Proven Financing Approaches to Sports Facilities and Recreation Assets

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ICMA Conference Presenter

#ICMA2018
today’s presenters

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Sports Facilities Advisory
Founding Partner
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Sports Facilities Advisory & Sports Facilities Management

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Hammond Hanlon Camp LLC
today’s topics

Presenter Introductions
State of the Sports Tourism Industry
Overview: Financing Strategies and Mechanisms
Examples: Funded Sports Tourism Facilities
our mission

TO IMPROVE THE HEALTH AND ECONOMIC VITALITY OF THE COMMUNITIES WE SERVE.

History
• Founded in 2003
• 2,000 Projects

Clients
• Public
• Private
• Public-Private Partnerships

Results & Reach
• $10 Billion + in Development Projects
• 50 Million+ Visits Since 2015
• Nine Facilities Opened in 2017
• The Largest Youth & Amateur Sports Network
• Improving the Health & Economic Vitality of Communities
1. Sports participation rates are down
2. Sports tourism spending is up and stable
3. Youth sports forecast to grow by 20% per year
4. Fewer kids’ playing sport
5. Those that are playing are playing and spending more
6. Demand for action sports rising
Sport is now more closely aligned with health and social outcomes and is therefore poised for continued growth.
### Trend: Increasing Cost to Play

<table>
<thead>
<tr>
<th>Sport</th>
<th>Under $25K</th>
<th>$25K - $49.9K</th>
<th>$50K - $74.9K</th>
<th>$75K - $99.9K</th>
<th>$100K+</th>
</tr>
</thead>
<tbody>
<tr>
<td>Football (Tackle)</td>
<td>16%</td>
<td>24%</td>
<td>20%</td>
<td>13%</td>
<td>27%</td>
</tr>
<tr>
<td>Baseball</td>
<td>12%</td>
<td>23%</td>
<td>22%</td>
<td>16%</td>
<td>27%</td>
</tr>
<tr>
<td>Basketball</td>
<td>16%</td>
<td>21%</td>
<td>19%</td>
<td>15%</td>
<td>29%</td>
</tr>
<tr>
<td>Soccer (Outdoor)</td>
<td>13%</td>
<td>19%</td>
<td>18%</td>
<td>17%</td>
<td>35%</td>
</tr>
<tr>
<td>Swimming (Team)</td>
<td>8%</td>
<td>16%</td>
<td>12%</td>
<td>21%</td>
<td>43%</td>
</tr>
<tr>
<td>Lacrosse</td>
<td>4%</td>
<td>10%</td>
<td>18%</td>
<td>14%</td>
<td>56%</td>
</tr>
</tbody>
</table>

Source: the Aspen Institute, State of Play
**Trend:**
inactivity among kids

**Active to a Healthy Level**
Percentage of kids who regularly participated in high-calorie-burning sports

**Physically Inactive Children**
Percentage of kids ages 6 to 12 who engaged in no sport activity during the year

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</thead>
<tbody>
<tr>
<td>AVERAGE</td>
<td>18.8%</td>
<td>19.5%</td>
<td>19.4%</td>
<td>19.5%</td>
<td>18.5%</td>
<td>17.9%</td>
</tr>
<tr>
<td><strong>By Household Income</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>UNDER $25,000</td>
<td>29.5%</td>
<td>27.9%</td>
<td>26.4%</td>
<td>28.0%</td>
<td>28.1%</td>
<td>29.9%</td>
</tr>
<tr>
<td>$25,000 TO $49,999</td>
<td>23.8%</td>
<td>23.1%</td>
<td>23.5%</td>
<td>23.1%</td>
<td>24.3%</td>
<td>24.9%</td>
</tr>
<tr>
<td>$50,000 TO $74,999</td>
<td>16.4%</td>
<td>16.7%</td>
<td>17.4%</td>
<td>20.2%</td>
<td>19.1%</td>
<td>20.0%</td>
</tr>
<tr>
<td>$75,000 TO $99,999</td>
<td>13.5%</td>
<td>14.7%</td>
<td>16.1%</td>
<td>16.2%</td>
<td>16.0%</td>
<td>16.1%</td>
</tr>
<tr>
<td>$100,000+</td>
<td>10.1%</td>
<td>11.4%</td>
<td>12.5%</td>
<td>13.3%</td>
<td>12.2%</td>
<td>11.5%</td>
</tr>
</tbody>
</table>

Source: the Aspen Institute, State of Play
obesity epidemic

trend:

- The U.S. ranks lowest against peer countries in children’s weight metrics
- Almost 40% of girls in the U.S. are overweight
- 35% of boys in the U.S. are overweight

source: the Aspen Institute, State of Play
state of the sports tourism industry

• Sports tourism is recession resistant
  • Only segment with no decline in any quarter of the recession

• Youth and amateur sports is the fastest growing segment of the sports tourism industry
  • NASC: $10B+ Industry
  • Wintergreen Research, Inc.: $15B+ spent on youth sports tourism
  • Next 7-10 Years: $30B+
Result of sports tourism at existing venues:

**Sports Tourism Trends:**

- Orange County Convention Center
  - SPG: “A Venue for All Sports Events”

- Hawaii Convention Center
  - Multi-Year Contracts with NGBs
  - Community Fields, Schools, and Gyms
    - Dedicated Use for Non-Locals
What does it all mean?

1. Planning can no longer rely on past models alone
2. Traditional development rules apply
3. Operating costs are make/break
4. Partnerships are more frequent requirement to successful developments
development overview

1) EARLY CONCEPT
2) FEASIBILITY & FINANCEABILITY
3) DEVELOPING PARTNERSHIPS
4) FUNDING STRATEGY
5) FUNDING PRESENTATIONS
6) FUNDING COMMITMENT
7) FACILITY & OPERATION DEVELOPMENT
8) GRAND OPENING
9) STABILIZATION
Project Financing & Partnerships

- Partnership - School/University
- Partnership - Medical Sector
- Partnerships - Regional Sports Orgs./Rights Holders
- Partnership – Public/Public
- Dedicated Sales/Use Taxes/Bed Tax
- Local, State, and/or Federal Incentives
- Public Sector Capital – Liquidation
- Private Equity/Traditional Lending
- Municipal Bonds
Public Public County and City School Partnerships

Dedicated Sales/Use Taxes

Municipal Bonds
Health Sector Partnership

Local Sports and/or Wellness Orgs.

Local, State, and/or Federal Incentives

Private Equity/Traditional Lending
Public Public – State Conventions Center Funds

School/University Partnerships

Regional Sports Orgs./Rights Holders

Dedicated Sales/Use Taxes

Local, State, and/or Federal Incentives

Municipal Bonds
Health Sector Partnership

Local Sports and/or Wellness Orgs.

Local, State, and/or Federal Incentives

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Public Sector Capital

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Regional Sports Orgs./Rights Holders
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Public Sector Capital
Municipal Bonds
QUESTIONS & ANSWERS

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