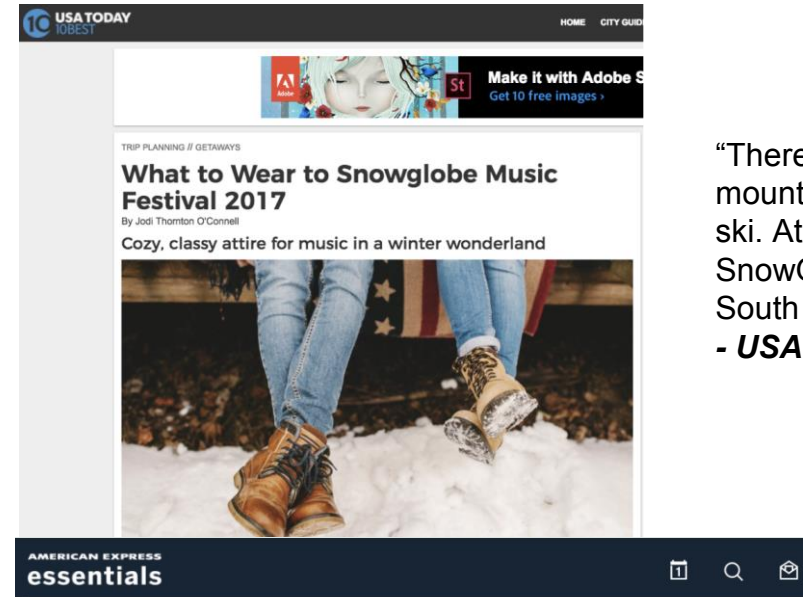
SnowGlobe is seeding the tourism future of South Lake Tahoe!

¹ ['Ski Industry Tries To Maintain Stability Amid Shifting User Trends In Younger Generations'](#) *Tahoe Daily Tribune* 10/30/17

SnowGlobe 2017 Selected Press



“SnowGlobe Music Festival returns to Lake Tahoe for it’s seventh year with a packed lineup to usher in the new year.”
- **Billboard Magazine**



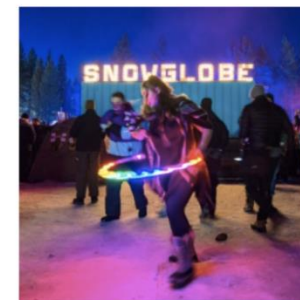
“There’s more to do on the mountain in Lake Tahoe than ski. At the end of each year, SnowGlobe rocks the woods in South Lake Tahoe, California.”
- **USA Today**



“Taking place in a pristine mountain town, SnowGlobe is a literal winter wonderland, covered in real-life snow and surrounded by majestic trees as lasers, fireworks and light shows fly above the chilly sky.”
- **DJ Mag**

SnowGlobe Music Festival

29-31 December, 2017
South Lake Tahoe, California, USA



SnowGlobe Music Festival

29-31 December, 2017
South Lake Tahoe, California, USA

Not a typical musical fest, SnowGlobe invites you to chill out, literally, in the snowy Sierra Nevada Mountain surrounds. Hit the slopes by day and witness electro pop performances at night, alongside firework displays, live graffiti artwork and 'Big Air' snowboard and ski demos.

snowglobemusicfestival.com
[Photo: Alex Dunne/Hatchery 17]

“Not a typical music fest, SnowGlobe invites you to chill out, literally, in the snowy Sierra Nevada Mountain surrounds. Hit the slopes by day and witness electro pop performances at night.”
- **American Express**

SnowGlobe's Commitment to the Community (1)

While SnowGlobe provides significant benefit to the CSLT community, we also understand that SnowGlobe – like all events - takes a toll on CSLT's infrastructure. We understand that our event is large and loud and some community members are inconvenienced by SnowGlobe.

As the key event partner to CSLT, we know our role is to listen, react and strive for continuous improvement. One key element of our approach will always be investing to create positive change within the CSLT community.

Our festival proudly employs ~500 South Lake Tahoe residents, as well as providing a steady flow of customers to thousands of others through local businesses. We also commit to always contribute to and partner with numerous South Lake Tahoe programs and non-profits each year.

SG Donated >\$80,000 in the Past Year:

- Hotels For Hope
- Lake Tahoe Boys & Girls Club
- South Tahoe Vikings Booster Club
- South Tahoe SWAT Unit
- Christmas Cheer
- The Whittell Boosters
- The League To Save Lake Tahoe
- Lake Tahoe Community College Foundation
- Lake Tahoe Community College Coyote Plaza
- Community Play Consortium



SnowGlobe's Commitment to the Community (2)



“We were grateful to establish a partnership with SnowGlobe and Hotels For Hope this year, which gifted \$1600 of much needed unrestricted funding to the Club. We hope to further grow the event’s engagement with and support of the Club in coming years.” - Jude Wood

Executive Director, Boys & Girls Club Lake Tahoe

Non-Monetary Donations:

We are proud to announce that -- in the days following the festival -- SnowGlobe was able to donate over 1,500 pounds worth of food, drinks, clothes and furnishings to 8 local organizations in South Lake Tahoe:

- Live Violence Free
- Tahoe Coalition For The Homeless
- South Lake Tahoe Family Resource Center
- Boys & Girls Club of Lake Tahoe
- Christmas Cheer
- Tahoe Youth Center
- Bread & Broth
- St. Theresa's Catholic Church

SnowGlobe's Commitment Cleanliness and Sustainability

After 2016, we understood a key community concern was trash on site and the clean-up process in general. We believe we completely addressed this issue at SG17 and all stakeholders were pleased. We are certain that SG18 will be even better.

Our goal by SnowGlobe 2020 is to transition into a completely sustainable event. We're happy to report that with help from our amazing partners at Waste Free Earth and Chris' Cleaning, we've made impressive steps year-over-year towards reaching that goal:

- **65%** of the SG17 waste generated was diverted away from landfills and into compost and recycling initiatives -- an **11%** improvement from SG16
- That 65% is broken down into **18,000** pounds of compostable materials (all food, flatware, and cups from vendors were fully compostable), **23,144** pounds of recyclable material and **1,500** pounds of donated food



Follow

SnowGlobe crews out in force picking up refuse this morning. Thank you for caring for Tahoe! @itsSnowGlobe



- SG17 Clean-up Approach: we tripled the size of our pick-up team (all local employees) and prioritized areas of the community identified as problem areas in year's past
- Additionally, fans were encouraged to stop by our Sustainability Tent during the festival and pick-up trash bags from our Sustainability Team. For every full bag returned to the tent, fans received a ticket to enter a raffle for a pair of tickets to next year's festival.
- SG18 Plan: we will build on the areas of SG17's success by maintaining or increasing the pick-up team and continuing to prioritize key site areas. We are also making plans to further empower and reward attendees for playing an active role in keeping the site clean by expanding our free ticket raffle program.

We are also proud to announce that we will be planting 200 Sugar Pine trees in the Lake Tahoe Basin, in partnership with Sugar Pine Foundation and Waste Free Earth. This is a gesture we plan to repeat each year.

Community Playfield Discussion & Proposal

SG17 Impact on Site:

On January 5th, SG, city officials, contractors involved with the construction of the Community Playfield and Craig Witt of Full Circle Compost (turf expert) did the post-event site inspection.

Mr. Witt believes, based on core sample testing (pictured right) at various locations of the field, there was no substantial structural damage to the sod as their roots achieved and maintained 3"-4" penetration into the sandy sub soil.

The field's current appearance is due to black peat material being pushed to the surface by foot traffic and Mr. Witt does not expect there will be lasting damage.



The maintenance and preservation of the Community Playfield remains our top priority, and we're committed to finding a solution that mitigates cosmetic and structural damage.

2018 Plan:

Scenario 1: Warm weather and no snow: complete field coverage is a risky solution in cold weather scenarios as the cover can freeze to the sod and damage it when uninstalled. In warmer weather like SG17, full field coverage should be effective. The portions of the field that were covered during SG17 remained pristine. If SG18 is a warm year, which unfortunately appears to be a trend, we commit to a full field cover at our expense.

Scenario 2: Cold Weather (which means snow): we will avoid full field cover (based on dangers of uninstall) if there is snow and allow the snow cover to protect the frozen sod.

Scenario 3: Other: we would explore a mixed course of action (partial cover) per feedback from CSLT selected turf expert and, in any case, post a \$250K bond by Sept 31, 2018. As with the current commitment, SnowGlobe will commit to fix field and, in unlikely scenario of field damage and delayed repair, pay the difference for team use of LTCC field if need be.

If CSLT fulfills promise to codify the 10-year deal, SG will contribute 50% of the cost (up to \$750,000 towards replacing the Community Playfield sod with artificial turf. This is the optimal solution for a field in a cold-weather climate and SG would take this extraordinary step with a long-term commitment from CSLT.

Sound Mitigation Discussion & Proposal

As with any music event, the bleed of sound and bass vibrations into the surrounding community is an important variable that we must continue to refine and improve as we go forward.

SG has always stayed within our contractually specified decibel limits, but these limits can not account for atmospheric variables (like air density from moisture, lack of snow, etc.) that change year to year.

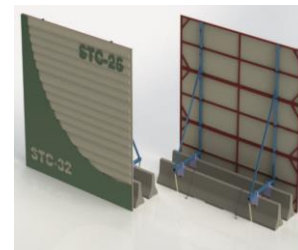
We experienced for the first time at SG17 the variable of zero snow and understand the sound bleed was worse than prior events. Thus, we are committed to mitigating sound in any weather scenario and have explored solutions that we believe will greatly improve the sound issue:

2018 Scenarios:

Scenario 1: Snow cover on site: snow will work as a natural sound absorber and we will continue to work collaboratively with city appointed staff to ensure decibel levels are within limit and make adjustments

Scenario 2: If there is no or minimal snow cover, SnowGlobe will integrate proven environmental noise control infrastructure into site design and stage production. These items would include:

- Free-Standing “SK-8” Sound Barriers (top right): designed for maximum low frequency noise absorption
- STC-32 Acoustical Barrier Blankets (middle right): designed for targeted area noise absorption
- K-Rail Mounted Temporary Sound Walls (bottom right): designed for general area noise absorption



Here is to the Next Ten Years!

- SnowGlobe is a small business that makes millions of dollars of commitments a year in advance to ensure our events have premier talent, the best production equipment, inspiring visual art and world class digital video content
- Our company is at a critical point in our life and our Board has performed a strategic review and created a long term plan
- We believe a long term venue partnership is critical for SnowGlobe's next ten years with our host city
 - We are willing to make a greater long-term financial commitment to the community, but we need a reciprocal commitment
 - Long term venue deals have been very successful in creating deeper partnerships, greater investment and strong success in numerous towns around the world and represent a very effective form of public/private partnership
- The nature of our event business is that we need to plan years in advance for major investments (talent, festival features, equipment investments, team member hires, marketing spend plans and more), making the timing of this long-term a critical priority for investment by SG into the SLT community
- We are making a preliminary proposal to the City of South Lake Tahoe for a 10 year partnership deal (with two five year extensions), which will enable us to be a more dedicated partner to the community, its non-profit partners and its residents for many more years to come
- It is important that we discuss and formalize this arrangement in by the end of March 2018, as will be making long-term strategy decisions and investments for SnowGlobe's 2018 and 2019 event plans

Summary Proposed Terms (approved by City Council in August 2017)

- We propose a 10 year venue lease agreement (in addition to 2017/2018 editions) with two five year extensions, of the Community Playfields & Bijou Park with flexibility to modify footprint and layout (subject to mutual agreement) over time, as new circumstances and opportunities present themselves
- Event exclusivity in favor of SnowGlobe in its music genres within the City of South Lake Tahoe
- Agree to work together to provide SnowGlobe the venue footprint to grow the event safely and steadily over time
- In return for the certainty of this long term agreement, SnowGlobe will make a very substantial long term dollar commitment to the City of SLT, the Community Playfields and Bijou Park
- Our economic goal is to align SnowGlobe and SLT interests through both short- and long-term economic incentives:
 - SnowGlobe to make upfront partnership investment to SLT (to an entity of SLT's choice) of \$25,000 upon signing of long term agreement, allowing for an immediate positive impact to the SLT community
 - SnowGlobe to contribute an increasing amount of money per ticket sold to the City of South Lake Tahoe over 2017-2028
 - SLT sponsorship and expense reimbursements eliminated beginning with the 2017 event
 - Our belief is that SnowGlobe will likely be the largest private funding source of SLT community projects and non-profit organizations (if not the largest) over the next decade (see next slide)
- Over the life of the first 12 years (including 2017 + 2018) of this agreement, we estimate that SnowGlobe would directly contribute approx. \$300,000 to SLT and generate ~\$160,000,000 in net economic impact
- When taking into consideration the contributions of SnowGlobe to the City of SLT and the elimination in costs to SLT the net overall economic benefit is approx. \$900k over the life of the proposed agreement

Financial Summary of Proposed Terms (as Presented August 2017)

- SnowGlobe upfront investment in the community playfields of \$25,000 upon signing in 2017 (does not include turf field)
- City of SLT would forego its 2017 + 2018 sponsorship payments totaling \$50k and event expense reimbursement totaling \$50k
- SnowGlobe will contribute an increasing amount of money per 3-day ticket equivalent sold, starting with the upcoming 2017 event
- As SnowGlobe's daily capacity grows, so does the potential contribution amount to the City of SLT/Community Playfields
- The total projected direct cash contribution from SG to SLT during the life of the agreement is \$295,000 and total economic benefit to the City of SLT of \$895k over the life of the contract

Current Economic Arrangement - SnowGlobe and South Lake Tahoe													
	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	TOTAL
SLT Sponsorship	\$25,000	\$25,000	\$25,000	\$25,000	\$25,000	\$25,000	\$25,000	\$25,000	\$25,000	\$25,000	\$25,000	\$25,000	\$300,000
SLT Services Reimbursement	25,000	25,000	25,000	25,000	25,000	25,000	25,000	25,000	25,000	25,000	25,000	25,000	300,000
SLT Contributions to SG per Year	\$50,000	\$50,000	\$50,000	\$50,000	\$50,000	\$50,000	\$50,000	\$50,000	\$50,000	\$50,000	\$50,000	\$50,000	\$600,000 ◀ Represents Current SLT Contributions
Proposed 10 Year Agreement - SnowGlobe and South Lake Tahoe													
	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	TOTAL
SLT Sponsorship	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
SLT Services Reimbursement	0	0	0	0	0	0	0	0	0	0	0	0	0
SLT Contributions to SG per Year	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0 ◀ Represents Proposed SLT Contributions
Number of SG 3-Day Tickets Sold	20,000	22,000	23,000	24,000	25,000	26,000	26,000	27,000	27,000	27,000	27,000	27,000	301,000
Dollars Contributed by SG per Ticket	\$0.50	\$0.50	\$0.50	\$0.75	\$0.75	\$0.75	\$1.00	\$1.00	\$1.00	\$1.25	\$1.25	\$1.25	\$0.98
One-time Agreement Signing Contribution	\$25,000												
SG Contributions to SLT per Year	\$35,000	\$11,000	\$11,500	\$18,000	\$18,750	\$19,500	\$26,000	\$27,000	\$27,000	\$33,750	\$33,750	\$33,750	\$295,000 ◀ Represents Proposed SG Contributions
Net Benefit of Proposal vs. Current Agreement	\$85,000	\$61,000	\$61,500	\$68,000	\$68,750	\$69,500	\$76,000	\$77,000	\$77,000	\$83,750	\$83,750	\$83,750	\$895,000 ◀ Represents Value of New Proposal vs. Current

2016 Net Economic Impact Highlights (1)

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Summary of Impacts from 2016 SnowGlobe Event SnowGlobe Economic Impact Analysis

Items	CSLT Impacts	Stateline (NV) Impacts	Total Regional Impacts
Visitation Impacts			
Average Daily Event Attendance	19,494	n/a	19,494
Total 3-Day Event Attendance	58,481	n/a	58,481
Total Visitor-Nights	50,785	9,248	60,033 [1]
Total Visitor Spending	\$6,127,096	\$1,934,872	\$8,061,968
Economic Impacts			
Direct Spending	\$6,795,249	\$2,007,175	\$9,254,357
Jobs (FTEs)	146	22	168
Labor Income	\$2,204,788	\$669,601	\$2,874,389
Economic Output	\$11,477,818	\$2,804,147	\$14,281,965
Municipal Revenue Impacts			
Sales Tax	\$52,152	\$10,646	\$62,797
TOT (Hotel tax)	\$403,465	\$95,515	\$498,980

[1] Only visitor-nights in CSLT and Stateline (Douglas County) are shown. Other locations may include North Lake Tahoe, Carson City, Reno, etc. Total visitor nights in all locations amount to 65,592.

Sources: 2016 SnowGlobe Attendee Survey, SnowGlobe LLC, and New Economics.

Prepared by New Economics & Advisory, April 2017.

2016 Net Economic Impact Highlights (2)

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Summary of Visitor-Nights SnowGlobe Economic Impact Analysis

Item	2016 Event Value
Calculation of Visitor-Nights	
Average Daily Attendance	19,494
Visitors' Average Daily Attendance (93%) [1]	18,129
Average Nightly Stays [2]	3.6
Total Visitor-Nights	65,592
Total Visitor-Nights in CSLT [3]	50,785
Total Visitor-Nights in Stateline [3]	9,248
Total Visitor-Nights Elsewhere [3]	5,560

Sources: 2016 SnowGlobe Attendee Survey, SnowGlobe LLC, and New Economics.

[1] This figure does not include "local" attendees, as estimated from the 2016 SnowGlobe Attendee Survey data, in which 93.4% of respondents stated that traveled to the South Lake Tahoe from out of the area in order to attend the SnowGlobe event.

[2] From the 2016 SnowGlobe Attendee Survey.

[3] Assumes that 77 percent of visitor-days are in the City and 14 percent are in Douglas County, from the 2016 SnowGlobe Attendee Survey. See Figure 7.

Prepared by New Economics & Advisory, April 2017.
