THE SPORTS FACILITIES COMPANIES

MANAGEMENT | DEVELOPMENT | PRE-DEVELOPMENT

GASTON COUNTY, NC

EXECUTIVE SUMMARY PRESENTATION

PREPARED FOR:

GASTON COUNTY
North Carolina

AGENDA FOR OUR TIME

Here's what we'll cover:

- Company Overview
- Process Overview
- Facility Program
- Opinion of Cost
- Financial Performance
- Economic Impact
- Key Insights
- Next Steps

THE SPORTS FACILITIES COMPANIES

FOUNDED IN 2003

THE SPORTS FACILITIES COMPANIES

OUR MISSION

IMPROVE THE HEALTH & ECONOMIC VITALITY OF THE COMMUNITIES WE SERVE

3,000 COMMUNITIES SERVED

$15 BILLION IN PLANNED & FUNDED FACILITIES

25 MILLION ANNUAL VISITS TO SFM FACILITIES

2,500+ TEAM MEMBERS AND GROWING

PLANNING
DEVELOPMENT
OPTIMIZATION
MANAGEMENT

THE VOICE OF THE INDUSTRY

ICMA INTERNATIONAL CITY/COUNTY MANAGEMENT ASSOCIATION

community PLAYMAKER

THE ASPEN INSTITUTE PROJECT PLAY

THE SFNETWORK

THE SINGLE LARGEST & FASTEST GROWING SPORTS FACILITY NETWORK

WWW.THESFNETWORK.COM

THE SPORTS FACILITIES COMPANIES

CONCEPT 2 CONCRETE

CONCEPT

8 WEEKS

MARKET FEASIBILITY

- Market and Participation Analysis
- Existing Service Providers Assessment
- Trends and Benchmarks Evaluation
- Recommended Facility and Opinion of Cost Projections
- Expectations for Financial Performance

12 WEEKS

FINANCIAL FEASIBILITY

- Business Model Development
- Institutional-Grade Financial Forecast (Pro Forma)
- Economic Impact Projections
- Feasibility Report
- Project Overview Presentation

12 WEEKS

PROJECT IMPLEMENTATION

- Design Concept and Test Fit
- Opportunity Representation & Presentations
- Project Implementation Timeline
- Partnership Engagement
- Ongoing Business Model Refinement
- Operator/Management Model Selection

8-16 WEEKS

PRE-DESIGN

- A/E teams RFP Generation, Distribution, evaluation, selection, and contracting
- Infrastructure Coordination
- Site Due Diligence
- Cost Validation

4-7 MONTHS

DESIGN

- Design Consulting / Venue Planning
- Design scheduling and coordination
- Constructability Feedback and Review
- Ongoing Cost Evaluation
- Ongoing refinement of facility program and operational impacts

10-24 MONTHS

CONSTRUCTION & COMMISSIONING

- Contractor(s) Procurment and Contracting
- Review of Contractor's Construction Plan
- Cost Control
- Master Schedule Control
- Reporting for Owner
- FF&E and OSE Procurment

10-24 MONTHS

OPERATIONAL DEVELOPMENT

- Team Development & Training
- Operational Development
- SOP Development & Implementation
- Brand Development & Marketing Systems
- Systems & Technology Implementation
- Safety, Security, & Risk Management

GRAND OPENING

DAILY OPERATIONS

- Event Booking & Business Development
- Marketing & Branding Campaigns
- Strategic Planning
- Financial Reporting & Modeling
- Team Development
- Program/Event Management & Development

1-3 YEARS

PERFORMANCE OPTIMIZATION

- Financial Analysis
- Team Evaluation
- Operational & Process Improvement
- Strategic Planning
- Systems & Technology Evaluation

CONCRETE

PROCESS OVERVIEW

FORECAST & RECOMMENDATIONS

THE SPORTS FACILITIES COMPANIES

Process Overview

Definitions of Success

FORECAST & RECOMMENDATIONS

- Create a best-in-class sports tourism facility that attracts and retains tournaments and events, generating non-local visitation to Gaston County and spurring economic development

- Increase access to local programs and improve sport growth through new and/or enhanced recreation programs, new player registration, and additional program offerings that are currently limited or do not exist due to lack of indoor facilities in Gaston County

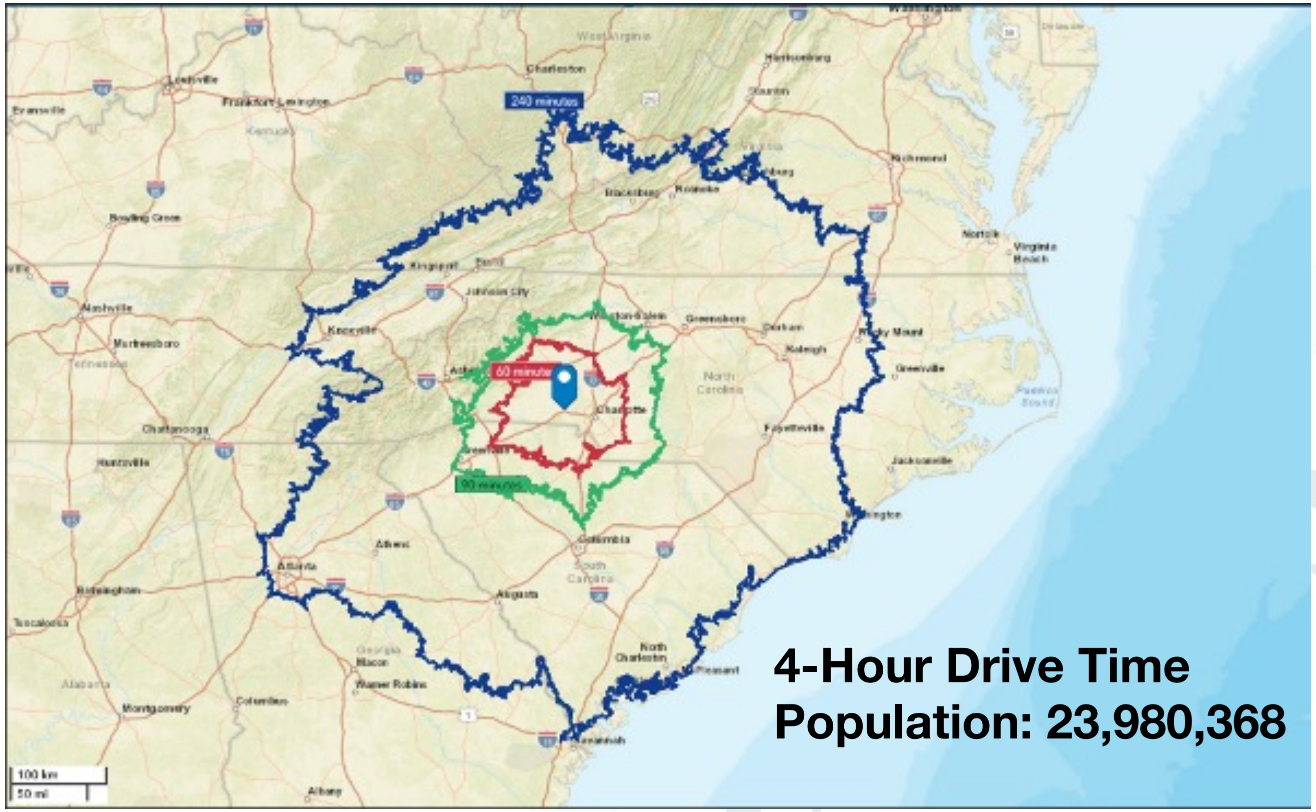
- Maximize revenue generating opportunities to create an operationally sustainable business model and achieve financial sustainability

- Establish partnerships with surrounding municipalities and existing operators to maximize utilization of the facility

Process Overview

Target Markets

FORECAST & RECOMMENDATIONS



THE SPORTS FACILITIES COMPANIES

Process Overview

Target Markets

Category	10 minutes	15 minutes	30 minutes	60 minutes	90 minutes	240 minutes
Population	37,425	100,163	512,227	3,103,571	4,626,233	23,980,368
Growth Projections – Next 5 Years	+4.55%	+2.75%	+5.00%	+5.65%	+5.50%	+4.05%
Median Age (U.S. Median: 39.1)	39.2	40.6	40.1	38.9	39.8	39.8
Median HH Income (U.S. Median: $83,730)	$55,160	$58,946	$71,863	$82,873	$77,914	$75,117
Median HH Income % Above/Below Adjusted Cost of Living (Index: 89)	-25.98%	-20.90%	-3.57%			
Spending Rec. Lessons (U.S Avg.: $172) (State Avg.:$133.66)	$81.56	$86.70	$116.40	$159.81	$143.96	$134.88

FORECAST & RECOMMENDATIONS

THE SPORTS FACILITIES COMPANIES

Process Overview

Participation Rates

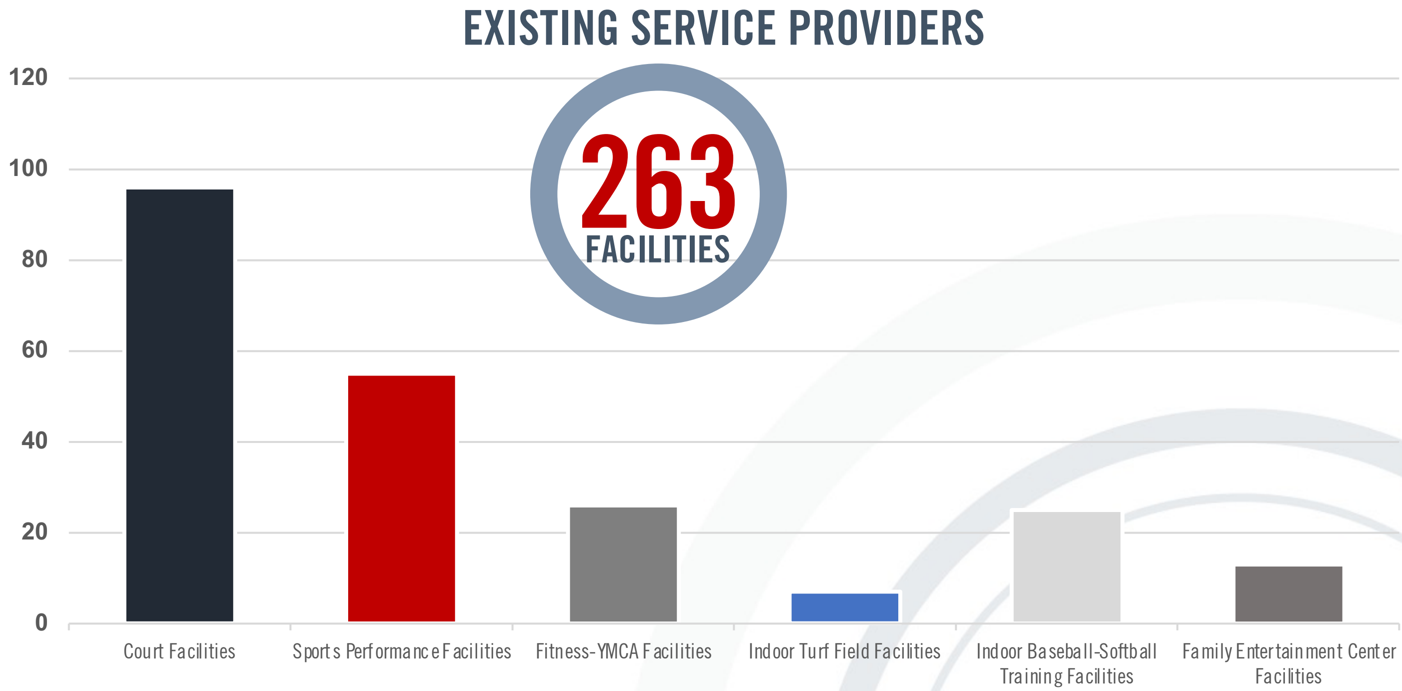
FORECAST & RECOMMENDATIONS

Potential Participants by Traditional Sport (Sample)				
Sport	Core Participation	Participants (30 Minutes)	Participants (60 Minutes)	Participants (240 Minutes)
Basketball	6.98%	35,778	216,776	1,674,960
Pickleball	4.24%	21,730	131,659	1,017,292
Baseball	3.13%	16,020	97,063	749,976
Volleyball	2.55%	13,060	79,129	611,404
Softball	2.01%	10,278	62,276	481,185
Gymnastics	1.40%	7,156	43,355	334,993
Martial Arts	0.99%	5,094	30,866	238,493
Wrestling	0.86%	4,413	26,738	206,600
Futsal	0.83%	4,227	25,611	197,890
Cheerleading	0.82%	4,224	25,591	197,738

Process Overview

Competition – Local

FORECAST & RECOMMENDATIONS



THE SPORTS FACILITIES COMPANIES

Process Overview

Regional Competition Sample – Courts

Facility	City, State	Drive time	Amenities
Charlotte Convention Center	Charlotte, NC	32	34 courts convention layout
Carolina Union Volleyball Club	Charlotte, NC	32	5 VB courts
Sports Connection	Charlotte, NC	32	9 VB courts
CJV East Charlotte Volleyball Center	Charlotte, NC	32	4 VB courts
Carolina Courts Indian Trail	Indian Trail, NC	48	8 BB/VB courts
Rock Hill Event Sports & Events Center	Rock Hill, SC	50	8 BB/16 VB courts (championship court w 1,200 seats)
Greensboro Sportsplex	Greensboro, NC	106	8 BB/VB courts, 4 indoor turf soccer fields
TNT Sportsplex	Kingsport, TN	175	4 BB/VB courts
Suwanee Sports Academy	Suwanee, GA	183	7 basketball, 11 volleyball courts
Gwinnett Convention Center	Duluth, GA	189	volleyball convention layout
Morristown Landing	Morristown, TN	199	115,000sf facility - 4BB/6VB, 10-lane competition pool, fitness center, play climb, child watch, and outdoor splash pad - SF NETWORK venue
Rocky Top Sports World	Gatlinburg, TN	201	6+4 BB courts, 7 outdoor turf fields
Dobbs Creek Recreation Center	Cumming, GA	205	6 BB courts, 6 VB courts
Southern Volleyball Center	Atlanta, GA	208	5 volleyball courts
Georgia World Congress Center	Atlanta, GA	208	58 VB courts (convention center)
Samson's Health and Fitness Center (SAMSO)	Lithonia, GA	215	4 BB courts
Tsunami Center	Forest Park, GA	216	5 VB courts
Rocky Mount Event Center	Rocky Mount, NC	221	8BB/16 VB, meeting space and championship court pod with significant spectator seating
Lake Point Champions Center	Emerson, GA	230	12 basketball, 24 volleyball courts
Myrtle Beach Sports Center	Myrtle Beach, SC	230	8 BB/16 VB courts

FORECAST & RECOMMENDATIONS

THE SPORTS FACILITIES COMPANIES

FACILITY PROGRAM & OPINION OF COST

THE SPORTS FACILITIES COMPANIES

Here's what we'll cover:

- Facility Program
- Opinion of Cost

Facility Program

Space	Indoor Programming Product/Service	Count	Dimensions L (')	Dimensions W (')	Approx. SF each	Total SF	% of Footprint
Courts	Basketball Courts (actual courts 84' x 50')	8	104	80	8,320	66,560	34.8%
	Pickleball Courts	24	44	20	Over Basketball Courts		0.0%
	Volleyball Courts	16	60	30	Over Basketball Courts		0.0%
	Total Courts Sq. Ft.					66,560	34.8%
Turf	Turf Area (Small)	1	200	100	20,000	20,000	10.5%
	Total Turf Sq. Ft.					20,000	10.5%
FEC	Family Entertainment Center	1	-	-	10,000	10,000	5.2%
	Total FEC/Adventure Sq. Ft.					10,000	5.2%
Fitness Center	Fitness Center	1	-	-	8,658	8,658	4.5%
	Small Group Exercise Room	1	35	30	1,050	1,050	0.5%
	Large Group Exercise Room	1	50	40	2,000	2,000	1.0%
	Locker Rooms	2	50	30	1,500	3,000	1.6%
	Child Watch Room (Divisible)	1	50	20	1,000	1,000	0.5%
	Total Fitness Center Sq. Ft.					15,708	8.2%
Flex Space	Lobby/Welcome Area	1	-	-	1,500	1,500	0.8%
	Control Room	1	15	10	150	150	0.1%
	Ticket Office	1	10	10	100	100	0.1%
	Manager's Offices	5	10	10	100	500	0.3%
	Office Area	1	-	-	1,500	1,500	0.8%
	Service Kitchen	1	40	30	1,200	1,200	0.6%
	Café Seating Area	1	50	50	2,500	2,500	1.3%
	Flex/Team Rooms (Divisible)	5	60	25	1,500	7,500	3.9%
	Ref Rooms	2	15	10	150	300	0.2%
	Training Room	1	20	15	300	300	0.2%
	Restrooms	2	35	25	875	1,750	0.9%
	Leased Space - Medical	1	-	-	2,000	2,000	1.0%
	Elevated Walking Track	1	-	-	11,720	11,720	6.1%
	Additional Footprint Required under Elevated Walking Track	1	-	-	10,120	10,120	5.3%
	Total Flex Space Sq. Ft.					41,140	21.5%
	Required SF for Products and Services					153,408	80.2%
	Mechanical, Electrical, Storage, etc.	10% of P&S SF (Excl. Leased Space)				15,141	7.9%
	Common Area, Stairs, Circulation, etc.	15% of P&S SF (Excl. Leased Space)				22,711	11.9%
	Total Estimated Indoor Athletic Facility SF					**191,260**	100%
	Estimated Building Footprint					**161,586**	
	Total Building Acreage					**3.71**	

Site Development

		Quantity	Dimensions L (')	Dimensions W (')	Approx. SF each	Total SF	% of Total
Parking Spaces Total	Parking Spaces Total (10'x18' actual, 20' x 20' inc. aisles)	766	20	20	400	306,400	72.4%
	Setbacks, Green Space, Trails, etc.	25% Indoor/Parking, 50% Outdoor				116,996	27.6%
	Total Estimated Site Development SF					**423,396**	100%
	Total Site Development Acreage					**9.72**	

Total Complex Acreage	**13.43**

Uses of Funds

USES OF FUNDS	LOW	MID	HIGH
Land Cost	TBD	TBD	TBD
Hard Cost	$38,699,807	$42,999,785	$47,299,764
Field and Sport Equipment Cost	$4,896,313	$5,440,347	$5,984,382
Furniture, Fixtures, and Equipment	$2,224,418	$2,471,576	$2,718,733
Soft Costs Construction	$4,949,204	$5,499,116	$6,049,027
Soft Costs Operations	$1,813,519	$1,813,519	$1,813,519
Escalation	$3,995,856	$4,439,839	$4,883,823
Working Capital Reserve	TBD	TBD	TBD
Total Uses of Funds	**$56,579,116**	**$62,664,183**	**$68,749,249**

FINANCIAL PERFORMANCE

THE SPORTS FACILITIES COMPANIES

Here's what we'll cover:

- Total Revenue
- Total Cost of Goods Sold
- Total Operating Expenses
- EBITDA

Financial Performance

Total Revenue

Revenue	Year 1	Year 2	Year 3	Year 4	Year 5
Rental Basketball Tournaments	$48,000	$60,000	$77,000	$77,000	$80,850
Rental Volleyball Tournaments	$43,400	$70,000	$81,620	$86,240	$95,403
Court Rental Events	$24,000	$28,000	$30,800	$35,200	$36,960
Basketball	$108,772	$135,524	$178,288	$200,944	$227,253
Volleyball	$48,647	$60,821	$80,300	$90,676	$102,752
Court Rentals	$75,060	$77,312	$83,613	$86,121	$93,140
Soccer	$70,425	$87,733	$115,400	$130,055	$147,071
Lacrosse	$25,600	$30,769	$39,151	$44,211	$49,289
Football	$21,650	$27,025	$36,336	$40,301	$46,789
Field Rental	$16,660	$17,493	$20,204	$21,215	$23,389
FEC/Adventure	$347,387	$417,506	$459,562	$473,133	$503,006
Fitness and Training	$109,183	$131,020	$165,740	$182,314	$201,001
Membership Fitness Area	$433,747	$710,892	$858,230	$944,053	$1,040,619
Birthday Parties	$42,000	$50,400	$58,212	$61,123	$67,388
Youth Development	$54,636	$62,831	$69,115	$72,570	$76,199
Youth Programming	$161,900	$178,090	$205,694	$215,979	$238,116
Facility Fees	$71,680	$103,040	$111,360	$114,560	$116,480
Food & Beverage	$361,537	$475,588	$512,553	$529,447	$538,510
Hotel Rebates	$19,700	$31,555	$34,114	$34,437	$34,632
Retail	$18,953	$24,307	$26,582	$28,299	$29,376
Tenant Revenue	$50,000	$50,000	$50,000	$50,000	$50,000
Sponsorship/Advertisement Revenue	$230,000	$230,000	$230,000	$230,000	$230,000
Total Revenue	**$2,382,936**	**$3,059,906**	**$3,523,874**	**$3,747,878**	**$4,028,224**

THE SPORTS FACILITIES COMPANIES

Financial Performance

Total Expenses

Cost of Goods Sold	Year 1	Year 2	Year 3	Year 4	Year 5
Rental Basketball Tournaments	$4,800	$6,000	$7,700	$7,700	$8,085
Rental Volleyball Tournaments	$4,340	$7,000	$8,162	$8,624	$9,540
Court Rental Events	$2,400	$2,800	$3,080	$3,520	$3,696
Basketball	$41,856	$52,150	$65,864	$74,233	$82,288
Volleyball	$16,294	$20,372	$26,488	$29,911	$33,646
Court Rentals	$3,753	$3,866	$4,181	$4,306	$4,657
Soccer	$19,465	$24,249	$30,788	$34,698	$38,565
Lacrosse	$4,898	$5,839	$7,219	$8,252	$9,099
Football	$4,675	$5,820	$7,574	$8,303	$9,577
Field Rental	$833	$875	$1,010	$1,061	$1,169
FEC/Adventure	$121,585	$146,127	$160,847	$165,597	$176,052
Fitness and Training	$67,694	$81,232	$102,759	$113,035	$124,621
Membership Fitness Area	$386,689	$409,722	$432,781	$456,695	$482,239
Birthday Parties	$11,580	$13,896	$15,596	$16,376	$17,805
Youth Development	$12,566	$14,451	$15,896	$16,691	$17,526
Youth Programming	$67,570	$74,326	$85,616	$89,897	$98,984
Facility Fees	$0	$0	$0	$0	$0
Food & Beverage	$198,845	$261,574	$281,904	$291,196	$296,180
Hotel Rebates	$0	$0	$0	$0	$0
Retail	$13,267	$17,015	$18,607	$19,810	$20,563
Tenant Expense	$0	$0	$0	$0	$0
Sponsorship/Advertisement Expense	$69,000	$69,000	$69,000	$69,000	$69,000
Total Cost of Goods Sold	**$1,052,110**	**$1,216,314**	**$1,345,072**	**$1,418,904**	**$1,503,293**
Gross Margin	**$1,330,826**	**$1,843,592**	**$2,178,801**	**$2,328,974**	**$2,524,931**
% of Revenue	*56%*	*60%*	*62%*	*62%*	*63%*
Facility Expenses	$551,296	$558,776	$568,076	$577,179	$586,086
Operating Expense	$626,113	$573,272	$602,290	$621,977	$644,194
Management Payroll	$721,000	$794,840	$876,634	$911,699	$948,167
Payroll Taxes/Benefits/Bonus	$249,628	$283,889	$313,138	$326,822	$341,841
Total Operating Expenses	**$2,148,036**	**$2,210,777**	**$2,360,138**	**$2,437,678**	**$2,520,289**

Financial Performance

Summary Performance

Financial Performance Summary - Full Athletic Facility

	Year 1	Year 2	Year 3	Year 4	Year 5
Total Revenue	$2,382,936	$3,059,906	$3,523,874	$3,747,878	$4,028,224
Total Cost of Goods Sold	$1,052,110	$1,216,314	$1,345,072	$1,418,904	$1,503,293
Gross Margin	**$1,330,826**	**$1,843,592**	**$2,178,801**	**$2,328,974**	**$2,524,931**
Total Operating Expenses	$2,148,036	$2,210,777	$2,360,138	$2,437,678	$2,520,289
EBITDA	**($817,210)**	**($367,186)**	**($181,337)**	**($108,703)**	**$4,642**
% of Revenue	*-34%*	*-12%*	*-5%*	*-3%*	*0%*

ECONOMIC IMPACT

Here's what we'll cover:

- Per Person Spending by Category
- Number of Events Per Year
- Economic Impact Drivers
- Tax Revenue Generation

THE SPORTS FACILITIES COMPANIES

Economic Impact

Per Person Spending By Category

Per Person Spending By Category

	Year 1	Year 2	Year 3	Year 4	Year 5
Lodging/Accommodations	$36.67	$37.22	$37.77	$38.34	$38.92
Dining/Groceries	$51.00	$51.77	$52.54	$53.33	$54.13
Transportation	$8.67	$8.80	$8.93	$9.07	$9.20
Entertainment/Attractions	$4.08	$4.14	$4.20	$4.27	$4.33
Retail	$23.97	$24.33	$24.69	$25.06	$25.44
Miscellaneous	$13.77	$13.98	$14.19	$14.40	$14.61
Total	**$138.16**	**$140.23**	**$142.33**	**$144.47**	**$146.63**

Economic Impact

Events Per Year

Number of Events Per Year

	Year 1	Year 2	Year 3	Year 4	Year 5
Basketball Tournaments	9	10	11	11	11
Volleyball Tournaments	8	11	12	13	14
Other Tournaments/Events	4	5	5	6	6
Total Events Per Year	**21**	**26**	**28**	**30**	**31**

Economic Impact Drivers

	Year 1	Year 2	Year 3	Year 4	Year 5
Non-Local Days in Market - Overnight	38,688	59,610	64,464	65,514	66,144
Room Nights	8,528	13,660	14,768	14,908	14,992

Economic Impact

	Year 1	Year 2	Year 3	Year 4	Year 5
Total Direct Spending - Overnight	$5,345,005	$8,359,052	$9,175,319	$9,464,640	$9,698,989
Total Indirect Spending	$0	$0	$0	$0	$0
Total Economic Impact	**$5,345,005**	**$8,359,052**	**$9,175,319**	**$9,464,640**	**$9,698,989**

Economic Impact

Tax Revenue Generation

Tax Revenue Generation

	Year 1	Year 2	Year 3	Year 4	Year 5
County Sales Tax (2.25% on Spending)	$120,263	$188,079	$206,445	$212,954	$218,227
Hotel/Motel Tax (3% on Lodging/Accommodations)	$28,142	$45,754	$50,207	$51,444	$52,509
Total Tax Revenue Generation	**$148,405**	**$233,833**	**$256,652**	**$264,398**	**$270,737**

KEY INSIGHTS & NEXT STEPS

THE SPORTS FACILITIES COMPANIES

Here's what we'll cover:

- Key Insights
- Next Steps

Key Insights

- Facility represents a tournament capable facility with diverse assets such as:
  - Large court space to house tournaments and events (sport or non-sport)
  - FEC is a guest differentiator and revenue driver
  - Medical lease space is additional revenue for the facility with no added reoccurring expenses
  - The kitchen and concession provide the opportunity to drive high F&B revenue

- The facility has the ability to serve the local community through:
  - Hosting indoor local programs (camps, clinics, leagues, etc.) during non tournament and event times
  - Fitness center and walking track provide year-round health and wellness opportunities

- Drive non-local visitation from the surrounding region to generate economic impact and tax revenue generation

- High cost to develop due to hard structure construction costs

- Overbuilt facility for the local market to be able to accommodate sports tourism capabilities increases operational expenses

- Strong regional competition with existing service providers to compete with for tournaments and events

THE SPORTS FACILITIES COMPANIES

Q&A
DISCUSSION

EXECUTIVE SUMMARY PRESENTATION