

COMMITTEE AGENDA TOPICS

- I. **Subject: Amateur Sports Development at Bojangles Coliseum/Ovens Auditorium**
Action: On December 17, 2014, staff updated the Committee on the rezoning effort required for the potential redevelopment activities associated with the development of an amateur sports-related development at the City-owned Bojangles' Coliseum and Ovens Auditorium Complex. Also at that meeting, representatives from GoodSports shared an update on their current status and plans for moving the project forward. At today's meeting, staff and representatives from GoodSports Enterprises will share additional updates on the rezoning process as well as an update on GoodSports' effort to obtain commitments from their financial partners and their overall progress on the project.

COMMITTEE INFORMATION

Present: Michael Barnes, Vi Lyles, Al Austin, Claire Fallon and LaWana Mayfield
Visitors: Ed Driggs, Kenny Smith and John Autry
Anthony Homer, Vice President of Development, GoodSports Enterprises
Time: 1:00p.m. – 2:18p.m.

ATTACHMENTS

1. Bojangles'/Ovens Area Redevelopment Presentation
2. GoodSports Village Hotel and Sports Facility Presentation
3. GoodSports Village Hotel and Sports Facility "Investment in Amateur Sports" Handout

DISCUSSION HIGHLIGHTS

Chairman Barnes opened the meeting and asked everyone to introduce themselves. We have one very important item on our agenda today and that is a continued discussion of the GoodSports project at Bojangles and Ovens. Mr. Kimble, I will turn it over to you to get us started.

I. **Amateur Sports Development at Bojangles Coliseum/Ovens Auditorium**

Kimble: Thank you Chairman Barnes, members of the Committee and other members of City Council who have joined us and members in the audience. This is the day where we are to report back to the Committee after several conversations last year about a great opportunity on the eastside on the Independence corridor for our community regarding amateur sports. You tasked us in December to come back on this date to have GoodSports go through a presentation and proposal and give you information about their financing and their lending. We are prepared to do that today; Anthony Homer is here with GoodSports. He will walk you through; we've presented information to you in your packet that is the prospectus that they were using as they were out shopping for the financing and lenders and looking for partners that they would use for both equity and lending perspective. There is

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a great amount of information in that prospectus so that you can see the type of work and effort that they have put into this project. They will also spend some time toward the end of Anthony's presentation talking about that financing, about the lender, about the equity and giving you more detail about that. Mr. Homer wanted an opportunity in his slides, you will see that he is going to walk you through why they believe that this is the right time, the right place for this opportunity for GoodSports, for the City of Charlotte and the excitement and passion that they have for this.

After Mr. Homer presents and you have an opportunity to interact with him and ask the questions that you feel you need to ask, Todd DeLong from the City staff will talk about where we are in terms of the business terms and where we are in terms of the estimated construction costs of this facility or facilities, and then we will close with Pat Mumford who will talk about the proposed next steps that staff believes would be the right path for us to move forward with to evaluate whether or not we are in a position that you are comfortable with at a soon date in the future and you will have ample opportunity and those dates in the future to decide your comfort level or discomfort level with what you see in the negotiations and the discussions between GoodSports and the City. The last slide today in the City's package will be our suggested next steps on how we should proceed with the GoodSports/City partnership proposal.

I want to make it clear that what you have done over the last many years is you have said and City staff has said that the Independence corridor is a very important corridor for the City of Charlotte; that there is an opportunity to have tax base, to have jobs, to have growth and development in this corridor and one of the areas that we had talked about for the last four years was the area of amateur sports and with the opportunities now that exists with Ovens and Bojangles with the move of the Checkers to Bojangles Coliseum next year, with the opportunities of CIAA, which are coming to this community and we've re-up for another six years with CIAA, the time is right and ripe for the opportunity to investigate, research and determine if a partnership with GoodSports is in the best interest of the City of Charlotte. We are here today to give you as much information as we possibly can to walk you through that, to entertain your questions, to answer those questions and then collectively decide what the next steps are for this potential project. I will turn it over to Mr. Homer.

Barnes: Welcome back.

Homer: Thanks for having me back, I appreciate the nice weather. It is a beautiful time to get out of Florida. As Mr. Kimble said what I want to do is explain why we believe this is the perfect alignment of interest between the GoodSports team and why we feel like that alignment of interest with GoodSports and the City of Charlotte, why it is the right place, it is the right time and why we think it is the right team.

Just as a matter of background, we responded to the RFP process; it has been a long process. We were excited to see when Charlotte came out and was pursuing an amateur sports facility and when we first saw the RFP and we began to dive into the market; we immediately saw the potential for it to be a regional center, just from the geographic location which is no surprise to you on an industry or other level. You understand that. Other factors that weighed in included the existing sports market in and around Charlotte and North Carolina as well as the hotel market that you already have and is already existing corporate travel based Monday through Friday. Then it was through the RFP process that we've been able to refine; you are seeing some of the work product today that we've taken to the

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private market to secure our funding. One of the most important things for our investors is as we are laying out the business side and explaining to them the market potential is defining that market. We came into a market that is a \$7.1 billion industry right now; U.S. Travel Association didn't even track this until 2009 so the fact that you have had the vision and you targeted sports tourism and specifically amateur sports tourism in such amarket was perfect timing. I think on your part as well as ours. Again 2009 they reported the 53 million traveling athletics that spend roughly \$7.1 billion per year. That breaks down to about \$208 per person per day as spend for these outside visitors that come into town. That is one of the alignment of interest is that it's your goal as well as ours to bring in these outside visitors and to have them stay as long as possible. One of the more advantageous assets you have in Charlotte are the number of amenities that we can cross market to convince people to come a day early, be here for the event and then stay a day later because you have all of these other entertainment with Carowinds, you've got the Whitewater, you've got the natural resources, the places where people can go camping and hiking and mountain biking during the day and still stay at our hotel either a day early or a day late, helps us on the business side. You have to be able to have those other elements to cross market; you can't operate in a vacuum.

From our standpoint the other really important thing is a developed sports network. You have the CRVA which is very active in pursuing those events and pursuing those markets; they are visible and they are vocal. Again you can't operate in our world in a vacuum as a private group we can't go out there and be in as many places and do the level of market that you can for your area. You've already done a really good job with that in the national market; people know what Charlotte is, they are excited to come here and visit and tour so half the battle has already been won. Interesting to note that the sports tourism network has really exploded in the last nine years; nine years ago there were only 110 sports commissions across the country; there are 660 today. The sports market specifically, those 53 million traveling athletes, the competition, it's become increasingly competitive. People are going after these larger events so we have to have those other assets and amenities in the area to be able to cross market off of.

The third reason why we believe it's the right time is the rise of the placation. The placation is that what I just explained where the family will forego a vacation to Disney Land or other traditional vacation destinations and they will time it to be with their kids sporting events, whether they will stay an extra day or two or an entire week, but it has given rise to this placation which we are looking forward to taking advantage of specifically in the Charlotte market.

The second reason why we believe we want to be in Charlotte, we know we want to be in Charlotte, is it is the right place. The blue circle on the right, the Epicenter is this location right now. Our vision is to build a network of these facilities and do it across the country to be able to give it a new level of consistency, no different than when the hotels did this back when the market reached a mature size where the brands begin to come out and regionalize a fractured market. You've got a regional asset here with the ability to cross market. You have the ability to draw from an eight-hour drive time market. But why is it important to the City? I think as Mr. Kimble mentioned, it has been a target market for you to revitalize the Independence Boulevard. There is synergy with existing community assets in and around the area, but also it becomes an anchor and catalyst for future growth. When we initially responded to the RFP, it was a little bit bigger; we realized that that scope had to be drawn back because the site was just not big enough and that is actually a huge positive for the surrounding

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area because that anchor is going to create future growth. When you have people coming in and playing and staying and eating, other retailers, other developers will want to be in that area.

Barnes: Let me ask you a question regarding the circles. I wanted to talk to you about the Wichita project. Someone from Wichita sent me an e-mail about that project and I think it behooves me to talk to you about what's happening in Wichita. During the times that we've met with you you've told us that you guys have been trying to get one of these projects started and this would perhaps be the biggest one or the first one. What is the status of Wichita? According to the information that I was sent there are some financial issues and you guys have put it on hold. Talk to us about that and how Charlotte would be potentially any different.

Homer: Absolutely, and I appreciate the opportunity to kind of clarify some of the information that has been in the press. First of all in that project, it is a two-prong project; there is no financial difficulty or burden on us for the fieldhouse. That portion is completely paid for through the STAR Bond proceeds and those STAR Bonds were sold; it stands for Sales Tax Anticipated Revenue. It captures all the sales tax in a district so the retailers; Cabalás, Targets, Academy Sports, Home Goods. I think is another retailer there, the sales tax from their sales goes toward paying down the bonds that the City has sold to develop this area. Part of our project, we are the tourism driver of that project. They are also adding an interchange; it is a half interchange right now and they needed, I think, it was \$14 million to add on to make it a full interchange. They are putting in all the infrastructure, the roads, water/sewer, civil for that retail district for future retailers and out of that they are giving us land and they are giving us \$5.5 million, and this is all public record, for the vertical construction of the fieldhouse. From that standpoint, yes we have completed our foundation and structural plans. We were forced to do because we had a financial model for that Wichita project; we realized that the prototype that we had designed was going to be too expensive for that market. The architects designed something that we couldn't afford to build so we had to revise the scope; we've done that in cooperation with the City and the Nasser developer that we've been in communication with them and so when we revised the scope of that, which is what caused us to have to get the extension. There is an extension in place on the fieldhouse; we have the structural foundation plans all in place and we are going through that design review with the City again, communicating with them and making sure that that is what they want to get built. Did that answer your question?

Barnes: Kind of. What I'm hearing you say and tell me if I'm wrong, is that the elevations for that fieldhouse would have resulted in a product that was too attractive, too expensive to build for that particular market and you are scaling it back.

Homer: Yes and no. The product that we are building was 87,000 square feet and their court space is 55,000 square feet so there was a lot more common area and other areas. It was a beautiful facility that when it came time to get it within budget on the construction side, the architect couldn't get it into budget and so we unfortunately had to so now it is a 67,000 square foot building. It did not have anything to do with elevations or design.

Barnes: The actual square footage of the building?

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Homer: Yes, it was the size of the building and the scope of the building. It had two floors on the common area. Again, it would have all been really great to have, however it did not fit within the scope so we had to change it.

Barnes: You guys proposed that initial building? No one in that city told you?

Homer: No, the initial proposal was for 55,000 square foot building with six courts; six courts is exactly 55,000 square feet so that's really all that we had to go off of. I think what you may be referencing is when we submitted our foundation and structural plans, they took that. There were some people who took that, there were no elevations, there were no renderings included in that plan, and they suggested that we were trying to build another warehouse and so that is why you have design guidelines when you go through zoning so that somebody can't build something like that. Very clearly in the zoning guidelines.

Barnes: But the additional 32,000 square feet came from your suggestions?

Homer: It came from; we gave the architect the scope, it was part of that and then when it comes time to actually build it, the architects have to work with the contractor and that was no longer feasible.

Fallon: Let me ask a question, financially. How much have principles of GoodSports put in and how much have they leveraged?

Homer: Mr. Good, who you've met, has put in just under \$4.5 million in equity.

Fallon: His own money?

Homer: His own money, correct; that is capital and to date we have no leverage.

Fallon: So you don't have anybody helping, no banks, no anybody else?

Homer: Correct.

Fallon: If it is such a good deal why haven't people run into it?

Homer: There is no debt in place because we haven't started the construction.

Fallon: But people who know are talking about it because the press hears you.

Homer: Yes, I'm very excited; we have a commitment for the financing here in Charlotte on this project. We are able to bring in debt financing and equity financing.

Fallon: From who?

Homer: We have a debt financier that is working with us; I've shared it with some of the City staff and I'd be happy if they can confirm the details of it with you. They prefer before there is approval that

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they remain confidential so they would like us to move forward and have it approved before it becomes public record. However, I was able to share it with City staff and they have been able to verify the terms and the amounts. Obviously, we vetted them personally to make sure they were qualified. This is a firm that has \$3.1 billion in loans right now in North America. Their last one was \$163 million project in Manhattan that is ongoing. They were very happy to have them; they specialize in destination hospitality.

Barnes: Your third question if it is so nice why aren't they?

Fallon: Yeah, why aren't venture capitalists coming to you and saying here is a wonderful venture; we've got money we will put in.

Homer: We do; we have a capital partner, equity partner on the Wichita project.

Fallon: That is Wichita doing that.

Homer: Correct, he is contributing \$1 million in the Wichita project; the same investor is contributing \$2.2 million on our Charlotte project.

Austin: This might still go back to staff. It is no secret I have not been a big fan of this project only because when we talk about it, we are saying it is a \$7 billion sports market out there. We only got one person to come back from our Request for Proposal and that doesn't seem to me to be an overwhelming response that amateur sports is what Charlotte needs to be looking at. I feel like we are just kind of pulling at something here and then the person that actually came back with a proposal has never really produced one. Can you respond to that? I want to go way back and I appreciate your interest, but I'm going way back. It's like we are all drinking from a fountain and I haven't drunk from that yet.

Kimble: I would frame it this way; at the time we went into the RFP process, it was probably in the year 2013 when we put forth the RFP. It was probably September or October of 2013.

Homer: The submission date was September.

Kimble: It was September so we were coming out of the recession in our economy 2008–2012. I would say also that the market is expanding as Anthony has indicated and that the City of Charlotte has been a City who has done things in a different way in a public/private way. The City could choose to go its own separate direction to build amateur sports in concert with Mecklenburg County but I would content that it would be much more expensive and you would not get the sum total of the products that we could put on the ground. The market just hasn't yet grabbed amateur sports yet, but I believe that over the next many years and decades that it will become a very powerful model and very powerful economic engine for communities across the country. It's tough to say maybe you want to be one of the early entrances into this because then you can capture more of the share in the early years because you were one of the fewer number in the game of providing amateur sports facilities but I think it is something that is on the move and we have to decide if we are willing to be one of the first entrance into this kind of market place and go forth. I will say that four years ago previous Councils and this Council have endorsed and continue to say amateur sports is important and

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your Focus Area Plan says develop these assets in a public private partnership way so we are trying to carry out that which has been put forth as an emphasis in the Focus Area Plan, but yes there are not many out there and we only did receive one. We issued this far and wide through many publications nationally; we also talked to local developers and state-wide developers to try to see if they would be willing to put teams together of architectures, engineers, designers, equity partners, lenders, developers themselves and we only got one proposal. We got a pretty good proposal, I would say ours is very similar to what happened in Wichita, the one that GoodSports proposed was a little bit larger and a little bit harder to fund and we discovered that. That's why we came back with a revised plan; deck parking was a huge cost consideration and what you see in the revised is something that is more surface park but still retaining 600 parking spaces. We went through a similar evolutionary process that maybe Wichita did; Wichita's project is smaller, Charlotte's is bigger. I understand your question, why was there only one, it's an early entrance into this market place and it came on the heels of coming out of a 2008-2012 recession that was the deepest recession in 70 years for this country. That would be my best answer and maybe others can add.

Austin: So given that and we're still kind of in discussion, has anyone else come to staff saying we might have some interest as well, from anywhere?

Kimble: I had one contact several months ago that has not materialized. I will say that I had one contact and it never went any further than the contact.

Homer: One of the unique aspects of this model that has not been done yet because previous the amateur sports facilities that are out there are predominantly funded by public dollars. I mentioned the last time I was here Forbes Magazine ran an article talking about why is it so hard for private developers to develop youth sports facilities on their own. The key is that last number; \$43 million and let's throw numbers aside, but it is that gain in annual regional output. Private developer, again for me running these leagues, running these events, running these clubs, we will make money, but we wouldn't make money without the City's investment alongside of us. We make money in the hotels just like the other hoteliers do; however, the greatest beneficiary are none. I believe all of your economists and anybody you did a study with would show that if you bring visitors in with sales tax, room tax, gas tax, all the expenditures, the extra money they are spending at restaurants, at transits and the hiring, the net beneficiary by far is the municipality. That is why we believe our model with the private/public partnership, just as in Wichita. In Wichita, we had to go through the feasibility studies that determine that we are bringing in visitors from outside 100 miles because you want the money coming from outside the economy not just from money spent from your own community members. Do the community members benefit from it during the mid-week? Absolutely, but it's the economic benefit that the outside visitors will bring in that creates such a compelling public/private partnership incentive. That's why we modeled this; our business model is based on the public/private partnership and certainly not the easiest one. Mr. Good and I spent three years getting the Wichita project through approval. We began work on this in September 2013; it takes a long time for these public/private partnerships to find the right balance but we believe they are worth it and we believe we have the right team. Our team has stuck with us through this development process; we've got strong local contribution from professionals that have been involved in building your city the last decades and we have a strong operations team with the CRVA and GoodSports and we look forward to keeping that relationship and that operational team.

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The entire business model here is based on an alignment of interest; you want room nights, you want people coming into your community, spending money, learning what Charlotte has to offer and so do we and so do our investors. We still have to be able to prove this on the private side; we have the equity investors that have put money into the company. We have the debt commitments where they have committed to funding needs and so I believe at the end of the day, the ingredients are all there, how and in what proportion those ingredients are and how we build accountability into each side of the equation is to be determined, but I believe we have all the right ingredients; it is the right time, it is the right place and I know we've got the right people.

Fallon: Ron, have any builders approached you about building hotels over there?

Kimble: Not in that particular location but hotels are cropping up in a lot of places.

Fallon: Specifically on Independence?

Kimble: Not at this point but I believe that the anchor we are building at Ovens/Bojangles and with the potential, and you ultimately get to decide with GoodSports, will provide a catalyst for more development.

Fallon: But none of our builders or builders from outside have approached us about changing zoning or putting any hotels there?

Kimble: No they have not.

Fallon: Has any other business approached you?

Kimble: There is a major business that has approached us on the Independence corridor.

Fallon: Related to this project?

Kimble: Yes, very closely related to this project. I'm not at liberty to disclose that.

Fallon: The type of business perhaps?

Kimble: An entertainment business.

Barnes: It is not dependent upon this.

Kimble: No, it may not be but I think it may be looking at this corridor because of the things that this City Council is doing to boost the Independence corridor. A praise and applause to you for putting investments through the bond package and the Community Investment Plan in this corridor and I believe it is reacting and people are paying attention.

Fallon: But not directly related to GoodSports?

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Kimble: It is directly related to building an entertainment amateur sports alignment in this corridor. Many of you know what that is but I am just not at liberty to say it.

Barnes: I want to talk about the SBE and MWBE part of this project and understand who's doing some of the work from the subcontracting perspective. But also as you know Mr. Manager, the Council has become increasingly concerned about these types of arrangements and protecting the public dollar and I note that on this set of slides about half of the City's contribution relates to parking. I asked you a year ago, I believe, about our ability to re-coop any of that cost through parking fees or whatever the arrangements might be. If you could speak to us, and I know I'm taking you back through the numbers again; we've done it a few times now and it gets stale after a while. Talk to us about \$6.175 million for the fieldhouse/wellness center and why we've taken that proposed contribution and then talk about the \$13 million or so for parking and why we are making that contribution.

Kimble: The City's participation in a partnership is to figure out.

Barnes: I'm sorry. The Vice Chair wants to ask you to go through all of those.

Kimble: That would be great and we will turn that over to Todd DeLong, but we wanted to answer and have you address all of your questions to Mr. Homer, but if you are ready to move on, we are ready to move on too.

Barnes: If you want to talk about the SBE and MWBE piece, that is great. We can hear that now and then go through this slide.

Homer: Are you referring to our original proposal in the RFP?

Barnes: I am referring to whatever you propose to do in 2015.

Homer: Ok. We laid out I believe it was; we rely on our contractor partner for that component so if you are asking me for specific sub-contractors, I don't know.

Barnes: Not by name. What we typically do Mr. Homer is discuss percentages, the amount of work that will be going to the small businesses.

Homer: Yes, and I know that we included that in the RFP from September 2013 and I just cannot remember what that number is, but we included that component in there and laid out the plan and the percentage.

Kimble: That will be part of what we will bring back to you in the negotiations, but we needed to have the lender now onboard because that will also have an effect on how the negotiations go on the business terms and we will be addressing SBE/MWBE in our conversations.

Barnes: Mr. DeLong, would you like to through this slide with us? I know you've done it before.

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DeLong: You are right I have done it before and the numbers haven't changed. The numbers aren't exact because we haven't sent of this out to bid yet. I will say from the history of the Econo Lodge purchase and demolition, if everything goes with that trend, we've over estimated a little bit to account for any fluctuations in what they might be so these are estimates. All of the dollars you see there are on the back end except for the Econo Lodge for its demolition so that will minimize and reduce the risk of the City's interest financially speaking so basically what we are saying is GoodSports doesn't get reimbursed for anything until the construction is complete. There is some discussion on whether or not the money from the City is in the front end of this; rest assured the money is going to be on the back end with the exception of the Econo Lodge purchase.

Barnes: So let's walk through that, you said that they won't get any money back until they perform on their end?

DeLong: Correct.

Barnes: We've already bought the Econo Lodge, already raised the building; we've already begun the site prep for parking?

Kimble: We can do that anytime now; we are ready.

Barnes: You can begin that at any time so the \$3.6 million has been spent, the site surveying and engineering money has been spent?

DeLong: Not all of it but some of it has.

Barnes: Part of it has so \$3.6 million is out the door.

DeLong: The fieldhouse and wellness center, of course those dollars will come in.

Barnes: Once they spend \$6.8?

DeLong: Once it is complete that is when we will reimburse them for that; once the \$13 million has been spent.

Lyles: GoodSports has to finance their construction loan for the entire \$13 million on the fieldhouse and then you will have the agreement that our dollars will reimburse the construction loan as a part of the financing with your lender?

Homer: That is the anticipated structure and if you look at the front of this, this is why there is the two numbers, just to clarify. The reason why that top number is higher is due to that fact. We have to pre-fund even for doing the public improvements and then our permanent loan is lower because the City has contributed back.

Kimble: The City wanted to gain the advantages of a single set of contractors all hired by one company to complete it and you will see in Todd's presentation coming up that they will be responsible

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for all costs overruns on the project and we will only reimburse the amounts that are our responsibility at the end of construction.

Barnes: To that point, Mr. Kimble, one of the things that I think creates some concern for me and perhaps others is if they hit the costs overruns spot and they say guys we just can't come up with any more money, we need you to kick in another \$5 million; we say no. Is there any protection that we could put in place to cover us in the event that happens?

Kimble: You will see a performance bond provision to complete construction and that's in your business terms that you were seeing today; and they have agreed to that. Now we have a lot more deeper dive into how you write all of that but conceptually that is where we are.

Barnes: The \$6.175 million, our part, is that a contribution that respects the fact that we expect the public to be able to use the facility during down times, say Monday through Wednesday or whatever?

Kimble: Yes that plus the fact that you've got to figure out how all this comes together to be afforded on the combination public/private sets of numbers and we are not going to participate in the hotel construction and we are not going to participate in the restaurant construction; the one place where a public purpose can be realized is our participation in a fieldhouse where the public can use it.

DeLong: As Mr. Kimble just mentioned, the City is not participating in the retail and office development and the building pad and grading or preparation is GoodSports total costs; anything that has to do with the hotel. The 150 spaces that you see there is part of the hotel. The next line item is the 450 spaces for the structures that is where the City is reimbursing for that as well and the existing parking lot improvements and the east lot of the Econo Lodge all that is reimbursable upon completion.

Barnes: Is the 450 spaces underground parking?

DeLong: I think because of the way the grading is it depends on how you look at it.

Mumford: Structured parking.

Lyles: On performance bond issue that you talked about, does it cover everything from the hotel, fieldhouse, retail and office and building pad, and what about even the soft costs? Does it cover every item under their \$39.7 million or are there items that do not fall under the performance bond?

Mumford: The performance is for the project to be completed at the agreed upon amount, so soft costs, no construction, again that is engineering and architectural work so it is for the project to be completed. We will work through all of those details and get into the next phase but the concept of a performance bond is to protect all of those dollars, the project in its entirety.

Fallon: What happens if they say well we don't have the money and we can't raise it for a hotel or anything other than the fieldhouse? What do we do then?

Homer: At this point, we have our commitment for the \$37.5 million which will cover that.

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Fallon: You have the commitment, but you haven't raised it yet?

Homer: They have not written us a check that is correct. It is pending approval by this Council, pending approval of the zoning. It is a provisional approval so it is contingent upon us actually getting the project, it is also contingent upon final bids and being able to and in our world, you were asking about performance guarantees and things like that, what we typically do is a max price guarantee contract and we put all the bonding and all the protections that Mr. Mumford is talking about from the contractor so that once they have bid it out and they give us a hard bid and they say they can built it for that, then they have to build it and if they don't do it, they need to have a performance bond and other sureties for our own protection because we don't want to get half way into the hotel and have a half built hotel either. That would do just as much damage to us as it would you.

Barnes: Mr. DeLong, you were talking about parking and the fact that the 450 structured, the \$2.5 million is surface parking and so is the Econo Lodge parking?

DeLong: We've also counted for an off-site transportation costs so that may kind of detect the zoning rate and have an impact so we've allowed for some additional fund variance just in case.

Barnes: Could you give us an example of that?

DeLong: Crosswalks, pedestrian refuse medians, ramps, just those type of things.

Kimble: Deceleration lanes on Independence Boulevard, those kinds of infrastructure improvements required by the rezoning or by desires to want to improve traffic movement and pedestrian movement in the area.

Barnes: Mr. Homer, earlier when we talked about the project in Wichita you talked about the design etc. I see in this package you gave us, and by the way, I note the nature of this disclaimer and those on the back. Have you guys finalized your design yet? We talked about that last spring, remember that because I actually some things about it kind of looking the site era as the existing property which may be fine. Have you guys made any progress on the final elevations?

Homer: Definitely I think you would be a lot happier with the exterior of the fieldhouse and the look less boxy. There's a lot more architectural, it breaks up just from the breaking of those long big walls where the courts are. On the hotel, it's still essentially a 60-foot wide by 250-foot long box super structure on the top. They've added architectural elements that are color based so in the materials that we are using, the material is technically a big concrete panel that they put on, so if they are able to use it on a lot of hospitals. Actually I think the NASCAR Hall of Fame used the product on the exterior so it is very versatile and those renderings again were done in just to get into that RFP process and it has changed quite a bit since then.

Barnes: So at what point will we see it?

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Homer: Forty-five days to 60 days after approval, but again you have design guidelines that it costs lot of money for us to do that and to front the money and give you a definitive definitely going to do that prior.

Barnes: Could you show us what you have; there is some discomfort with that. Is this District five or one? Ms. Kinsey was here; she is gone and I want her to be able to hear what it looks like, and other neighborhood leaders too. Again, understanding that it won't be final, but it is more up to date than this, which is great but it will be helpful for folks to see it even though it is not final. I'm not asking you to spend money to finalize it before we vote but I think we should have an opportunity to see the last iteration of it.

Homer: Absolutely, and I think the level of finish and design will be something you will expect from a hotel, again we have convince businessmen, the travelers that they once stayed and it is someplace that they want to be.

Smith: Thank you for letting me come to your Committee meeting. A couple questions, first as I'm looking through your chronological portfolio and I notice a couple things that sort of leap out to me. It looks like primarily a limited service hotel and it looks like that it stopped in roughly 2007. I know this is about the time the recession happened, but what else can you point to from a completed standpoint that would give me faith that you can take on a project of this size and scope? This is a lot bigger than 125 room Holiday Inn Express of Super A.

Homer: That chronological, if it ended in 2007 during 2008 and 2009, we built seven additional properties and I think that was roughly \$100 million. We had two full service Holiday Inn, 150-room was one of those and another was an indoor water park in Dundee Michigan. Those reflect then not the opening but when we began the construction. Since then that was the last new product that we've built, again during that downturn 2009, 2010 we lost close to 40% of our occupancies so I think the entire hotel industry has been in survival mode since then.

Smith: Going back to your previous slide, regarding sort of the market share, I would be curious, it looks like I see the total; what do we estimate the eight-hour drive or whatever metric we use. I would like to bore down into that a little bit and I know there are some other, maybe not to this size and scope but other amateur sports complexes on the book from some surrounding areas. I believe maybe Mooresville and Matthews, how big is the market and if we end up with two or three maybe not this size and scope, are there enough folks to go around?

Homer: The first question is demographically how deep the market is and the second question is what impact would new facilities have on the viability of this should we go forward. One of the things you will notice in that package is that we split it up; when we do our demographic study it is the one with the star burst shaped map around the target market. We separate it into a 30-minute drive time which is the local market Monday through Friday, those are the local people that would be using the recreational competitive elite leagues, the health club and the volley ball club team, the basketball club team. They are all going to come from that 30-minute drive time. The market that regionally people will drive to in an eight-hour drive time, because of the nature of that you pick any point in the United States of America, its demographic is basically the same with an eight-hour drive time so from depth standpoint, it is going to be the same as just about anywhere else that you build so there is no

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real finding a place that is going to have significantly different demographics in the eight-hour drive time. As to the viability of the project or the facility, if you are developing new facilities in and around it, you count our slide which talks about building out within that regional area; it actually helps because then you are able to host more events, you are able to trade off of each other. We look for other event facility owners in the area. To give you an example, if Mr. Blalock, my operations compatriot was here from last month he would be able to tell you we will send our 11 and 12-year old girls up to Virginia this weekend and they are going to send their 13 and 14-year old boys so it is in our best interest to have bigger, better facilities around that we can then program off of each other and have a regular churn of events.

Fallon: Have you done any elevations or renderings yet of anything?

Homer: We've done initial renderings for Wichita?

Fallon: No for Charlotte.

Homer: We've done initial renders that are in that package. As far as elevations go, we did elevations for I believe the fieldhouse was done, I know the hotel elevations we have. They were not included in that package. The elevations are fairly bland and they speak to the height where the signage goes. Our marketing efforts for the lenders, we put in the renderings.

Fallon: Could you possibly get them to us?

Barnes: Isn't that what I was just talking about?

Kimble: We will get those as we can and move forward on those and bring those back as part of the information that we bring back.

Barnes: They're going to bring back something for us in Committee or anybody, the district rep. so we will have an idea of what it looks like. Understanding that it won't be final, but that it will be as close to final is our hope.

Homer: Mr. Chair, I understand the goal of the Committee is to fully understand as close as possible what is proposed to be built in the market. Am I correct?

Barnes: Yes.

Homer: Certainly we can; I will talk to our architect and see what we can supply in the very immediate right now. I guess what I was trying to get across is you will continue to have input as we go through this process. It is not a once we get through approved we can build that.

Driggs: I'm looking at your debt figure of \$39.7 million on page 15 and your cash flow projections on page 17 that show for the first year of \$3.2 million. So that is the cash flow that is available to service that debt? Is that right?

Homer: Yes sir.

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Driggs: So you've actually found people who are prepared to lend 12 times cash flow to this? That's pretty heroic.

Homer: You are talking about if this was a \$39 million loan?

Driggs: Right, I'm just looking at your debt number and cash flow available to service debt and I see a ratio of over 12 times.

Homer: On the senior debt side, it is going to be 31 and actually on the senior debt side they did ask us to put in additional equity so we are actually putting in an additional \$2 million in equity.

Griggs: I just point out to my colleagues we are talking about a very stretched debt structure. Next question, what is the value of the lease on the City's slide three, eight acres of City-owned land for a dollar annually for 50-years? What is the value of that property?

Kimble: We have to calculate that and yes we can do that.

Griggs: Is there any reason we don't show that as an in-kind contribution in our structure? It looks like we have land down as zero.

Kimble: My recollection is that in the June or May of a year ago, we got to some of that on one of the slides, we imputed value of the land lease so we can bring that back out again. We just didn't put it in this particular slide or overview.

Driggs: So if we are looking at the aggregate cost structure on page 15 of GoodSports presentation, we should probably properly add the \$25 million that the City is proposing to spend and the value of the lease, which of course that meets the equity that is in the actual deal. The other question I had is what are the City's cash flows look like in all of this? I'm trying to understand the kind of equity of the transactions, the joint venture type of thing, the partnering with GoodSports. I can see that they have the cash flows, hotel and fieldhouse and roughly what their economics might look like. What are ours?

Kimble: We will dive into that economic impact analysis and what kind of return comes back on what Mr. Homer was talking about on his one slide, parking. I don't think we've yet gone through some of the business terms and that will yield an additional parking amount of dollars that the CRVA will have access to, but our returns come in the form of property taxes on the private sector portions of this development. The tax on the imputed value of the land lease because that will be taxed as well, the return on sales tax, the return on property tax, the return on food and beverage tax, the return on occupancy tax, the return on parking revenues and the overall economic impact that we will calculate for you. There is an exercise that we will go through to show that to you; it will be part of the next iteration of our negotiations with GoodSports.

Driggs: Mr. Chairman, I just think that information is critical for us to join the relative equity in the way the costs and the benefits are being out laid between us and the private sector.

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Barnes: I think you asked some great questions, and hope you will continue to ask questions. Mr. Kimble, you mentioned something that I asked you about last year and that was why we could not repay ourselves the \$3.6 million with parking revenue that would otherwise go to the CRVA.

Kimble: If we go to the next slide, it will be a net parking revenue because there will be costs to operate the parking facilities and the net parking revenue according to – the CRVA will retain net parking revenues from all parking spaces except those in use by GoodSports on non-CRVA event days. So when GoodSports is simply having an event unto themselves and not coming to the City for use of Bojangles, Ovens or even the parking outside the deck parking, then those revenues would belong to GoodSports, but in all other cases, the CRVA would be the recipient of net parking revenues. Those revenues are not going to be sufficient to take down the full costs of the parking in the deck fashion and all the parking spaces that are on that particular site.

Barnes: So the parking will be \$10?

Homer: It is \$6 now so that's reasonable, \$10 for parking.

Barnes: Again, I want to understand why we can't do it but why we can't pay the City a buck a space until we get that \$3.6 million back from the CRVA.

Kimble: It's a question that needs to be answered in the context of the overall public/private partnership in order to bring the project to conclusion and able to be built and we will weigh that question in with all of other negotiations. We will entertain that conversation. It will be very difficult for parking to carry the load of the parking construction costs because some of it also is in a deck parking fashion and those are very expensive spaces.

Barnes: I understand that, but what you said though was that the net parking revenue would go to the CRVA and I know they've got operational costs and I'm sure there is some margin of profit perhaps.

Murray: If we were managing a City facility.

Barnes: And you are doing great this year so far so I know there has got to be something. You're not losing money.

Kimble: I think your questions might better be phased as which public entity gets the benefit of the increased parking revenue; does it all accrue to the CRVA or does it share with the City to help defray some of the costs of the infrastructure, and we will entertain that in our conversations.

Barnes: Fair enough; we'll keep talking and thank you Mr. Driggs.

Lyles: I think you addressed the question. I understand what you are saying but entertain is probably not the word I would like to use. Negotiate might be better.

Fallon: Perhaps I didn't understand it, but is somebody going to lose money on that and is it going to be us or them?

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Kimble: The return on your investment isn't simply calculated by the direct revenue flow that comes into your bottom line like parking revenue when you drive in on site and pay a parking fee. There is also a very indirect benefit that comes about from the sales tax spin off, the hotel/motel occupancy that's driven off site and all the other hotels where people stay, food and beverage tax when people eat in the restaurants and that that new revenue accrues.

Fallon: So somebody is going to lose money and hopefully it will be made up on all the other.

Kimble: The answer is no that is not what I'm saying. The answer is that your return on your investment comes in the expanded community where the people that come to have their tournaments in these facilities pay money in those other facilities that comes back to your bottom line.

Fallon: That is what I understood but still the basic thing is that someone is going to take a bath on some of this.

Kimble: No, I'm not saying that.

Lyles: Actually I think Mr. Driggs and I were having this conversation maybe two hours ago; the real question is as we are building the City, when we are doing out budget we have to decide are we building on growth that is coming in and are we going to depend on what that growth brings us in property taxes and sales taxes to support City services or are we looking at the property tax the way it is now. This is kind of one of those baseline questions you have to ask yourself who is going to pay for this kind of thing; it is paid for growth or is it what we are going to use for existing taxpayers and that is in every part of where increased revenues come about as a result of investment. I'm not saying yes or no to either side of it, but that is something that I think when we are talking about this project, I think Mr. Austin said if you are thinking about this you have to decide; you started out with a question that you asked yourself, do I want to do redevelopment on Independence Boulevard and the answer the Council gave, and I'm not sure what year, was yes and we think that this is a viable way of doing it. Now we are into the details and the question I am wondering about from all of this is – it is perfectly appropriate for this Council to say stop, we made a decision, we are rethinking it and we want to go back, we want an RFP, we want redo or we want to just change what the area plan says for that community. It's our decision and I think we are asking really good questions, but sometimes it is not just the question of what is GoodSports or whatever, it is whether we have the confidence in what we said we would invest that \$25 million at Bojangles and Ovens to do. I'm really struggling with this because I don't know that we have the confidence to address that question yet. I don't know that I hear any confidence in the discussion that we feel good about the decision we made. Mr. Austin has brought it up and I'm right with the crowd, oh let's negotiate that parking revenue which probably doesn't make a big amount of sense to talk a long time about in the scheme of \$72 million of investment and decide whether or not that investment is going to give us a return in 30-years, in 50-years or what. It's very hard and I think it takes a little bit of time to absorb so I really appreciate the conversation.

Barnes: It will take some time.

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Fallon: Truthfully, I wish another bandwagon had come along. I don't think you jump on the first bandwagon that comes along. Another streetcar comes after that one and if it doesn't feel right and it doesn't get all the little pieces in place, you don't have any business doing it. I think we've had enough failures to be very, very careful about what we are going to do because this is a giant thing. Nobody wants Independence and the eastside to look better than I do but I do not want to see another failure because you will disappoint the public; you will do nothing to help that place and you just don't jump. Maybe it's time to stand back and see if there is something else that can come in there that develops better, that is more assured for us.

Barnes: Let me ask you this, would you say that if we are able to get answers to the various questions that Mr. Driggs raised and some of the other questions the Committee has raised, get answers to those questions and have some reasonable degree of comfort with this project, would you not think it would be worth having?

Fallon: A lot of reasonable comfort, a lot of knowing where the money is coming from, not on a contingency, but a definitive I want to know that it is in place and that we are not going to get stuck again.

Barnes: I understand and so what I'm suggesting to you is that while the Committee hasn't decided where it is on this project, if we can get some answers that make us feel confident about their debt and equity investors and make us look comfortable about some of these fine terms in the deal we might arrive at a level of comfort.

Fallon: Four million in a project like this of their own money only troubles me.

Barnes: Right, I get it and I think you should be raising these issues. In fact what I would point out is that where we've gotten into trouble with some of these partnerships is in these very fine details that we frequently don't have a chance to look at. We're trying to kind of dig down more than we have in the past and I know you guys, our staff understands why you may as well. That's what this about and I think you are going to help us get answers and we will be able to make some decisions. I would note that we have gone well beyond the timeframe that I had hoped and I know that is the next slide I believe. Do you want to talk about that now?

Mumford: All of what you all discussed about the detail, the need to answer questions, the fact that we want to be participatory with you and not just deliver an end product to you speaks to this proposed schedule. So next week you have on your rezoning docket this particular project for a hearing. We are suggesting that we feel it is more appropriate to defer that hearing; and here is why. We would like to be able to bring back to you on February 19th to this Committee, a term sheet that works through, not only the points that you all raised today, but other issues that we have already identified, have another solid discussion about that, get your feedback, your input, come back to you one more time, to the Committee, with those terms and be able to have a comfort level at the Committee's level to recommend to the full Council whether or not to proceed with this project. We feel it is important to have that in place before you have a hearing. Our assumption is that as you are seeing your rezoning agenda, you probably would not want to weigh in on a hearing for this project without knowing there is some certainty that we've worked through the details. That was the assumption we made in building this schedule.

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You continue on past that so that the term sheet is agreed to. Traditionally what you all have done with large projects is work through those details and approve on a Monday night the ability for the Manager to work through and negotiate the final contracts with all of those terms in place. So that is the approval point. I'm not suggesting that you would ultimately approve the rezoning quite yet. What we are suggesting here is that in between the hearing and the rezoning decision is when we would work with the developer and finalize the operating agreement and the development agreement so it's completely ready, the contracts are in place with all the legal ease; that is ready to go and then when you all have a rezoning action in front of you to approve, you know that everything has been worked out and it is ready to go. We tried to build in some safeguards for the process and for you all and took a stab at that. This delay isn't because, oh my gosh, GoodSports can't get their act together; the delay speaks to exactly what we've been discussing. This is complicated, there are a lot of precautionary statements we need to put into these contracts and we want your help, making sure that we think through this as best we can. That is the proposed next steps.

Barnes: One thing to Mr. Mumford and to Deputy Manager, I don't want us to only do this for the next four months, so we need to get to the SBE and MWBE work that we've been doing and also the Business Incentive Grant work. I know those are big issues to add to this, but we need to – and this meeting time change, we normally would have started at 12:00 and not 1:00, but we want to make sure that we get to those and the other body of work the Committee has as well so we don't spend the next four months only on this issue.

Mumford: We have another full docket; there is another project on the eastside as well that will be coming back to you.

Barnes: Anything else from you?

Kimble: No, I think he summarized it well.

Barnes: Any other questions from the Committee?

Driggs: For one I think it is important that the name of the lenders is known to us and the public before we vote on this thing; it is actually an important component of the deal so that I hope we are not anticipating coming down the road and not disclosing who they are. The other thing I wanted to mention, particularly as we move through the cash flows, taking into account all the benefits you described, because of the very risky nature of this our rate has got to be high. The risk adjusted, rate of return and the City's investment in this thing has got to be high because it is a very speculatively investment and I'm not convinced from what I've seen so far that we get there.

Barnes: Any other questions?

Kimble: Tuesday night is your Zoning Meeting so you would need to take the action probably from in your discussion at dinner at 5:00pm to defer the hearing until April 20th, so I'm hearing that this schedule sounds reasonable based on where we are and that this is what you would do Tuesday night.

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Barnes: It goes beyond where I want it to be but I think we can live with it if it will help us get to a fair decision.

Lyles: I think each step we checked and say we were ready to go to the next so I'm really saying let's go January 20th and on the 19th we will come back and every time you do you check it off.

Barnes: If there is anything you can accelerate do that, but if not we understand. Our next meeting will be on Thursday, February 5th at noon in this room and unless the Committee has any other business.

Mayfield: I just want to thank the Committee for agreeing to go back to 1:00pm for today's meeting.

The meeting was adjourned at 2:18 p.m.

City Council
Economic Development & Global Competitiveness Committee

Thursday, January 15, 2015
1:00p.m.

Charlotte-Mecklenburg Government Center
Room CH-14

Committee Members: Michael Barnes, Chair
Vi Lyles, Vice Chair
Al Austin
Claire Fallon
LaWana Mayfield

Staff Resource: Ron Kimble, Deputy City Manager

AGENDA

- I. **AMATEUR SPORTS DEVELOPMENT at BOJANGLES COLISEUM/OVENS AUDITORIUM - 60 minutes**
Staff: Todd DeLong, Neighborhood & Business Services
Guest: Anthony Homer, Vice President of Development, GoodSports Enterprises
Action: On December 17, 2014, staff updated the Committee on the rezoning effort required for the potential redevelopment activities associated with the development of an amateur sports-related development at the City-owned Bojangles' Coliseum and Ovens Auditorium Complex. Also at that meeting, representatives from GoodSports shared an update on their current status and plans for moving the project forward. At today's meeting, staff and representatives from GoodSports Enterprises will share additional updates on the rezoning process as well as an update on GoodSports' effort to obtain commitments from their financial partners and their overall progress on the project.
- II. **NEXT DATE: Thursday, February 5, 2015 at Noon, Room CH-14**



Bojangles'/Ovens Area Redevelopment

Economic Development & Global Competitiveness Committee

January 15, 2015



Estimated Project Budget

	City	GoodSports	Total
Purchase & demolition - Econo Lodge	\$ 3,600,000		\$ 3,600,000
Site surveying/engineering	\$ 100,000		\$ 100,000
Hotel - 150 rooms		\$ 14,000,000	\$ 14,000,000
Fieldhouse/wellness center 8 courts	\$ 6,175,000	\$ 6,825,000	\$ 13,000,000
Retail & office development		\$ 2,500,000	\$ 2,500,000
Building pad grading/preparation		\$ 2,500,000	\$ 2,500,000
GoodSports soft costs		\$ 12,000,000	\$ 12,000,000
Sub-level parking 150 spaces		\$ 1,875,000	\$ 1,875,000
Sub-level parking 450 spaces	\$ 5,625,000		\$ 5,625,000
Existing parking lot improvements	\$ 2,500,000		\$ 2,500,000
East lot parking (Econo Lodge)	\$ 6,000,000		\$ 6,000,000
Sub-total - construction project	\$ 24,000,000	\$ 39,700,000	\$ 63,700,000
Reserve off-site transportation cost	\$ 1,000,000		\$ 1,000,000
Total	\$ 25,000,000	\$ 39,700,000	\$ 64,700,000



Business Terms

- GoodSports will operate and manage the Fieldhouse, hotel and retail/restaurant spaces.
- The CRVA will operate and manage the coliseum, auditorium and public parking.
- GoodSports will be responsible for any cost overruns for the GoodSports Facility and all on-site improvements.
- GoodSports will lease 8 acres of City-owned land for \$1 annually for 50 years with renewal options.

3



Business Terms

- The CRVA will retain net parking revenues from all parking spaces, except those in use by GoodSports on non-CRVA event days.
- CRVA and GoodSports will jointly market the facilities to maximize utilization.
- A performance bond will be in place to guarantee completion of the project construction.
- Provisions in the event of default by GoodSports after the facilities are open are being negotiated.

4





Next Steps

- January 20** - Defer public hearing to April 20 with Council Action after finalized development agreement
- February 19** - Term Sheet presented to EDGC Committee
- March 5** - Committee recommend terms to Council
- March 23** - Council Action on Term Sheet authorizing the City Manager to negotiate and execute Development and Operating Agreements
- April 20** - Rezoning Public Hearing



GoodSports Village Hotel and Sports Facility
Charlotte, North Carolina

// THE RIGHT TIME

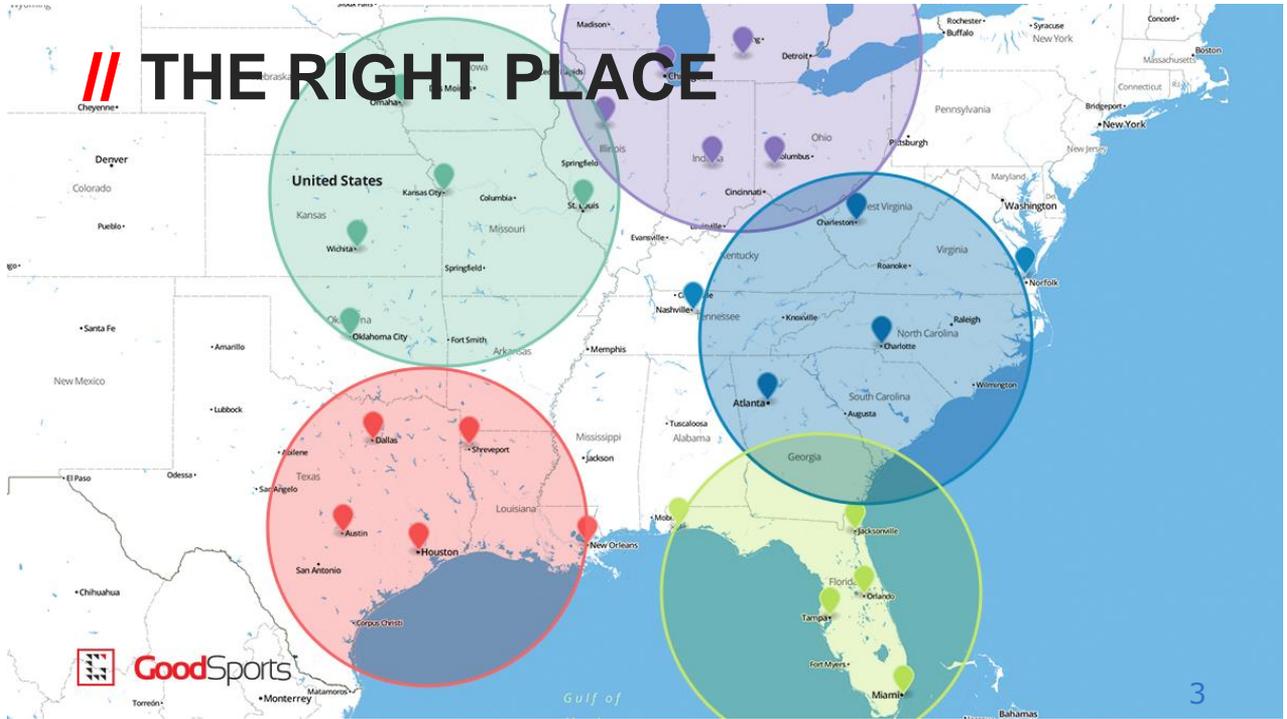


53 MILLION
TRAVELING ATHLETES



RAPIDLY EXPANDING
\$7.1 BILLION
TRAVELING SPORTS MARKET





THE RIGHT PLACE

Fieldhouse increases hotel occupancy by:

20%

Hotel demand pushed to the open market:

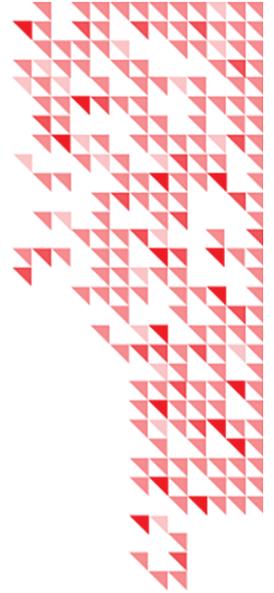
80%

Gain in annual regional output as a whole:

\$43 MILLION

// THE RIGHT TEAM

- Development
 - City of Charlotte
 - GoodSports
 - ODELL
 - Cole Jenest & Stone
 - Jim Schumacher
 - R.J. Leeper
Construction
- Operations
 - CRVA
 - GoodSports



5



We look forward to working with you to bring these elements to life and to manage the opportunities for maximum economic impact on the local community.

GoodSports Village Hotel and Sports Facility Charlotte, North Carolina

Investment in Amateur Sports

GoodSports Enterprises Global, LLC
7357 International Place, Suite 105
Sarasota, FL 34240
Phone: (941) 926-6297

\$39,700,000

Construction Loan

\$31,300,000

Senior Debt Permanent Loan

GoodSports Village Hotel and Sports Facility **Charlotte, North Carolina**

GoodSports Enterprises Global, LLC is pleased to present this investment memorandum to participate in the GoodSports Village Charlotte in North Carolina. The hotel and sports facility will be new additions to the 30± acre development. The hotel will have 150 rooms located on approximately 2± acres to meet accommodation needs during athletic competitions and other events held in the existing Bojangle's Coliseum and Owen's Auditorium. The 115,000 SF sports facility sits on 5± acres adjacent to the hotel and serves as an additional demand generator through events booked by both Charlotte Regional Visitors Association and GoodSports.

The following is a summary of the investment; including projected revenues and entity structure utilizing new Investor Equity and a combination of public and conventional financing. The partners have a long and successful history in the development, ownership and management of hotel and athletic properties. The company background and individual profiles are included herein.

The information included in this investment memorandum is intended to provide an overview of the project's history, opportunity and projected pro-forma returns.

Please direct all correspondence to:

Anthony Homer

VP of Development



Phone: (941) 254.1875

Email: anthony.homer@goodsportsenterprises.com

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// The City of Charlotte

The City of Charlotte is the second largest financial market in the United States, behind only New York. Charlotte is home to the world headquarters of eight Fortune 500 companies, and since 1990, new and expanding businesses have invested more than \$18 billion here, creating more than 170,000 new jobs.

The city is a major U.S. financial center. Both Bank of America and the East Coast operations of Wells Fargo are headquartered in the city. Charlotte is also home of the Carolina Panthers of the National Football League, the Charlotte Hornets of the National Basketball Association, the Charlotte Hounds of Major League Lacrosse, the NASCAR Hall of Fame, Carowinds amusement park, and the U.S. National Whitewater Center.

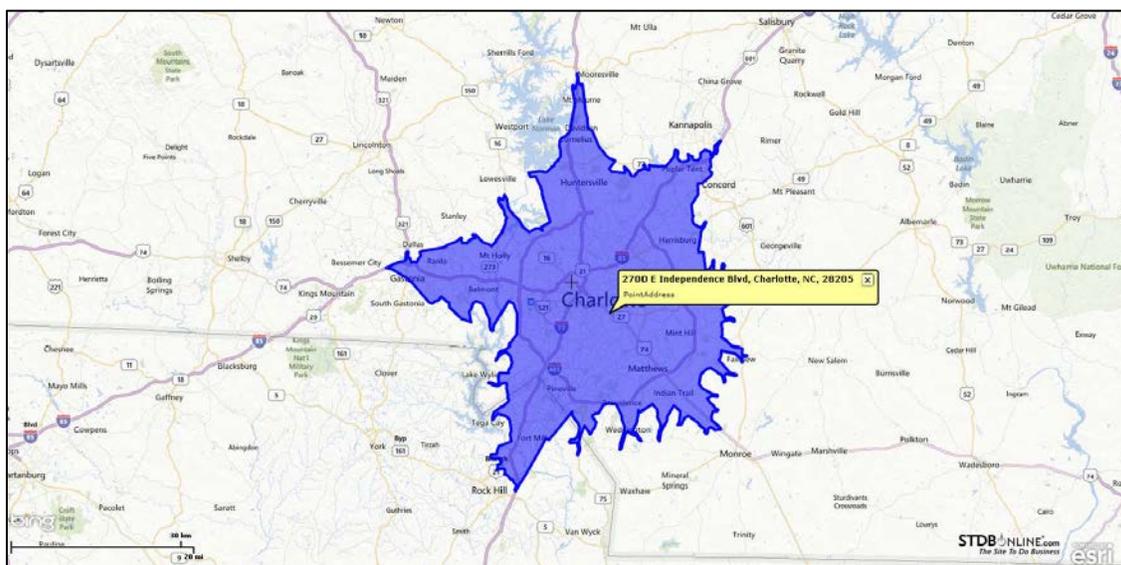


Figure 1- 30 Minute Drive Time Map from Site

Nearly 60 percent of the country's population lives within a two-hour flight of Charlotte, North Carolina, and 6.9 million people live within a 100-mile radius. Charlotte Douglas International Airport, the national hub of US Airways, is the 14th largest airport in the nation based on passenger totals, the 31st largest airport worldwide based on passenger totals and 8th in the nation for total operations, averaging 655 flights daily by 11 major airlines and 14 regional carriers. These flights provide non-stop service to 179 cities. More than 34 million passengers traveled through Charlotte Douglas International Airport in 2008.

Charlotte's highly efficient and growing interstate highway system offers drivers convenient access to the city. I-77 and I-85 connect Charlotte to cities in the Northeast, Southwest and Midwest. Convenient I-40, less than one hour north, provides an important east-west link with coast-to-coast access. In addition, easy access is available on U.S. routes 74, 29 and 21. There is excellent bus service in Charlotte. Greyhound and Trailways serve the area with more than 350 arrivals and departures weekly.

// Amateur Sports

The City of Charlotte has a long track record of successful public private partnerships, including Time Warner Cable Stadium, the NASCAR Hall of Fame and the recently completed Charlotte Knights minor league baseball stadium.

The City has targeted Amateur Sports as one of the industries for public private partnerships and circulated an RFP to which GoodSports was the sole respondent in December of 2013. The City has dedicated \$25M towards the redevelopment of this area to create a regional amateur athletics event destination. The City of Charlotte has acquired additional land and performed the demolition of the improvements on the acquired property, leaving over \$21M to contribute towards the public use components within GoodSports' proposed project.

The City is also investing an additional \$16M in the adjacent Bojangles Coliseum to move the minor league hockey team, the Charlotte Checkers, to the facility whom will host over 30 events per year.

GoodSports enters the **\$7.1 billion** itinerant youth sports market with an experienced hotel development and sports management team to capture events in the amateur sports market which will generate tourism and room night revenues in the market.

GoodSports is in the final stages of the RFP process with City Council approval and rezoning being completed for a construction start as early as 1st quarter 2015. This project has been part of their City's capital improvements projects and was initiated by the Charlotte Regional Visitors Authority.

Many things make Charlotte the ultimate sports destination. From the great facilities, hotels, restaurants, and attractions to the culture and passion for sports and outdoor recreation; Charlotte's got a lot.

Charlotte has the excitement of a large city with the Southern hospitality and welcoming attitude of a small town – it's what makes Charlotte a leading sports and leisure destination. The ACC Football Championship, CIAA Basketball Tournament, the NCAA Basketball Tournament, Charlotte Thunder Road Marathon, and Modern Pentathlon World Cup have all called Charlotte home. In addition, Charlotte has hosted cheerleading, volleyball, baseball and softball tournaments along with the Disc Golf World Championships.

// Key Sports Participants Demographics

General demographics	30 Min. Drive Time	State	National	GS Benchmark
Population	1,181,191	9,759,332	311,212,863	1,457,480
Median HH Income	\$64,202	\$ 50,887	\$ 54,442.00	\$ 64,139.40
% above \$50k/yr	62.50%	51.10%	54.50%	61.30%
Density				\$ -
Youth Ages 5-19	238,601	1,932,348	62,864,998	303,518
% of population	20.20%	19.80%	20.20%	20.84%
Fees for Participant Sports	\$ 55,365,649	\$ 331,473,151	\$ 12,142,772,994	\$ 73,301,497
Fees for Recreational Lessons	\$ 70,596,941	\$ 389,071,440	\$ 15,538,473,974	\$ 95,683,257
Total Market Size	\$ 125,962,590	\$ 720,544,591	\$ 27,681,246,968	\$ 168,984,754
Expenditures Per Person	\$ 107	\$ 74	\$ 89	\$ 111
School Enrollment	30 Min. Drive Time	State	National	GS Benchmark
% Enrolled in Grade 1-8	12.1%	11.80%	12.50%	12.5%
Enrolled in Grade 1-8	142,924	1,151,601	38,901,608	211,517
% Enrolled in Grade 9-12	5.30%	5.40%	6.10%	5.4%
Enrolled in Grade 9-12	62,603	527,004	18,983,985	90,392
% Enrolled in College	4.90%	5.10%	5.30%	4.6%
Enrolled in College	57,878	497,726	16,494,282	83,160
% of population	22.30%	22.30%	23.90%	22.0%
Total Enrollment	263,406	2,176,331	74,379,874	385,069
Participation	30 Min. Drive Time	State	National	GS Benchmark
Basketball	63,278	522,818	16,672,000	78,079
Yoga	36,281	299,761	9,559,000	44,767
Table tennis	21,247	175,548	5,598,000	26,217
Martial Arts	14,673	121,234	3,866,000	18,105
Pilates	12,586	103,987	3,316,000	15,530
Volleyball	12,559	103,767	3,309,000	15,497
Badminton	9,291	76,767	2,448,000	11,465
Gymnastics	6,953	57,450	1,832,000	8,580
Cheerleading	5,928	48,983	1,562,000	7,315
Tai Chi	5,063	41,833	1,334,000	6,247
Mixed martial arts for fitness	4,410	36,439	1,162,000	5,442
Wrestling	4,008	33,115	1,056,000	4,945
Archery	3,515	29,038	926,000	4,337
Mixed martial arts for competition	1,116	9,220	294,000	1,377
Total Market Participants	200,908			247,902

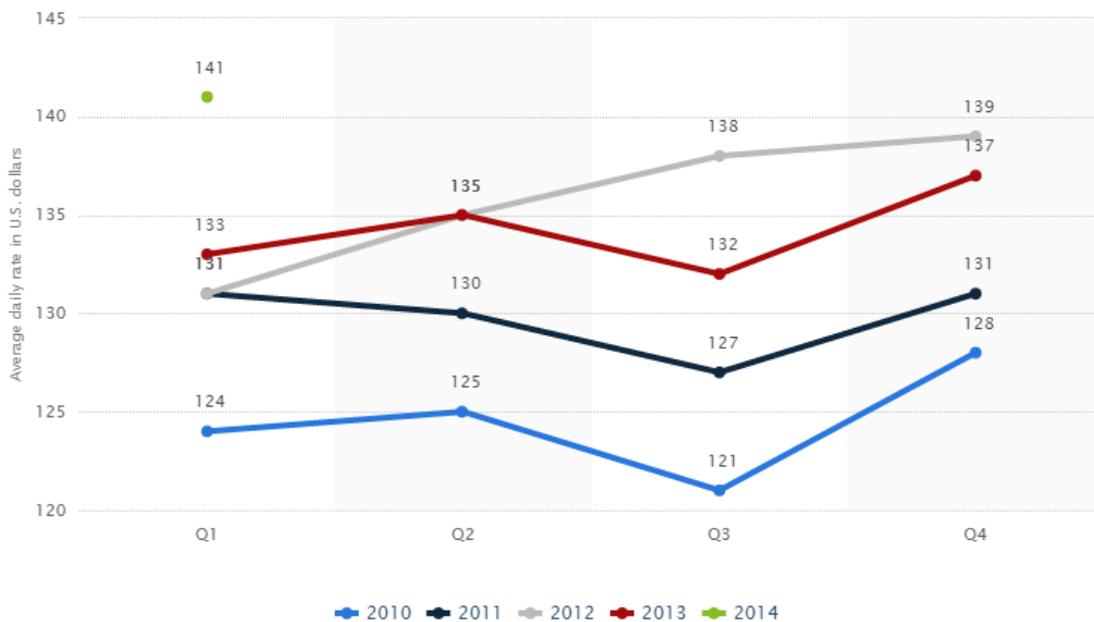
The above benchmark number of households with more than \$50,000 annual income coupled with a high population, especially those enrolled in grades 1-8 make Charlotte an ideal location for a youth sports complex. The availability of the coliseum which seats several thousand will allow GoodSports to host much larger tournaments and raise its overall profile in the youth sports market. The city's proximity to other regional hubs allows for organic growth into those markets in subsequent phases as well.

// Hotel Market

The Charlotte Hotel market is one of the most attractive locations for continued development as surveyed by the Urban Land Institute for its 2014 Emerging Trends report. A growing population of young professionals with low employment and relatively low cost of living are driving growth. The continued strength of the local business environment continues to fuel corporate travel while the City's investment in events and attractions draws transient and leisure travelers.

Quarterly average daily rate of hotels in Charlotte from 2010 to 2014 (in U.S. dollars)

This statistic shows the quarterly average daily rate of hotels in Charlotte from 2010 to 2014. In the second quarter of 2012, the average daily rate of hotels in Charlotte in the United States was 135 U.S. dollars.



2: Content from Statista

// Hotels in Proximity

The nearest hotels consist largely of 3 star product in the central business district merely 3 miles from our site. This proximity coupled with the added fitness, health and wellness amenities available to the corporate traveler will be the basis of our mid-week occupancy. On the weekends, the facility will be first in line to capture the room nights generated from events hosted not only within the fieldhouse facility but also the neighboring Bojangle's, Ovens Auditorium and Park Ministries exhibition space.

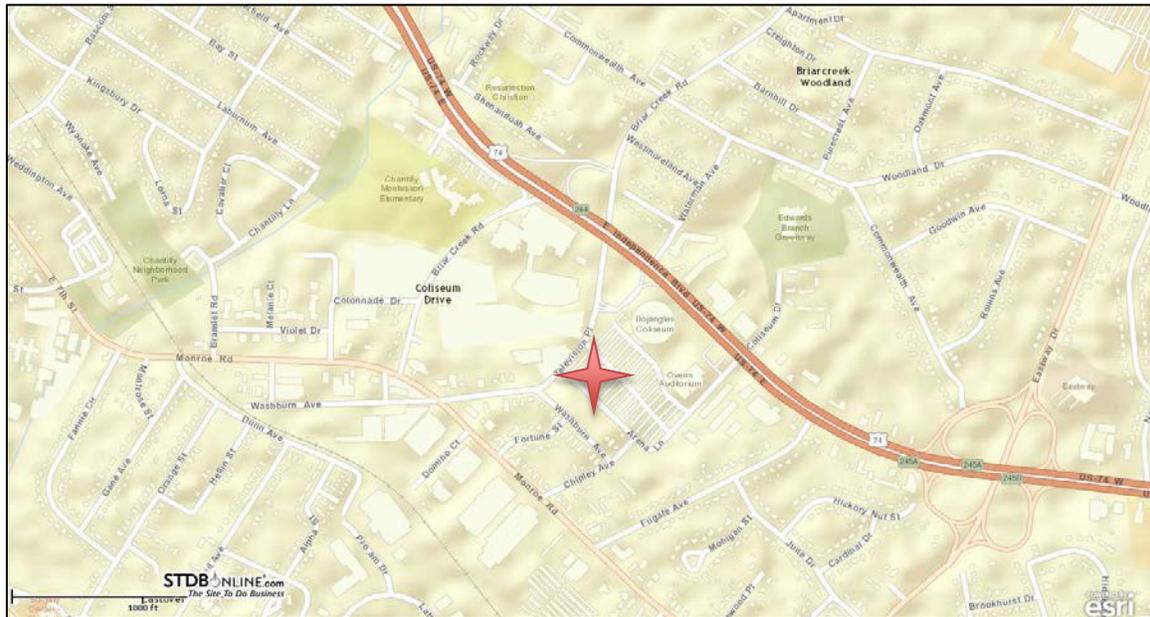
With only 150 rooms to fill, our hotel will be limited to absorbing only approximately 20% of the total demand being generated. The rest of the demand will be fed into the other rooms in the market.

	Hotel	Quoted rate	Distance
NW of location	Aloft Charlotte Uptown at the EpiCentre	\$ 199.00	> 3 miles
	Hyatt Place Charlotte Downtown	\$ 179.00	> 3 miles
	Hyatt house Charlotte/Center City	\$ 195.00	> 3 miles
	Hilton Charlotte Center City	\$ 180.00	> 3 miles
	Hilton Garden Inn Charlotte Uptown	\$ 240.00	> 3 miles
	Fairfield Inn & Suites Charlotte Uptown	\$ 186.00	> 3 miles
	Residence Inn Charlotte Uptown	\$ 139.00	> 3 miles
	SpringHill Suites Charlotte Airport	\$ 160.00	8 mi
	Comfort Suites Airport	\$ 115.00	8 mi
	Hampton Inn & Suites	\$ 130.00	10 mi
	Courtyard Charlotte Airport	\$ 160.00	10 mi
	Holiday Inn	\$ 139.00	10 mi
SE of location	Fairfield Inn & Suites Charlotte Matthews	\$ 116.00	6 mi
	Holiday Inn Express Charlotte Matthews	\$ 104.00	8 mi
	Hampton Inn Charlotte/Matthews	\$ 101.00	9 mi
	Courtyard Charlotte Matthews	\$ 104.00	10 mi
Min		\$ 101.00	
Max		\$ 240.00	
Average		\$ 152.94	

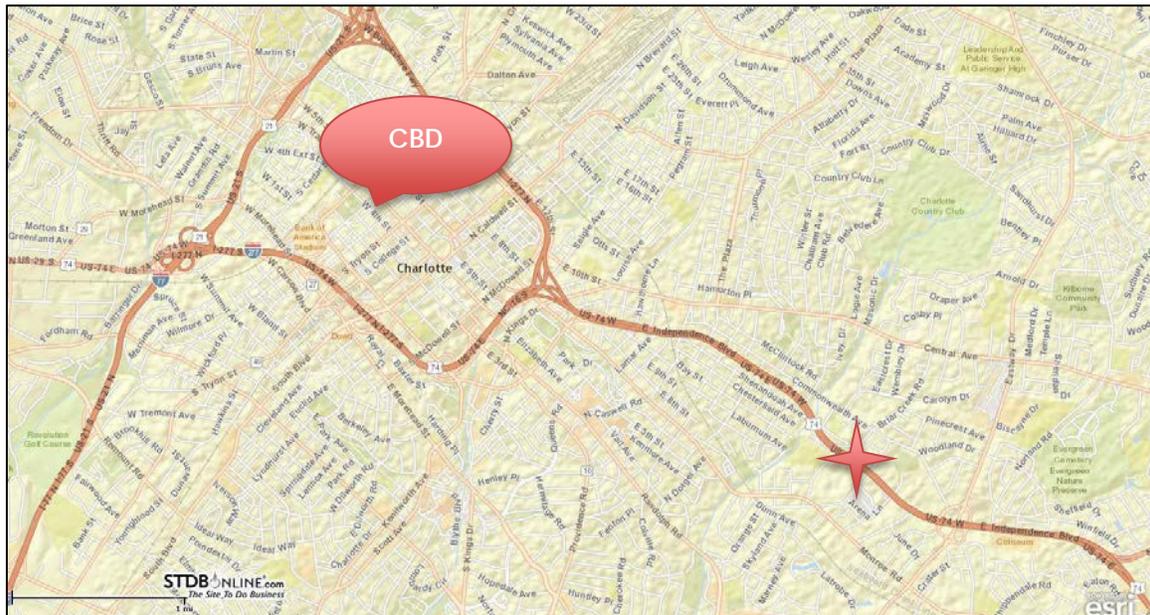
On weekends when the events will be hosted "on-campus", the dynamic pricing ability will allow the hotel to manage yields and raise rates to take advantage of the convenience factor. This is by far the number one complaint of traveling sports families who are forced to drive from one location to another and then to their lodging during tournaments. This competitive advantage will keep weekend occupancies higher than average.

// Project Location

The project is located on the site of the current Bojangle's Coliseum and Owens Auditorium parking lot which is along Independence Boulevard, a divided expressway into the downtown core of the City of Charlotte.



The project is less than three miles from the Central Business District, connected by a major thoroughfare.



// Bojangle's Coliseum

Bojangles' Coliseum, located at 2700 East Independence Boulevard, is just minutes from Center City Charlotte. The historic venue hosts concerts, family shows, world-class figure skating, rodeo and bull riding competitions, and a host of other diverse entertainment events for all ages to enjoy. The Coliseum has character, history and class. Artists such as Elvis, Stevie Wonder, Bruce Springsteen, The Rolling Stones, Bob Dylan and Queen have all hit the stage in the Coliseum's past.



The landmark dome opened in 1955 as Charlotte's first coliseum and served as the region's major sports and entertainment facility for over 30 years. The building closed in 1988, but after extensive refurbishing and retrofitting, 11,000 seat venue reopened to the public in 1993. The renovation restored the coliseum's classic ambiance.

The celebrated facility has been known by many names: Charlotte Coliseum, Independence Arena, Cricket Arena and now Bojangles' Coliseum. Through the years the name has changed, yet one thing has remained the same. The quality entertainment that is experienced at Bojangles' Coliseum creates memories that last a lifetime.

// Ovens Auditorium

Ovens Auditorium, located adjacent to Bojangles' Coliseum on East Independence Boulevard, opened along with the original Coliseum in 1955. For nearly half a century, world-greats have graced the stage of Ovens Auditorium. With a seating capacity of approximately 2,404, Ovens has hosted more than 7,000 events, attended by 9.4 million people.



Ovens Auditorium has hosted top events and performances from the Billy Graham Crusade to Bob Hope and Bruce Springsteen. Broadway Shows, symphony concerts, opera, dance recitals and nationally known speakers have also found a home at Ovens, along with countless thousands of graduates who have walked across its stage to receive their diplomas.

// Hotel + Fieldhouse Sports Facility

Every GoodSports will offer unparalleled attention to detail for athletes from all walks of life. Whether you're a competitive athlete or just sports minded, GoodSports is dedicated to providing an upscale, multi-sport family entertainment and competition destination.

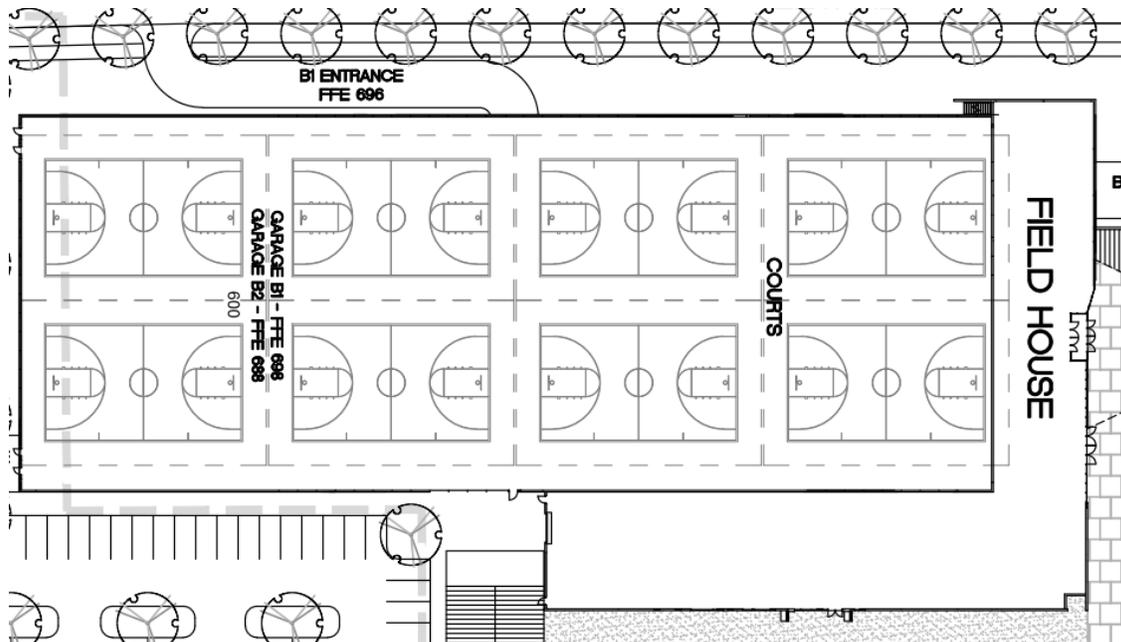
The ability to host large indoor sports and other events in the area will be synergistic and allow the city to cross-market the fieldhouse and the coliseum to attract participants year round. During the midweek, the facility will primarily serve local residents of the community through youth and adult leagues as well as health and wellness programs. Your area is already very familiar with tournaments and other special events which are held on the weekends and have a major economic impact on retail, lodging, entertainment and other businesses in the surrounding area.

True to its Fieldhouse name, the state-of-the-art 115,000+ square foot facility features eight bio-cushioned hardwood regulation courts that can be utilized for basketball, volleyball, mixed martial arts, gymnastics, wrestling, soccer, futsal, cheerleading and much more. The facility and amenities make GoodSports Fieldhouse a premier sports destination for local, regional and national competitions. Catering to players, coaches, referees, families, and fans are looking for quality venues; GoodSports Fieldhouse is poised to capitalize on the growing sports market.



By combining team sports, a full fitness gym, aerobics, academy level training, food and beverage and a sports medicine/physical therapy into one facility the Fieldhouse management team is able to generate multiple revenue streams under one roof while lowering overhead for each component.

Having in-house **sports medicine and physical therapy** is one more synergistic use of space. The operation will cater to the local market as well as being first in line for rehab and baseline testing for the athletes participating in the fieldhouse activities.



Building on our history of excellence in the hospitality industry, we are creating an athlete centric lodging option directly adjacent to our Fieldhouse. Not only does the hotel add value to our Fieldhouse with a convenient on-site lodging option for hosted events, the hotel is also first in line to capture the room nights generated by the Fieldhouse. The hotel will be a 150 room, athlete centric lodging option mindful of nutrition and other needs for traveling corporate guests and athletes.



// **Wellness Focus**

A growing segment of travelers are choosing their lodging based on their usual fitness or exercise routines and the accommodation of their active lifestyle. This gives GoodSports a competitive advantage. By offering complementary access to the full range of fitness facilities as well as the recreational league play, it offers a healthy, active traveler the chance to keep their regular regiment while on the road.

In addition to the fitness facility offerings, we couple the amenities with healthy food and beverage choices. The healthy lifestyle is not only good for the guest, but good for the bottom line. Focusing on a limited, healthier menu also lowers our operating costs and allows our hotel managers to remain focused on offering an excellent guest experience.

Finally, having the adjacent facility with corporate wellness clients will also give us an inroads to local corporate accounts which are bringing in overnight guests.

// **Good Neighbors**

Beyond the mid-week synergies, the 148 events held at Bojangle's and Oven's reached 79,000 visitors last year. At a very conservative capture rate, this would yield an additional 3,950 room nights per year. In a 150 room hotel this is over a 7% of the occupancy brought through the doors simply by virtue of location.

// Improvements Schedule

Hotel

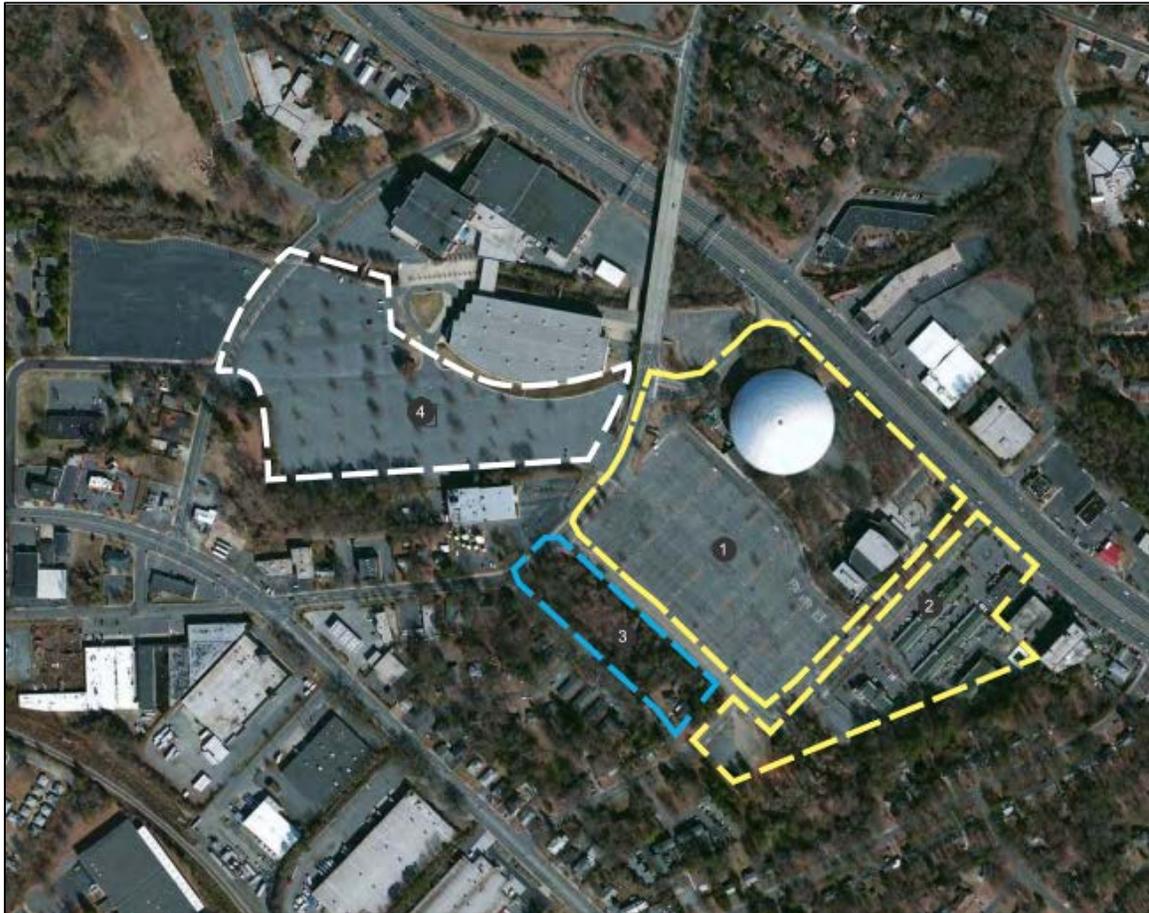
- 2 AC footprint
- 150 rooms, six story structure
- Select service grade with health and wellness focus
- Breakfast bar / cocktail bar
- Health and fitness amenities in the adjacent fieldhouse
- 90,000 SF
 - 15,000 SF common area
 - 2,500 SF meeting area
 - 75,000 SF rooms

Fieldhouse Sports Facility

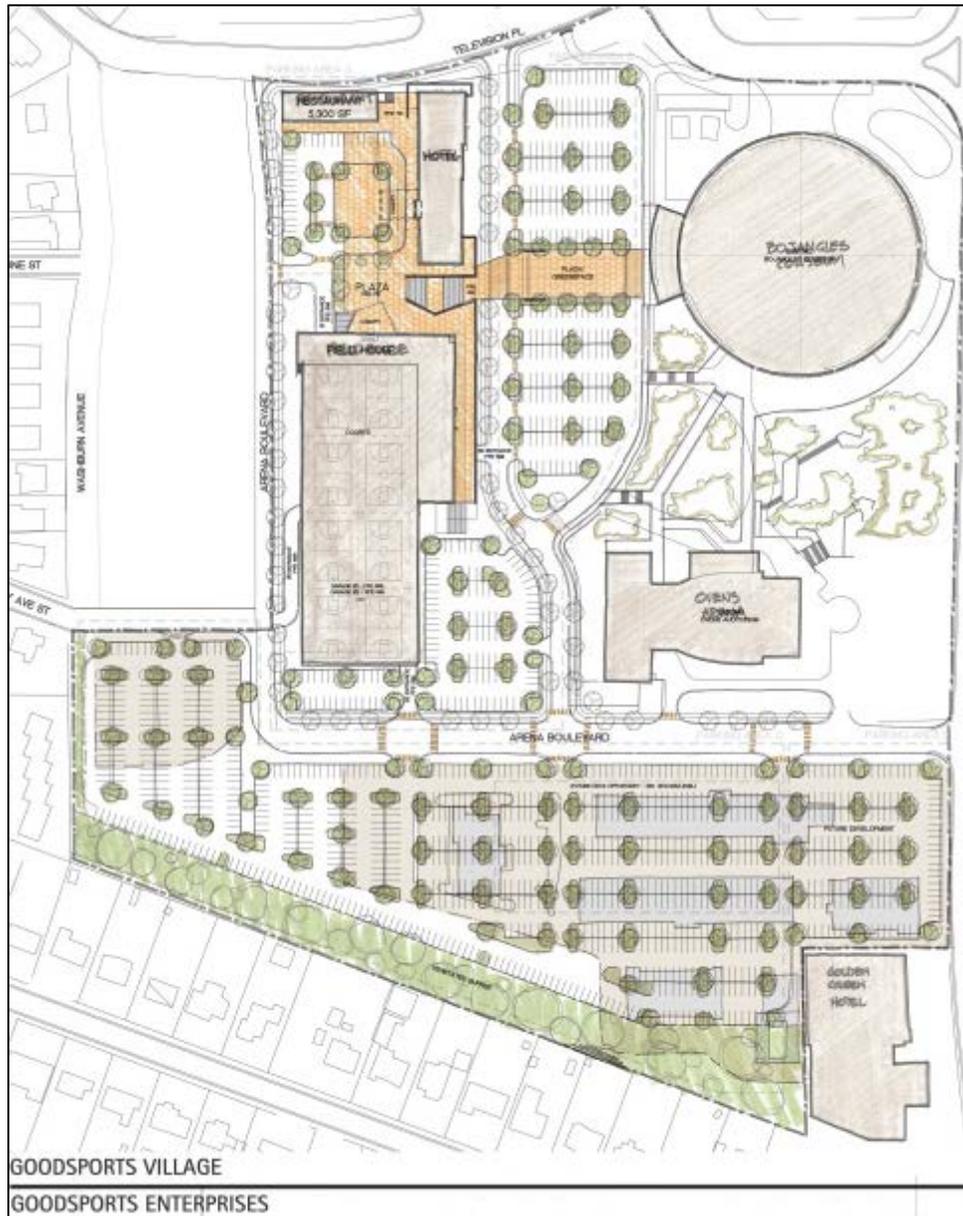
- 5 AC footprint
- 115,000 SF facility
 - 8 basketball courts
 - Minimum 24' clear height over courts
 - Sports medicine
 - 8,500 SF fitness, speed, agility training area
 - Lockers
 - Food and beverage area
 - Team meeting

// Siteplan

The property currently houses the Bojangles Coliseum as well as Ovens Auditorium on site #1. The City purchased site #2 which is currently an aging EconoLodge property for additional parking. GoodSports will be built on the parking area on site #1.



// Siteplan



Due to the urban in-fill nature of the site, an under the fieldhouse parking deck is necessary to supply 600 parking stalls at a projected cost of \$7.5M. Additionally, due to the market size, the Fieldhouse was increased to an 8 court facility and the Hotel was increased to 150 rooms.

// Sources and Uses for Construction

The table below presents the anticipated sources and uses of the financing required to complete the construction phase of the project.

Sources		
Equity	(13,800,000)	26%
Debt	(39,700,000)	74%
Total Sources	(53,500,000)	
Uses		
Land	-	
Hotel 150 Rooms	14,000,000	
Fieldhouse/wellness center 8 courts	13,000,000	
Retail pad and shell	1,500,000	
Building pad grading/ preparation	2,500,000	
FF&E / softcosts	6,500,000	
Ground parking, roadways, storm, sewer	8,500,000	
Parking garage 600 spaces	7,500,000	
Total Uses	53,500,000	

Note: City of Charlotte has set aside \$25M in capital improvement project funds for the project and has already purchased the Econo-Lodge property and commenced with demolition. An additional \$16M is being invested into the renovation of the Bojangle's Coliseum to bring in the minor league hockey team, Charlotte Checkers, which will host 35 home games per year.

// Projected Construction Cash Flows

Months 1-9

GoodSports Specific Costs	1	2	3	4	5	6	7	8	9
Site surveying/engineering	\$ 20,000	\$ 20,000	\$ 20,000	\$ 20,000	\$ 10,000				
Hotel 150 rooms						\$ 1,400,000	\$ 1,400,000	\$ 1,400,000	\$ 1,400,000
Fieldhouse/wellness center 8 courts						\$ 2,000,000	\$ 2,000,000	\$ 2,000,000	\$ 2,000,000
Retail up to 10,000 s.f.									
Building pad grading/preparation	\$ 600,000	\$ 600,000	\$ 600,000	\$ 600,000					
GoodSports softcosts	\$ 500,000	\$ 500,000	\$ 500,000	\$ 500,000	\$ 500,000				\$ 2,000,000
Sub-level parking 150 spaces			\$ 375,000	\$ 375,000	\$ 375,000	\$ 375,000	\$ 200,000		
Sub-level parking 450 spaces			\$ 1,125,000	\$ 1,125,000	\$ 1,125,000	\$ 1,125,000	\$ 600,000		
On-Site Improvement Costs									
Renovate existing parking/street		\$ 600,000	\$ 600,000	\$ 600,000	\$ 400,000	\$ 300,000			
East lot parking (Econo Lodge)	\$ 1,000,000	\$ 1,000,000	\$ 1,000,000	\$ 1,000,000	\$ 1,000,000	\$ 1,000,000			
	1	2	3	4	5	6	7	8	9
OUT	\$ 2,120,000	\$ 2,720,000	\$ 4,220,000	\$ 4,220,000	\$ 3,410,000	\$ 6,200,000	\$ 4,200,000	\$ 3,400,000	\$ 5,400,000
IN	\$ 2,000,000								\$ 8,500,000
NET	\$ 120,000	\$ 2,720,000	\$ 4,220,000	\$ 4,220,000	\$ 3,410,000	\$ 6,200,000	\$ 4,200,000	\$ 3,400,000	\$ (3,100,000)
LOAN USE	\$ 120,000	\$ 2,840,000	\$ 7,060,000	\$ 11,280,000	\$ 14,690,000	\$ 20,890,000	\$ 25,090,000	\$ 28,490,000	\$ 25,390,000

Months 10-17

GoodSports Specific Costs	10	11	12	13	14	15	16	17	Totals
Site surveying/engineering	\$ 10,000								\$ 100,000
Hotel 150 rooms	\$ 1,400,000	\$ 1,400,000	\$ 1,400,000	\$ 1,400,000	\$ 1,400,000	\$ 1,400,000			\$ 14,000,000
Fieldhouse/wellness center 8 courts	\$ 2,000,000	\$ 2,000,000	\$ 1,000,000						\$ 13,000,000
Retail up to 10,000 s.f.	\$ 200,000	\$ 200,000	\$ 200,000	\$ 200,000	\$ 200,000	\$ 200,000	\$ 200,000	\$ 100,000	\$ 1,500,000
Building pad grading/preparation	\$ 100,000								\$ 2,500,000
GoodSports softcosts				\$ 2,000,000					\$ 6,500,000
Sub-level parking 150 spaces			\$ 175,000						\$ 1,875,000
Sub-level parking 450 spaces			\$ 525,000						\$ 5,625,000
On-Site Improvement Costs									\$ -
Renovate existing parking/street									\$ 2,500,000
East lot parking (Econo Lodge)									\$ 6,000,000
	10	11	12	13	14	15	16	17	Totals
OUT	\$ 3,710,000	\$ 3,600,000	\$ 3,300,000	\$ 3,600,000	\$ 1,600,000	\$ 1,600,000	\$ 200,000	\$ 100,000	\$ 53,600,000
IN					\$ 6,800,000			\$ 5,000,000	\$ 22,300,000
NET	\$ 3,710,000	\$ 3,600,000	\$ 3,300,000	\$ 3,600,000	\$ (5,200,000)	\$ 1,600,000	\$ 200,000	\$ (4,900,000)	\$ 31,300,000
LOAN USE	\$ 29,100,000	\$ 32,700,000	\$ 36,000,000	\$ 39,600,000	\$ 34,400,000	\$ 36,000,000	\$ 36,200,000	\$ 31,300,000	\$ 31,300,000

// Combined Hotel and Fieldhouse Cashflows

Combined Project Pro Forma					
Revenue	Year 1	Year 2	Year 3	Year 4	Year 5
Hotel	5,359,000	5,812,000	6,157,000	6,549,000	6,963,000
Fieldhouse	4,098,000	4,223,000	4,349,000	4,477,000	4,613,000
Total	9,457,000	10,035,000	10,506,000	11,026,000	11,576,000
Expenses					
Hotel	3,267,000	3,527,000	3,728,000	3,952,000	4,192,000
Fieldhouse	2,501,000	2,576,000	2,653,000	2,734,000	2,817,000
Total	5,768,000	6,103,000	6,381,000	6,686,000	7,009,000
NOI					
Hotel	2,092,000	2,285,000	2,429,000	2,597,000	2,771,000
Fieldhouse	1,597,000	1,647,000	1,696,000	1,743,000	1,796,000
Total	3,689,000	3,932,000	4,125,000	4,340,000	4,567,000
Reserves					
Hotel	194,000	210,000	223,000	237,000	252,000
Fieldhouse	163,920	168,920	173,960	179,080	184,520
Total	357,920	378,920	396,960	416,080	436,520
Cash Flow Available for Debt Service					
Hotel	1,898,000	2,075,000	2,206,000	2,360,000	2,519,000
Fieldhouse	1,433,080	1,478,080	1,522,040	1,563,920	1,611,480
Total	3,331,080	3,553,080	3,728,040	3,923,920	4,130,480

// Hotel Cashflows

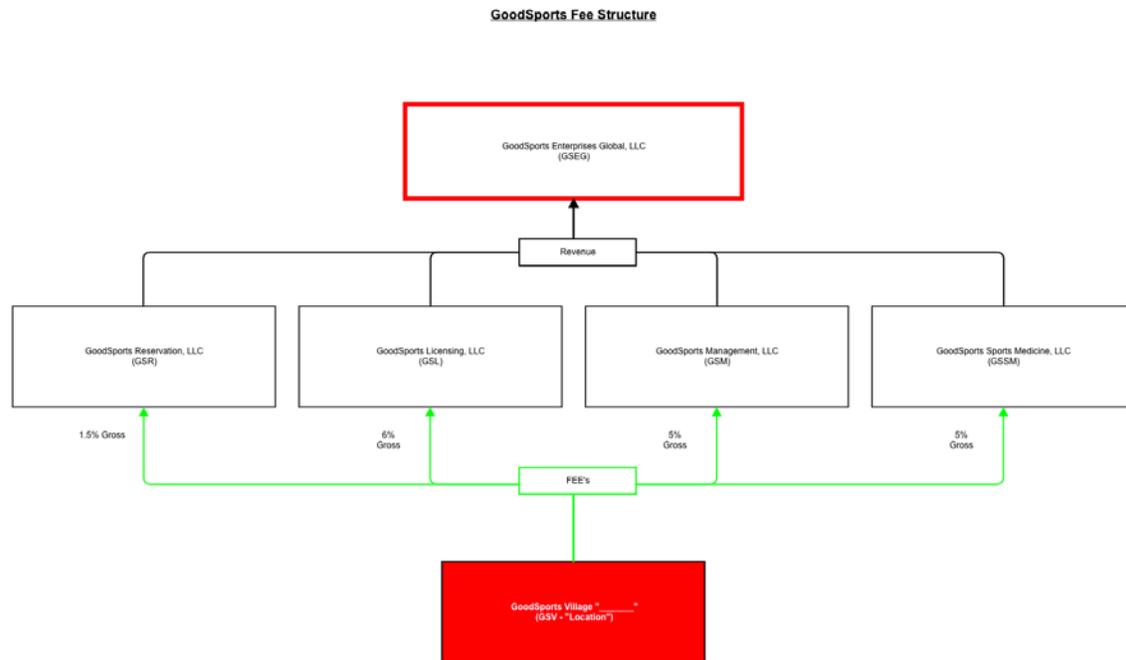
Hotel Pro Forma					
	<u>Year 1</u>	<u>Year 2</u>	<u>Year 3</u>	<u>Year 4</u>	<u>Year 5</u>
NUMBER OF ROOMS	150	150	150	150	150
ROOMS AVAILABLE	54,750	54,750	54,750	54,750	54,750
OCCUPANCY %	65.5%	69.0%	71.0%	73.3%	75.7%
ADR	\$ 135	\$139.05	\$143.22	\$147.52	\$151.94
TOTAL ROOMS OCCUPIED	35,883	37,778	38,856	40,126	41,418
REVPAR	\$88.47	\$95.95	\$101.64	\$108.11	\$114.94
COSTPAR	\$75.36	\$81.72	\$86.58	\$92.09	\$97.90
Revenue					
Guest Rooms	4,844,000	5,253,000	5,565,000	5,919,000	6,293,000
Food & Beverage	484,000	525,000	557,000	592,000	629,000
Telephone	2,000	2,000	2,000	2,000	3,000
Other	29,000	32,000	33,000	36,000	38,000
Total Revenue	5,359,000	5,812,000	6,157,000	6,549,000	6,963,000
Departmental Income					
Guest Rooms	4,126,000	4,474,000	4,740,000	5,042,000	5,360,000
Food & Beverage	39,000	42,000	45,000	47,000	50,000
Telephone	(6,000)	(6,000)	(7,000)	(7,000)	(7,000)
Other	20,000	23,000	23,000	25,000	27,000
Total Operating Departmental Income	4,179,000	4,533,000	4,801,000	5,107,000	5,430,000
Undistributed Operating Expenses					
Administrative and General	541,000	587,000	622,000	661,000	703,000
Advertising & Promotion	268,000	291,000	308,000	327,000	348,000
License Fees	268,000	291,000	308,000	327,000	348,000
Marketing Fees	107,000	116,000	123,000	131,000	139,000
Repairs & Maintenance	174,000	189,000	200,000	213,000	226,000
Utilities	161,000	174,000	185,000	196,000	209,000
Total Undistributed Operating Expenses	1,519,000	1,648,000	1,746,000	1,855,000	1,973,000
Gross Operating Profit	2,660,000	2,885,000	3,055,000	3,252,000	3,457,000
Taxes, Insurance & Management Fees					
Fixed Costs	300,000	309,000	318,270	327,818	337,653
Management Fee	268,000	291,000	308,000	327,000	348,000
Total Taxes, Insurance & Management Fees	568,000	600,000	626,270	654,818	685,653
Total Expenses	2,087,000	2,248,000	2,372,000	2,510,000	2,659,000
Net Operating Income	2,092,000	2,285,000	2,429,000	2,597,000	2,771,000
Capital Reserves Allowance (4%)	194,000	210,000	223,000	237,000	252,000
Cash Flow before Debt Service	1,898,000	2,075,000	2,206,000	2,360,000	2,519,000

// Fieldhouse Cashflows

Fieldhouse Pro Forma						
	Year 1	Year 2	Year 3	Year 4	Year 5	
Revenues						
Leagues	\$ 789,000	\$ 813,000	\$ 837,000	\$ 862,000	\$ 888,000	
Tournaments	\$ 982,000	\$ 1,011,000	\$ 1,041,000	\$ 1,072,000	\$ 1,104,000	
Academy	\$ 351,000	\$ 362,000	\$ 373,000	\$ 384,000	\$ 396,000	
Camps	\$ 322,000	\$ 332,000	\$ 342,000	\$ 352,000	\$ 363,000	
Sports Medicine	\$ 423,000	\$ 436,000	\$ 449,000	\$ 462,000	\$ 476,000	
Fitness Center (Gym)	\$ 293,000	\$ 302,000	\$ 311,000	\$ 320,000	\$ 330,000	
Food and Beverage	\$ 485,000	\$ 500,000	\$ 515,000	\$ 530,000	\$ 546,000	
Gate Revenue	\$ 201,000	\$ 207,000	\$ 213,000	\$ 219,000	\$ 226,000	
Other Revenue	\$ 252,000	\$ 260,000	\$ 268,000	\$ 276,000	\$ 284,000	
Gross Revenues	\$ 4,098,000	\$ 4,223,000	\$ 4,349,000	\$ 4,477,000	\$ 4,613,000	
Undistributed Operating Expenses						
Administrative and General	\$ 1,532,000	\$ 1,578,000	\$ 1,625,000	\$ 1,674,000	\$ 1,724,000	
Advertising & Promotion	\$ 120,000	\$ 124,000	\$ 128,000	\$ 132,000	\$ 136,000	
Licensing Fees	\$ 205,000	\$ 211,000	\$ 217,000	\$ 224,000	\$ 231,000	
Marketing Fees	\$ 82,000	\$ 84,000	\$ 87,000	\$ 90,000	\$ 93,000	
Repairs and Maintenance	\$ 55,000	\$ 57,000	\$ 59,000	\$ 61,000	\$ 63,000	
Utilities	\$ 162,000	\$ 167,000	\$ 172,000	\$ 177,000	\$ 182,000	
Total Undistributed Operating Expenses	\$ 2,156,000	\$ 2,221,000	\$ 2,288,000	\$ 2,358,000	\$ 2,429,000	
Taxes, Insurance & Management Fees						
Fixed Costs	\$ 140,000	\$ 144,000	\$ 148,000	\$ 152,000	\$ 157,000	
Management Fees	\$ 205,000	\$ 211,000	\$ 217,000	\$ 224,000	\$ 231,000	
Total Taxes Insurance and Management	\$ 345,000	\$ 355,000	\$ 365,000	\$ 376,000	\$ 388,000	
Total Expenses	\$ 2,501,000	\$ 2,576,000	\$ 2,653,000	\$ 2,734,000	\$ 2,817,000	
Net Operating Income	\$ 1,597,000	\$ 1,647,000	\$ 1,696,000	\$ 1,743,000	\$ 1,796,000	
Capital Reserves Allowance (4%)	\$ 163,920	\$ 168,920	\$ 173,960	\$ 179,080	\$ 184,520	
Cash Flow before Debt Service	1,433,080	1,478,080	1,522,040	1,563,920	1,611,480	

// Corporate Structure

GoodSports Enterprises Global, LLC (“GSEG”) is the holding company comprised of each revenue generating service line, including Reservations, Licensing, Management and Sports Medicine which contract for services with each physical location. The physical asset is held in a Single Purpose Entity, GoodSports Village Charlotte, LLC (“GSV Charlotte”) which is the borrowing and securing entity for the debt.



// Jerald Good – President and CEO

Jerald Good, CEO and founder of Focus Enterprises and GoodSports Enterprises, brings over 40 years of experience in hotel development and management along with award winning recognition from InterContinental Hotels Group. His companies employ over 500 exceptional people.

As real estate developer, builder, owner and operator he has developed residential communities, apartments projects, restaurants, commercial retail projects, indoor sport and recreational facilities, intermediate and long-term skilled nursing homes and a chain of 43 hotels.

Jerry has built Focus into a vertically integrated company with experienced personnel who oversee each stage of the development, construction and management cycles of every new venture.

As the single largest franchisee of Holiday Inn flags, Jerry maintained standards superior to the Inter-Continental Hotel Group system by creating his own training systems. This success led to InterContinental Hotel Group recognizing Jerry as the Developer of the Year in 2004 and most recently granting him the Quality Excellence Award from IHG in 2011.

He has served on many non-profit boards, including Siena Heights University in Adrian, Michigan. He was chairman of the Holiday Inn Express Committee and the Candlewood Suites Committee. Jerry was also member of the Development Task Force Committee and Southern Regional Committee for the International Association of Holiday Inns.

// Sports Management

David Marcinko – VP of Sports Operations

- David brings 25 years of knowledge and expertise in the sports operations field having served as GM and COO to various sports businesses including:
 - IMG Academies – David grew in his role as the former Nick Bollieterrri Tennis Academy grew in size to become the 350+ acre campus it is today.
 - Gary Gilchrist Golf Academy
- Throughout his career he has been involved with the implementation of sports programs within the operational infrastructure of companies. His areas of expertise include providing ongoing consultation for the various programs to effectively grow the sports business in areas including:
 - Budgeting, P&L and Financial Analysis
 - Human Resources
 - Construction
 - Event Management, F&B, Event Staffing
 - Sales/Marketing/Fundraising
 - Risk Management, Insurance and Mitigation
 - All facets of the business operations for sports facilities
- BA Social Sciences, University of Florida 1986

RICHARD BLALOCK – VP OF Special Projects

- 37 years of experience in program and event development, facility development, as well as, developing public - private partnerships.
- Developed partnerships with Easton Sports Development Foundation, Florida Fish and Wildlife, Florida Greenways and Trails, Suwannee River Water Management District and Florida Recreation Development Assistance Program to develop the Easton – Newberry Sports Complex.
- Richard has served on various community boards including 15 years on the Gainesville Sports Commission Board of Directors, and service as past

president, 17 years as a Sports Director of the Florida Sports Foundation, 5 years on the Alachua County Task Force for Recreation Board of Directors, and service as past president; 2 years on the Board of Directors for the Newberry – Jonesville Chamber of Commerce and 1 year on the Alachua County Recreation Coordinating Council.

- Community awards include Gainesville Sports Commission’s President’s Above and Beyond Award and 3 Bronze Gator Awards for community involvement and from the Newberry – Jonesville Chamber of Commerce, Community Leader of the Year and the Large Business of the Year award for the City of Newberry Parks & Recreation Department. He also developed the Diamond Sports Park T-Ball Program that was published by T-Ball USA, “The Official Family Guide to T-Ball”.

// Hotel Management

Robert J Evans – VP of Hotel Operations

- 28 years of Hospitality Management experience
 - Canadian Pacific Hotels / Fairmount Hotels and Resort
 - Prince George Hotel Nova Scotia
 - Westin Nova Scotian Hotel
 - Lodgian Hotels task Force Manager traveling 10 states and 2 Countries
 - Ontario Motel Hotel and Restaurant Association CEO
- Volunteer Experience
 - Incoming InRLA Board Chairman
 - Ontario Motel Hotel Restaurant Association Executive Board Member
 - Canadian Hotel Association Executive Board Member
 - Maitre D of the first G-8 meetings while working in the The Lieutenant Governor
- Hotel Management Degree: St. Clair College, St Andrews, New Brunswick Canada

Julie Avins – Controller

- 20 years of Accounting Management experience
- B.S. Accounting; Anderson University, South Carolina
- B.S. Business Management; Anderson University, South Carolina

// Corporate Management

Barbara M. Weller, Attorney At Law – General Counsel

- J.D.: Stetson University College of Law, St. Petersburg, FL
- M.S. Biology: Samford University, Birmingham, AL
- B.S. Marine Biology: University of West Florida, Pensacola, FL
- 30 years of experience in representing developers, local governments and

financial institutions:

- Former Assistant State Attorney 12th Judicial District, Florida
- Former Assistant County Attorney for Manatee County, FL
- Member of the Tampa Bay Regional Planning Council Transportation Committee – 2 years
- Former Regional Attorney for Sunbelt Title Agency, a Realogy Corporation company
- Junior League of Sarasota – 8 years
- Served on the Board of HOPE of Manatee – 2 years
- Former Chairperson and board member Bradenton Downtown Development Authority- 2 years
- Currently acting as the St. Petersburg Yacht Club Fleet Captain – 2 years

Anthony Homer – VP of Development

- 10 Years in Commercial Real Estate, including ground up development and build to suit underwriting
- Past President of Commercial Investment Division, Sarasota Realtors
- Board of Directors, Sarasota Realtors
- Past Vice President of Business Development, Sarasota Sister Cities Association
- 2012 Leadership Academy & 2009 Newcomer of the Year, Florida Realtors
- B.A. Marketing: Liberty University, Lynchburg, VA
- Born and raised in Hong Kong
- Fluent in Cantonese and Mandarin, both written and spoken

David Lindberg – VP of Marketing

- Former Marketing Director at D&B Media Group
 - Managed strategic marketing strategies for clients in the aerospace, entertainment, fashion and education sectors.
 - Developed integrated social media systems through various Application Programming Interfaces.
 - Developed and implemented strategic client rebranding.
 - Managed client relations with production houses, ad agencies, networks and independent filmmakers.
- Former Marketing Director at Sarasota Unlimited
 - Developed brand architecture and strategies.
 - Implemented and managed company branding standards and corporate marketing processes.
 - Performed market analysis and segmentation.
- Community Board Member, Boys and Girls Club of America
- Golf Committee Chair, Young Professionals Group
- B.A. International Relations-Comparative Politics: University of Central Florida, Orlando, FL

// Partial Development Management Portfolio



Holiday Inn Fort Wyane-IPFW & Coliseum



Candlewood Suites Fort Wayne



Holiday Inn Battle Creek



Holiday Inn Dundee



Holiday Inn Express Valparaiso



Candlewood Suites Kansas City

For more information on the full range of development going back 34 years, please visit:
<http://focushotels.com/hotel-portfolio/>

// Chronological Portfolio

Lincolnshire, Merrillville, IN	1985	100	Construction Management, Managed, Owned until 1999
Auburn Inn, Auburn, IN	1986	53	Construction Management, Managed, Own
Carlton Lodge (), Valparaiso, IN	1986	23	Construction Management (23 room addition), Managed, Owned until 1993
Carlton Lodge (Now Courtyard), Merrillville, IN	1987	112	Construction Management, Managed, Owned until 1993
Carlton Lodge (Now Courtyard), Fort Wayne, IN	1987	145	Construction Management, Managed, Owned until 1993
Comfort Inn (AKA: Lake City Inn), Warsaw, IN	1987	60	Construction Management, Managed, Owned until 1999
Carlton Lodge, Adrian, MI	1988	98	Construction Management, Managed, Sold in 2006
Carlton Lodge (Now Courtyard), Goshen, IN	1988	90	Construction Management, Managed, Owned until 1993
Carlton Lodge (Now Courtyard), Benton harbor, MI	1988	98	Construction Management, Managed, Owned until 1993
Courtney Estates (Residential), Crown Point, IN	1990	18 Acre	Developed, Owned, Sold last lot in 1994
Cobblestones (Residential & Commercial), Munster, IN	1990	131 Acre	Developed, Owned, Sold last residential lot in 2001, Sold last Commercial lot in 2002
Focus Business Centre, Merrillville, IN	1990	30,500 SQ. FT.	Construction Management, Manage, Owned until 2009
Celebration Station, Houston, TX & Baton Rouge, LA	1990	-	General Contractor
Briar Estates (Subdivision), Crown Point, IN	1990	30 Acre	Developed, Owned, Sold Residential & Commercial lots
Holiday Inn Express & Suites, Valparaiso, IN	1991	55	Renovation, Managed, Owned until 2006
South Lake Plaza (Mega Retail Center), Merrillville, IN	1993	-	Construction Management, Owned, Sold last outlet in 1995
Holiday Inn Express (Converted to Country Inn & Suites in 2004), Mishawaka, IN	1994	62	Construction Management, Managed until 2006, Own / sold 50% share in 2006
Holiday Inn Express, Fremont, IN	1994	61	Construction Management, Managed until 2006, Own / sold 50% share in 2006
Super 8, Adrian, MI	1994	50	Construction Management, Managed until 2006, Own / sold 50% share in 2006
Focus Business Centre: 660 Morthland, Valparaiso, IN	1995	18,000 SQ. FT.	Construction Management, Managed, Owned until 2011
Holiday Inn, Sheboygan, WI	1996	63	Construction Management, Managed, Owned until 1999
Good Place (Assisted Living), North Richland Hills, TX	1996	80	Construction Management, Managed, Owned until 2000
Carlton Lodge, Franklin, IN	1997	65	Construction Management, Managed, Owned until 2006
Holiday Inn Express, LaPorte, IN	1997	70	Construction Management, Managed until 2006, Own / sold 50% share in 2006
Holiday Inn Express & Suites, Warsaw, IN	1997	80	Construction Management, Managed until 2006, Own / sold 50% share in 2006
Holiday Inn Express, Howe, IN	1998	66	Construction Management, Managed until 2006, Own / sold 50% share in 2006
Super 8, West Lafayette, IN	1998	52	Construction Management, Managed, Owned until 2001
Super 8, Columbia City, IN	1998	52	Construction Management, Managed, Owned until 2006
Focus Business Centre 650 Morthland, Valparaiso, IN	1998	9,000 SQ. FT.	Construction Management, Managed, Own
Super 8, Auburn, IN	1998	52	Construction Management, Managed, Owned until 2004

Carlton Lodge (Converted to Holiday Inn in 2006), Mishawaka, IN	1998	79	Construction Management, Managed until 2006, Own / sold 50% share in 2006
Holiday Inn Express, Adrian, MI	1999	64	Construction Management, Managed until 2006, Own / sold 50% share in 2006
Holiday Inn Express, Portage, IN	1999	76	Construction Management, Managed until 2006, Own / sold 50% share in 2006
Super 8, Seville, OH	1999	52	Construction Management, Managed, Owned until 2003
Holiday Inn Express, Chelsea, MI	1999	65	Construction Management, Managed until 2006, Own / sold 50% share in 2006
Holiday Inn Express, Marshall, MI	2000	66	Construction Management, Managed until 2006, Own / sold 50% share in 2006
Super 8, Medina, OH	2000	52	Construction Management, Managed, Owned until 2003
Holiday Inn Express, Kendallville, IN	2001	57	Managed for LakeCity Bank, Sold in 2002
Holiday Inn Express, Dundee, MI	2001	77	Construction Management, Manage, Own
Days Inn, Alsip, IL	2002	108	Operated under receivership forCitizens Bank until sold in 2004
BattleCreek Inn, BattleCreek, MI	2003	212	Managed under receivership for Aegon USA Realty
Hampton Inn, West KansasCity, KS	2003	77	Construction Management, Managed until 2006, Own / sold 50% share in 2006
Holiday Inn Express, KansasCity, KA	2004	96	Construction Management, Managed until 2006, Own / sold 50% share in 2006
Hampton Inn, Marshall, MI	2004	73	Construction Management, Managed until 2006, Own / sold 50% share in 2006
Holiday Inn Express, Niles, MI	2004	53	Managed underContract
AmishCountry Inn / Splash Universe Water Park Resort, Shipshewana, IN	2005	154	Construction Management, Manage, Own/Sold in 2013
Splash Universe Water Park Resort, Dundee, MI	2005	75	Construction Management, Manage, Own
Candlewood Suites, Fort Wayne, IN	2005	85	Construction Management, Manage, Own
Holiday Inn, BattleCreek, MI	2006	120	Construction Management, Manage, Own
Candlewood Suites, KansasCity, KS	2006	98	Construction Management, Manage, Own
Holiday Inn Express & Suites, Valparaiso, IN	2006	83	Construction Management, Manage, Own
Candlewood Suites, Nogales, AZ	2007	85	Construction Management
Holiday Inn, Fort Wayne, IN	2007	151	Construction Management, Manage, Own

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